**Appendix – C**

**CONSENT FORM**

**Study title**:

**Researcher name**:

**ERGO number**:

***Please initial the box(es) if you agree with the statement(s):***

|  |  |
| --- | --- |
| I have read and understood the information sheet (*insert date /version no. of participant information sheet*) and have had the opportunity to ask questions about the study. |  |
| I agree to take part in this research project and agree for my data to be used for the purpose of this study. |  |
| I understand my participation is voluntary and I may withdraw (at any time) for any reason without my participation rights being affected. |  |

Name of participant (print name)……………………………………………………………………………

Signature of participant……………………………………………………………………………………….

Date……………………………………………………………………………………….. ………………….

Name of researcher (print name)…………………………………………………………………………..

Signature of researcher ……………………………………………………………………………………….

Date………………………………………………………………………………………………………………..

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**Research Participant**: I1

**Date:** May 2019

**Location: Netherlands**

(R): can you tell me can you please tell me what are the key characteristics distinguish organized crime based on ethnicity in the real-estate market and if you can please provide some examples?

(I): okay so ahh in the study we did ethnicity was only indirectly affected that we looked at so all we did was say somebody foreign or not and so we didn’t look at ethnicity itself or have the hypothesis that certain ethnicities have higher risk than other ethnicities what we said is that if a foreigner invests in a market which is not his local market with the money he made somewhere else then this creates less transparency so it is for the local authorities harder to catch such a person because they don’t know the background of this person especially the criminal background because the enforcement side is still very local so it’s the Dutch police that looks at the market in the Netherlands it’s the Italian police that looks at the Italian market so when there is a Dutch guy that goes to Italy may be in the Netherlands he has a criminal record in Italy you don’t know the guy he starts investing you don’t see there might be a suspicion going on here so all we there to say is somebody a foreigner or not because we think that this increases risks of money laundering and its indeed what we found in the empirical part of our exercise where we say that foreigners have an increased risk or an increased probability to be related to suspicious money laundering investments

(R): okay and did you find any case about Italian mafia or Russian organized crime in the Dutch real estate market?

(I): uff yes as I said I meant this the the focus was not only on the ethnicity so we saw international investments mostly in the border region of the Netherlands mostly the border countries I don’t remember any of these kind of nationalities but that could be because that was not the focus of the study so we were not really looking into ahh the background of it in another study which was called organized crime portfolio we started we also tried to look into hmm how criminals are making their money where are they investing their money and there the data was very much on media reports so we scraped the web tried to find media reports and tried to use this and put them into a database to get a feeling of where investments were happening and there were mentioning’s of Italians also in the Netherlands ahh if I remember correctly it was the ’Ndrangheta ahh but they they basically it was criminals from Italy that came to the Netherlands to hide so they did buy property here or at least paid the rent of certain properties to stay here but they were not conducting any crimes here at least as the police saw s there were also some police report about what the ’Ndrangheta was doing here mostly they were partying enjoying their stay here and trying to get outside of the field the Italian

(R): did you find for example any previously connection between the criminal groups with especially with someone who was already in the ahhh Dutch?

(I): no no we did not see that we saw the ahh or specifically the ’Ndrangheta that based on the police report it said that this is a very distinct group that decided to to the Netherlands to hide here but they stayed together in a way so they party together and they they had social gathering together and perhaps they still have business lines with what was happening back at Italy but in Netherlands they didn’t see any crimes and they didn’t see any relations with the Dutch people who were already living here

(R): okay then how vulnerable ahh in your view how vulnerable is the real estate market to infiltration of organized crime and if you find if you fou found of specific cases that related you know to organized crime based on ethnicity?

(I): ah yes so hmm so in another study I did which was about money laundering risk in the Netherlands we looked at risk sectors almost prone to money laundering risks and there we looked at different characteristics to different sectors and they are one of the ahh highest so real estate was not that high there but a lot of businesses that need real estate were very high up so hotels were there casinos were there bars were there of the new by the building so when you start such a business and so that could be identified as an investment in real estate but that depends on how you define this investment because a lot of this investment is for exploitation so you are using the real estate for money laundering or for ahh more crimes so a hotel could be very useful to meet people or a bar or things like that so the question is whether there is investment or whether there is a layering phase

(R): Hmm

(I): ya perhaps the placement phase so I mean depends on on what you focus in if you think about ahh yes so the I see different functions of investing in real estate for money launderer so it could be to ah in the placement phase if you have a lot of cash money you want to get rid of it just buy a house and say it to the one you buy the house from please put a low amount on the paper or pay the rest in cash you will directly place your money into the financial system you now have something that you bought with cash in the layering phase you might want to buy a property and sell it again and pretend that you made a profit there for instance with the first step offering some extra cash or with with other methods trying to create this on paper that you made money and therefore did a money laundering transaction or in the very last phase where a criminal who has a bunch of cash and eventually wants to buy something to live a luxury life and wants to buy a villa and therefore applies all kind of perhaps different money laundering methods but eventually invest the money in something he wants to have which is a real estate object itself and then you have all the real-estate that can be used for exploitation

(R): okay

(I): so, and so used as a drugs lab or whatever

(R): and then have you found you know any specific money laundering technic especially used by the organized crime respect to other launderers for example like drug trafficker or whatever?

(I): ahh so you assumed that drug trafficking is not an organized crime or

(R): no something that especially organis… linked to organized crime ahh based you know on ethnicity as well and if it not linked like drug traffickers, it is normal that they can be part of a criminal group

(I): ya

(R): but I I mean like compared to to criminals who are not linked to organized crime if you I think that the these kind of ahh criminal groups used more compared to the criminals

(I): so ya I didn’t make a comparative empirical analysis then I don’t know but I mean theoretically you would say that ah for some of this money laundering transactions you need a bunch of social trusts for instance if you paid off the money of the real estate object it might be one million and you pay half of it half a million in cash then you need some social trust there needs to be a system that I know that you are actually gonna pay it while we sign the contract where you actually gonna sign the contract so on both sides needs to be a mutual trust and there I could see that organized crime groups could have an advantage there that they have the social construct around it to guard this transaction and make sure that this goes as planned

(R): okay and ahh what I mean what are the criminal instruments ahh and vehicle used by organized crime to place their dirty money in this economic sector?

(I): ahh so we we have seen we have some cases and ah partly from (word inaudible) there is a literature refill we have seen that as I said before ah paying part of the price for the real estate in cash and writing down a lower amount you have buying real estate and and then with illegal labor or at least labor on which you don’t pay taxes ah trying to refurbish the real estate improve the real estate and then sell it for a higher value pretend that it is now white profit even though you have invested black money in this ahhh speculation could help ahhh you could have corruption with politicians that know that certain ah real estate objects are gonna improve in price especially when there is a kind of development project that is not known yet to the public that the politician basically sort of insider trading knowing that the price would go up or the other way around ahh make sure that the development of certain neighborhood is the neighborhood where the criminals have already invested so that’s their money goes up hmm am not sure what I know all of them I found on top of my head but these are some of the common examples that ya I have seen ya

(R): ya and then can you can you please tell me what are the crime facilitators for the investment of the organized crime in the real estate market if you find if you found something in particular linked to Italian Russian organized crime

(I): ya so ahh I don’t have any concrete cases of Russian or Italian organized crime and with facilitator you mean like ah which professions are helping them

(R): ya ya

(I): ya I mean so we did study on the real estate in the Netherlands and there with a transaction you normally need a notary and a real estate agent is sometime involved but is sometimes not necessary so it’s mostly hmm the ahh the notary and on the mortgage side it’s the bank because that that by the way not a method ah putting a lot of money in a bank account in a foreign bank account illegal money black money and get a bank guarantee and use that bank guarantee to get a mortgage which also allows you to invest in real estate so then ah the banking sector should try to to to see this and we have seen a couple of cases where if you just look at the paper reality so the contracts that have been made up is sometimes see inconsistences between certain sales and even certain sales that happened within minutes so it could be that the first sell of real-estate object sets specifically with certain conditions that it could not be resold for instance and then five minutes later it was resold and that is the same notary doing the same transaction there could be some other reason why it was done there might be an exclusion or something like that that or it’s the notary that is or facilitating or not very smart and careful allowing this to happen you will have to be incompetent in your job to not not see this happening or they report it and still do the transaction that could have could be so we were not able to check whether the transactions that we saw which we identified as suspicious whether they were reported or not because this was complex information which we could not include and put it

(R): ya then you know I want to know what are the consequences of investment of criminal proceeds both ahh for both law enforcements and ah economic develop... economic development in the real estate sector?

(I): specifically, the effects in the real estate sector?

(R): ya ya

(I): or the effects for society the whole in both money laundering and real estate sector?

(R): ya ya I mean in this case I mean what are the consequences that are like linked ahhh like to law enforcement and the economic development of this market and..

(I): so ahh depends of course on which money laundering is used but for instance if criminals buy a hotel to launder their money so you just add cash to the register the cash registry of the hotel to ahh launder your money then what you are creating is ahhhh ahhh competitor for the local market is already there for the legal market you create a competitor that is somewhat fake and this could be i… adds advantage to the money launder because this money laundering company still wants some guests in but they really don’t care about the profit so they might undercut the competition and therefore attracts a lot of clientele which could lead to other businesses going bankrupt ahh another fact could be if ahh certain hotspot which is also in the literature mentioned that’s for instance Amsterdam or London these kind of hotspots if a lot of criminals like to invest there then this leads to an increase in the housing price because apparently the demand goes up and the supply doesn’t respond quick enough then this leads to an increase price in the house on the other hand there could be a lot of positive effects ahh for instance when I was speaking to a representative for Mozambique he said that he found it very hard to in in in his country to get the political will to fight money laundering because what they saw there is in in the capital first there was hardly anything then suddenly a criminal came and built a huge hotel in the city center like a huge shiny hotel which was never there then the local authority said this is development we are finally doing fine this is improvement and they said we don’t want to shut this down we want this to continue I mean it’s still money coming in its still business its turnover people are being employed there people get jobs even though they are fake jobs perhaps for the money laundering money is still money if money is coming in especially when it comes from another country if the crime is committed abroad and it’s only the money coming in then this could also help the local economy and could therefore be an improvement and this might make it harder to get political will always to find money laundering because we also see positive effects at the same time and the negative effects are very indirect the positive effects are sometimes in your face like with the big shiny hotel in the city center of your capital that’s a thing that you can see

(R): ya

(I): ya a slight increase of the house price ya I mean there could be many reason why the house price were increased and there can be many reason why certain hotel goes bankrupt this is not you don’t see directly that this is per say from money laundering happening and also there the empirical evidence is still lacking we don’t have a lot of studies that actually show what is happening here it’s not so clear that this is really happening we have a whole literature of all the effects of money laundering and the ah actually did the study we did the study categorization of all these effects in the literature study we found twenty five different effects it all looks very terrifying what’s happening and money laundering takes happen but if you look at the empirical proof where empirical examples of this has actually happened we don’t see much so it could be a lot of emotions people thinking or reasoning that they could be very dangerous but the question is whether it is actually happening and in that sense there is a need for more research in this field what is actually happening with all this money that comes in what happens what are the effects for society around it

(R): ya and then hmmm do you think that Dutch legislation you know how is the Dutch legislation devised to control hmm this phenomenon I mean how the they try to combat this phenomenon?

(I): yes we have ah several ways so there is administrative law and criminal law criminal laws probably quiet similar to other countries the administrative law is somewhat ah specific in the fact that if you want to operate a business in a certain sector and which sector it is depends from city to city do their own risk analysis to which sectors but let’s say a bar which is in in firstly all of the big cities in Netherlands on this list that means the criminal wants to open a bar if you if anybody wants to open a bar they do a check so they check whether this person has the risk of misusing the license and if this is the case if they find it too suspicious they say no no you cannot start this bar you cannot start your hotel you cannot start this gambling or this prostitution brothel I mean all of these things could be stopped by administrative law which basically say that you cannot invest here because we find it too suspicious you might be circumvent it with strong man or fake companies and all these things but this is the first line of defense and it’s at the administrative law side at least for lawyers they say this is a big difference and then we have the criminal law side where on the one hand you have teams going to the bars and hotels checking how many customers there really are and how their books look and then there is a comparison being made whether this is proportional which could be on both sides so it could be a bar is very busy with a very low turnover or tax evasion and or could be other way around completely empty bar still a high turnover probably money laundering so both things are checked ah we have the criminal law if somebody is suspected of ahh drugs or something like that they will actually check which companies does he have or they used for the drug trafficking and they can be seized so seize the property itself they don’t seize the company so the company normally goes via stocks basically they can ah confiscate the the the the assets the stuff that is there but they are not operating in that sense Italy is quite special where they confiscate companies and then continue the company taking over pizzeria and some civil servant being the owner of the pizzeria now that that we don’t have examples of that happening in the Netherlands so we have some companies that have been taken away from criminals because money is in there and but it’s basically trying to be sold as quick as possible trying to ger rid of it ya so ya that’s and ya then of course there is standard criminal law putting behind bars and giving him a fine if he is guilty

(R): did you find any specific concentration for example in Amsterdam compared to other cities because usually something that ah happened frequently ahhhh is that they tried to invest their dirty money in in the capital cities like London Amsterdam did you find something any differences you know

(I): ya we did don’t do an over view of the whole country we focused on Utrecht and Maastricht

(R): okay

(I): ahh Utrecht it’s here where we are now in the center of the country and Maastricht is in the border region found in the very south and we saw slightly different pattern in the fact that the city in the south had much more foreigners from the the neighboring countries so Germans and Belgians investing in a city very nearby but just across the border therefore the local authorities don’t know you therefore the chance to get caught might be lower and within in the city we saw more poor areas ligh… light it up in terms of our (word inaudible) and a city center that seems to ahh light up there was a a little investigation into Amsterdam looking at risk transactions that happened within a couple of days so very quick transactions so a property was bought on one day and couple of days later it was sold again so this is very clear speculation of money laundering that’s the problem you cannot really disentangle them but then you see its mainly in the city center where these turn overs are ridiculous so that’s where huge jumps in prices happen but ya as I said the problem is is very hard to separate the speculation from the money laundering which is of course because the money launderer tries to copy the legal behavior you try to hide the illegal behaviors therefore copying the legal behaviors sometimes makes it hard for the research to really see what’s really happening so in a sense we have a bunch of question marks around all of these questions basically ya

(R): and then ahh what are the characteristics for anti-money laundering legislation to combat this you know the phenomenon?

(I): ahh ya its very similar in every country around the world I guess so ahh there is reporting system so ahh real estate agents notaries lawyers banks they all have to report when a real-estate transaction has any suspicious characteristics so then all of those stuff is sent to FIU FIU looks into which of them are the serious ones and sends them to the police and then the police has to pick up the case so that is the standard system in place and for the rest it’s the standard police work where the police tries to identify what are the criminals and thee what are they doing in the country with their money and hope is that once they found the criminal that they also go after the money and so ah in Netherlands you have the police itself which is also the Fisco police which I guess is little bit like the Guardia di Finanza in the Italy so they are not under the ministry of justice and security but they are under the the ministry of finance so they have also very different types of information and different types of expertise so they have Fisco information they have information form the tax office while the polices information about criminal records and intelligence so ya there is a bit of ahh two sides from which it comes partly it’s the criminal law or depends on the investigation of the police or the Fisco police or it is from the administrative side reporting suspicious transactions and eventually forwarding that to the police if there is suspicion

(R): and you know in your in your opinion your view what are the legal weaknesses and loophole of anti-money laundering legislation that make real estate market so vulnerable you know to the infiltration ahh of organized crime?

(I): ahhh well the reason why real estate would be attractive for money laundering is partly because perhaps there are some legal loopholes but mostly it is inherent to the sector so the the money laundering sector itself has certain characteristics that make it interesting for money launders it’s the fact that the price is ya determined by whatever somebody wants to pay for it and therefore its very hard to determine whether the price that is paid is the normal price or not which might be very easier if you are selling TV’s just like art and other objects the real estate market is used to huge amounts of turnover a lot of money is going on so hiding a couple of hundred thousand might be relatively easy in the real estate sector while it might be a lot harder in other sectors ahh in terms of legal loopholes it could be that it is sometimes pretty hard to determine who is behind certain company so its relatively normal in the real estate market to buy certain properties especially corporate properties with as a company itself and it’s the question who is behind this company and now these ahh anti money laundering laws gets stricter and stricter but especially back in the days it was much harder to find out who was really behind it and I mean ahh its sometimes pretty hard to understand who is behind it also with the use of straw men and that’s because on paper the property is owned by somebody but at the same time somebody else could be living there and that’s completely normal in the real estate market so in that sense you can separate these two realities paper and then the real reality

(R): from the theory

(I): ya indeed the paper trail and the reality ahhh it creates opportunities to make sure that on paper it looks fine in practice something else is happening and that’s perhaps particularly in in the real estate market ahhh ya I mean so in terms of loopholes well one of the things is that the system is built on private parties or non-governmental parties reporting when there is a suspicion this could be problematic if the real estate agent finally found a customer who wants to buy a very expensive property and may be his business is not going so well then he might think it might be stupid to reject this customer I mean am throwing away my own money so in that sense there is always these incentives there are opposing each other in terms of in terms of having a lot of business and preventing crime and these types of parties never started because they wanted to catch criminals they started because they wanted to make money the bank wants you to have a mortgage at their place because they make money out of it the notary wants the transactions because he makes money out of it the real estate agent wants the transaction because he makes money out of it so this could be a problem in the incentive structure of all these private parties this could lead to somebody not reporting while they should

(R): ya then then you said you know you you said that ahhh this case for example what aspect ahhh current anti money laundering legislation can be improved you know to avoid this kind of situation?

 (I): ya so one process that in actively going on especially since the fourth and fifth anti money laundering law in the EU but also in the international approach by FATF is own beneficial ownership of the company so who is behind the companies we are trying to get more and more information on this the registries try to improve on this and ah while the UK is actually on the forefront of that ahh it is one of the best practices on how to do this make it completely open but it’s still incredible is incredibly easy to start a company in a country where you have never been it is click a couple of buttons on the internet you pay some money and you can start your own company and and try to hide behind this company especially when you make it a little bit corporate structure and we are trying to to tackle this down but (word inaudible) you need find what is the real person behind this and that’s still a challenge where some some additional laws could could help in terms of the internal structure it remains a very complicated thing ahhh you could say it’s strange we ask this from private parties its used to be the function of the state to catch criminals that used to be the dogma and that’s what we did for many many years and now suddenly we ask the private parties to start watching out criminals and so you could say let’s stop with these private parties and lets all give it back to the state and let the state the police catch the criminals the problem is is that the police doesn’t have the information that is necessary to really understand what these criminals are doing it’s a lot of financial information and this financial information is in the hands of the private parties and not in ahh the hands of the public authorities so you could say all these private parties just give all their data to the state authority but then you might create a police state where everybody is constantly checked and where the government gets too much power so there is this balance on how important is it for you to fight crime and catch these criminals perhaps you would say we accept some of the crime in exchange for having a society where you can be happy and freedom and living and and all our western principle basically so perhaps we have to accept that to certain extent it’s not possible to fight all the crime and we might end up getting mostly the simple criminals the stupid criminals but also at least make it harder for the criminals because that is what is happening it is still possible to launder your money and it is not so it’s possible to do such a way that to probably to get caught is still very low however to do this these elaborate schemes they cost a lot of money and very often tax money creating a fake company creating a fake turnover you still have to pay taxes on this stuff and that money still goes to the coffers of the state so in a sense we have taken some money from the criminals to the state so even if you are not catching the criminals if the criminal is very active trying to do the the the laundering perhaps you have to accept it say wow we still win because we still get some of their money so perhaps it’s not about just catching the criminals it’s also about just making sure the transaction cost of the criminals is high make it as hard as possible to launder without having the idea that eventually you are able to crack down completely

(R): okay then do you think that is could be you know ahh a good measure to improve like the confiscation regime for this kind of

(I): ya so in that sense ahhh probably around the world policemen are focused on catching the criminal and so what sometimes happens is that they catch a drug lord for instance a drug criminal they barge into his house they find a bag with full of ahh of drugs and they think we have him they take the drugs they take the guy and they go away but perhaps there is also a closet there full of the financial administration of the guy which has some bank account numbers in very ahh exotic places the Cayman islands or Switzerland or Luxemburg or ya whatever is in there sometimes the evidence of certain crime is in the financial information that’s not what is police is generally after they are after the guy they are after the drugs or the murder weapon or these kind of objects is what the police are looking for they are not looking form financial administration and so in that sense it could happen relatively often and we also seen cases where when the criminal walks out of the prison he is a rich man because he hid his illegal proceeds somewhere in an exotic location and once he is able to access them once he got out of prison then he made it and this is an opportunity where it’s not always possible but sometimes it’s really up for grabs these guys they cannot remember all these account numbers especially if you have an elaborate money laundering scheme so many accounts around the world you cannot remember all of it you writing it down somewhere you don’t trust anybody you are a criminal so you write it down and hide it in your own house this information is in there but you have to understand what you are looking for and in that sense it’s about educating also the police force on focusing on the money because that’s what most of the criminals are after eventually some of them are after power or an easy life but most of them are after the money so crackling down the money also to helps crack down the organization that’s behind it sometimes to really dismantle little bit so it could be indeed little bit focus on the financial gains and less focus on the guy putting the guy behind the bars or ahh or the murder weapon or or the the drugs or these kind of physical objects that are clear nowadays when they see a sports bad full of cash money yes they understand okay that’s a thing we will take it just of folder full of paper which has all kind of financial information that’s not really taken and then that is something you should take with you to the police station to investigate on and so this could be a new focus that might have to become more prominent for ahh also for smaller cases so with with the big case probably around the world experts are coming in especially money laundering experts come in the physical police come in and then perhaps they find these kind of things but especially with lower level criminals its sometimes have been able to get a lot of money over time you still have to go after trying to find this financial information because this could give you a wealth of well money and a lot of information what’s going on and also you might be able to catch some criminals of that you otherwise you would not catch because

(R): ya

(I): because criminal ahh organizations might have a couple of bankers in a way these are gonna be guys in suits that knows the financial markets that’s not the guy is not fighting on the street shooting around solving all kind of conflicts that’s not somebody that ever shows up in a confrontation or nobody is gonna send a complaint about this guy and part of it is that very often these kind of people as soon as they start investigation they say hey if we look at the amount of information especially the financial information we see something very weird and so there was a case in the Netherlands where they had a regular check at the highway in the Netherlands and they just took all the cars from the highway and they checked whether the vehicles were insured and stuff like that and the one police officer stopped a guy and they had to wait for the check to happen so the ah his colleague went away with the information checked it in the computer and he was just standing there with the guy that was being checked and he had a ah ah a bit of small talk with the guy like what kind of a car nice car ahh what kind of job do you do and then the guy now gave very vague answers he started to think how could this be this is a very weird guy super expensive car or flashy watch and everything and so he had the information of the guy he started to look into the person he said this makes no sense the guy gets social benefits the guy is in a (word inaudible) and he is driving a super expensive car and then he started to look into it and eventually this guy was caught for ahh ahh dealing drugs all of these information was already know for the check on the highway this was just a lucky hit if this would not have happened he wouldn’t be found all of this information was already there if this police officer just used this kind of topology so somebody doesn’t have a job or a well-paying job but still has a lot of wealth which he didn’t inherit or win the lottery all kind of information that is known to the government you might want to look into those persons we know who owns a house and what the value of the house is we know who owns which car and how much this car would be worth we know the income all the people the government knows a lot about their people they might be able to match this data and say well there are some people who has some explaining to do and this might be a different way of catching criminals and perhaps also very different criminals so you might not catch the one that is creating a new (word inaudible) in the street

(R): ya

(I): they are the one ahh causing all kind of troubles

(R): do you think that ahh risk factors analysis you know can be helpful

(I): yes

(R): this kind of ahh crime

(I): so ya I think ahh that this information based investigation could be very helpful and that they could be very effective also because they don’t require that much investigation work and they could help the police in focusing the work on the more suspicious cases the more risky cases the problem is legally so at least in the Netherlands what we see is that in the courtroom the defense lawyer always says well this has been a fishing expedition it’s what they call it so if the police is just trying to fish from their data trying to find somebody and then tying to prosecute him then the defense lawyer says this has been fishing expedition and therefore the evidence is not legal and then the case will be dismissed by the judge and the criminal walks out innocent and this is been a problem that as a as a society you have to make a decision to what extent do we want to give up some of the privacy to catch the guys that are making illegal profits so much and so ya that’s a bit of a hhh decision you have to make a trade of that you might wanna make and ya this is a very principle discussion what you want as a society do you want more privacy or less privacy and if you have less privacy you give more capabilities to the police and we will be able to catch more criminals

(R): Hmm then how can the effectiveness of the counter organized crime policies ahh can be improved in the Europe?

(I): one of the things that I said earlier is that ahh there is a clear reason why money laundering is an international crime, money launderers like to cross the border because the soon after you cross the border the new country doesn’t know what you did in the other country so in that sense what Europe could do is bundle the information also there its gain this tradeoff between privacy and securing the state but especially as long as the information is on the administrative side which is the case in a lot of Eu countries where the reporting system of the money laundering is on the administrative side of the law it should be relatively easy to cooperate if we use our cooperating in (word inaudible) relations but full ahh matching of databases is not done to the big extent I remember a project where the the Dutch said to the Germans well there are a lot of people crossing the borders well there is hardly a border anymore I don’t even know drive into Germany except that you can drive fast on the highway but for the rest you don’t know that you are driving to another company and so well the Dutch said so why not we match out databases so we just look at who has suspicious transactions in the Netherlands and who has suspicious transactions in Germany and then we have there is no information about the suspects and ah Germany said no because we think this will be too successful the problem in Germany is that they have to follow up on every suspicion they have it in their law that the public prosecutor cannot decide for himself to follow up on a case or not he has to follow up on every case so what they were afraid of is to find a lot of suspicions and if they find a lot of suspicious they have a lot of work they have so much work they cannot handle

(R): ya

(I): which means that there are criminals that might be caught if you match these databases but they are not caught because they don’t have enough capacity in Germany to follow up on all these cases so sometimes these kind of methods are too effective and police forces are not bored there is always crime around them there is always stuff to do there always complaints there is always cases lying on shelf so it’s not the tendency of the police trying to find new cases and there are opportunities there to get more cases but then you also need more capacity to really fight it so in a sense if you want to fight I mean that’s that’s the political decision you have to make offer yourself first do you want to be more effective in this or is this good enough is this the amount of money we want to spend on this if we want it to be more effective generally you need to invest more so you have to create more capacity and then create the instruments like matching big databases trying to find these kind of guys and working on all the cases that on the shelf anyway so in a sense it’s a tradeoff do we find this a priority do we really need this for our society it might be a different answer in every country and then if we want to fight it then we would need funding to actually do so on the one hand funding for capacity to really do the investigation on the other hand the money for research into methods and insights that help the police to do it more effectively so also I think there are advancements to be made in terms of big data research how to do it creating more insights the modulus operandi of what is actually happening all kinds of useful tools for the police that should not per say come from the police itself it can also come from a university or a research institute which might be asked to reflect on and trying to do research into all kinds of areas whatever ah it is that the police thinks it needs

(R): ya you before you mentioned the key role that sometimes so many times ahh financial entities they have in this kind of money laundering the real estate ahhh sector ahhh I would like to know what do you think about how can the financial sector regulation can be improved you know in this case?

(I): ahhhh yes so one problem is that a bank director at the end of the year is rewarded by the amount of profit that the bank make which means that when he has to let’s say he has a bit of money to invest to expand a business somewhere he has two sides of his bank one side is the compliance side that just costing money trying to find money laundering the other hand the economic activity that is making money so there is these two divisions when he has to expand any of the divisions he always wants to expand the side which is making more money because that’s what his salary or his bonus at the end of the day ahh reverse to so what you could do is a we think that the bank director that has been very successful in catching money laundering should earn more money so make the incentive structure within financial companies or intermediaries so that the is some priority to fight money laundering so now it’s just costs it’s just one side compliance costs and they want to minimize cost because they want to maximize profits and a lot of their banks they started as a service to society that was the initial purpose of the bank taking money from some people and giving it to people who need and and create this middle man that’s not what is going on anymore banks are trying to maximize their profit and so if everybody’s is after maximizing profit then you should make it depended partly this is already the case because if you if your bank is so terrible at compliance then the supervisor will fine you and then this would impact

(R): Hmm

(I): all the position of the bank director or his salary so in a sense its indirectly there already but it could be that the structure could be improved that you compensate the financial sector or well all the reporting entities for all the work they are doing because you just give them more work and the question is whether they are so interested in doing that actually so that might be it might be more on the incentive side then more the regulatory side

(R): do you also have any suggestions in you know real estate communities ahh you know how they can improve ahh their I mean regulation

(I): ya ya so the thing is that at least in Netherlands but I think also in other countries they pretty much know about the bad apples they know their competitors they know other they are already in an association especially in little towns they all know who is always doing this weird transactions and so it’s partly self-discipline of the association who says we care a lot about our reputation we don’t want that our profession is being damaged and so in a sense you would need a sort of tipping off mechanism where you could say well am looking at this market and I see my competitor constantly doing these weird transactions with these dubious people people that I rejected because that’s the thing criminals go for first to the first real estate agent if he says no I reject you because I suspect money laundering without saying that really otherwise that would be breach of the law but then this person that gets rejected can walk to the next real estate agent and try again and if he eventually finds the bad apple then he can do his transaction so you would need sort of self-discipline within the profession they know the market very well probably much better than the supervisor and so if they could tip of each other in an anonymous way or a protected way this might help a lot so in general this whistle blowing been going to get any insight in this weird world the bottom up is started with the whistle blower that that allow us to peak into this world of enormous amount of money and fake companies and and bank accounts around the world that’s where it all started so it could be that these people needs to be very protected its and so their which is not part of the anti-money laundering law at all but it is something that is effecting the the effectiveness of the fighting against the money laundering very often it is people within the business that are morally good that have integrity and that could tip off in general one of the reasons we are fighting money laundering is to protect the integrity of the financial markets and sometimes when I am reading the new papers I think which integrity of the financial market because I see only scandals in the financial market I only see all these scandals in in the new papers but I am sure within the sector there are people with integrity that say no I am not after the money what happening here is ridiculous

(R): Hmm

(I): these guys well so the Dansc bank this scandal in with their location in Estonia that helped this ridiculous amount of Russian clients funneling two hundred and thirty billion euros through that small little bank with a very clear purpose it was somebody whistle blowing saying what’s happening here I don’t agree with this even though the bank was making enormous amounts of money through this at the lower level there is always somebody with integrity and this person now fear for his life well he is the hero indeed he should be the hero not the victim and so in that sense it could be that more of the whistle blowing legislation that needs to change than the anti-money laundering ahh legislation

(R): ya then last question you know that Brexit is going to happen we will see what is your opinion on the potential consequences you know of Brexit on ahh I mean Italian Russian organized crime or on organized crime based on ethnicity or organized crime proceeds in the real estate market?

(I): so generally what we see is that ah criminals like unregulated sectors or sectors where regulations are not up to date yet what would happen especially with a sudden Brexit is that there its gonna happen some regulatory chaos all kinds of cooperation with EU might fall apart all kinds of ahh systems are are having to be redeveloped and this might be an opportunity for criminals to make use of the regulatory chaos and use the momentum to invest I know a paper of ahh ahh (Name of an author) and and some other two other authors from Transcrime into Italian investments of mafia in green energy because they saw this is a very new sector and the regulations were not up to date yet and there was a very attractive sector for them so now what could happen is after Brexit then the regulatory chaos might happen afterwards this might be an opportunity for any investor especially the illicit investor to invest at that moment in time after the regulatory chaos I mean eventually the UK is part of the international community they are part of the FATF they followed up all the AML laws the recent (word inaudible) report UK has been very very positive they say that the fight against money laundering in the UK is going well at least on the regulatory side on paper and I am sure that this will continue I would not expect them to suddenly stop this and so in that sense I think in the long run it doesn’t create extra opportunities or less opportunity except for the fact that the cooperation at the high level so for instance for instances ahh police law enforcement agencies exchanging information’s on the Europol heading under EU headings that might become a bit more difficult in the short term am sure that in the long term they find an agreement and try to get around the problems that are there so it might be only a temporary but there might be a temporary shock in that sense

(R): okay perfect thank you for your time

(I): welcome

**Research Participant**: I2

**Date:** July 2019

**Location: England**

(R): okay let’s start I would like to know ahh why why do organized criminal groups go abroad and if you can ah please provide some examples about mafias transplantation in new territories?

(I): well so I wrote a book about that right which basically if you read it that’s the answer there ahh then the short answer that comes out of the book the key finding of this book I didn’t expect to find is that most of the people that I covered in fact all of them in my book went abroad not because they wanted to go abroad but were pushed out so mafiosi go abroad not because they want to but because they are forced out that’s the key finding so they either escape arrest or escape ahh wars within the mafia group they are part of or worse with other mafia groups or they just migrate because they are poor so there is no planning centralized planning to expand in a faraway territory ahh from the mafia so that’s the key finding of my book they second key finding is that not everywhere they go they succeed in creating new mafia ahh depending on the local conditions are the …. If you read the book there are examples there there are examples of mafiosi that went far from their territory and became entrenched like in ahh paramount ahh in New York in Hungary and also cases where they went and they failed so those are the concrete example you can read about

(R): and of example did you find any difference between their modus operandi abroad and their modus operandi in their original country?

(I): well yes so in ahh in there three scenarios one scenario that they fail to to to move I mean they try and they fail they get arrested they don’t find anything to do abroad this is one scenario the second scenario is that they go abroad and do something else and that’s the example of the Russian mafia in Italy in my chapter in that book (Name of the book) so in that case they came from Russia but what they were doing in Rome was very different from what they did in Russia so their modus operandi was different they were investing money in the economy and do money laundering ahhh then (Name of an author) worked a lot on this he has written about Aberdeen which his another hub for La Torre clan right and they also did something very different in Abredeen for what they did in Mondragone so these are examples of different so once they go abroad or they are abroad ahh then they can do three things they can either come back and do nothing abroad, they can reproduce the mafia which is very rare very difficult quite sometimes it happens or they can just be involved in ahh ordinary crime like buying selling illegal goods or involved in legal businesses like ahhh real estate like is the case of ahh of the ahh La Torre clan in Aberdeen so ya there are basically this two modus operandi they are reproduce they control the territory or they are involved in interesting buying and selling trading in illegal goods

(R): okay and ahhh hmm can you please tell me what are the key characteristics that distinguish Russian organized crime and Italian organized crime you know in the legitimate economy ahh esp especially in real estate market?

(I): so the ah so rather talk about the Russian mafia and Sicilian mafia, ’Ndrangheta or the Camorra organized crime is a very broad word ahh but then then the Sicilian mafia and ahh and Russian mafia I think they have lot of common as I have wrote in my last book ahh as seen I have a chart with all the who which are very similar I have a chart on the organization which also very similar so my work tends to emphasize the similarities as apposed to the difference obviously there are historic cultural difference which are obvious but both people don’t really emphasis the what is similar and what is similar is that they are institutions of governance they have hierarchical structures within the organization and they penetrate legal and illegal markets and so I didn’t see much difference honestly between the two for me they are very very similar in the way they operate in all the markets what they try to do is to either control the market or as any other business they reinvest the money in in ahh some activities such as money laundering ahh real estate

(R): and ahh especially you know about ahh real-estate market okay how vulnerable is the real estate market to ahh the infiltration of organized crime in this case based on ethnicity ahh like Italian Russian aahh and if you ahhh can you tell me few if you found any cases of Italian Russian organized crime in UK real estate sector?

(I): that’s for you to find haha you thesis ahh so how vulnerable the real estate ahh depends on what you want to do one thing is to be involved in the construction so if if I think construction is highly vulnerable ahh market to mafia penetration but by construction I meant that the mafia somehow controls or is connected to the construction company and that is very vulnerable and we know that we have huge amount of evidence ahh and (Name of two authors) wrote a very good paper about that in the nineties there is evidence of them being present in northern Italy in Italy ahh so it’s a very ease market to control for the mafia this is construction is also a market which is connected to politics of course you need to get a local permit right so again my book mafias on the move got this discussion of construction in Piedimonte in Bardonecchia, another little town so that’s very very vulnerable and we know it and then I am not an expert on money laundering really so I studied more mafia behaviors opposed to money laundering so I think ahh ahh I agree obviously money laundering is done to a great extent also in real estate by the mafias now a point which is important to remember ah for you I think is ahh that it’s easier to identify dubious owners in real estate as opposed to complex financial transactions so I still think mafiosi invest out of their money in real estate they try to buy the house or the see the house they took tangible and then they can see so I think its also kind of very good investment and they are not very sophisticated as many of us in terms of financial so I still think mafiosi invest a lot in real estate however ah scientifically we don’t know how much they invest in other things because it is really hard to know ahh its very hard for the police to for instances to know investments done by the mafias abroad is much harder right so I think (Name of an author) makes that point in one of his report and we don’t know whether they buy diamonds you know this kind of stuff is very hard to es estimate so thought this they invest in real estate but it’s also through much harder to find other investments so it’s hard to really know how much is real estate big for them

(R): okay do you think that for example this kind of investment you know they can have an economic purpose ahh orga.. these criminal groups or they can have a another meaning for them I mean like for their criminal status or for a for a ahh you know if they if you if you if you think that they are different you know meaning in this case for them

(I): well so they live in house as well so I mean I think it is interesting to be interesting to study how these camorristi top camorristi they don’t really move very far you know they always live in Casal di Principe I have been to Casal di Principe few time and I have been to some of the houses that’s why owned by the camorristi and they have being confiscated being turned into into charities into NGOs ahh and those are very grand right I mean look of grand ahh staircase so obviously those are meant to enhance the reputation in the in the town hmm again its interesting that these people don’t move away they don’t go live in Paris or in Milan they still live in Casal di Principe that’s where their territorial power is so those houses are obviously meant to show but then they also invest abroad in in outside Casal di Principe those are just to hide the money I mean to hide the money it’s a big issue and problem for them you know they have lot of money they spend those money which makes sense very rational to spend money because it’s so much and if you put them in a bank account or if you put them somewhere you can be seized so I think spending money which we think is crazy like they buy car they have various expensive Audi which looks crazy to us because we would think why don’t you save but for them that makes sense because might be very hard to use the money ahh but then I think there is investment in real estate to to safe guard the money and these are places where they don’t leave

(R): okay doo you think that for example this kind of investment you know ahh can make some differences you know between Italian organized crime Russian organized crime and other criminal groups they were different meaning or they have the same meaning for every criminal groups this kind of investment?

(I): I don’t know I don’t know I never studied that I suspect it’s the same but I don’t know

(R): okay

(I): so the Russian mafia I studied in Rome he bought a house in Rome ahh outside Rome but he live there so it was a nice villa but that’s where he lived ahh but if you read my book carefully you see that the kind of investment they did was all over

(R): okay

(I): they invested in ahh fishery they bought champagne they bought guns they so the range of commodities was very very big not just real estate hmm so but ya I suspects it’s the same but I don’t know

(R): ya and ahhh I mean about can you share some some light on the UK real estate market if you ahhh

(I): ahh it is we are talking about Milan so I think that documentary I mean is very interesting ahh and I think after the documentary which we mentioned at lunch there was a meeting in the house of parliament about the real estate vulnerabilities to money laundering and I think if you google there should be a report on the parliament and I might know somebody who attended that meeting in parliament in ahh who is an expert on corruption so my impression is that ahh differences in regulations make it easier of course to invest in real estate so my suspicion but that again I didn’t study something personally but my suspicion is that the UK it is very deregulated it is very easy to buy and you can buy through a front company you can buy through a offshore company and you don’t have to be the ultimate beneficiary of that company and so if you read these works that are written about ahh company creation in this company its very simple it takes a few minute cost twenty pounds and you can create a company and then you can create a company that owns that company owns the company until the final company is set in a country where you don’t have to review who owns that ultimate company so ahh if you accept these kind of things it kind of makes it easier to use this instrument this companies to buy and sell not just real estate but ahh real estate is one and it think the people to talk to are also state agents

(R): hmm

(I): what kind of ahh obligation they are under and I don’t see them to reveal anything you know and this is not their job to establish whether the money they get paid are legitimate or not and so they ahhh they are happy to take any money so I think the real key to study differences in legislation and probably makes it

(R): okay and ahh I mean ahh with that the criminal instruments or vehicles used by Italian and Russian organized crime ah to place their dirty money in real estate in the UK real estate sector if you can?

(I): I wouldn’t know I think ahh I think ahh more generally money laundering ahh again I got a chapter in the book mafia life which I had to cut it because for legal issues but I think they the banking system remains the key vehicle for dirty money to move that’s no doubt now Russia has got the advantage in the sense that ahh the Russian and there is very little distinction between legal and illegal money black and green money dirty money so basically these people who are quiet shady they can put their money into Russian bank easily then the Russian banks sends they money across let’s say to a private bank so a distinction which is very important between high street bank and private banking you know private banking in this country is a separate kind of banking which is targeted at a high value asset individuals and it is very based on confidentiality and all that so private banks are probably way through which all these money come in and again I sight in my book report on private banking sector it is ahh need more recognition and more supervision and control so I think these are the instruments so then then money laundering can buy all those kind of things they can but yachts they can buy pay for school fees they can do all kind of things but ah for me the general picture is that the banking system remains the main vehicles for the money to move and then depending on the local legislation they can use the money

(R): Hmm okay and the ahh hmm what are the crime facilitators for the investment of the Italian and Russian organized crime in real estate market in the UK if you?

(I): well I think (Name of an author) has written about this crime ahhh facilitators

(R): ya

(I): professionals

(R): ya

(I): involved in money laundering not necessary real estate but money laundering so he has set up a paper in ahh the position of criminology about this ahh professionals so I think that’s the paper to read you know the facilitators are professionals that work in the business and in the case of real estate like we said the bank has the lawyer and the state agent obviously not all of them hahah

(R): ya we hope so

(I): ya ya we have no clue exactly so they facilitate the will be the one to facilitate but of course facilitating is one thing ultimate the problem is these criminals make the money ahh somewhere

(R): ya and this case you know what are the consequences of being investments of criminal proceeds for both law enforcement and economic development in the ahh real estate sector?

(I): well the the consequences are negative because ahh they don’t have budget constraint they can spend as much as they got a lot of money normal people can’t it’s not their only problem real estate in this country but its certainly could be a little problem ahh so certainly it has bad consequences for prices in this country certainly could be little problem ahh so certainly with prices the prices go up all though it’s not the only reason why they go up the prices hmm and worse of course is that the profit from that crime and so that this is also a very serious consideration so ya these are the negative consequences that they which is true of every market which is penetrated by illegal money ahh they inflate the prices ahh so that’s trues of art of ahh of ahhall kinds of illegal money now I am working a bit more on art market I think the art market is considered to be another place where there could be a lot of money laundering investment in ahh in art and art is very interesting because (words inaudible) the the volume of ahh in art is even better but the value of an object is subjective you know how much is ha house at Oxford worth million two million half a million is hard to go to court and say you overpaid because you know prices go up but it can also go down and how much is you know Picasso as well you know I like so much I spend twenty million or more or I pay ten so this kind of assets make it easier to launder money

(R): okay okay and ahh about UK legislation how how is the UK legislation devised to control this phenomenon?

(I): so, I don’t know enough I haven’t studied I know that so you have to study that properly I don’t study your really but ahh there is legislation about you know know your kind

(R): yay a yay a

(I): so due diligence know your kind I know banks have to report suspicious activities to the national crime agency my feeling is that these legislations can be easily bypassed if you want to so I think it is not very effective ah hand what is most ahh worrying is that as we said before it is so easy to create financial instrument so in Italy when you have to set up a company it takes much longer time which seems to be problem because it makes it harder to do business ah so it should be shorter but also you had more checks on the people set it up so I think it will be better for this country as well to have much many more checks for sorry forcing people to go in person to show their passport to reveal the ultimate beneficiary of this so there is generally in this country financialization of the economy and ah ah and the lack of scrutiny in the creation of financial instruments so that’s what I understand is through about this country and this ah investigative journalist the one I told you over lunch (Name of a journalist) ahh they are very good at uncovering how this ah financialization of this ahh the economy helps organized crimes so the book to read that is this one I told you (Name of the book) but if you’re to google him hmm he has a lot of article in this regard I sighted him in my book as well so that’s the kind of guy you want to read and shuckston shuckston I think he wrote a book called treasure island

(R): okay

(I): and a second book finance curse so these two books by these journalists ahh are very good because also they they describe the climate in which money laundering is happening and they know lot of the legislation so I think they are better guides that I am for that

(R): and ahh I mean most of the I mean you have discussed about the legal loopholes you know weakness of anti-money laundering legislation you know that make the real estate market vulnerable to infiltration of this criminal ahh especially Italian Russian organized gro.. organized crime and ahh in this case what do you feel how the anti-money laundering legislation can be improved in this case you know to avoid this kind of investment?

(I): so, so the vulnerability is affected not just organized crime right but anybody dictators

(R): ya

(I): terrorism

(R): is a part I mean part of the problem

(I): so I think I think the certain that you have to reform aahh and is the ah financial sector regulation of company formation that’s for me is very important company formation because these ahh money laundering which ends up buying real estate is done through companies is not the individual is not the Toto Riina comes and buys it in this one is bank account so when I bought a house in this country I bought it in my name I went to the bank I had some money some money went from my bank account to bank account of the seller and I had a mortgage so the bank gave me the money and the money just went across so that was very simple and easy most people don’t do that I mean especially these people they have a company a front in that sense so ah its not money laundering legislation company formation because money laundering is done through this companies and even if I suspect that there is a ah money laundering done through a company I cannot find out who is the ultimate beneficiary if there is no legislation that allows me to do so so they should pass a law that makes it mandatory to find out who is the ultimate beneficiary of this company but not only that they should be checked who they are because again as this I think the UK has introduced this idea that you should be able to find who is the ultimate beneficiary but then sometime you find out this man called mickey mouse or you know haha harry potter you know so nobody ever checks at the moment of the creation of the company who is the ultimate beneficiary and until they check they don’t know and in the meantime the money laundering has happened so so it’s not just about money laundering its about company formations money laundering occurs through companies nobody owned money on his own name you know that’s the key hmm because it’s done on somebodies name then it is very easy to get him of course because if he is a (words inaudible) no assets obviously you can block him so for me that’s what you have to reform ahh then we have another problem for money laundering legislation is that there are some countries that you cannot reach so you can have unless block of countries out like Russia or the Ukraine or I don’t know Bielorussia or I don’t know some other country Latin America in Africa whatever no offence to any country unless (words inaudible) you just don’t know if the money that originate from the banking system is legal or illegal so there is limit to what you can do to money laundering legislation ahhh so that’s the thing and obviously hmmm ya that then of course you have to have whistle blower have legislation that protect whistle blower within the banking system and reward them so I think that’s also very important

(R): Hmm and do you think for example that you know if you have a strong legislation in this case can helpful to ahh solve this problem someway you know because there are some authors you know some scholars they say that probably even if you have strong regulation ah these can also effect you know in some way the market not has a you want you know as a legislator and i would like to have your opinion about this about you know this?

(I): so sometimes crime will never be eliminated right as we know there will some crime however perfect your society is if it’s a democratic society you can never eliminate crime so there as will be a degree of crime they promise to reduce it trying to make it reduce it hmmm my view so I see the point that of course it can distort the market if you have too much regulation but my view is that you have to go back to the real function of ah some instrument which has been distorted so a company is a limited liability and let it ask people to produce and trade real goods so it has to be shown that there is a purpose for those trust trust are done in order to protect children when their parents die many trust where involved women in the nineteenth century and they could be owning properties right so that was the point of trust which goes back to roman law of course now trust are used to hide ahh hide ahh ahh whoever is behind this ahh this trust so to me that is a distortion of the economy ahh so this book called finance curse which is very important book by a researcher/journalist investigative journalist makes the point very nicely that actually is the financialization of the economy that has distorted the economy so rather than regulations on money laundering or or company formation we have distorted economy by adding the financialization of most of the economies so so for me no I rather reduce this financial instrument

(R): Hmm okay and you I meant how can the effectiveness of the counter organized crime can be improved in your un your view?

(I): well depends what in the case money laundering and company formation I have said but the ultimate problem is that behind ahh the money there is an organization that makes the money so hmm the Sicilian mafia the ’Ndrangheta and Russian mafia they lauder the money that they make right so you should find ways to stop them from making the money in the first place because you can of course you can take the money away but they will still keep making them so that’s the problem that you have to tackle and that you tackle that in in I think in the legal world by reducing the role of these organizations in the legal markets such as dispute settlement earning improving their ability of the state to control their territory so at the end of my book mafia life I will long list in the book I do if I was the king of the world to reduce the power of the mafia in the sense so ahh those suggestions are there but ultimately what you want to do is to improve the legitimacy of the state these are in the mafia that’s a big point that unfortunately the states in many part of the world is not seen as a legitimate superior alternative to the mafia and the mafia helps you to settle disputes get ahh hiring business so that has to be that’s the real explanation to to tackle the mafia

(R): and ahh I mean the last the last question what is your opinion on potential consequences of Brexit on Italian Russian organized crime proceeds in the UK real estate market I mean what is your prediction?

(I): so so the the consequences of Brexit ahh ahh are very negative I think ahh I predict the the key issue here is the European arrest warrant you know it is very useful instrument European arrest warrant which allow hmm judges and prosecutors in the UK to ahh extradite people entitled for mafia crimes in Italy or other countries such as Bulgaria Poland of course so you don’t need to have the same legislation in the two countries of this swift extradition to take place and that’s been a major major improvement so the case of the La Torre in Aberdeen which is of course a PhD that I have supervised a long time ago that (Name of an author) wrote the case of La Torre in Aberdeen they went to Aberdeen because no extradition from the UK to Italy for those crimes as mafia association once then the European arrest warrant came into effect I think it was 2003 the guy was send across you know he was arrested and sent back to Italy and now he is in jail I think Turin ahh there are other cases of that kind so if you leave the European union as a UK with no deal that’s where you go on called you know terms you also leave the court of justice all the agreements on law and security one of the agreements is the European arrest warrant or the European arrest ahh the Euro justice system so that is extremely dangerous because it means that people who are accused of mafia crimes in Italy can hide in the UK actually not even hide they can just be here and not be extradited so that’s the very bad negative consequence of ahh Brexit another consequence is that you would not be able to share hmm data with Europol for instance ahh and you wouldn’t be able to share data with the Schengen system ahh of hmm and there are interesting reports on this by the European parliament but anyway in the UK is (words inaudible) base so it means that they know anybody who moves around the Schengen area including their own criminals if you pull out you will be out if it and actually that is clearly stated even in the withdrawal agreement that was turned down so these are the consequence now more general thing would be more deregulation ahh ahh around the lines we talked about before of several markets so I don’t studied state market in particular which I think pretty deregulated in this country how can they be more regulated but I think it will make it easier hmm to to launder money after Brexit there is no question about that for me.

(R): okay okay that’s fine thanks thanks a lot

**Research Participant**: I3

**Date:** August 2019

**Location: England**

(R): okay then let’s start ahh can you tell me why do organized criminal groups go abroad and can you please provide some examples about mafia transplantation in new territories?

(I): okay why do they go abroad hmm because that’s where the money is at if you look at certain types organized groups in Russia they are often ethnically based and their membership used to be very strict so it used to be no women hm people of the same ethnic group can join so you know I don’t know Georgians or an ethnic Slavic Russian so sometimes they would choose to go abroad if what they doing requires that element so if you are moving I don’t know cars from Osorisk which is in far east of Russia ah and shipping them across Russia from japan which is one of the activities they do obviously you need some kind of contact in japan so that would be a reason they would take their activities abroad drug trafficking hmm through from Afghanistan through Kazakhstan through some of the central Asian republics obviously you need to cooperate with another organized crime group that operate in that region so its practical

(R): ya

(I): that makes sense hmm the alliances these group would make with each other are very hmm transient

(R): ya

(I): so, there is no that sense of loyalty between these gangs they work together as a in a shot space of time on one project I guess and then that’s it

(R): and then can you please share is there distin… distinct nature of modus operandi or organized criminal groups based on ethnicity in their country of origin or abroad if the if they have a different modus operandi when they are abroad compared ahh their modus operandi in their country of origin?

(I): when you say modus operandi, what do you mean their goals or how they function

(R): yay a and also if they use you know different methods you know to hmm you know to invest their dirty money especially ahhh in the real estate sector?

(I): okay hmm I don’t know about the real estate sector hmm it depends on the country that they are in

(R): ya

(I): it depends on how permissive it is so if you look at Russian organized crime groups in like the nineties they often use the Czech Republic hmm there was a very big organized crime presence Russian speaking organized crime presence there there still is hmm but a lot of the group that I looked up invested their dirty money in things like night clubs or restaurants hmm it was pretty easy hmm I assume their licensing agreement to set up proper restaurant was relatively strait forward in that country probably be why hmm the way that they function I mean I mean the way that the Russian organized groups are organized is not how it used to be so you know they kind of were prison based on organization and some ways they still are so that’s obviously kind of feeder group for how these groups are maintained and created but hmm its mainly its mainly ethnicity and its mainly things you have in common

(R): okay

(I): so, the research I did about these groups was on what it was that drew these people together so sometimes it’s they grew up all in the same street like the suburbs of Moscow

(R): Hmm

(I): which are named after organized crime groups like sonsova in the in the same in St Pittsburg is the same in (words inaudible) its it is geographical hmm sometimes it’s because they all went to the same school sometimes it’s because they are the same religion hmm and that kind of becomes the thing that kind of defines them so then when they go abroad does that make a difference I probably couldn’t tell you but the way the way the group has evolved since the nineties it’s no longer kind of these loyalties aren’t the same

(R): ya

(I): so one other things the lot of the old school not mafia because Russia you know the argument about whether it’s a mafia or not the the lot of the the kind of old school kind of crime lords say that the younger guys don’t know how to run a gang and they will say they kind of having many respect for the old traditions because the traditions were really quite strict hmm and now you know you are seeing a lot of them moving into the private sector like oil and gas or you know lucrative things that can be a way of laundering criminal proceeds hmm but you don’t know now they are kind of blurring the lines between licit and illicit so basically they might have a perfectly legitimate job but also part of that job is illegal

(R): okay and then ahh I mean what are the key characteristics that distinguish organized crime in the legitimate economy by ethnicity and if you can please provide you know some examples about modus operandi of Italian Russian organized crime in the real estate market?

(I): I don’t understand the first part

(R): I mean something like peculiar of these organized crimes recognize them in the legitimate economy Italian or Russian organized crime

(I): what’s the example of that in Italy

(R): I mean for example you know ahh when the they try to go abroad especially for example Italian mafia you know ahh sometimes you know they want also to control the territory then is not just linked to the investment to the legitimate economy but also other purposes

(I): okay

(R): and then I want to ask you you know if you know if there are something you know very peculiar for this ahh criminal groups you know that gives the gives you the opportunity to understand that you know the ahh Italian Russian organized crime are in that sector?

(I): hm hm

(R): if they invest probably more you know in the something else compared to other

(I): I couldn’t tell you I think its opportunistic

(R): ya

(I): I don’t think that’s like a characteristics says Russian organized crime looks like this and when they go abroad they do this it depends on the group depends on how much money they have it depends in what activity they are involved in if they are involved in if if if they are kind of low level drug trafficking organization that is very loose and fluid and people come together to do a job and then they leave again then they might not make a long term mark in the country that they are in if they are a very tightly knit group form my experience looking at this it tends to be that the tightly knit groups are the ones that stay in Russia and when they go abroad they are much more fluid there are more people involved there is greater risk you are dealing with a jurisdiction that you don’t know you might need to partner with another organization I feel like that’s a riskier thing than staying in Russia

(R): ya

(I): so, may be that would make them more inclined to take risks in in the things that they are doing I don’t know

(R): ya

(I): that would be my suggestion

(R): I mean about you know how vulnerable is the real estate market to the infiltration of these criminal groups do you have any

(I): hmm in Italy

(R): in UK especially

(I): well the question would be how good is UK legislation at identifying where the money has come from there are weaknesses in the legislation so for example these unexplained wealth order which I am sure you have heard of hmm which are a relatively new concept and they haven’t really been tried much except for one as by Johnny guy and his wife hmm so the issue is not so much low level criminals who are profiting from cigarettes trade which happens but I guess what you are asking in is the link between big business and oligarchs and organized crime

(R): ya

(I): and I mean there is a whole bunch of literature about that link the question is how can you separate the money that these wealthy people have from what is criminal and what is not so lot of money is laundered through the Baltic states hm which I am sure you will know Latvia obviously they tightened up a lot of their banking sector in the mid 2000 but there are problems you all have seen ABLV bank for example in 2015

(R): ya

(I): fourteen something like that so that that can be where a lot of the money is laundered through do we have enough ways of flagging transactions that are suspicious probably not do we ask enough question for wealthy business people that come to the UK on golden visa you know if you invest more than a million pounds in the British economy you get a residency permit for about five years hmm you can check exactly what the numbers are on that but hmm I believe this government is trying to tighten up the golden visas may be this will change with the new prime minister so that’s something to take into account as well so how much is Boris Johnson is really committed to that I don’t know yet so given what we know about organized crime group taking things as an opportunity if the opportunity is there they will take it so if it’s easy to invest in real estate then it is easy so I would say I don’t know very much about the real estate you know how simple it is to buy something that is very expensive in this country but I think that the question is more about our banking sector and whether we do the right background checks on people so possibly not

(R): okay then I mean ahh what are the criminal instruments and vehicle used by these criminal groups to place their dirty money in this economic sector ahh I mean UK real estate market or in the legitimate economy

(I): like how do they do it?

(R): ya I mean which are the criminal instruments that they use or the vehicle you know to place their dirty money

(I): like how

(R): economy

(I): how they would invest

(R): yay a I mean which techniques use I mean

(I): I have no idea

(R): okay and I mean about the crime facilitators of these kind of investments you know especially in the legitimate economy and in the real estate market if you know something about that?

(I): I mean hmmm it’s hard to say at which stage of the process there is corruption if you look at Russia domestically hmm we have seeing Russian money going to somewhere like Moldova which is much more permissive ah and easier to launder money through and from so what you would need is a corrupt official that is able to grant I don’t know seconds passports to people to travel so the gang that I was looking at during my research almost all of the had dual citizenship of a country that has very laxed tax laws so Cyprus is very popular hmm some people had citizenship of Israel because the Israelis at that point in time were welcoming in Russian immigrants so it’s very easy for them to come and move their money there so it depends on the country that they are looking at and what’s useful for them at that time so

(R): hmm

(I): you know if you ahh to go back to the example if you if you’re trying to get money from from Russia to somewhere like Moldova you need a weak rule of law a weak capacity for the for the kind of government prosecutors to intervene if anything did happen you would want someone at the embassy who can help you with passports visas if that’s what you need probably not from Moldova you know what I mean

(R): ya

(I): hmm what else hmm a local person to launder money through so you have those contacts but I mean the way that they would do that matters it depends on the country so in UK it’s a lot harder because we have a good rule of law and we do have checks hmm though I think the point is the money is laundered before it reaches the UK so as far as the UK is concerned the money is clean and it doesn’t know that this has been I don’t know laundered in a Latvian bank by their own resident client which is what they call them most of them are Russian recipients in the end hmm so it goes back to the question of are we doing enough to investigate what the money is doing before it comes to us it yes it might be clean by the time it come to the UK but is it on its journey hmm as far as the investment in real estate is concerned I guess if the money is clean there is not much you can do you know if somebody wants to take out mortgage and the real estate market is very slow because of Brexit say that that feeds into it so for example if you are trying to buy a house right now

(R): ya

(I): nothing is moving because everybody is waiting for Brexit to happen hmm like no one is buying or selling because they think oh there is a strong possibility that I will be selling my house for below market value if you suddenly have a big investor that comes and says right I am buying real estate and it gets the market moving that’s great for the real estate market that things are happening and it invest a confidence to increase because you see people investing and you say okay the market is moving so for the British real estate market is it not a good thing that things and properties are moving around so you have to take into account what are the political processes going on in this country in the recipient country that would make it attractive for money to go into it

(R): yay a ya and then I mean what are the the crime facilitator you know investment of this criminal groups you know in the real estate market if you can shed some light about them used by Italian or Russian organized crime in UK real estate sector?

(I): hmm so I don’t think I would have specific example but what I would say is that a crime facilitator is often the Russian diaspora so if you look at places like Cyprus that have a really big Russian diaspora hmm people that came years ago hmm there is a lot of Russian organized crime there because it it attracts people hmm they already have people that speak the language they have people that know local tradition they can tell you who is a good person ask about renting a vehicle or whatever you know it’s helpful so the bigger the Russian diaspora I don’t want to conflate Russians with crime because that’s not fair but I think larger the Russian diaspora the more helpful it is ahhh and I think that is also the case with London I don’t know how that translates into the real estate sector but I imagine an enabler would be someone that works in banking hmm someone who works in real estate that’s able to connect you with the mortgage broker hmm

(R): ya

(I): and there are plenty of those kinds of services around if you are looking for them and if you go central London to Kensington and Chelsea there is lots of kind of agencies say we speak Russian because the Russians and the Qataris and you know a lot of these kind of wealthy people are the main investors in fancy parts of London

(R): and then I mean what are the consequences of investments criminal proceeds for both law enforcement and economic development in the real estate sector if you have any knowledge about that

(I): the consequences for law enforcement

(R): law enforcement and also economic development in the in the UK in the real estate sector then how this investment you know how do they affect the market economically in an economic way so you know in a legal way

(I): hmm legally I don’t know economically it puts people out of the market is part of the problem but then again if you know if you got if the Russians was to all leave London tomorrow somebody would be there instead the Qataris or the Saudis or somebody else so you know the property market is a big bubble that will crash at some point most people are predicting that that’s what is going to happen with Brexit it depends on the new deal basically you know there are problems ahead hmm so if you have lots of people kind of I don’t know buying up parts of London and it pushes a lot of people out of London that kind of means that you get more of these urban sprawl than people living in London

(R): ya

(I): it’s an issue but I don’t think it’s an issue that’s is confined to this is a Russian problem I think this is a kind of this is a London problem because its overpriced its over built and there isn’t planning about you know urban structures outside of London

(R): ya

(I): basically, hmm so ya I I I think that is particularly a criminal problem I think the problem is about space and infrastructure

(R): ya and ahhh I mean how does the financial system access money laundering risk in UK real estate sector?

(I): am not the person ask about that I have colleagues that would know hmm and I can put you in touch with them at another time if you like

(R): ya sure

(I): hmm tell me the question again exactly

(R): how does the financial system assess ahhh money laundering risk in the UK real estate sector?

(I): okay am probably not the best person to answer

(R): okay ya there is no problem and how is the UK legislation devised to control this phenomenon you have any knowledge about it

(I): ahhh a little bit but there are people who know more than me but it would be the flagging suspicious transactions unexplained wealth orders hmm I guess standard background checks then it would be you know transactions over a certain amount I think it’s about ten thousand pounds hmm obviously there are ways around that if you want

(R): ya

(I): so hmmm what else how else do they do that I am not really sure

(R): I mean ahh what are the legal loopholes or weaknesses the weakness of the UK legislation what impact do they have on Italian Russian investment of Italian Russian organized crime in the UK real estate sector? This kind of loopholes or weaknesses which is the impact that they

(I): I think the the only think that really comes to mind and I am not a lawyer hm is the golden visas which they take advantage of because I think the attraction is so great for the British economy having someone investing lots of money the the rest of the things that they do is kind of overlooked hm the other thing is hmm people that and there quite published in the news about this Russians who have come to the UK who say that this is for political reasons, for political asylums hmm because they have fallen out with their business partner or with Mr. Putin or something and the British take the view that they are in some way not quite a refugee but somebody who is fleeing political persecution and then these people end up doing quite well in London so I think that there is they tend to take advantage of that hmm and kind of the the view of the British government that these people are persecuted in Russia rather than may be they became greedy or maybe they over reached in some way so I think those are kind of grey areas that we are not and this is form the misunderstanding of the political environment in Russia

(R): hmm

(I): so aside form concrete laws about things I don’t know

(R): and ahh I mean what are the characteristics of anti-money laundering legislation to combat this phenomenon do you have any?

(I): hmm no I don’t

(R): and I mean which aspect of the current UK legislation can be improved to make less vulnerable ahh its real estate market to the infiltration of this criminal group groups?

(I): ahhhh hmmm I probably can tell you that either I think you need an anti-money laundering specialist tell you that

(R): hmm and how can the effectiveness of the counter organized crime policies can be improved you know in Europe?

(I): ohh in Europe hmm well one of the big problems with things like Europol especially Europol may be not so much Interpol is ahhh sharing information this is a big problem for the UK when we carter European union because who we are going to share information with which countries do we decide they have said ah I have heard from a number people that hmm the links with Europol will remain but how we have to draw up different agreements some countries more than others I mean I think it is definitely the case that the countries in Europol some of them are more closely aligned with the intelligence agencies than others so I think that will be a very serious problem hmm thinks like the Schengen zone also make it very difficult because on the one hand great travel across these places but its also a big hub of organized crime easy to move across the border hmm you know being able to share information across knowing what to flag even so you know the ability of a of a group to be operating in I don’t know the Czech republic hmm and sort of making its way to the UK how likely is that they will be able to flag it up between them its often kind of after the flag off the crime has been committed they have been caught its like actually we knew about this the whole time

(R): ya

(I): so I think the answer is always something like improve intelligence sharing knowing what what needs to be done knowing what’s important and some intelligence agencies are better at this than others the Germans are very good for example hmm the the Spanish intelligence unit is getting a lot better as well recognizing organized crime groups and you know but you know the Italians as good or are they as committed and the political reasons why they might not be hmm so ya it has to be kind of a shared goal for everybody that countering organized crime is an economic threat to you country and if everyone’s agrees that then probably very helpful

(R): ya and then the last question you know what is your opinion on the potential consequences with Brexit Italian Russian organized crime proceeds you know in the UK real estate market?

(I): well as I said before the impact on the real estate market could be both ways I think people anticipate that the prices will drop so a property that you bought for I don’t know four hundred thousand pounds a few years ago you would expect to increase in value may be now it will go down value and you wont be able to sell it and that kind of means that the market is a bit paralyzed at the moment if you look on High Street you can go and see what’s happening on the market you speak to any exchange agent it would be actually also If you want to would be a helpful way

(R): ya

(I): you know you go on High Street and you tell them what is happening what what are the trends you can see and most of them will tell you people are buying or selling because people are waiting and it is all about confidence its all about how you feel about it all of these markets the flux it depends on people so if people feel that Brexit is going to be a bad thing for the economy then its kind of a self-fulfilling prophecy and nobody sells their property so would organized criminal groups then invest in that probably not because would it be if you bought a I don’t know a million pound property or two million even hmm you might not be making as much money as you like may be there are other sectors would be more lucrative so I guess I am kind of thinking now like I don’t know I would speculate that if hmm you know if the market real estate market is slowing down and if Brexit means that everything is either paralyzed or the prices are falling that sector doesn’t become attractive anymore

(R): ya

(I): so would that mean that that crime would be displaced somewhere else possibly would they be investing in I don’t know agriculture I took that as a very random example but if you imagine we get a lot of our farming products from abroad there is a big drive to increase British grown crops hmm and farms and subsidies may be this is an attractive new market may be would investing in farm land or I don’t know bread that could be something interesting so I think that hmm organized crime groups that are smart would would look at the next sector the Brexit could be profitable for after Brexit what the British government will need to do is broke a bilateral tie with as many countries it can this could include Russia obviously the situation right now is very bad between the UK and Russia but UK might not have a choice

(R): Hmm

(I): because Russia is such a globally engaged country you know it is plugged into the global economy things that happen in Russia has resonance all over the world so there would be a very good reason for the UK to start trying to increase its trade with Russia at least on an economic level so that could be another way for organized crime groups to be involved

(R): okay that’s perfect thanks

(I): no worries

**Research Participant**: I4

**Date:** August 2019

**Skype interview**

(R): okay then ah if you if you can tell me why do organized criminal groups go abroad and if you can please provide some example about mafia transplantation in new territories?

(I): okay so ahhh are we talking about England or do you want a general

(R): no general if you can talk about UK specifically ya lets be

(I): people consider mafia groups as a groups that accumulate capitals from a number of different sources some of which are illegal purely illegal such as drug trafficking (word inaudible) extorsion or whatever hmm then this money needs to be reinvested in the legal economy ah some of the activities of the mafia groups aren’t illegal are legal jobs like some of them has shops some of them hmm idont know hmm car dealerships whatever they have so they then amalgamation between the legal and illegal capital need to be hmm somehow hm defended so the first reason they go abroad is to ah invest the money that they have made hmm and find new investment whether legally or illegal some markets require to go abroad so if you are importing drugs ahh chances are that you are cocaine is not produced in the country where you need it so you obviously have to cross borders in that sense you will leave somewhere and you will need to have contacts in different places but some other types such as money laundering ah are easily done abroad rather than in Italy especially in the case of Italy but its same for every country now even British criminals prepared to launder money in Spain hmm because of the boundaries of hmm legal boundaries essentially from technicality gets lost in translation

(R): ya

(I): so that’s the easy answer that you already know that so obviously when you launder money so when mafia groups mafia fields cross borders they lose the mafia status because obviously mafias in Italy especially is legal category so you become a mafia member you are seen as mafia member as the law sees you within the packets of art.416 bis if not you are an alleged mafia member you are close to a mafia member but unless you have committed a crime you are not liable of anything obviously

(R): ya

(I): so when you cross borders unless you have hmm a clear conviction your conviction is let’s say your investigation is in your name or on your assets are not gonna follow you abroad so you will lose the status of mafia member so you become at the very best a organized criminal which means hmm yes of course (words inaudible) from which proceeds of crime comes from but hmm without the stigma that the mafia category brings in Italy so this means two different things in Italy we have as you know in the investigations on hmm money laundering that hmm stems from anti-mafia investigations its one and the same so anti-mafia investigation from ahh an assault or an extortion in the street all the way up to corruption political parties something and seen money launderings on gambling or lying

(R): ya

(I): they are all the same one and together in the abroad this is not the case and this is probably the name different which you see in Anglo Saxion countries hmm technically in the united states with some corruption in England sure and in Canada and Australia as well where you have hmm a breakdown of the nature of criminality of organized crime into different rackets and each rackets is dealt with separate so without the real nature the general picture it’s very difficult to assume that the proceeds of crime is linked to a specific ahh person so one of the things that Italy does which England for example doesn’t do as we know because of a no of reason back to do with English legacy of common law ah is to require for let’s say so in Italy if a proceeds of crime if you have ten pounds and you want to prove that this ten pounds are coming from selling drugs you have to specifically link those two pounds one and two to this selling of drugs so there is a specific portion of the wealth that needs to be connected to a specific activity in the criminal sector, in Italy this is not the case so as long as you know the portion of the wealth is coming from illegal proceeds you can take the whole wealth and then deal with with portion of it is somehow hmm tainted so there is no hmm hmmm I I I I assume you know the differences of the different confiscations in Italy so we we have this wonderful thing whereby as long as we know that wealth is unexplained it doesn’t matter behind the connection of that tiny specific portion of the wealth there is coming from time we can confiscate it all and go with that (word inaudible)

(R): ya

(I): in England this is not the case you need the crime to be clearly linked with the proceeds and this is insane to do obviously because clearly, they these are very complex financial ahh transactions and it’s not very ways hmm allocate the yield

(R): ya

(I): more importantly ahhh one of the problem in UK that you have hmm so obviously when criminals go abroad their need and willingness is to loose and to hide the ownerships of their proceeds and this can be done abroad way better than it can be done in your own town, so another reason to go abroad is to redistance yourself from your wealth whether that is through a broker whether that is through a bank whether that is through a trust whether there is whatever type of capital its easily done hmm also abroad it’s much easier for criminal hmm groups of the labor of mafia groups to ahh hmm dislocate displace investments so you have some money may be this money has been cleaned in Switzerland you have some money to invest ahh you can invest it in sectors that do not require necessarily your direct ownership so to say real estate you can buy real estate in London if you just give your hmmm you could just ask ah real estate to act on your behalf and depending on the country you are in somethings are easier than the other in the UK real estate has been always easy for everyone because who cares as long as its money we don’t record you so that that

(R): and then

(I): and in other countries there things might be easier

(R): ya and is there a this these thing nature of modus operandi of organized criminal groups based on ethnicity in there country of origin and abroad if there are any difference you know?

(I): I think ahh there are not as many differences if you start thinking about the functions there are certain market so in money laundering obviously there are certain steps you need to make these steps hmm might be performed by the people in different functions so what you need is the broker position the broker position whether it is a financial broker ahhh a professional some you need to know the system in order to understand what function you need to give and example in Italy the its very important for mafia groups to have ahh friend who is not on this because you need someone who can help you forge documents ahh of legal nature hmm official nature in England there is no such a thing as notary so the fear of the notary is absurd within the solicitor and a solicitor is a different type of ahh job but it performs the same function so as long as they understand who is performing the function you need function being someone that officiates my documents then you hmm so say first superficial (words inaudible) you say okay here they are corrupting lawyers there they are corrupting someone else but at the very basic and all you need is to understand does what

(R): ya

(I): something that is much difference in that sense

(R): okay

(I): I think the difference is the way you use people who understand the law and in that case I think the Case of (Name of a lawyer) (word inaudible) not not just because its its its over now we had the law in UK so you can find it and but that’s because it was a hmm substantial mechanism there was already in place from Calabria and then came here and they did the same thing they used to do in Calabria to get funding for construction used that money inject it in their legal economy here and somehow sell it off to Italian buyers well may be buy ya

(R): ah for example you know are they interested just on the economic process when they do when they do this ahh when they make this investment or for example, they won’t own so you know to increase their power in another countries I mean their territory powers?

(I): I think that depends on what you mean by power

(R): ya I mean

(I): because obviously you are talking about hmm so idont know whether you are looking at UK more generally or just London there what you are doing but obviously one thing is London there is no thing such as territorial power

(R): ya okay

(I): and another thing would be a smaller city in Scotland so obviously but if you intend power as economic power then so hmm imperialistic ownership of certain sectors they might be more like it ahh so obviously what I know of some of the mafia scandals from Russian side hmm if you have a sector of the properties in a certain area of London or which was Mayfair I think certain areas of Mayfair which was owned hmm in terms of their developers by certain types of oligarch and they were never to be seen around because they use seven different types of maze it acted on their behalf and obviously that created a market which was controlled by someone who wasn’t here controlled for whether they wanted to gain then that might be power

(R): okay

(I): or it may be more among the lines of collusion rather than corruption so in spite the agreements then more or less look like a cartel of interest hmm but whether or not these are strategic hmm I am not sure

(R): okay

(I): I don’t think I have seen anything to point in that direction that the UK for Russians and Italian mafia for sure

(R): okay

(I): there has always been very rapid things going on

(R): what are the key characteristics that distinguish Italian Russian organized crime in the legitimate economy and if you can please provide som.. some examples about the modus operandi in the real estate market

(I): the Russians I have no idea you will have that covered by someone else

(R): ya

(I): with the Italians I think it’s the ahh its two things and at also will connect to your last question which is about Brexit hmm so obviously we are talking about a single market whether or not that is ahh in jeopardy now it’s a different story and I will bring other problems by the way that I will talk about later ahh but we are filling a single market which means that there is no such thing as proof of your identity in terms of nationality when you die real estate here when you buy real estate here all you need to provide is the ahh origin of funds hmm and the original of the funds which they follow all the same rules that they would follow here so the UK market asks you to hmm provide justification for the cash so if you in your bank account have fifty thousand pounds and this goes for your house they want to know whether did you get those fifty thousand pounds did you tell them this is my I don’t know salary and my savings but you need to prove that the money has never left your account and there never come in portions that go beyond a certain amount which it think is six thousand pounds per time or something like that hmm the thing you have to do if you have funds from Italy so you need to provide hmm a justification for your funds this justification could be a simple saying hmm I had cash from another account that I brought this money from one account to the other the current account is in my name the second account is also in my name so I am transferring the money so that’s all they need

(R): Hmm

(I): so, they need to see their continuation in the ownership and it is very easy to fake

(R): ya

(I): by the way

(R): and then how vulnerable is the real estate market to the infiltration of this ahh organized crime and the if you tell me if you have found any cases of Italian Russian organized crime in UK real estate sector?

(I): so as I said ahh the one case was hmmm of the one of (Name of a lawyer) law which was which is by the way incidentally the only time UK court used the word mafia Italian mafia ’Ndrangheta specifically ah in a in a court the case was interesting because it was within ah operation metropolis which is an operation that ahh hmm from Reggio Calabria in 2012 well the mention (Name of a lawyer) law which has two hmmm two offices one was in Lamezia Terme and the other one was in London they are registered EU by the way they are still in practice actually you should try and talk to them in a very neutral and may be play dumb at the moment hey hey can I talk to you about Italian lawyers hmm but they are officially in business because they have been banned from the Italian law society not from the English law society which is another option so anyway so hmm they are also banned from the European lawyers society that another story but anyway what they were doing was basically acting on from abroad where they were probing people by selling real estate which wasn’t there and through that faking invoices and faking projects they never saw the life of the sun, mafia managed to clean the money and they did have a very typical scheme hmm because it actually shows that the mafia gonna stay vulnerable and vulnerable because only you don’t you have to think we all have to think ahh that this market cannot ahh hmm the market like real estate that goes from very very low level ahh buyers to very luxury ones as the number of things they need to so if you look at the luxury ones only which are usually the ones speaks lots of money come in and there you find the wealthy people and there you find the big scandals when these things run out then you meet south of the story if they are all other out which is in the middle size property those are the ones that are easy to buy for anyone you included me included they are easy to buy because you only have to prove one step before the cash and that means that whoever has money can buy house if I were if I ahh we know that al time from Italian investigations not only in UK but everywhere in Europe I ahhh I have money from my own Italian mafia activity and the mafia works somewhere to my daughter 18 years she goes to London for you know university I buy her a house it’s not a luxury house it’s a normal house still expensive for normal people not that much for London that’s it that as easy money

(R): ya

(I): because you basically organize it with a lawyer to inflate the price get some money on the sides launder portion of it the rest of it is gonna go in a real house by anyone so is not like they buy big houses most of the time it’s just the way the whole deal is done that allows a portion of the portion to be laundered so in that sense I think the luxury real estate is somehow diverting our attention on what is going on at the lower level which is impossible to control

(R): I mean ah can ahh you shed some light on UK real estate market?

(I): at the moment ah at the moment these probably every mafia person that is reading the news should be buying houses in London because the prices the market is completely fucked up the reason for that I mean I am not gonna a economist so I can’t really say that but obviously with these getting back to the Brexit shenanigans when obviously the hmm stability of the market has been somehow ahh hmm clear to see I know that the UK market and the London market specially been in a bubble for ten years price is increasing and obviously that is a that has to do with the attraction of foreign funds the fact that there are foreign funds hmm able to rise up the luxury market as meant essentially the effect on rest of the market itself but I am sure that these has not to do with hmm most of the Russians I guess the Africans the middle eastern hmm wealthy people that decide to you know look into buying the estate in London because the legislation is very lack there is no registry of property which means you can transfer your properties to family members without any real ahh knowledge so of the ahh

(R): ya I mean then what are the criminal instruments and vehicle used by this criminal groups you know to place their dirty money in this economic sector?

(I): professionals I think it’s the ahh is the main thing in the UK ahh obviously solicitors ah less of barristers for obvious reasons hmm and solicitors and financial advisors so obviously that and that’s very easy is a very easy market because it’s a market which is extremely competitive both the one for solicitors and the one for financial advisors so they do checks are done for anti-money laundering purposes which by the way are still so far European wide checks are not integrated with the policing data basis so that’s another problem hmm because of the ahh the needs for the also Anglo Saxion legacy legal legacy you have to keep the criminal responsibility individual ahh and also as I said before it cannot assume that just because a portion of the wealth as been found coming from criminal proceeds the whole of the wealth is then you have to hmm it’s very difficult to say that because even if your wealth has been found in Italy laundering half of your money it’s very difficult to say that the of the other part of your money that you are investing here there how somehow connected to criminal activity and this is impossible to prosecute because there is no hmm integration of the data basis of the financial data basis here with the (word inaudible) so this should be something I don’t know for Europol to do financial crime am not sure what the NCA is doing but I am very skeptical of of the NCA ability to understand this ahh or to do anything with this because they are very concerned about what’s happening here to figure out what’s happening it’s a trusting system so they believe that if you come from Italy or from France or whatever with such money your money has been checked elsewhere so hmm

(R): ya and for example can you please provide some examples about their use by the Italian Russian organized crime in the UK real estate market especially with I mean if you have it?

(I): ahh as I said my only knowledge in terms of ahh hmm it’s the investment side ahh mostly what I have seen in cases that had some places in London are individual purchases so there is let’s say ahh okay a case in 2008 Calabrian clan that they were buying a massive property in Piccadilly Circus ahh and that was completely detached from the clans so they just had tasked someone ah a financial advisor in Rome and he found this opportunity in London and the clan was even aware of it just investing money they had the task to fight them to transfer the cash into solid things so they didn’t know what they were buying they had no clue was it and what where essentially the scheme was that they were gonna sell it not sell it sorry buy it and have someone else manage it and sell it to companies to manage it so eventually it was it was just that’s meant to get money back after the selling (word inaudible) so think look London or that’s London the only thing actually that I know and for the Italians its very individual and very occasional London

(R): and then and then what are the crime facilitators for the investments of the organized criminal groups in the real estate market and if you can shed some light about their use by Italian Russian organized crime in the UK real estate sector?

(I): hmm I think the main problem remains lawyer for a number of the reasons has to do with the fact that they are willing to accept potential investors hmm by lawyers by the way I mean only solicitors in the real estate if you know about the legal sector in England you will know that there are specialized lawyers we are talking about property lawyers these are the lawyers who act as notaries and act as you know the problem with that is that there is ahhh how can I say hmm so there is a problem in ahh assigning guilt and liability

(R): hmm

(I): and that’s the and that’s why these things go on and on without anyone checking so if you have hmm some money from an individual name is from Italy who looks a little bit dodgy but his money somehow looks clean and well it goes to whoever Gabriel in London who is a lawyer in a normal property law firm and has wants to buy with this money can you find a real estate agent that can help with this and take home the purchase (words inaudible) the lawyer will abide on certain things and may may not be aware of the mafia involvement or may or may not take a kick from the mafia involvement that’s a different story but one way or the other hmm even if they have knowledge of it ah the law is not such as hmm somehow punishing hmm their involvement if you saw the English legal hmm the section forty four of the act of the Serious Finance Act in theory it’s like a direct knowledge or indirect knowledge of criminal activity you should report it blah blah blah but in practice this is in conflict with professional secrecy so between the two it’s the professional secrecy that counts unless there is a clear knowledge of the involvement in serious crime elsewhere and a conviction but if it’s not a conviction then there is no actual duty so that in that meaning as I have said in the beginning if you look at the function the lawyers are definitely there because the real estate management real estate agent doesn’t know and doesn’t need to know where the money is coming from but the lawyer does but the lawyer doesn’t have a legal need to know unless there is a conviction so they have a very grey area there and it’s very easy to explore

(R): and then what are the consequences of investments of the criminal proceeds for both law enforcement and economic development in this ahhh real estate sector?

(I): I think this is ahhh worldwide issue for whenever you have proceeds of crime in the construction sector in the real estate section it gives an impressions of crisis it gives lowering of quality of housing because obviously you have to cut money somewhere so if you are investing in construction as I assume you have to look at the construction industry as well because that’s behind real estate hmm then you have you will have it in the materials and the longevity of the housing because obviously you don’t need the houses to be there if you don’t care because you are planning to sell it fast hmm the other is the systematic fraud ahh there is a growing tendency towards plan of buying of houses ahh which is usually for luxury housing whenever you buy a house without seeing the house you buy the house before the house is ever built on a plan and if you say I want I am buying this building it has eight hmm different apartments there then I am gonna buy them all okay who cares from the model of it then buy the whole thing together and that’s usually one of the main most used schemes to launder money because these houses have never been built the people who are buying legally are ending up in never ending legal battles which they are never gonna win because there is always an something on the deal side you know there is always a reason to postpone

(R): ya

(I): and there were cases like this in Australia there were cases like this in England there are cases in Australia by the way also with Italians in Montreal you see the cases that I have told you they were all this obvious real estate inflation we built built built then no one lives there completely empty and just you know ahh schemes to ahh to the fraud so or most of the time the quality of the buildings hmm are somehow hmm not just in sense of the actual materials of the buildings that are you know less good than they could be its also they miss certain regulations which make luxury building unable to be lived in so there was this case in Montreal remember which am sure can happen anywhere of ahh developer that builds ahh whole building of eleven floors ahh everything is all done hmmm but there is a problem is a problem in some of the material they were used they were highly inflammable they can’t be ahh so obviously these apartments cannot be lived in so the apartments are empty now and they cannot be demolished because that will cost more to actually leave them there so they leave them there for the cost of nothing they were sold for a lot because they are in a wonderful position which can be used so it completely skips the market in terms of prices in terms of materials used in terms of recycling if you really wanna go that way hmm and that in terms of hmm competition because they create an unfair competition in terms of how much cash you have how much cash you can inject in times of financial crisis by the way which will go back (word inaudible)

(R): and then how does the financial system access money laundering risk in the UK real estate sector?

(I): am not quite sure I can answer this I would suppose hmm I think I don’t I don’t actually think there is a special risk ahh apart from the use of know your customer rules which are the basic rules of money laundering ahh and ahh political expose persons ah regulations which again are regulations from money laundering ahh if a I am not sure if there still is a specific rule for real estate I know that the problem was the lack of it and the lack of the register ah which essentially is the problem you better ask the person to the lawyers

(R): ya and then I mean how is the UK legislation devised to control this phenomenon?

(I): no because the legislation in the UK when it comes to foreign capital is about making money hmm recently saying so there are a lot more controls on British investors then there are foreign investors and this is across the whole sector

(R): hmm

(I): so, it’s the same for company funds it’s the same for real estate it’s the same for banking it’s then the controls are bureaucratically done superficial (words inaudible)

(R): and then ah what are the legal loopholes and weakness of UK legislation and what impact do they have in the investment of Italian Russian organized crime in the UK real estate mar… sector?

(I): I think the answer is that ahh the UK has always been perceived as some sort of hmm ahh Eldorado of foreign investments on any level including specially real estate ah and the reason for that is that you have hmm foreign hmm ownership in in England okay hmm basically said that you have ahh so so the scale of it is so much more then UK so so much more dynamic and so much more hmm rich wealthy basically so the scale of it is so much more than the market will collapse without so on one side you can’t control it much by the ahhh with the issue with register you don’t want discourage investors because the market will collapse before the investors decline and this is I think is the is the problem there so it’s a in that sense ahh the feeling is that we are needed here so mafia money legit money any type of money is ahh is needed here because obviously there are ah incentives for foreigners there are schemes to help foreigners invest there are facilitation to get hmm the deals the banning deals if you are planning to buy its ahh there are also very basic hmm interest rates that you can get a bank job if you are owning a house in London or living elsewhere so there are incentives to invest for foreign home owners in the UK so I think that feeling is there that kind of ahh easy market because a market without foreign investments will collapse

(R): and then in the which aspect of the current UK legislation can be improved to make less vulnerable its ahh real estate market to the infiltration of this ah criminal groups?

(I): I think that the basic answer is what they were trying to do for a while which is the property register obviously one way even the property registry I think has gone easily is easily twistable so you can always be scared both things and its gonna have hmm (words inaudible) so that ahhh that’s the problem and that’s why they are never gonna do it but the problem is that now the home ownership situation is (word inaudible) in a way in which you don’t know who is the owner of the house essentially when it comes from ahh abroad so in theory hmm you will have to register any entity which whether is an individual or a company that does hmm the purchase you might still find the way legal way around it ahh trusts you can find venture capitalists you can find hmm (word inaudible) so am not quite sure this is the hmm the right actual way

(R): Hmm

(I): things will be the case elsewhere hmm in that you need to have sort of a permit program hmm so obviously money laundering regulations hmm so you have to have a resident permit to able to so that’s another way of doing it but the UK doesn’t do it or want to do it for a no of reasons actually for the fact that sixty percent of the market is foreign owners according to some enquiry in some point was in twenty sixteen or seventeen something like that so

(R): and then what are the characteristics of ahh anti money laundering legislation to combat this phenomenon and what are the legal loop holes and weakness of ahh anti money laundering legislation that make you know this sector so vulnerable to the infiltration of this criminal groups?

(I): okay so there are two main issues ah three main issues one issue is ahh that money laundering in this country is ahh hmm obviously UK (words inaudible) perspective it says risk assessment risk assessment mean that if you come from country certainly illicit activities then you are ah in a suspected activity report situation which is all based on a rationalized system and I understand that this system does not take in to consideration the real nature of corruption in other countries it takes into consideration the very strange ahh very basic hmm corruption index of let’s say transparency international or the EU which say that corruption is a exchange of favors and the agreement between two people in doing this and that we know in Italy as in the USA that this is not the case the corruption is much wider thing ahh and it involves trafficking of favors it involves hmmm very subtle changes so lack of ahh assistance for the system laps understand an integrating understanding what corruption is and its very very core the anti-corruption mechanism that answers the money laundering legislation for most its very void, it is scheleton it says okay so ahh you have to have money laundering regulations based on know your customers know your customers means that if you come from high risk corruption countries then you should be checked if you come from high corruption businesses you have to check if you have three out of five of these factors then it should be checked this hasn’t count when you have systems like in Italy for example where corruption is not ah criminal exchange between two people that if the overall system of power hmm so Italy is not considered a high corruption country while Pakistan is the Pakistan may be a corruption index of one hundred because of a very obvious easy way of doing things Italy has a much more subtle way doing things so I think it needs doesn’t have a conceptualized approach to corruption so that’s the problem with anti-money laundering if very very if you look at the requirements for the suspected activities report its really late hmm and its basically anyone could be a sus suspected for money laundering essentially or no one so its its completely empty hmm so that’s one problem the other problem is that once the money is clean then it’s over

(R): Hmm

(I): so everyone keeps saying money laundering is highly connected with organized crime is not because the money laundering legislation is not connected to organized crimes so actually if you see anti money laundering regulation ahh POCA act and blah blah several hundred regulations afterwards the POCA act and inside of it their needs for unexplained blah blah blah and which defines organized crime and in a much more specific way then the non-organized crime did that been account for organized crime investigation so the two legislation are not connected and there is a there is an assumption that money laundering facilitates and enables organized crime and not that it is an organized crime s so that that very tricky thing to to prosecute when you you are prosecuting something that you know it is based on another crime that you can’t prove that crime it is not money laundering

(R): Hmm

(I): so, it’s it’s a very stupid thing in a way so you should consider money laundering as organized crime and not money laundering as an enabler of organized crime like here and I think that’s the main issue from a legal criminal law perspective

(R): ya and then what aspect of current anti money laundering legislation need to be improved?

(I): that ahh is one of those questions okay so I think one step forward as been done with the unexplained wealth order hmm because they ahh ahh advantage of ahh reversing the burden of truth on the suspected criminal whether or not they are working then its another story ah but I think that was probably one sector was hmm duable in a short period of time was done ah the unexplained wealth order was already used in the in Australia it is used in partially in Italy under another name with the confiscation hmm but basically what it does was assume after a level of criminal responsibility for conviction and they okay you have seven Ferrari you need to tell me where these Ferrari are from well before that burden of proof was on the prosecutor to prove that the Ferrari were coming from the illegal proceeds so I think there was a massive back forward I don’t know whether or not these are being used and if they are not being used if probably for what I was telling you before so in terms of what could be done hmm again I am not an expert on money laundering ah financial crime but I think the main issue are the dimension (word inaudible) ah that’s the big drama there which is obviously with all the virtual currencies and the affil… they really purchase things from all over the world in a click that obviously cleans money in a much bigger way and I don’t think anti-money laundering proceed it you ah anti money laundering regulations in the UK ah is going to be more difficult after Brexit because hmm because if there is one chance touching anyone is by lowering the borders in terms of confiscation abroad I mean so integration of financial registers without that there is nothing really nothing you can do because no one will with sanity of mind will ever buy or sell their houses so

(R): and then ah I mean how can the effectiveness of counter organized crime policies can be improved in Europe?

(I): ahh Europe is a doing some interesting things one thing that if you have read my book you will know I am very against with this term towards security that is really useless for anyone unless you want to argue blah blah blah hmm I think ahh hmm the challenge is to have conceptualized ah approaches in a but in a way can can still be applicable in the compliances so if you have lets say hmmm social cash cultural understanding of what it needs in Campania Italy for a ahh fighting organized crime and you want to bring that experience to Europe you need to be able to ah extrapolate the cultural elements from the social elements and say okay this is ah social issue meaning children that go to school in places where (word inaudible) children that go to school ah and their families are in fight with each other so this is an issue that is happening in Naples let’s say (words inaudible) and its happening under this cultural element but it might happen as well in Durham in the UK because there are some situations there so I think social aspect of it is lost ah and it is lost because organized crime enough security and the security mention something against our borders hm to fight again borders we need to unite and be as one and be happy for ever after with each forces going all over the place this is great hm but we kind a forget that its not a border issue

(R): hmm

(I): because if you consider organized crime as a border issue the security issue in main focusing on drugs and if they are focusing only on drugs you may some of other bunch of stuff including financial crime I think there is another assumption that organized crime and financial crime are can be a separate thing and they are not because organized crime does not exist and we know that it’s a myth financial crime does financial crime needs to be organized you can’t just randomly happen and stumble on and win financial crimes so financial crime is organized crime in the sense in which organized crime in something there is sophisticated includes different types of serious activities carried out with a partner in a specific period of time I think this is the main challenge the organized crime is is too linked with drugs and too linked with borders and not linked enough with financial crime on one side and pop up in on their other side by the way financial crime has a social impact so they do things much more together while instead they are considered again a separate issue if you ask anyone in Europe or let’s say are Italian ah or ahh been more smart they will tell you you know now okay one thing is violent from the street we have that issue there but then this these are these are white collar criminals who do different things so ya okay I think are both falls in organized crime

(R): ya

(I): so I think there is a there is always a misunderstanding of what we are actually fighting and why we hide what are we hiding we lose the specific of these so I think the problem is security and dimension of security that brings the border obsession they are obviously they are just making out as well so

(R): ya and I mean also you know you have already mentioned about Brexit ah that is going to happen what is your opinion on the potential consequences of Brexit on Italian and Russian organized crime proceeds in UK real estate market?

(I): so if you want to talk to someone in Italy they will tell you that the investments are already starting yesterday the pound collapsed for the first time ever below the euros which means that you can never get out of (word inaudible) and can’t ever comeback so I am actually understanding so much money here and so obviously there is one thing on a on a actual level which is the perception of impurity the perception of (word inaudible) that brings always hmm some how tends to hide certainly in the dark but then on on analytical level we know ahh that two things for organized crime natural disaster and emergencies and what bring to emergencies in the case of Brexit you can’t say it’s a natural disaster but almost but obviously have very very problematic period that is going to break hmm British economy is not British hmm project all together which means ahh that there is gonna be more room for dark measures be implemented without the usual tax and balances and the usual due diligence because things will need to be done fast cash is gonna be needed fast and we already know what happen in the financial crisis where they only actual people benefited from it where people with cash including mafia people so we are gonna go to towards another financial crisis and I think financial crisis organized crime thrives so the real estate market is either way is the first time in twelve years that the longer market has has reached certain low it’s the best time ever to buy houses in London I would be surprised someone our friends decide to buy now and I would if I had the money so this is a big big political instability is the main playground so it’s gonna be rising in cost of corruption rising in cost of hmm political corruption very well other than that ahh rising in cost of luxury goods because no one else will (words inaudible) will be able to hmm afford certain things because in political instability the rich gets richer and the poor get poorer so organized crime after Brexit is gonna have just more possibilities of corrupt more people willing to corrupt and ahh essentially their rules of accumulation of capitals are gonna apply to much larger portion of society so everyone is gonna be so worried that we are not gonna stay in business they are gonna accept business from wherever that comes and this is hmm a wonderful place to live in

(R): okay that’s perfect thank you very much thank you for your time

**Research Participant**: I5

**Date:** August 2019

**Skype Interview**

(R): okay then let’s start if you can you tell me why do organized criminal groups go abroad and can you please provide some examples about mafia transplantation in new territories?

(I): ahh mafia transplantation where?

(R): In new territories

(I): alright ahhh I mean what drives organized crime groups abroad ahh is now being extensively studied I mean ahh these researches might have so many cases specially because most of the researches relies on qualitative matter so we we we don’t know whether these kind can be applied beyond the specific case studies that we are studying but especially on the Italian mafias now have several ahh contributions in the field that we published last year’s so contrary to ahh let’s say earlier assumptions and very popular rise assumptions maybe in the media hmm already the idea of migration of the mafias ahh assumes the kind of agency which is often ahh let’s say not confirmed in the studies so ahh the area of migration even these days in the media about migration flows from Africa for example assumes that people are willingly ahh moving towards the destination and they doing travel across the whole countries for example but several studies show that these trend is ah conceptualization where mafias had a certain degree for agencies often insufficient to explain why they move, many studies show that the mafia is ahh arrived in new territories for a number of that reasons which are quite unrelated to their willingness to move to those regions for example mafiosi went abroad to ah avoid arrest and detention and conviction mafiosi who went abroad because they were facing challenges from rival groups in their home territories so they needed to fly abroad in order to escape from retaliation murder, violence and there really the pass of my knowledge we have strong evidence of mafias migrating as a an act of willful ahhh strategic decision and therefore we have several examples of these we have studies about the involvement of the mafias in the UK Spain in Germany we have some evidence and recent investigations on the movement of Italian mafia in the Netherlands for example ahhh we we have now extensive knowledge thanks also to the work of (Name of an author) guess you know very well

(R): ya

(I): about the movement of the ’Ndrangheta the evolution of ’Ndrangheta which is not necessarily a movement now we could say in Australia and of course we have a very long standing extensively literature about the American mafia and and sworn whether you can see at least a movement not because of it has been it’s a long history now and probably the connections between the Italian mafia and American mafia is now are thinner and and you know members do not necessarily speak its Italian world

(R): and then when they are abroad you know is there a distinct nature of modus operandi of organized criminals’ groups based on ethnicity in their country of origin and abroad?

(I): it’s a complex question ahh ahh and my impression is a little bit too deterministic ahh the way you pose this question ahhh even to be frank if your research is based on interviews and anyone answers to this questions in straight forward way probably they are ahh either lying and you don’ t want to be to that or oversimplifying things

(R): okay I mean

(I): the most the most honest to me the most honest answer will be mostly we still don’t know ahh although we have some indications that of course ethnicity plays a role although you know using ethnicity its using a concept mostly American or somehow English right?

(R): ya

(I): ahh its if you are thinking about Italian mafias moving abroad basically thinking about nationality or common regional would say regional provenance from Italian specific towns or specific regions of south of Italy and this is certainly something that we know it takes place we know that specific ahh mafias groups might be present at Canada or Australia are directly connected to families in specific of towns Calabria for example but at the same time you know ahh its its not that’s surprising ahhh it’s not that surprising because if you think about the migrant communities it very normal that it will maintain ahh a well actively segregation in the destination countries so people from the same town ahh would like to stay close to each other for creating a sense of community and this is not exclusive t the Italian mafiosi I think it’s the fact that you can find the many towns in the United states for examples Canada Australia which are cold like Italian places you know

(R): ya ya I mean especially in UK if they ah act differently compared to their ahh country of origin or ahh you know they are extremely like for example in Italy or Russia linked you know to Italian or Russian organized crime?

(I): oh, these parts are I think that again it’s hard to provide a definitive answer although I am more comfortable in saying that all the literature that we have shown that ahh the the mafias abroad behave differently

(R): okay ya

(I): ahh we could actually enlarge these assessments also ahh when we think about the Italian mafias in the northern Italian regions they do not behave along the same lines because they probably their social cultural conflicts other communities are very different

(R): okay ya

(I): so ahh how these in my understanding these raised question about those theories that considered as the core activity of a mafia is like protection because if we don’t see the mafias replicating extorsion and protection dynamics when they move abroad then from a theoretical point of view it’s hard to content that their definitional key element is the provision of protection so I I like lot what (Name of an author) said there is a functional diversification which I think that very nice and clean concept but that’s also (Name of an author) wrote when she contented the mafias are polyfunctional organizations so they have many facets

(R): ya and then I mean what is the criminal decision-making process for the investment of the organized criminal group based on ethnicity based on economy and can you please tell me how is it applied in the real estate sector by these organized criminal groups?

(I): again, I think these questions are a little bit too ahhh rough

(R): I mean

(I): too straight forward

(R): ya I would like to know what is their criminal decision-making process you know for this kind of investment in the in the legitimate economy especially for Italian Russian organized crime if you ahh?

(I): I understand that you would like to know it and probably I would like to know it but the problem is as a social scientist is that can we know it right I mean ahh can you let’s make an example could you tell what is the strategy decision making strategy of any legal enterprise investing in real estate abroad

(R): I cannot say everything about all this strategy but you know if ahh some some knowledge about their (word inaudible) ahh try to based on evidence you know try to ahh hmm extract you know the most ahhh the common factors I mean sometimes we find you know in their investment they apply you know ahhhhhh different times you know in this ahh in this way

(I): yes ahhh it’s not.. it’s not that easy hmm in my way ultimately investments and decisions are made by individuals

(R): ya

(I): we have much more evidence that these are individuals’ level or like blood family level decisions instead of organizational decisions so first of all we need to go back and think about individuals

(R): ya

(I): what brings individuals to invest abroad but if we go back to individuals it’s very hard to find common elements exactly as I said before could you tell me what are the drivers of individuals legal investments abroad no ahh there are so many may be I would like to buy a house you know in southern France may be I want to make money may be I am planning to move to London ahhh

(R): I totally

(I): there are many

(R): yay a no no I totally understand you know what you said but sometimes you know as organized criminal groups you know they try to use I mean sometime the different the same same process the same decision process making process for that investment you know as a criminal groups I know that as Individual you know there are different reasons to invest you know abroad but sometimes you know as organized criminal forms they ahh try they invest in this ah h ahh legitimate economy because ah they you know ahh apply ahhhh this in this ahhh ahh because they apply you know the same criminal decision making process you know

(I): but why why why do we I guess you since you chose this topic for your research you know very well that organized crime is a very controversial process

(R): ya I know I know I know I know

(I): it’s a very hard to define so ah somehow as Italians we are facilitated a little bit because we we think we have the clear understanding of what we call the mafias

(R): ya yay aya

(I): but but still hmm there is a lot of work in criminology showing we are probably attaching to much importance to groups and especially organized crime for years has been thought with these assumptions that being organized crime changes human behavior but in fact most of research show it doesn’t and so again we need to go back to the individuals

(R): ya

(I): so long story short if you want my opinion we don’t really know what are the main drivers differently from other normal drivers for investments abroad illegal investments abroad so they are probably trying to launder money probably trying to acquire property eventually to make a profit to sell it again they are probably spending some of their wealth because they like to have I don’t know an apartment in London and ah may be they they want open a restaurant an Italian restaurant and see whether they can make money out of it or can at least use it for money laundering or for providing some legitimate ahh façade ti their presence in the UK we want to acquire some of them might want to acquire some respectability and entrepreneurial ahhh look so they can say ohh I am an entrepreneur ahh so this is basically what the literature tells us however we cannot tell what drivers is more important than others

(R): yay a ya I know I know I wanted to know you know which dri.. which are the drivers for this kind of what are the drivers for the these kind of investments but ah ya I know and then I mean what are the key characteristics that distinguish Italian Russian organized crime in the legitimate economy and if can you please provide some examples about their modus operandi in the real estate market especially UK real estate market if you if you can?

(I): well I don’t know I don’t know much about the UK and and certainly I am not an expert about Russian groups ahh not tell you much well I know that there is a significant presence of Russian in general general Russians are very interested in UK economy and they had been interested for years until probably ah recently then somehow freeze the little bit the relationship between the UK and the Russia ahh what we know I mean what’s your question again can you repeat

(R): yay a ya about the what are key characteristics that distinguish Italian Russian organized crime in the legitimate economy and if you can provide some examples about their modus operandi in the real estate market in this case you know about Italian if don’t have enough knowledge about Russian?

(I): well I I I don’t think there are like defined or outstanding characteristics at least if you think about investments in developed countries ahhh ya may be there are few typical features of the investments for Italian mafias which is often at investments in the in the in the legal economy are often ahhh property or relatives or family members so ownership might might be disguised a little bit but very often they might use strawmen intermediaries so again we our knowledge is impaired here because we don’t know it is very hard to identify potential investments sometimes those that we know are ah we know that they also quite frequently use relatives which are not criminally involved now like daughters wives mother in laws things like that and beside this family I don’t know which is somehow peculiar of Italians in general not only of criminals that many Italians many Italians criminals the the ownership of ah the part of the ownership (words inaudible) to kids for fiscal purposes for dynastic purposes I don’t know I don’t see many outstanding characteristics that probably like all legal investments they try to keep them quite well covered and but that’s it

(R): and then I mean how vulnerable is the real estate market to the infiltration of the Italian Russian organized crime and if you can tell me if you have found any cases of Italian Russian organized crime in UK real estate sector?

(I): the last question ah I would say not not me you should probably ask my colleague hmm vulnerable ahh this require you to define at least what you mean by vulnerable and secondly what do you operationally define infiltration

(R): ya I mean

(I): infiltration for you

(R): ya I mean for vulnerable I mean like why this legitimate sector is so vulnerable why we find.. we found know in the the past lot of investment of this ahh organized criminal groups in the legitimate economy and ahh

(I): but you are interested in the real estate

(R): ya that’s right ya

(I): okay and what do you mean by infiltration

(R): infiltration you know how they are able to invest these dirty money in this economic sector then how can they be you know ah how they can hide these illegal investments and you know and show that they at the end they are they are legal in this case in the this way I mean how the ahh you know are in this ahh economic sector infiltration

(I): ahhh I don’t think it’s clear let’s make an example ah mafia member in Italy he has some money he buys an apartment in London is this infiltration

(R):no no this is not infiltration I mean is is

(I): this is not infiltration

(R): in this case if the organized crime for example you know you are part of organized crime you’re part of the Italian ’Ndrangeta and you buy you buy a property you know in London in this case is a way you know to ahhh hmm launder their dirty money and then you know ahh going in this you know be part in this legitimate sector be part of this legitimate sector you know in this way I mean like vulnerability you know why this economic sector you know is so you know for the for the law or the other factors why you know they are able you know to to infiltrate you know this economic sector because there are

(I): again, ahh I can’t understand is the fact that a mafia member buying an apartment in London is this infiltration for you or not

(R): ya ahh I mean ya he is ya he is infiltration in this case you know they are you know ahh launder their dirty money in this economic sector

(I): you cannot know what they are laundering they ahhhh let’s say that the mafia member buys an apartment in London and in one month an year he goes there

(R): ya I mean ya I am sorry its part of infiltration it becomes the part of the business not when it is just you know a purchase in this case it becomes part of the business, I am sorry you know

(I): what does it mean becoming a part of the business

(R): when they are like huge investment of this criminal groups you know that you know are ahh you know suitable for a for a you know for a daily legal investments then you know to enlarge their investment in their economic sector as organized crime criminal groups and also you know in this way I mean the the vulnerability of the market how how the infiltration of this criminal proceeds how it can be you know in this economic sector

(I): wow then many case then I don’t know but to the best of my knowledge we cannot really distinguish properties owned for use and properties owned for ahh what you call investments then of course let’s say if a mafia member buys three hundred apartments in London he is clearly not using all of that one every day for year but to the best of my knowledge we don’t have much or many cases where we had a mafia members buying three hundred apartments in London hmm however I remember reading few papers and how untransparency is in the UK real estate market I mean you are Italian know very well it means it is relatively easy to know who is the owner of a real estate property ahh there is a public registry and properties are very clearly defined why it’s you studied law you are asking me property rights are clearly defined according to the civil law traditions that you own a property where as in I understand in UK you actually there are different schemes of property and I remember reading several interesting reports that were also showing maps for properties in London and there is a high share of properties in London who is ultimate owner is impossible to know or mostly owned by companies or trusts so why is it vulnerable over there because well property is a solid thing you can easily buy ahh in developed countries in normal economies devol.. the developing economies real estate property normally in the long run It doesn’t lose value it is actually a good investment if you put money there that is a physical property there is no risk of riots revolution bomb attacks in the UK of course it’s a safe country your property will normally acquire value back its relatively easy

(R): ya

(I): basically everyone can buy a house just need the money haha if you have the money you can buy a house even criminals can buy house you know because no law for within convict offender can buy a house for whatever purpose so why is it vulnerable ahh in general real estate is vulnerable because its profitable easy assessable easily controllable ahhh its useful relatively easy to transform back into money you sell the property in developed countries shouldn’t be too complex to sell a property in the UK I have the feeling that this layer additional layer of complexity is now attractive because you can probably own a company own a property without showing who is the ultimate owner and that of course its additional interest plus probably at least in London the property prices have been increasing a lot in last year so probably investments are like five years it’s a potentially very rewarding

(R): ya and then I mean if you can you know shed some light on UK real estate market if you are ahh enough I mean knowledge understanding about?

(I): not really, I have never bought a house in UK so I don’t know

(R): and then what are the criminal instruments and vehicles used by Italian Russian organized crime to place their dirty money in this economic sector and if you can please provide some example some examples about their use by Italian Russian organized crime in the real estate market and particularly in the UK real estate market if you can?

(I): well I don’t think I can add much to what I have already said ahh I don’t have direct experience my research never brought me to specifically realize infiltration to real estate markets in the UK ahh however when comes to the UK and beyond the possible family members I mentioned before I guess that I would expect most criminal groups just to buy real estate property like any other person who is buying real estate property not to live for what do I mean well many people live in London many people just want to buy an apartment to live right but it’s quite well know that many people are buying property in London as a investment strategy so buy a big bank and an insurance company have some liquids funds and I want to insure and buy ahh buy an apartment building wait ten years rent it out and so on so the fact that there is so much capacity in UK real estate market is probably attracting many legal businesses because you are protected at the same time might be attractive to those who are willing to launder some money I don’t see many differences in purchases done by Italians or Russians or any other person which has you know some funds and they want to maybe launder those funds

(R): and then I mean what are the crime facilitators for the investment of Italian Russian organized crime in the real estate market and if you can can you shed some light about their use by Italian Russian organized crime in UK real estate sector?

(I): what do you mean use?

(R): about the about these crime facilitators you know they use like the their help these kind of investment

(I): no I am.. I said I don’t have like a very direct experience of these areas I couldn’t I cannot really tell you much about that

(R): ya then I mean what are the consequences of investment of criminal proceeds for both law enforcements and economic development in the real estate sector?

(I): that’s a good question ah but ahh we don’t have an answer yet ahh we are probably at least in Italy when we studied investments of organized crime in the economy we came out with results which were quite contrasting with the overall picture the general picture that you often get in the media so for example (word inaudible) estimates the revenues of organized crime were far far less that what is ahh than the figures that you were originally estimated by the NGOs or the media or the prosecutors so and the problem is between you know between fake members or fabricated members hmm unreliable members and real members is that nobody is really interested in having a progress figure everybody is interested in saying that organized crime is a big problem and has a huge impartment to the development or to the economy people start spreading these what they (Name of an author) call mythical members you know and nobody really cares quality of this estimate so while the problem with the with the one of the problems that I couldn’t tell you about of the law enforcement is that I guess they are very often frustrated when they reads these figures in the news and then they come prepared with seizures and confiscations that they manage to achieve because like these figures about investments or the revenues are very high by the the same time the law enforcement performance has is comparatively very low and this creates pressure and frustration on them because they can say we do our best but we will never be able to ahh match those figures but those figures are also probably false exaggerated and law enforcements when they talk when they talk to me about they often said we know that they are fake these figures but we cannot say that because that would generate a lot of discussion in the media and draw their attention ah useless debate so one fact in law enforcement that it creates a lot of strain on them to act but then despite having may be resources and conducting follow investigations they only manage to cease or confiscate a small part of this hypothetical big figures but actually probably the reality is that the law enforcement is doing their job the best they can do and (word inaudible) organized crime is concerned there is probably less investment that is assumed by the media and but nobody has the let’s say the guts to say that especially in city like London or major financial centers you know the issue that should be asked for probably is that how much of these investments from like companies multinational companies and big business is legitimate and legal and how much is probably money laundering from known organized crime groups like foreign politicians you know ahh foreign officers like ahhh public officials ahh business man ahh former business men and former politicians are probably buying properties with some illegal funds too because it’s so attractive and for the economy again ac economy like the UK I think probably money laundering and shady businesses in general are (word inaudible) probably the UK could be considered tax heaven or more under many perspectives and this is certainly problematic is certainly heating the real estate market in London as the normal people are paying more just because there is such demand for property fueled by this money at the same time you have the tailed impression that government is not so interested in going against this trend because ultimately brings financial resources to the country and as long as it relates to buying property and selling property they are just fine with it the part of the money stays and a part of the money goes away so hmm in the situation like in UK probably these investments in the real estate is not that detrimental to the UK economy it would more interesting to wonder whether this is favorable to the UK economy and of course that creates a contradiction and an issue to be discussed probably because is the UK profiting from being worldwide financial center and worldwide magnet for grey funds to its real estate market

(R): and then I mean ahh these about Italian organized crime this question you know do you think that ah you know Italian anti-mafia legislation is one of the strongest legislation you know in Europe and di you think that Italian anti-mafia legislation can be this push factor for Italian organized crime in the real estate market abroad?

(I): that’s a good question I think that I think yes but the same time I I also think recent investigation shows that how investigations are stepping up also at international level last year we saw more and more international investigation with the corporations of several countries sometimes through the support of the EU agencies sometimes without just direct bilateral cooperation so probably in the past yes a lot of ahh investments abroad were to let’s say diversified diversify risk and after all that UK is not so far as you chose it for your PHD it’s close to Italy (word inaudible) easily there at the same time you know mafia members like to keep their property very close to them since they cannot go to the police if somebody cheats on them ahh will want to keep control on their owner and on property and funds so ahh certainly financial investigations in Italy brought lot of pressure put up a lot of pressure on domestic investments and but at the moment at the same time you should compare what they know and the amount foreign investments domestic investments in a very tiny pot part and of course we cannot say if this is because the mafia do not invest a lot abroad or because we haven’t (word inaudible) much of it yet and that’s very problematic however within the next year we will find more and more of the evidence come in internationals investigations should be very interesting to see whether we finally uncover people investments probably or not

(R): ya and I mean if you if you how is the UK legislation devised to control this phenomenon if you have some?

(I): investments or

(R): no about about ya about this investments ahhh you know in this economic sector

(I): oh, this one I really don’t know I mean

(R): and I mean what are the characteristics of anti-money laundering legislation to combat this phenomenon?

(I): ahh you should ask lawyers

(R): and also, about if you if you know about the legal loopholes and weakness of anti-money laundering legislation that make you know the real estate ahh market vulnerable to these infiltrations if you are

(I): no, you should better ask my colleague because

(R): okay and hm I mean how can the effectiveness of counter organized crime policies can be improved in Europe?

(I): ah first by assessing it nobody is assessing the effectiveness of small measures so we don’t know whether they are effective ahh I mean effectiveness should say okay we this is the cost and this is the revenue cost beneficial at least and currently to best of my knowledge there is no evaluation of the policies ah I know that the European commission regularly conducts impact assessment exercises but these are relatively rigid exercises sometimes and of course they are very much politically driven by the commissioners agenda the commission agenda we have participated to several of these exercises sometimes the procedure the method of the impact assessment they precedent over the reliability of data so that’s you are forced to do evaluation if you don’t have the information which would be required to do proper evaluation and then required to draw conclusions on uncomplete evaluations so that’s very controversial

(R): and I mean you know that Brexit is going to happen I mean what is your opinion on potential consequences of Brexit on Italian Russian organized crime proceeds in the UK real estate market?

(I): well ahh I don’t have it like there are informed opinion and I guess somebody have because nobody has a clue or exactly what will happen I don’t think things will change a lot for a number of reasons so if even if Brexit happens the UK will stay there very close to Europe ahh geographically but especially culturally socially ahh economically you will still probably buy prosecco and will still probably buy some UK product I don’t know ahh cheddar or beer so I don’t think it will change a lot hmm eventually my thought that the increase of border checks the custom checks might even make it more risky for solicit trade activity because ah if you could travel to the UK without a major checks now you might incur in other checks although it’s also true that UK adopted out from most of the home affairs and home securities measures so even now when travelling to the UK you have to go through customs right is it going to change a lot I don’t know hmm I don’t think so I wouldn’t attach much attachment to that unless well it might be possible that the UK becomes less attractive because London will not be any more like the financial capital of EU because southside EU ahh and because of a number of reasons so the the automatic recognition of like the documents and contracts and things in the UK is not automatically enforced in the European union

(R): ya okay this last question thank you for your time thanks

**Research Participant**: I6

**Date:** August 2019

**Skype Interview**

(R): okay then let’s start if you ah can tell me why do organized criminal groups go abroad you know what is the the main reason why they decide to go abroad you know into investing ah other ahh in the legitimate economy abroad?

(I): well I think it reflects ahh you see that the legitimate economy can sort out (word inaudible) boundaries in between those and as trade in general has become far more international globalized in a number of ways it seems you can see that if you look at the Dutch real estate market overall and the vast majority companies that invest capital in vast funds into real estate it’s as a foreign background and I am not claiming all those ah organizations as most of it you talking about are corporations that are investing funds money into the real estate market am not claiming that majority has criminal background I don’t think so actually but it just shows that the Dutch market I think it also applies probably to the British market as it’s a existing plane full for both legitimate entrepreneurs and illegitimate entrepreneurs and the problem is of course that if it was easy to separate those two groups into say this part is legitimate this part is illegitimate that would be a very easy thing to do but that’s the problem of course the essence of money laundering as you must know is at least you pretend that what you are doing and the money that you are investing has a legitimate background so the essence of money laundering is of course is definitely a build up all kind of ah smoke curtains that you create at least for the outside world have general idea that what you are doing is purely legitimate that everything is okay but behind the scene of course you will see couple of things which are not legitimate at all so actually one of the main reasons I would say that real estate market in other countries is very interesting its part of a global economy ahh but of course the real estate sector such is a very interesting area for also for national but also international criminals to penetrate to to invest their money for a number of reasons and of course it’s a very hmmm very complex world in terms of financial constructions the possibility to consume they are hmm they are enormous and you have hmm the attractive element of real estate and that is an essential thing is that you can play with the value you can manipulate ahh the value of what you are doing ah so say house buying a house selling a house come up with an objective value what the actual what what the value of it actually is that can be manipulated especially in the market that is very ahhh as the real estate market as you see booming businesses at one point prices go up very easily ah when you have a crisis they immediately drop down so it fluctuates very much and if you are into such market start playing with it you start manipulating with the value I would say that is very attractive for ahh for people to enter that market because if you have something to hide in this case the money that you are investing has a criminal background you have an interesting area where you can play with value of the real estate actually consume what you do and you can pretend ah at least what you are doing and at the end of the day when you say to the authorities where your money is coming from that you can claim listen ah am very ah I am a real estate trader I have been very successful today at trading all kinds of buying selling ah we are very much involved to this business and I can show to the authorities well listen the money that I show to you has a legitimate background because I have earned it myself into the real estate world and of course it’s very hard for the authorities to track down the original funds that actually that you have put in to them market at first when you started and trading into this market so for a number of reasons there is a little money available ahh and huge many people are there many foreign companies are there ah especially the specific features of the market are very is very interesting very tempting for criminals as well to invest money

(R): ya and then for example when they they are abroad did you notice (word inaudible) if they do the same investment illegal investment they did in the origin country original country or you know they try to ah invest differently in ah when they are abroad in the ahh in the in the legitimate economy and then probably more in the real estate market compared to their investment in their country of origin?

(I): I have never did such an international study never conducted track their investments in different countries so it’s hard to say but what is way relevant because we have been discussing real estate market that you have to differentiate you have to one of my messages in some of my articles is that hmm well I once did a study with somebody with an economic background who knows a lot about ahhh specific backgrounds of the real estate market one of the lessons I have learned myself with this project ahhh wait a second (words inaudible) if you need it you can’t find it what I wanted to show to you (words inaudible) is that it’s based on a study that I did with (Name of an author)

(R): ya

(I): and what we did was we looked at the real estate market to middle sized cities in the Netherlands and we looked at all the transactions what we did not do but I think that is the lesson I learned was that we differentiated in-between types of real estate because there is a huge difference what is your will as a project developer for instance in an housing industry ahh and dwelling and placed where people actually live and if you look for instance that the world of all the retail market shops small shops ahh but last but not the least of course you have the area that made you offices that the main buildings that and types of investors prefer and then (word inaudible) ah so for instance when you come back to criminal investments you see people invest ahh in many cases in for almost (words inaudible) some people actually focus more buying very actively the housing industry

(R): ya

(I): ahh some of them for instance buying hotels ah what we have seen also abroad criminal with specific backgrounds especially from a Turkish origin and I am not gonna mention that they started investing money in in ah bar holiday resorts hmm hmm investing money in hotels in turkey and in their country of origin hm so you saw that you see differences in between ahhh people we found Dutch criminals invest in both for some of them invest particularly in the housing industry others they were using project developers who were very much involved into I would say office buildings and different wands (words inaudible) so it got a little bit and of course they the choice that they make and are not surely made by themselves because you have all kinds of middle men brokers ahh other people actually if you stop looking at it the criminal network as such we have seen some interesting linkages in the Netherlands in between project developers brokers and some criminals and brokers and dug around the world for one specific group criminal group but they were in between ahh and also working for a variety of other criminal groups so they were the once actually their they were ought to some extend criminals knew who to turn to who to go to because they knew okay if we come to them they can help us to invest money and different places around the world which you see major investments from the Dutch criminals for instances Spain

(R): Hmm

(I): and so here you see that main intention criminals with Dutch origin and they both invested money in the Netherlands also many of them invested in Spain ah we have seen investment in Croatia for instances many of them may be huge in many different countries and as I said holiday resorts are popular hmm but when you look at the market in the Netherlands investments then you will see that foreign investments in in our country are mainly done in the area of office buildings big industry that hmm

(R):and then

(I): so, we have seen hmm its again hard for me to compare in-between local investments where they have invested in the Netherlands and abroad and whether they choose to say market or whether they they touch other markets that’s not clear to me

(R): and then I mean how vulnerable is the real estate market to the infiltration of ah organized crime based on ethnicity and can you tell me if you have found any cases of Italian Russian organized crime in the UK real estate sector?

(I): in Netherlands you mean

(R): ya in Netherlands as well

(I): ya of course that you see hmm again I have not specifically looked into one ethnic group we have been looking at backgrounds (words inaudible) our studies mainly are concerned with questions while the classic thing about of course hmm use criminal quite clear that you look at opportunities

(R): ya

(I): so you look at crime inducing factors what does this market why is this market so interesting for people to start investing in this place and we have looking at patterns can you predict this is of course specific segment of the market can you come up with a current risk analysis so can you tomorrow say I have specific circumstances or you say this is something that mean ahh may induce or may ahh may be very interesting attractive for criminals ahh to to ah to invest now one other thing that we didn’t check of course is that we we didn’t check the ethnic ah diversity as a starting point so we didn’t look at doesn’t matter as I just mentioned its quite clear you look at the investments of ah criminals into real estate there might be a interesting study ah for you to look into is the study of (Name of an author) did you did you know that long enough

(R): ahhh ya I mean I heard about it but ahhhh not not you know so specifically

(I): what he did was he looked the other because we looked at hmm all kinds of investments into real estate we analyzed those what he did was more of the other way around that he started looking at ahh criminal investigations about everything they knew about criminal investments and he started analyzing where do they invest their money into so he looked at ahhh data he got from the law enforcement agencies and he was looking at what kinds of investments do I see ahh do I see differences and as I just mentioned you see that real estate is is relevant element is relevant area people want to invest money into and then you see differences what what what what matters in this is always its social ties who do you know can you make some contact and of course if you are able to build a bridge to some project developer developers who are very active in very specific segment of the market and chances will be higher that you will invest let’s say housing

(R): ya

(I): or hotels so it depends a little bit social relationships social capital people you know people who you can contact and actually they will decide in the end of course for you as well because you invest money your money and you want the kind of return of course so you are aware of the fact that okay I may lose some money but in the end what is most relevant for me is that my criminal money and in the end I can use it that it has ahhh then I can show to the authorities ahh police judicial authorities also fiscal authorities I can say hey listen the money I got here is has a legitimate origin I can play with it ahh and that’s the key thing that you use those project developers, brokers and that they in the end decide ah to invest and coming back to your questions related to Italian organizations hmmm hmm if I stop thinking about don’t know about specific studies that have been looking into ahh the areas of least in in Europe I know there have been some studies Europol that I have been looking into the areas whether they have been investing their money but I don’t know such a study in Netherlands whether there have been specific

(R): ya and then what are the criminal instruments and vehicle used by organized criminal groups to place their dirty money in this economic sector and can you please provide some examples about their use by Italian Russian organized crime in the real estate market and if ya?

(I): you know I have them

(R): ya

(I): for one of the things you could do of course very interesting examples always hmm you want to invest in an area hmm and pretend that what you are doing there that you make money using prefect example is hotel there are plenty of examples of that suppose you build a hotel you invest lot of money hmm you pretend that your hotel is always booked fully booked all your rooms available ah have been booked so what you show to the authorities end of the year is that you are running a very successful enterprise but the moment you really start looking into it that’s again fascinating thing to do differences between what’s actually being written down paper what can you see is it accounted for and what is going on in reality so if you go to the same hotel you will not be surprised to find out it has hardly any room at all used so what is you pretend that this is a very extreme example

(R): ya ya ya

(I): this is just one example show what you actually pretend to do show authorities hey listen I run a very successful enterprise I have not one hotel many of them they are always fully booked so if you look at my turnover and my profit I can explain it because we are so successful in renting our rooms in reality they don’t mind at all whether all the rooms are vacant for them its relevant that bring in a lot of money it being used and suppose half rooms are empty who ca.. who cares for them its relevant in the end to show to the public authorities that they have something to show to clean sheet or at least to show to them hmm I can account for the money I have for the sense I have what we have seen in in for instance also that’s an interesting example and some some concern as well in Netherlands but you look at ahh shops nowadays something in the retail industry look at the shop in the street hmm many ahh street in the Netherlands probably also in the UK of course many things now a days they are being sold and bought via internet so people do not go to shop anymore they just order it online and they receive it which is a very bad thing for local ahhh shopkeepers because many of them their turn over goes down they have to close their shops so what we see is many municipalities in the country is shops have been closed dues to dues to a lack of customers because they are all online ahh of course you have empty shops no municipalities wants that so someway they attract new investors so some of you get shops ahh interesting example in the Netherlands you have shops specific industry ah in a very expensive area so they have to pay rent to actually be there and they sell product why you stop thinking from an economic line of reasoning I don’t see a profit here for instance if you go to Amsterdam you will find areas where they have all shops also ice ice-cream they sell Nutella they all sell all kinds of shops you stop thinking from an economic point of view how is it possible that they survive because economically speaking they all sell the same product if you stop looking at the number of customers we have an example here at Maastricht we have seven or eight shops all selling the same product was soap soap just a piece of soap to wash your hands you see they were all located at the very expensive areas of the city and if you start looking at the number of customers if you just observe there for an hour or two there were hardly anyone going in or out so there were no costumers at all so you stop wondering why do they have so many soap shops or recharge shops whatever you start thinking is it a facade is it something or they using real estate here in the retail industry has a kind of smoke screen they pretend that there is something going on a very successful business going on actually if you look at it from close distance and you go and start observing you will see that is extraordinary there is something in there and here you see a dilemma because in many municipalities as I said you see many empty streets more closed shops because they can’t survive anymore so if a group of new investors comes in and they say we are gonna open up ten more shops in the street most people will be very glad and very happy in the first place because it’s a better ah its better thing to look at they are very empty street with all closed shops is a bit deprived people do not feel very comfortable if they walk down a street where everything is closed down so what you want to attract is business you want to attract shops so most municipalities are very happy when those group of investors comes in and says well we are gonna open up ten new shops but you have to start thinking about products actually thing what they are selling you ten shops of Italian ice creams is that something you need in a society is they can actually survive can compete with one another so just using I would say just ahh ahh thinking about it logically and sometimes (words inaudible) just stop thinking about it from and economic point of view it’s almost impossible for all those companies with all those shops to survive and we have seen quiet an example am not saying well you are particularly interested in relations with Italian organized crime ahh may be I don’t see at at this point ahh of course when you look at restaurants specific types of restaurants being opened up and we have seen interesting area for instance that they are all Italian restaurants by the way if you look at linkages between restaurants at some point we also find ahh that there are too many restaurants the same types of restaurants in a area and you still might be thinking there are others things going on there so you have seen ahh forms of at least allegedly forms of frauds and so much of money laundering because in some cases we did find evidence that those shops were more or less frauds ah ah or facades for ah people actually sort of underground banking started there so people were bringing in as you know you know hawala or ah achin or whatever you call it that for many criminals especially drug market when they have a lot of cash money nowadays ah there is a main problem so they want to when you wanna launder that one of the first thing is that you hate to get rid of your cash money and get it into system somehow and you see at least we have some interesting examples including Italian restaurants who are being used as props for money laundering activities that was first step mostly the people came in and went to the kitchen immediately with bags of money and they were immediately well they were go there that was where they hold money laundering trail that the underground banking rail started so there were actually using all kinds modus operandi to bring the money separately and actually get it into the financial system and the moment you have it in the financial system you can start playing with Brigham this is the form of money laundering and I would say relatively low street level all that ah you have more sophisticated schemes where people actually pretend that they are part of an investing company investing a lot of money into hotels into holiday resorts to ahh office buildings actually what you are looking and were you are able as a law enforcement official to ahh look beyond you view to to for you know a little bit what is going on then you see that there are all types of investors using ahh falsified documents actually pretending they are selling or buying real estate at a different price what we have seen n paper so again they are manipulating and that is far more sophisticated and well Italian organized crime must be involved but I do not have particular knowledge in that area

(R): and I mean what are the crime facilitators for the investment of organized criminal groups in the real estate market and if you can you shed some light about their use about Italian Russian organized crime the real estate sector?

(I): what’s what’s highly relevant of course is you need a cannot just come up with a sophisticated scheme in first place but most people because most I would say ahh criminals people who invest in real estate (words inaudible) hmm at least the criminals that invest the money that needs are the people more skills with more knowledge and expertise and it starts for instance with people with an accountancy background who are people with hmm hmm who are lawyers mainly civil law by the way because when since you need if you wanna play and if you wanna build a complex very sophisticated financial structure what you gonna do is to send your money around the world we have seen the Panama papers we have seen ahh Paradise papers so if you use all the legitimate structure because lets be fair it’s all legitimate to use different corporations to send money from one corporation to the other to (words inaudible) between legitimate and illegitimate funds so you send money to British fortune islands to Aruba you send it back to the UK or to the Netherlands you are using you use you do whatever you can in this in this as you know the layering schemes in money laundering you are actually using all kinds of legitimate techniques you need people who can help you with that so you need mostly people with a financial background (word inaudible) in the end in the Dutch system at least every new transaction has to be hmm hmm approved and actually being registered by a notary public so we have a specidic public official here I think also you know is in Italian system what a notary public is

(R): ya

(I): they don’t know in the English system I think they have barristers there at least you have the moment in time when one piece of land or a building or a house is being sold you have to go to a public official and of course this is in the Netherland of notary publicly as well and at some point this notary public might be aware of the fact hey this is a very strange financial constructing so at least the more experienced notary public I think they may have a gut feeling the way this transaction is being financed is strange is very extraordinary (words inaudible)

(R): (Name of the interviewee) can you hear me? (Name of the interviewee) I am sorry ya the call suddenly ended

(I): okay I was just talking about the notary public

(R): ya ya

(I): so, I would say one of the main responsibilities one of the gate keepers you might call that if you think about who might play role in in trying to make more difficult for criminals to invest the money

(R): ya

(I): I would say its definitely people the legal professional so ah in England I would say the barristers actually who are doing the transaction in Italy and Netherlands the notary public so you it’s very hard increase (word inaudible) very relevant to increase awareness amongst groups that their services might be abused because in in terms of notary public in the Dutch system I don’t think in the Italian system as well the notary public is a obliged doesn’t have a choice so he has to powerful transactions he has to participate unless he has suspicions that there is something serious going on and there is crime involved then he might refuse the services he might decline

(R): ya

(I): hmm but that’s exceptional and for long time I think that is one of the features of the real estate market and that is changing slowly but for very long time I would say many participants the bankers who are involved in the financial parts legal professionals ahhh in particular the notary public and the barristers and the lawyers hmm the project developers they all take I would say a blind eye so there were aware of the fact that so its also something that looking away hmm so it’s a kind of concerted ignorance (words inaudible) that you hmm that you somehow do not wanna know and for more and for many notary public for instance if they have if they have gut feeling that they might be criminals money involved ahh then the questions of course should they ask extra questions should they scrutinize the whole files once more or do they say well sorry I am not a police officer hmm or may be something wrong with it that’s not my responsibility so I it good for my business as well because they get in the Netherlands one of the I would say vulnerable thing for the notary public is most money in notary public comes is in real estate

(R): ya

(I): so, for him or for her it is highly relevant of course to be involved in as many transactions as possible because that’s food for your

(R): ya

(I): profit and that is of course one of the problems one of the dilemmas you are facing there are many people involved you should increase awareness amongst them that they should not participate when they have reasons to believe that something’s is wrong but for a very long time I think its slowly changing at least some ahh professionals they have been become more aware of the risks that they run because in the end many of them still participate and there are still a lot of dirty money I would say being invested in the market lawyers are involved notaries are involved

(R): Hmm

(I): the brokers hmm when you look at for instance ahh the market in Netherlands the housing market ah the Netherlands also for Italian organized crime hmm is many people ah are keen to ah interested in living in the Netherlands for some reasons so Amsterdam is one of the places is one of the financial ah ahi would say nose hubs

(R): hub

(I): where people come together for number of reasons including criminals they like to live in Amsterdam it’s a nice place to live nice place to meet so everyone is looking for hmm at least places where they can buy many places rented hmm and they have begun brokers people who are actually hmm what you see is of course many people (words inaudible) first questions listen I am interested in buying or investing money or renting a place in Amsterdam but one thing has to be met one quick mission is that I want to stay completely anonymous no body is allowed to know that I am involved so I should not be traced cannot many brokers still say okay accept it okay I will work for you and fined you a place to live in which you can buy or which you can rent you can stay anonymous and pay me in cash if you want to no big deal there you see responsibility of brokers where they actually say hey you of you are aware of it its quite unusual people start paying large amounts of money Dutch nowadays want to avoid the legitimate financial system ahh or come up with all kinds of other systems ahh using digital currency whatsoever and then that could be a sign that at least an indication that something is wrong and hmm but many professionals I have already mentioned a number of them ahhh are involved and should be more aware risk they run of being part of such a money laundering scheme

(R): and then what are the consequences of ah investments of criminal proceeds for both law enforcement and economic development in the real estate sector?

(I): ohh that’s a difficult one you could argue some people do that and say what’s the point if a lot of money is invested in global economy in real estate it’s good for your local economy some people even claim that money (words inaudible) is their thing ah I would say the problem is of course that you ahh it might lead to a situation where actually leads to unfair competition including different real estate traders hmm in the end if you attract dirty money the more its being (word inaudible) being infected more by crime let alone the money it will attract more crime because it will attract also and leads to forms of hmm hmmm well sorts of competition in terms of it will lead to situation to get intimidation manipulation all forms of corruption if it’s become its becoming systematic problem in a specific market if a market becomes dominated by ahh criminal investments by dirty money in the end the whole (word inaudible) will be ahh what will be poisoned somehow and it will be in the end also if you look for ah ah short term perspective some people claim it’s not that bad at all but in in the long run I would say it’s devastating for ahh for (word inaudible) ah especially when you want to because it will attract more crime it will lead to more ahh serious malpractices and in in the end the legitimate investors cannot survive anymore so ruin as such

(R): hmm and then how does the financial system asses money laundering risk in the real estate sector at the European level

(I): hmm sorry can you specify a little bit what

(R): ya I mean how the how does the financial system you know ahhh try to avoid this kind of risk you know in the real estate sector what are the you know in this case how how the were able you know to ahh leave this kind of investments you know?

(I): ah one of the things of course is that hm there is hm in many countries hm well there are many agencies for supervision and control for monitory transactions hmm there is of course a role hmm in every country ahh for hmm ahh for the national banks because there is a lot of money involved and in most cases you will see that major banks are involved we have seen some recent cases in the Netherlands which is interesting by the way ahh those in Denmark major banks ahhh somehow were penalized because they were involved in the Netherlands we have the case with the ING bank and they settled the case with ahh judicial authorities for seven hundred seventy five million euros because they were involved in all kinds of ah corruption schemes and money laundering schemes from eastern Europe so lot of money was being transferred because partly related to money to to real estate use was was also went bribery guide rules in different countries but why the ING didn’t do the bank as such just ahh what they mostly do banks they move money from one point to the other so they are because the money is being transferred all around the world banks at least are expected scrutinize their clients you aware of who who is my client in the first place know your customer ah so there are all kinds of systems that have been developed the banks with also other players should be more aware of hey listen look at your clients more carefully and try to prevent that your services are being abused and of course for very long time its banks and other players I would say have involved in problems somehow now they have become more aware of it some of them have been sanctioned have been penalized which is bad for their well reputation as well

(R): hmm

(I): as a bank they do not want to be publicly known as one of the so it’s also question of ahhh prestige reputation and economic loss of course because if you have a very bad reputation it’s not good for your bank hmm so there you see more pressure on the role they have to play to prevent it hmm

(R): and then

(I): some people playing in the Dutch system for instance what we should have as a kind of ahh supervisory role that would check all the real estate transaction everything’s that is going on which would be very complex thing and general idea of course with the data we have nowadays we are living in an era of course of digitalization more and more possibilities we have to do all kind of using big data trying to look at better ones looking at so looking at from systematic point of view using huge data sets ah trying to find out hey do I see patterns in this market which are ah ahh unsuspicious which are suspicious ah which we should look into hmm and also banks are using that so I know for instance that In the Netherlands the three major big banks they have all ahhh lot of criminologists are working there they are doing all kinds of risk analysis as part of compliance they are trying to scrutinize screen the clients that they have because they once they are more aware for the fact that we should do a little bit more hmm should not easily render our services to crime we do not trust so here that’s banks gonna see slowly of course as I said legal professionals there was some debate amongst lawyers notary public even the brokers and project developers its going very slow in some cases it might help we did have a serious fraud of money laundering case couple of years ago on the real estate market in the Netherlands there was a lot of publicity so the case was used (words inaudible) so lot of publicity also triggers somehow the tension ah and I my self was involved in in a number of debates with participants in the real estate market what can we do actually to prevent ah organized crime ahh abuse this this market invested what is our role sometimes I must say its bit I would say also ah their reaction is a bit benevolent or may be some point even hypocrite they say yes we wanna be part of it but if you look at what they actually do this still can I would say (words inaudible) at least there are some debate that’s what is needed first that you have to be aware of the risks that you want so you need groups and researchers all might help

(R): ya

(I): in making them more clarifying what is actually going on and what are the possibilities at EU level because we all know it already have a directive in the fifth EU directive for money laundering

(R): ya

(I): and you see if you look at the whole anti money laundering systems in Europe you have ah every time when we have a new directive its becoming more sophisticated more complex still so that we flex it’s a huge responsibility for many participants ahh in in the industry but even so you stil see a lot of loopholes or possibilities for criminals (word inaudible) we started looking into it but there is a long way to go

(R): ya and then what are the the legal loopholes and weakness of anti-money laundering legislation that make the real estate market vulnerable to the infiltration of ahh organized criminal groups?

(I): ahh so many I would say hmm from a legal point of view of course first of all the Dutch we cannot ahh (word inaudible) change that overnight if we start thinking about ah the constructions due to the fact that the global economy we are living in and the fact that nowadays if we do business we use corp.. corporate entities so its very easy for instance to start if I want to create a company myself this afternoon and if I would start a company go on the internet and create a ahh corporation somewhere up in Delaware US using all kinds of legitimate structures ahh creating something an entity under ahh which I need for instance to hide myself because I want to conceal what I am doing ah what you see all the time complicated money laundering schemes is the presence of many many all connected strategies corporate structures so you should look into it can be cannot be solutions that we for easy can abandon those or hm if we see that can we do something in terms of ahh more screening mechanisms I would mean for instance hmm you could argue becoming ahh a broker in the Netherlands should give yourself working in real estate market and becoming a broker well you don’t need anything I can this afternoon if I want to become an agent or broker in real-estate market I can open my own office ah again go to the bank they will give me a loan and I can start working so don’t need a license don’t need a permit you could think hypothetically okay we allow only people in this area this market with specific license and if we and that’s of course also one thing we consider nowadays is that you people come for a specific license you screen them in advance but you know have they what are what are the backgrounds ahh are they related somehow you could argue if they are and Italian legislative in that perspective of course then if you see for instance one of your brokers ahh has strong links ties social ties with people who are known as members of ’Ndrangheta or Camorra whatsoever and that you could say that you will not get license or you license will be revoked and will be out of business so you have to think about ways of trying to hmm be a number of look at participants in the market and you have to think about all the solutions can come up with can we exclude some people we know of who are has a bad reputation and ah what you should do when when we do have evidence used their services can we exclude them can we say to them listen you are not allowed to enter this market anymore I would say that is difficult as well I know all kind of legal problems also in relation to that because you want to kick some people out of the business

(R): Hmm

(I): it’s a difficult thing to do but anyway one of the things you could argue naming and shaming might be another using all kinds of tools nowadays digital tools because people of course banks they are very much ahh ahh aware of their reputation and ah but also lawyers (word inaudible) list notary public who have random source to ahh (word inaudible) enterprises that’s very bad for their business so you can use a number of strategies may be not even the criminal law such that to prosecute them because there aren’t that many cases where we actually because it’s very very hard to get the evidence to get people convicted but you may have other means available to banks naming and shaming screening mechanisms so you have no of things you could think about making little bit you have to think about it may be also from a I don’t know of course I am not aware of the whole situational crime prevention approach you think about opportunities you think about making it more difficult increase the effort increase the risk make it reviews rewards what can you do in this market actually to make it more difficult to people to operate that’s I would say that’s the key thing we have motivated defenders we know that advance we should make targets in this respect real estate market such less suitable and we need better supervision because the market is such is to (word inaudible) supervised not monitored not controlled what can we do actually to increase in a clever way supervision of the market that I would say one of the challenges we have a problem

(R): ya and then and then how can the effectiveness of counter organized crime policies can be improved in Europe if there are suggestion?

(I): well in Europe it also I think we are not that far away that people are actually start making better analysis if I use financial intelligence units of different countries and sharing information and ya I was referring to big data earlier I think in a couple of years’ time we will be able to combine data of course within the boundaries of GPR guide regulation have to think about it of course as well hmm but there will be a number of challenges respect what kind of data we can share and from an European level because as we know criminals trying to cross borders that’s pretty easy nowadays especially in Europe making all kinds of financial transactions (words inaudible) so we have to think about smart ways of governing smart ways using data also publicly available data ahh we are data here in the Dutch registry Dutch system and ahh (word inaudible) and government data which actually can use start combining and look at different using crime patterns looking at strange ahh usual patterns which should detect I think that is something if we look at algorithms and if we look at risk analysis nowadays its all being looking at trying to find the things that are relevant I think you can make some progress in that respect but you have to in a more smart way need more expertise as well that’s another ahh thing by the way it’s already past two o clock

(R): yes, just just the last question what is your opinion potential consequences of Brexit of on Italian Russian organized crime proceeds in the UK real estate market if you can give me your ahh opinion about it?

(I): ya I don’t know because a lot of speculation because we none of us actually will know ahh what will go all kinds of nightmare scenarios on what might happen after Brexit that just wait and see suppose will lead to situations actually hmm the companies will leave the countries for instance it may lead to a situation in real estate market what lot of people leave and also companies leave I suppose you will have a situation where you have a lot of empty office buildings just give you because many companies have left suppose that would happen that may be next thing that some group of investors enter the British market and might say ah because of course British authorities will be a bit frustrated by fact that there are so many empty buildings around if people come in and say look I am interested I am gonna buy it so the more the empty buildings and empty places and people come in what what UK obviously will want to have after they have left European union is they want foreign investments they are open to foreign investments because the economy should flourish it should grow and they might be inclined to open the doors to all the investors they may not be too many they do not scrutinize who is actually coming in but they want the money to come in to buy the buildings to start new new developments within real estate and if you are not careful if you open the doors if you put all the doors open and say please come in and you are not interested in the background of the people who are coming in then it may lead to a a what a serious situation and that’s not ideal circumstance also criminals to come in and enter the market because nobody will actually check nobody will control them so its ah it’s a interesting playing field for them

(R): okay that’s fine thank you thank you thanks a lot

**Research Participant**: I7

**Date:** August 2019

**Whats App Interview**

(R): okay then let’s start if you can tell me why do organized criminal groups go abroad and if you can please provide some examples about mafia transplantations in new territories?

(I): okay so this question is actually very general because it depends on which organized crime you know there are lot of conditions and lot of push factors why mafia organized crime groups ahh leaving their places and go somewhere else you know probably you have read this book of (Name of an author) where he gives just two cases ahh ahh why in specific places they do succeed and not but usually it’s a question of developing new markets and new new opportunities and also looking for new corporations this organized crime abroad and my example first will be of the Russian mafia which I have studied for many years and you see that while they start it in nineteen nineties from the first big criminal organizations like Solventska you know the most important bigger Russian mafia organizations they were very local they were very territorial oriented and today and ahh operating in big Russian cities like Moscow and St Petersburg and ahh they were involved in extorsion they opened their banks and they started to transfer money to the branches of different Russian banks abroad ah even here in Amsterdam we had a ah kind of Philiau of for one of the big Russian bank where the they also include criminal money so ahh they were accumulating capital hm and they were able to invest the proceeds of ah crime in developing new markets so what they did for example they ah they were very active in countries like Germany ah mean until now there is quite a big criminal aspirants in in Spain and they went to the United States they went to Australia they went to Canada was a bigger hmm Russian market in the nineteen nineties and ah and in Israel so these were the countries where they were specifically at and and the United Kingdom of course

(R): ya and I mean you hmm

(I): if you want to ask me just interrupting

(R): did you notice if they have different modus operandi when they act abroad compared to their country of origin?

(I): yes of course this has also to do with hmm with their structure usually will say today we don’t have this ah Italian type pyramidic structure with the godfather and consilieri of this kind of stuff but ahh but ahh in Russian mafia there was a very bureaucratic structure in the beginning the moment they go abroad this structure is changing because their headquarters remain in Russia and they create new alliances with other criminal groups other ethnical groups and hm so they there is more fluid network of different smaller groups different cells different criminal cells which ah which operate outside so if we are talking about ah very hierarchical structure in Russia itself the when you look at the diaspora look to Europe and then you see that there is small network fluid very less fragmented hmm activities and modus operandi is changing similarly because hmm the orders are coming from Moscow or from St Petersburg but the operations are taking place in this places so it is very important that at the place there is local also local hmm manager who is who is organizing it so this this modus operandi is changing depending on the activity so for example in the Netherlands there was not many not much extortion because usual extorsion is taking place its compatrial if it is not a big Russian community hm then there will be no extorsion Russians are not extorting Chinese or Italians doesn’t work so they need their own citizens to know to do it so they they have seen the usual extorsion practices are not possible so they switch to ahh more ah trafficking like trafficking in in now in the beginning was ah trafficking women then they started to create illicit markets ahh for example in drugs they were cooperating with the Dutch drug dealers and so and so they are creating new opportunities to develop new markets and find new force of activities

(R): and then what is the criminal decision-making process for the investment of ah Italian or Russian organized criminal groups in the legitimate economy and if you can please tell me how it is applied in the real estate sector by the these organized criminal groups?

(I): okay so decision is taken place and these are very much structural and hierarchical as I mentioned earlier the decision is taking place by the leader of the criminal organization

(R): ya

(I): be the boss of the criminal group to give their this ahh what we call the banker of criminal group ah in Russian we call it the the guard of obshark obshark is the cash it’s a bank for organized crime so this too ah hmm making calculations how to invest they ahh their money so the most important is what ah are the most important things to invest to first of all of course to corrupt relationships and pursue inside Russian but also in other countries you need to have people who you can bribe so there you invest your money investment in new illegal ahh products like drugs or weapons or making this operations possible and and then you create your own capital accumulating capital for yourself to pay for your origination to create a specific style lifestyle for example we know that many Russian criminals are investing in art because art art is now very popular like ha investment money so and in nineteen nineties they entered in the nineteen nineties Russian criminal musicians started very massively investing in real estate so they were buying buying up even whole neighborhoods and streets in in Europe now you see those in Spain and then France and the whole French riviera and Spanish most popular resort places Russians invested there in a luxury lifestyle because this was important ahh for for keeping reputations of the criminal boss

(R): and then I mean ahh how vulnerable is the real estate market to the infiltration of this organized criminal groups and can you tell me if you have found any cases of Italian Russian organized crime in the UK real estate sector?

(I): ah we all know that real estate is very popular and there are a lot of evidences of infiltrations of of Russian armed in the United Kingdom I was not so ah familiar with the British market ahh I was more in continental Europe and I know that a lot of criminals are bring their capital in real estate especially what I told you about Spanish about about ah French market ah Germany they were really investing in this ah I am sure that it also happened in the in the United Kingdom especially because there are so many oligarchs who left hmm who left the former soviet union they left Russia in the beginning of the twenties

(R): ya

(I): and 2000 and this oligarchs they always had very close relationships with big criminal organizations so the capital was flowing to to hmm to the United Kingdom as well I know that there are some places for example in London that ah lot of Russian invested in in real estate there but Italians it is a different story because there are a lot of speculations about Italian mafia investing in ah in other countries and are some fragmented cases like they were investing in Germany in Belgium and in some countries there are more evidences but they know that they much less than Russian mafia, so Italians are still not so transnational as Russian, Russian are very mobile mafia

(R): and then what are the criminal instruments and vehicles used by this organized criminal groups to place their dirty money in this economic sector and if you can please provide some examples about their use by Italian or Russian organized crime in the UK real estate market?

(I): no ya you mean what were the mechanisms

(R): ya mechanisms and vehicles criminal instruments they use you know to invest their dirty money in this economic sector and if you have some examples about Italian or Russian organized crime about their use?

(I): okay so we know a lot for example probably (Name of an author) told you more about it there are more lot of philanthropic activities there the money laundering is going for example through investing not only real estate but football clubs or by hmm flowing money into specific charity organizations or ah you know these kind of stuff and again the real estate is only one part of the money laundering procedure because this is going through very traditional forms of money laundering it’s like it’s not like you are going today with a suitcase full of Euros and going to bank because no bank will take it from you because every bank in Europe has this regulation of ah unusual transactions reporting unusual transactions but hmm the most of the things are going through companies through defective companies joint ventures and the capital become legalized and from this legalized capital laundering activities of course you can bring back to the legal economy and you can buy real estate

(R): and then I mean what are the crime facilitators for the investment of ahh Italian or Russian criminal groups in the real estate market and if you can shed some light about their use ahh by Italian Russian organized crime in the real estate sector?

(I): about facilitation again its very much connected to what I told you it’s not like the recent kind of symbiotic relationships when the companies know that the mafia is ahh, sometimes it is they are knowing that the capital is coming from crime proceeds and they are still using it for legal economic activities but ahh in many cases hmm Russians are just investing in some philios some branches which easy to invest in like in companies you know this this very usual ways of investing in ahhh drugs laboratories like ecstasy laboratories what happened in the Netherlands specific periods of time so they just ahh forming a kind of chemistry factory which is illegal legal ahh enterprise but they are also involved in illegal activities and the same is about the hmm buying up restaurants and ahh ahh very lot of empty properties which never in use but through this properties they are able to launder the money as well I know I remember that ah in my story in my research about Russian mafia there were several restaurants and cafes which were opened in the center of Amsterdam center or in the center of Brussels or in (word inaudible) and no client were visiting it and ahh this was the typical way to facilitate money laundering precedence and all like opening factories opening companies and through this flowing capital inside

(R): and then what are the consequences of investments of criminal proceeds for both the law enforcement and the economic development in the real estate sector?

(I): you know the consequences are very ah like what happened is that a lot of criminal originations especially Russians I am not talking about Italian because I know that Italian ahhhh Italian investments are now very problematic to prove so I am not saying there are a lot of them I am not sure about it so I think you must talk with law enforcement representative who will tell you more cases but this is very ambivalent study I know from Russian stories that hm in the beginning they were kind of very much buying up and flowing the capital into real estate everywhere here in in the Netherlands and nobody was checking

(R): Hmm

(I): and hmm even when they opened here the filial of one of the most important banks and everybody knew that the owners of this bank has criminal record and nobody could prove it because it was registered as an official bank it was very easy to hmm register foreign banks in nineteen nineties in Russia it didn’t need much so there were lot of kind of hmm ambivalent dubious banks which which mushroomed there and this all this bank is registered in the world bank register so now nobody can come after who was the owner of this bank and what kind of criminal record it has and at the moment it is legalized or it is it is slandered and this way it is very difficult to hmm a prove that the money comes from crime and when it it’s difficult to prove hmm you can say okay so what what is happening now how can we get our money back Russians can say a lot of our money somehow flew to to to abroad you know they could theoretically and demand this money back but cannot prove it anymore so the criminals were one step clever and whether than the authorities and the law enforcement and I think it will be very difficult to to prove that means that that there is a consequence for the legal economy because illegal ways of of investments and laundering if you cannot ah immediately catch the first source first prove you know how how money laundering is working ya it has a lot of layers and then the the when layer is that it’s coming back to legal economy ahh after all this rotations then it will be very difficult I don’t think that law enforcements can do much about it at this moment because they need to be in the first place everywhere and take steps immediately and this is very difficult

(R): hmm and then how does the financial system access money laundering risk in the real estate sector at the European level?

(I): it is a great risk and ahh our financial institutions financial police they know about it and so again they need to to to be more aware and make risk assessment of the possibilities at this moment who is making lot of money what activities are taking place we know for example that if you look at specific answers you know what kind of criminal activities are flourishing there right

(R): ya

(I): so if we talk about the Netherlands we are talking about drugs drug sector so drug sector you have to monitor and to control it in order to know what are the risks of making huge profits and to invest there if you don’t know it ahead you cannot make any administrative steps for example what happens the whole idea of monitoring the ah or withdrawing of licenses of some people who are suspected of being involved in criminal activities this was introduced in some countries several years ago ah in holland we had this ahh b bolp that is a special law when in suspicion in involvement of criminal activities is enough in order to withdraw the license

(R): ya

(I): you know of ahh so ahh this kind of preventive steps are very important because they can stop the risks and monitoring and lot of knowledge exchange of knowledge all the criminal ahh activities in the country are important because for example there was a time when there was a lot invested in diamonds ahh in Belgium Russians invested massively in diamonds abroad and now it is not going like this now it’s much more invested in art for example because art art became more valuable so you need to monitor what are the developments in the in the market where the big money come

(R): and then I mean how is the EU legislation devised to control this phenomenon?

(I): now that what Iast said we have situational prevention we have this kind of administrative ahhh issues you know may be its good you probably know the names of ahh (Name of an author) was writing about administrative approach in in the Netherlands and hmm in Italy it was (Name of an author) you know him

(R): yay a ya

(I): (Name of an author) I think about this so there are lot of lot of kind of situational administrative ah preventive measure which can be done in the beginning its very much depending on the on the situation and for or Russian for example it is very important to stop flowing the capital out through abroad and at the corruption is so high that nobody wants to be actually involved in this activities of prevention and because at the moment you are involved in this ahh commissions where this anti money laundering hmm activities you are approached by criminal organizations and there is an offer you cannot refuse because there is a lot of money so the corruption of the country is also important

(R): ya and then what are the characteristics of anti-money laundering legislations to combat this phenomenon?

(I): hmm hmm

(R):and then

(I): what is the question

(R): ya what what are the characteristics of anti-money laundering legislation to combat this phenomenon and what are the legal loopholes and weakness of anti-money laundering legislation that make the real estate market vulnerable to the infiltration of this ahh organized criminal groups?

(I): ya hmm this is more questions to lawyers

(R): ya okay I know know if you have you know some knowledge about or ahh European union about the legal loopholes and weakness of the anti-money laundering legislation that alow you know this kind of investments is also based on your knowledge if if you know?

(I): ya until know there is the over lockdown about it you know as I as I mentioned this administrative approaches and monitoring kind of exchange of information and movement of financial police but I think also exchange of information is very much hm and now am talking about implementation of this regulation ahh more than legal ah want because legal you you you should ask the lawyers but implementation of this legislation is quite difficult because the countries even inside Europe the exchange of information and knowledge and cooperation and you can even look at how Europol work then you will see that hmm that it’s not adequate and some countries are much more developed anti money laundering ahhh ah regulations

(R): ya

(I): than in other countries as so on the European level probably this is a only my theoretical guess must be one must be one one common regulation and monitoring implementation of this legislation because legislation itself I don’t know the loopholes again but the legislation isn’t in general lines is correct and and good the problem is not the legislation the problem is implementation of this legislation and the criminals are not ahh ahh actually not hmm do not need this legislation to know exactly how to to work without it and how to use this loopholes you know

(R): ya

(I): so

(R): and then how can the effectiveness of the counter organized crime policies be can be improved in Europe?

(I): again, the exchange of information is very important and also the the trust among these law enforcements because (word inaudible) about this ah Russian mafia and about the Lithuanians there is still a lot of stereotypic ideas about about the countries you know

(R): ya

(I): like law enforcement doesn’t work properly or in holland the police is too soft you know all this kind of stuff so when you don’t trust your colleagues that won’t be good and and exchange of information’s is one of the most important things it must be one one ahh digitalized center of all the information which is easy to to hmm access and to use hmm but I don’t know again I believe that criminals always one step further than hmm law enforcement and legislators

(R): and then

(I): so, they know exactly what changes are taking place

(R): and then you know that Brexit is going to happen then what is your opinion on the potential consequences of Brexit on Italian or Russian organized crime proceeds in the UK real estate market?

(I): this is difficult to say but I am sure that hm the criminals are not afraid of Brexit

(R):ya

(I): and they don’t care about really don’t care about Brexit because for them its more important they never they will never think about one Europe or one not Europe they are choosing places which are favorable for their investments and that might can be Europe it can also Philippines or Latin America wherever they have the opportunity to make money and to launder the money that that they will invest and they will do it and it depends on the development of the economy of the United Kingdom and has nothing to do with Brexit

(R): ya

(I): Brexit is important for legal economy not for illegal one

(R): ya I know do you think that probably this kind of situation will be an asset for the ahh for the grow of you know of their illegal investments you know especially in the UK real estate market or not or you think that it will not effect?

(I): depends I don’t know it depends on the economic development it depends on how how Brexit will hmm hmm will influence the legal economy if you think the economy will be bad and I don’t believe it because Europe needs United Kingdom very much as and there will be no cut off ahh the country it just will be different negotiations and different agreements on on on economic activities it will not be like it is isolated and and no economic activities are taking place so I don’t think it will be a big change in regards to crime situations there and investments in real estate

(R): okay that fine

(I): and I do think that United Kingdom is very attractive for a lot of ahh lot of criminals

(R): okay okay that fine perfect thank you

**Research Participant**: I8

**Date:** July 2019

**Skype interview**

(R): okay let’s start hmmm why.. if you can tell me why do organized criminal groups go abroad and the if you can ahh please provide some examples about ah mafia transplantations in new territories?

(I): yes well there are several reasons why mafia groups go abroad one of those first reason is that by going abroad you tend to separate the predicted offences that the criminal groups commit form the money laundering aspects ah there also of course legislative purpose ah and there is also lets say a cultural purpose so let me be a little more precise if you look up if we look at the jump of Italian organized crime groups of course the area they are comfortable with Italy has developed very very ahh effective legislations over the years of course firstly there is a definition of mafia in the Italian criminal code which is provided for by article 416-*bis* which has the definition of organized crime which is provided by article 416 and Italy is the only country in the European union that has such an article so for start if you would ask somebody in a country which is not Italy how many mafia members you a have in your country they will not be able to give you an answer because mafia is not a crime it’s not recognized as a crime ah Italy then has a very comprehensive legislation ah which builds upon the anti-mafia legislation so called corrective measures for example “misure di prevenzione” ahhh which also are more conviction based on confiscation which also are almost unknown outside of Italy so you can imagine that if a criminal group develops the capacity to approve evolve big amount of assets so criminal activities in Italy and he would invest these assets in Italy the risk of being ahh being spotted or being detected the risk of the assets being ah confiscated for him will be much higher than if you move it to some other country because the other country does not have the same ahh criminal code and it’s not legal sometimes aware that there is a problem also because the people (word inaudible) present the criminal group abroad normally are part of the ahh money laundering branch of groups and therefore they don’t commit crimes that cause a public alarm so ah to give an example if we look at the examples of the Netherlands ahh some of Italian criminals has been arrested in the Netherlands by the Dutch police in recent years they were living a perfectly normal life and they were simply considered as ah business men as Italian business man and now unless somebody in Italy tells the Dutch authorities that these people belong to a criminal group the Dutch police would never know so this is why it’s a very good let’s say system to avoid detection is to split literally split into two phases of the criminal ahh of the criminal group so ah crimes that cause public alarm so drugs international drug dealing etc etc ah homicide weapons trafficking etc etc completely separates ahh from the money investment part which is very common it is a very common technique and if you think about it if you look at the Italian experiences it’s nothing more or nothing less what was going on Italy in the eighties in the seventies all the big criminal groups big three criminal groups Calabrian, Campanian, Sicilian organized crime invested ah vast amount of assets ah in Lombardy and Piemonte because if you will have to be aware of it and ahh if we look at the big trails for example operations done by the Carabinieri of Turin the colleagues that worked on these operations said that in the initial phase it was even difficult to convince ahh the colleague themselves to convince other Carabinieri to convince judicial authorities but there was a problem because they would not they would not convince in the beginning but ahh criminal groups from Calabria could work in such a way on the opposite part of Italy so can you imagine if you take this in another country where there is not even a single criminal code

(R): ya

(I): these people are quite quite smart in ahhh let’s say picking the best country for their activities

(R): okay and then why do they invest you know their dirty money ah in the legitimate economy aboard especially if you know some ahhh you know some reasons are like linked especially to the their investment to the real estate market ah in the UK?

(I): I don’t know about United Kingdom specifically but in generally speaking because of the reason I said because these people do not raise suspicions

(R): okay

(I): ah outside outside Italy and for example so called preventive measures “misure di prevenzione” are not recognized in some countries but means in Italy you have the possibility of seasoning confiscating assets in the absence of criminal conviction ahh this is not ahh possible in other country so you know sometimes the threshold is into enough ahh to get a criminal conviction but in Italy it’s still enough to confiscate the assets abroad this does not happen ahhh this is the reason why and then real estate real estate is one of the most common forms of investments because it’s a it’s a fairly it’s a very secure form of investment and as I said because it will not raise big suspicion and the same with investments in restaurants bars cafeterias it’s an area where you can make up a lot of money demand you buy and you sell you move a lot of cash and it’s the best way to ahh its actually the best way to justify the money that you have there was an interesting report issued some years ago ahhh I don’t remember by who but it was hmm a law enforcement office in Italy where they were intercepting ahh ‘Ndrangheta members in Belgium they have the many houses many apartments ahh in brussels properties of ‘Ndrangheta and they were they were renting them out and through this they were making a lot of money so

(R): okay

(I): very common

(R): ya and what are the key characteristics of the Russian organized crime and the Italian organized crime in the legitimate economy and if you can you please provide some examples about ahh their modus operandi in the real estate market?

(I): ah about ah about the real estate market ahh I don’t really I don’t really have an answer for you because that was not my specialization sector what I can tell you is that Russian organized crime is structured this so called vory-y-zakone very structural groups so in a completely different way than the Italian groups the Italian groups of course they are very different this mafia, ‘Ndrangheta and Camorra are completely different in their in their structure ahh and the same implies for Russian organized crime Russian speaking because there are also lets say Georgians for example who were operating in this field Ukrainian criminals they are not Russians but speaking say they are quite different so the the Russian organized crime groups they are layered normally in three three layers you have the ahh the basic layer which generally speaking ahh made of people who are not so so to speak affiliated the really low level low level criminal that commit really vast ray of criminal offense so the crime against property to drug dealing etc etc but generally speaking crimes against properties ahh and this people they are really low lives really low lives and they have no let’s say they have no criminal charisma but they are used as soldiers to commit a crime they are normally they are normally overseen by a first tier of criminals which is let’s say a little a little bit higher in the criminal ranks and normally takes the responsibility over a group of these people from the first tier and then the first tier are so the affiliates the so called vory-v-zakone

(R): hmm

(I): so and every tiers is a bit like (word inaudible) so the lawyer the lowest tier makes money through petty offenses they pass the money to the second tier and all the people from the second tier they approve the money and pass it to the first tier normally the first tier resides either in the country of their origin which is ahh Russia Georgia etc etc but ah there is a quiet a big presence ahh outside these areas so in western Europe ah Greece is a big destination especially for Georgian criminals and then turkey also ahhh if you are talking about outside Europe but it’s different in the kind of crimes that are committed are quite different and the Russians the way that we see in the western Europe very often they really they really ahh to the untrained eye seem like really low level low level criminals so there were investigations for example the investigation from the Carabinieri in Frascati in the province of Rome but arrested ah forty fifty of these people and they charged them for 416 word so organized crime and ahh the predicate offense was theft simple theft in apartments but they were making millions and millions and millions because there are lot of people committing thefts and they were not random thefts os they were really targeting their objective and then all the money was put together and sent back and when you put the money all together from all the all the episodes of theft committed in a certain area it was ahhh it was a lot of money ah and then of course the crimes committed back in Russia okay that’s another story ahh and then it’s the use of proper where do you want to invest the money you want to invest the money where people are not likely to detected you so this is why they invest they invest but they also invest a lot in ahh in other areas and there was a investigation in Spain where for example some Russians were investing in fuel petrol station and then in this case say one of the main differences is that I think this is my opinion and I think is that with Russian criminality there is a very thin line between Russian business business men circle of course Russian business men and the criminals it’s a very thin line so they in this case for example they could not reach an agreement on purchasing petrol stations and this Russian criminals were used to to get this agreement done

(R): hmm

(I): so the lines are really blurred ahh was in Italy this is ahh different in Italian business men sometimes are used to to launder the money or business men are affiliated to a certain criminal groups but it’s not that ahh it’s not that ahh regular business structure would resort to criminality to to get what they want so it’s a bit difficult and sometimes in Russia this happens because official structure sometimes are not are seen as much effective so there is this kind of grey area where criminals and business men get together

(R): ya and then ahhh did I mean how vulnerable this real estate market to the infiltration of organized crime in this case based on ethnicity and if you can can you tell me if you have found any cases of Italian Russian organized crime in the UK real estate sector?

(I): alright personally I have never encountered cases of infiltration in the real estate sector the only things I know are all the things I have read from all the sources like the investments of Latorre in Aberdeen etc etc everyone knows about investments of Russian people in in the United kingdom because it is under the eyes of everyone the difference between the two and the difference is that if ah there the British authorities wants to ask information from the Italian authorities on who is the the the beneficial owner of certain activities this is quite easy there is a series of legislative instruments at the EU level that will allow you to do this you can also I mean until the UK is part of the European union they can also use the joint investigation teams European investigation order European arrest warrants etc etc etc to identify this Russia is of course not a European country so it’s not as easy to cooperate with Russia then it is to cooperate to the other European countries and so last for Italian organized crime it would be quite easy to open a channel of communications for rogatoria and ah there is a prosecutor from the crowd prosecution service based in Rome I believe and then the Italian consulate also the Italian embassy also has law enforcement officers posted in London to do this so its quite common but with Russia its not that easy for example if you would ask the Russian authorities who is the beneficial owner of certain ahhh of certain ahhhh ahhh bank account Russian bank account or certain Russian activity may be they would have more problems because you know may be they are not gonna tell you which is a same problem that the law enforcement has when you investigate Chinese criminal groups you know

(R): ya

(I): its not that easy when you know that ahh somebody is buying a restaurant and the and the owners are Chinese then you ask them where did you get the money and they say we got the money from china and you check and there is a Chinese bank account and you ask the Chinese authorities can you please give me information on this it’s not that simple as you do it with Italian authorities time is much longer and then of course sometimes they just don’t answer you know so ahh that is the problem and this is why the criminal groups tend to invest away from home

(R): ya

(I): that’s the simplest answer

(R): ya and then ahh I mean what are the criminal instruments and vehicle used by Italian Russian organized crime to place their dirty money you know this economic sector ah in the real estate market or you know I mean in the legitimate economy?

(I): ah for Italian groups ah ah I have seen a little bit of everything the biggest I think the biggest area is the restaurant sector for ah for obvious reasons everyone likes Italian restaurants everyone likes ahh you know Italian food Italian coffee so if an Italian opens a restaurant there is nothing strange with it so and there are hundreds of Italian restaurants all over Europe and of course once you have a restaurant you have a created a legal legitimate activity a enables you to justify big amounts of cash because you can just say that this is the profit you are making through your weekly work b you don’t attract any attention and some of these restaurants they cook very good food so they just Aberdeen for example Latorre was a one of the first five Italian restaurants in United kingdom with good quality and then once you have a legitimate activity all the rest is consequential because once you have a legitimate bank account a legitimate activity then you can start to buy everything with Russians ahh I have seen to fair also with Russians (words inaudible) sector bars matt clubs etc etc ahh but then also you have all this offshore companies that purchase the ahh that that that are really difficult to to identify the beni… this very difficult to understand the beneficial owners so I have seen a little bit of everything

(R): hmm and then I mean what are the consequence

(I): football teams don’t forget football teams for Russians that another that’s another way I mean we have cases ah I am talking about open sources (word inaudible) where football teams purchased and for example to move money from one part of Europe to other all you need to do was to ah buy or sell a player that to justify the movement of cash from one part of Europe to another and ahh investment for example in match fixing

(R): hmm

(I): ahh ahhhh so I have seen a little bit of everything to be fair

(R): there was a huge scandal ahh few years ago in Italy about ahh this ca.. think kind of ahh crimes you know in Italy

(I): yay a yay a ya

(R): and then what are the consequences of the investments ahhhh of criminal proceeds foor both law enforcement and economic development in the real estate sector?

(I): well I would say that the first ahh I mean the two from me the two main consequences that are quite bad so the first of it first is of course if you think of the purpose of money laundering the purpose of money laundering is not to make a profit but it’s to its to legitimize some money that you are not suppose to have so the first thing that happens is there is an inflation of the market the prices really go up because people people they are not supposed have that money anyway so they don’t care if house would cost ten and you buy it for fifteen nobody cares because in any case is profit for you and this is the problem because this is the problem because it inflates the market and then the local people or the local investors they cannot afford to buy anything more and the only people who can afford to invest are those who have these quantities of assets at their disposal and this goes the same for all the other legitimate forms of ahh of commerce for example we have we have inci.. we have a case in a particular country in the north of Europe where hmmm Italian group purchased ah a wine shop so they were then importing wine with ahhh with the excise force it was wine that was not ah really excise was not paid and on paper the wine was going outside of Europe in reality in the end it was market in the wine shop and then of course they could sell wine for much lower price compared to those and then all the shops nearby started going bankrupt and then they would slowly buy then because then what happens with these group somebody goes bankrupt you just show up and they make an offer and either they stay in as a lets say hidden partners

(R): hmm

(I): so the official owner stays in charge but not really the money that they are using is your money the money that they will lent you or ahh or they just buy the they just buy the property and then some of these they go bankrupt ahh there was this famous case ahh in the flower market in Amsterdam where a lot of the Dutch companies went bankrupt because of these Italian groups so infiltrated in the economic sector so in the long term there is a really long down dominant effect in the economy in those sectors in in in Holland for example the flower import and export is one of the biggest ahh areas of production of the country and this particular group of ‘Ndrangheta members bought some company inside the flower market and then they started ordering quantities of flowers from the Dutch companies and take them to Italy and then they they would place a couple of genuine orders and pay and then they would place really big orders for hundreds and thousands of euros and they would just not pay and when the Dutch companies of course they went bankrupt and then they wanted to take them to court and ah then they were they were approached by people in the markets saying you don’t wanna really take these people to courts you know who they are and and then then they were scared to take them to court

(R): ya

(I): so it had a really bad effect in fact the Dutch police they really cracked down this group at the time ahh because they could really concretely see the effect on the economy so it’s the same for every sector it’s the same for restaurants it’s the same for any sector where they invest you know

(R): yay a ya

(I): normally no legitimate business can compete with ahhhh with the business model of the illegitimate company because they legitimate business needs profit to survive and people don’t need profit because the profit, they are making are made through illicit mean so

(R): ya and then what is the response of law enforcement you know to deal with these economic crimes you know in the legitimate economy and especially in the real estate market?

(I): well it depends I mean there are lot of instrument that the that the law enforcement can use there is there are antimoney laundering directive there is whole set of I mean now they are working on the fifth set of antimoney laundering directive so there is a lot a big set of ahh of instruments that can be used by law enforcement but I think ahh took above the Italian organized crime group ah I think this kind of Russian organized crime groups the biggest for me the biggest short coming of the legislation at the moment is that there is a there is a strong legislation on money laundering there is a strong legislation on the predicate offenses but there is no there is no effective legislation on ahh organized crime per se so if you look at the ahhh I think it’s the casual framework decision that defines what organized crime is in the European union level ahh basically if me you and your friend start robbing Nutella jar from the supermarket for one year we are considered a organized crime group under the new legislation which is ridiculous there is nothing that there is nothing that captures the implicit threats at the condition of silence they are having from the threat that is seen by article 416*-bis* there is nothing on UK level so which is the first brick so the first brick is to recognize that mafia per se is a crime mafia itself is a crime now if you don’t take this what happens is you tend to look at money laundering as a as a effect for example laundering money from drugs laundering money from weapons laundering money from human trafficking but actually in several cases these groups generate money just because they are mafia group so there is no explicit threat ahhhh you you mentioned before that my aunt in Ercolano for example Ercolano a typical ahh there was a big case that I I I I did myself on extorsions imposed to people making bread people baking bread by selling flowers if you ask the the the the baker did you receive a threat for for the flower the baker will say no I didn’t I was never threatened but I know who the people are they didn’t mean to threaten me when they say you want to buy flower you just buy it now this which is the essence of mafia crime is not captured by ahhh legislation outside of Italy in terrorism yes if you look at terrorism there is a series of so called reati spia like key indicators like key crime indicators that ahhh ahh will show you that you are word 22:50 (inaudible) by terrorist threats so it is quite easy to see okay you have any issue with terrorism you apply this so it is quite easy to see okay we have an issue with terrorism you apply this on organsied crimes this does not exist at the European level so every time in other European countries you always have to find the link between the predicate offense and the money made for example country like Germany does not have the reversal of the burden of the proof on ah money laundering issues to at least it didn’t have it till like couple of years ago you always have to see they you have to be as an investigator capable of saying okay this particular group deal drugs this is the money they made with drugs this money was invested here but very impractical terms there are so many different steps between these two groups sometimes their feel is that they even know each other because they are two completely different branches of the same criminal group its import.. its not practical

(R): Hmm

(I): what what we need is a legislation that says okay these particular people belong to a group these groups have all the requirements to be a mafia type group and therefore all the money that you can trace back to this group is to be considered ah dirty money

(R): Hmm

(I): not the single predicate offenses this is what I think ahh is missing

(R): Hmm

(I): so there are lot of instruments there are lot of things to do you know ah there are lot of ahh the anti-mafia sorry the anti-money laundering legislation to which banks, credit institutes are ahhh are bound to is quite effective but but we are missing the organize part I think

(R): Hmm and I mean how is the UK legislation devised to control these ahh phenomenon?

(I): ah to be fair I don’t know the UK legislation you should ask ahh UK colleague ahhhh I know it’s quite effective they can also ah let’s say they also have ahh the possibility of ahhh hmm of the reversal of the burden of the proof like we have in Italy so that’s that’s very effective but to be fair you should ask one of the colleague I don’t know single legislation of the member states

(R): and ahhh hmmm about the anti-money laundering legislation what are the the characteristics of anti-money laundering ahh anti money laundering legislation to combat this phenomenon?

(I): well if check the vari.. various anti money laundering .. the various EU anti money laundering directives there ahh if you notice for example even today if you go to a bank and you want to open a bank account you have to sign you have guarantee for ah social number of ahhh of things for example you are not a political exposed person that you are not connected to political person the the so called loyal customers KYC know your customer abroad that means that ahh great institutions has to know and supposed to understand who is the beneficial owner and ahhh behind ahhhh bank account ahhh customer due diligence so ahhh so there are its its very very wide ahhh the problem is always the same that you can have the best legislation in the world but at the end of the day if somebody is in that place you can always find a way to go around and ahhhh if if look at the ahhh the best case I think that can be used as an example this is the so called (words inaudible) which you can find in your subject of investigation I think from the bank form where the account is taken if you go back to on google you will see the case it’s a big case of a famous service provider USP ahh with a service based in Canada that was moving money almost exclusively for criminal organization so you have a very effective legislation this group will go around the legislation because its not its not a bank its not the credit card company it’s just a payment service provider and in that particular legislation as a premium service provider you are not bound to the ahh to this law for example the know your customer of course meaning that ahh these people were sending money to this backnet this facility backnet was moving all the money and then backnet had a bank account with the banks so he was rooting this cash money to banks but bank they only knew backnet not so but backnet did not tell them to which transaction the money belonged to they just went like once a month two million euros that’s it

(R): ya

(I): and this ahh this is the clause at that time I don’t know if its still the case there was a loophole in legislations so this particular group was not bound by this anti money laundering legislation because it was not a bank it was just a payment service provider this is an example how things can go wrong but check it on the internet because this is a very interesting ahhh case that you can use

(R): ya can you recognize ahh other legal loopholes and weakness of anti-money laundering ah anti money laundering legislation that make you know in this case the real estate market vulnerable to the infiltration of the Italian Russian organized crime?

(I): I wouldn’t call it a loophole but to be fair I think the biggest problem is a lot of this ah hmmm a lot a lot of this legislation implies that there is compliance of behalf of these ah services for example comply the banks have to comply to the legislation etc etc but if you are somebody whose compliances to organized crime group in the bank you will never report the suspicious transactions so its its it’s a bit strange to say but ah sometimes you get the impression of legislation works honest people you know what I mean

(R): Hmm yay a ya

(I): if you have any factor one of the first things that you notice when you check this criminal groups there is always somebody in the criminal group that has a strong connection in the bank credit institutions because if you have somebody who is dishonest he is not gonna report the transaction

(R): ya

(I): so again you can have the best legislation in the world but its all comes out to people you know and the same goes for enforcement the law enforcement has the instruments almost almost all the instruments especially at EU level more or less they they they will legislation is developed lets say even way but ah sometimes there is no culture of fighting organized crime because people do not see organized crime as an issue as I said when you when you are working in a in Netherlands and somebody and an Italian restaurant opens on the other side of the road ahhh you know you don’t realize you don’t see a problem you don’t even start digging you don’t start looking you don’t start asking questions you don’t wonder what goes on

(R): ya

(I): as the same thing happens in your own country ahh you talk to people you hear the accent you you see the way move they behave at least as a law enforcement officer you get a doubt like you will check who these people are and how they opened the restaurant no

(R): ya

(I): this is the thing but end of the day if an Italian person opens a restaurant in the Netherlands and he says this to them I received from my father who died and left with two million euro nobody is gonna check is this true you know

(R): and then you think that people’s perception you know is an important ah you know factor to to deal with these ah these kind of phenomenon?

(I): of course always its probably the biggest because you can always apply different legislation for example you have Italian in Italy as I said has the 416*-bis* legislation if you want to cooperate with another country may be the other country can open the case not for criminal organization but for drugs they can say okay we open a case for article 74 instead of doing 416*-bis,* then 74 609/90 but this country need to have the will to do this so they understand we have a problem let find the best possible article of the criminal court to solve this problem locally we don’t have mafia in the legislation but may be if you give us the mafia information we can proceeds for money laundering or we can proceeds for drugs something else but if this country does not perceive this as a problem they are gonna say look these guys are not doing anything anything for us for us it’s not an issue so awareness is really an important part for any effective strategy you know

(R): ya and ah also hmm I mean what aspect of ahh current anti money laundering legislation can be improved in your in your in your view you know to to deal with these with these phenomenon

(I): well I am not ahh am not Guardia di Finanza finance officer so I am not an expert on ahhh money laundering legislation the only aspect that I would say should need to be improved s the the organized crime aspect which is what I always been working on for for for financial crime you should speak to a Guardia di Finanza but that’s for me is the best ah the best thing to improve and then at the European level I think Europe should step up in jurisdiction based on confiscation because that has been really effective in Italy the so called follow the money approach and ahh ahhh bank also is very difficult to apply because especially countries that come out of ahh say totalitaristic ahhh history ah eastern European countries came out of comunism where state took property of your ahh of your goods with no particular problem for them it’s very difficult to ah establish system by which you can confiscate somebody’s property without a criminal conviction so again it’s a mixture between a legal problem challenge a cultural challenge you know

(R): ya

(I): so, law conviction-based confiscation I think is is a big solution it goes hands in hands with the mafia ahh definition the two things go hand in hand but I think we are far away on conviction-based confiscation

(R): and then how can the effectiveness of the counter organized crime policies ahh be improved can be improved in Europe?

(I): well ah Europe as you know the European policy cycle you European union policy cycle which is let’s say established based on the priorities set by Europol and then endorsed by ahh the council of the European union is a good start because it ensures that we have some common priorities a at European level and b that there are funds European funds even to support this priority and c that law enforcements start working together there is let the working around uninterrupted ability where information exchange etc etc so that’s a good start now unfortunately hmmm the problem is that its still we are still talking about ah something that is not even ten years old because the first policy cycle was in twentieth century nine years so it’s a fairly new way of thinking but lets say that joint and combined operations that is the way to make things more effective so you have for example the possibility of establishing joint investigation teams by European union legislation that is a very effective tool ahh in that I think is the future so to work together as if you were one country because inside the European union especially in the Schengen area there are more borders so criminal groups move around as if they were moving around in their country so what can what can counter act this the possibility for police force to operate as if they were in their own country so harmonization legislation must as possible and possibly to work with joint investigation teams because that’s means that every element which is grabbed by any member of the team can be used automatically in the other country for that I think is the future that’s the integration you know

(R): ya and then I mean the last question you know that Brexit is going to happen ah in October probably and then then what is your opinion potential on the potential consequences of Brexit on Italian Russian organized crime proceeds ah in the UK real estate market ah I mean in the legitimate economy hmmm based on your knowledge?

(I): well ah to be fair the first thing that comes to my mind because ahh its not directly let’s say linked to Brexit but its directly linked to economic crisis when there is an economic crisis look at the example Greece for example ahhh the the the the economy struggles for cash so people who have the possibility to raise cash they are keen in the fore front in fact the saying cash is always king cash is king and if ahh if if if no deal Brexit for example takes place or if the economy the UK economy suffers from Brexit that means going to a recession that means there are a lot of businesses will be struggling for money they will be struggling to keep open the pound will go down that means if you have money stacked away somewhere else you will be able to invest the large amount of money in the economy that is gonna be that is for me is the first reason the second reason I think it’s more long term rather than the short term is that when the legislation will sperate ahhhh if this will open because then the united kingdom would have for example ahh lighter legislation compared to the European union a lot of criminal will move over there a lot of criminals will move over there at the moment as we ya as we we are now the united kingdom is bound by EU legislation so criminals they on on many aspects they they find the same counter strategy in Italy as they found the UK this could not be the case in the future so cooperation would be much more difficult so now you can just cooperate with a click of mouse you can send the residential information to the united kingdom after Brexit it depends on the depends on the deal they strike but ah probably more complex exchanging information would be more difficult

(R): okay okay thanks thanks thank you very much for your time and that’s it ya

**Research Participant**: I9

**Date:** August 2019

**Location: England**

(R): ok then let’s start if you ah can tell me what is the criminal making process for the investment of the organized criminal groups based on the ethnicity in the legitimate economy and if you can please tell me how is it applied in the real estate sector by this organized criminal groups?

(I): sure I think the most important thing say from my perspective is that ahh decision making for criminal investment into the legitimate economy isn’t really that much based on ethnicity because no matter who you are where you come from certain economic principles you will abide to so for example in the UK the UK proxy market especially in London is very high value it is only going to crew overtime hm wait and see what happens after Brexit but it is a very stable place to hide your criminal divide that process the UK property market and its unlike other forms of money laundering you don’t really lose money on it hmm it will own you current value and if you are buying properties through complex corporate structures for example is very very hard for law enforcement or anyone else who need to identify where those assets come from or who they actually belong to hm so those that’s the main reason why they come here to invest

(R): ya and then what are the key characteristics that distinguish Russian organized crime and Italian organized crime in the legitimate economy and if you can please provide some examples about their modus operandi in the real estate market?

(I): sure say on the entirely insights our our intelligence or any intelligence on the organized crime isn’t that great in the UK because I don’t think they hmm they invest as heavily as the Russian organized crime groups and in our experience where Italian organized crime sought of registers companies in the UK they done it directly so they register directly UK companies house to sell their companies and their money laundering structures on the Russian side of things they are little bit more complex with what they do so they use thousands of fund companies ah various corporate structures they tend to use in European states like Latvia Lithuania like a stepping stone to get into into the central Europe ahhh that will use (word inaudible) crime dependencies and they use territories and they use places like Cyprus and Malta that’s offer visas ah money etc hmm and they tend to use UK individuals to help facilitate hmm the acquisition of property companies assets etc here hmm so it’s a clearly clean break between the Russian organized crime and what they want to be seen as legitimate UK assets

(R): yay a and then I mean how vulnerable is the real estate market to the infiltration of organized crime based on ethnicity and if you can you tell me if you have found found any cases of Italian Russian organized crime in the UK real estate sector?

(I): sure in terms of infiltration I wouldn’t say that because it requires a certain amount of technical expertise to get around compliance and rules ahh and all the other requirements for purchasing properties in the UK as said they are trying to use UK individuals or enablers with that specialist knowledge rather than trying to infiltrate the market themselves hmm quite frankly they they content with keeping a distance between themselves and their actual assets I think that’s the key product so by infiltrating themselves are essentially putting themselves in a difficult situation if anyone starts looking at the properties they are trying to invest

(R): and then I mean what are the requirements for a real estate transaction to be targeted as a suspicious money laundering transaction in the UK

(I): so the process of crime act requires and the money laundering regulations in fact require hm high value dealers which include (word inaudible) real estate sector to report any financial transaction hm where they suspect only hmm that the involves some criminal proceed or is attempt to launder money etc. hmm and they may have to report to UK financial intelligence unit hmm and so regulated requirement so if they fail to do that so then there ….there are there are criminal offences which can be brought against the organization which failed to do so

(R): ya and the I mean can you shed some light onto UK real-estate market?

(I): so the UK real state market is obviously a key risk area for us for the mentions for the reasons I mentioned before so hmm high prices ahhh the value is on the evidence (word inaudible) which obviously makes it very attractive to people hmm and the moment corporate transparence is is reasonably easy to set up companies which obscure ownership hmm the actual beneficial owners of that property is hm whether we try and stop that hmm at the moment it’s a key issue for us hmm some of the issue is not necessarily for law enforcement but for society in the UK in general is obviously those housing prices are inflated because there so much overseas development so much overseas investment hmm and it makes it harder for people living in London actually UK especially the first time buyers to acquire property

(R): hmm okay and then I mean what are the criminal instrument vehicle used by Italian Russian organized crime to place their dirty money in this economic sector?

(I): so (word inaudible) before complex financial structures for example hmm they may they may use more complex instruments such as ahh bonds and securities however our intelligence acquire isn’t is we don’t have much intelligence thing that because they are so complex it requires high level of knowledge from a professional enabler hmm so he will tend to use those enablers to facilitate that sort of that’s what laundering for them hmmm but other than other than that cash involvement is obviously big one ahh ahhhh trade based money laundering is enough one as well so fake invoicing ahhh shipping goods which don’t exist you know ahh sort of thing there hmm ya that’s what I think

(R): and which are the new financial instrument used by the organized criminal groups based on ethnicity for money laundering purposes in the legitimate economy and if you can please provide some examples about about their use by Italian and Russian in the real estate market particularly in the UK?

(I): so it’s not so much of financial instrument ahhh corporate structures like trusts example partnerships and they have different reporting requirements and (words inaudible) I should probably where is that orga.. criminal organizations will try and use that the one which is easiest for them and requires less information’s so something we are looking at is so and so corporate transparency forms hmm in terms of actual financial instruments I don’t think any the decision to adopt one over the other not really based on ethnicity is based upon what is more effective for them to launder their money what gives them the best returns and what is the safest for their investments

(R): okay and then I mean what are the crime facilitators for the Italian Russian organized crime in the real estate market?

(I): ya so number one as I mentioned is hmm those solicitors’ accountants ahhh or hmm other people who have knowledge of this sector who are able to hmm facilitate the acquisition of property hm helping scheme ownership how limit the money travels well ahh to and from from those properties

(R): ya and then ahhhh hmmm for example you have a did you find any spe.. specific cases you know ahh that in this case ahh like involved the ahhh you know these this kind of crime facilitators ahhh linked to Italian Russian do you have any specific case in UK real estate market you found?

(I): we have got no cases which are in the public knowledge however we do investigate organized criminal groups on a regular basis making use it professionally

(R): ya okay and then what are the consequences of investment of criminal proceeds for both law enforcement and economic development in the real estate sector?

(I): sure without repeating myself on on the cause for for people looking to buy properties in the UK and the inflation of the market rises hmm obviously a big reputation for the UK law enforcement and the UK in general because the UK is such a strong and stable financial center ah it also means that its very attractive to criminals who are seeking to launder the money through our markets we have excellent access to European markets financial markets and we have excellent access to Asian and American markets as well so London if you look into the money it is a good place because for the same reason this is legitimate investment hmm not being able to stop that criminal activity would have you know far reaching implications (word inaudible) and we don’t want to be say we don’t want to be ahh a place where criminals can launder money without any sort of response from us and we want to make it as clean economy as possible you know and say for legitimate investments

(R): ya and for example about crime facilitators do you have ahhh if there are specific requirements you know for them to report a real estate transaction that can be target suspicious?

(I): yes so much the same as ahh as I mentioned before on the proceeds of the crime act members of the regulated sector of which these enablers typically are so solicitors, convincing lawyers ahh accountants ahh full range of them and high value deals as well do you have reporting requirements on the proceeds crime act hmm they have to submit ahh suspicious activity report in the UK FIU for you own suspicion and that’s the barrier of entry so slight suspicion they have to send one in and failure to disclose that is a criminal offence

(R): okay and then ahh the magnitude of suspicious real-estate transaction for money laundering activities by organized crime based on ethnicity increased in the UK ahhh ahhh real estate sector I mean in recent years?

(I): so in terms of ethnicity don’t have an answer for that one and in terms of increase yes so the number of source relating to hmm the real estate sector has increased however one must bear in mind that that could be an indication of reporting by the sector as opposed to there is an increase in transactions so I will hesitant to draw and conclusions from that

(R): ya and then I mean how does the financial system access money laundering risk in the UK real estate sector?

(I): so ah if I am getting your question correctly each financial institution will have a (word inaudible) space required by the EU and UK money laundering regulation determining the risk level with customers they have to do customer due diligence and continue diligence hmm and they will make risk assessment based on customers activity to wherever they high low medium risk in term of money laundering or any there criminal activity and then they they are supposed to basically determine whether they continue that business relationship based on that risk assessment hm sure when suspicion comes to light obviously they report to UK law enforcement hmm and here in national economic crime center we are developing our relationship with the private sector more strongly we have got our flagship to improve the joint intelligence money laundering intelligence task force hmm which basically brings together an operational level, UK law enforcement and ahh the compliance of many financial instructions ninety five percent pass of them hm so basically discuss case work hmm which is away to law enforcement and intelligence shared between them and we are looking to build neck with neck and basically include them in more strategic discussions so we can understand what can be done you know as a collective not just law enforcement but also the private sector as well to mitigate the risk of money laundering and other forms of economic crime

(R): ya and then ah I mean how is the UK legislation devised to control this phenomenon?

(I): okay so as mentioned the proceeds to crime as the flagship money laundering piece of legislation alongside that there is a number of regulatory measures such as the money launder legislations hmm at part sort of ah related bodies are have regulators above them above that is that is (words inaudible) to prevent to make sure that the standards of procedures are are adequate hmm and basically is the requirement of the regulators to in sometimes investigate those organization which are regulation failures to comply with regulations in place hmm so there is quite a lot of actors looking at money laundering trying to mitigate in some capacity hmm our work here is basically trying to bring everyone around the same table and to joint work quite regulate so ya

(R): ya I mean what are the legal loopholes and weakness of the UK real estate legislation that make UK real-estate market vulnerable to the infiltration of organized crime?

(I): so so previously issue around ahh the real estate market in the UK as I mentioned was lack of reporting from the sector they are regulated we gained more advantage out there they are (words inaudible) caught and I think that’s reflected in the increasing suspicious transactions reports from ahh from them to the UK FIU and in terms of weaknesses obviously quite frequently was the it was corporate transparency ah something that the UK is kicking over very very frequently and repeatedly hmm but we are taking steps now to address that so we recently introduce persons of significant control regime which requires completed reports ownership all control of over 75 percent by people the percentage is wrong ya that’s one then ahh we are doing that and we are reforming trusts ahh in line with the fifth money laundering directive from the EU ah and we are also hmm introducing reforms of our companies house regime as well hmm because companies house at the moment needs to expand it needs to adopt more powers and it needs to ah be more efficient in ensuring that the information provided by individuals and companies is accurate and correct

(R): ya and then ahh I mean what are the characteristics of ahh UK money anti money laundering legislation to combat this phenomenon?

(I): hmm I think I have covered that in the other one

(R): ya if you have you know something that you want to add you know

(I): so so I am gonna highlight the value of the public/private partnerships because ahh the private sector it holds a vast amount of information about ahh what they can suspicious suspicious activities hmm they are at the front line we are depended on them to report to us for example as well and also to a certain extent many of these commercial transactions have lot more money resources than government departments do and are better able to resource ahh intelligence assessment and unethical products to identify risk areas topologies methodologies in money laundering hmm and we wanna jump into that ensure that we can merge the two what we are doing and have a better picture of what is going on

(R): ya and then I mean what are the legal loopholes and weaknesses of the UK anti money laundering legislation that makes the real-estate vulnerable to infiltration of Italian Russian organized crime?

(I): as I said I don’t think infiltration per say is an issue in the UK primarily because the whole point is to hide your assets here and the moment you start infi.. the moment you start infiltrating market hide your assets they create it creates a easy way for law enforcement to jump on and identify where where you are active hm so I think they want to avoid as much as possible and would rather use UK individuals to acquire these properties

(R): yay a I mean ahhh and did you find any cases about people who are linked to this ahh illegal activities you know ahh of this criminal organizations in particular?

(I): yes, so a big body of our work is the identification of individuals who who are facilitating this activity

(R): and then what aspect of the current UK anti money laundering legislation can be improved?

(I): I think our anti money laundering legislation ahh is on the way to being improved already hm I think that at the moment its not so much of a case of improving the legislation as it is better enforcing the legislation already in place so ensuring that we have the right resourcing ensuring that we have the right people around the table and ensuring that we all working together to resolve the issues that we are facing

(R): ya and then how can the effectiveness of the counter organized crime policies can improve in Europe?

(I): hmm better information sharing ahh obviously there is mutual legal assistance treaties investigation teams can be set up etc. hmm but if the information flare between UK and states could be a little bit easier hmm and more proactive that would be better hmm European countries can also use our model with public private partnerships to increase their the level of understanding on threat areas and also ahh response not just as issuing a criminal conviction but how do we change the system itself to prevent activities from taking place

(R): ya and then the last question you know that Brexit is going to happen and then what is your opinion on the potential consequences of Brexit on Italian Russian organized crime proceeds in UK real estate market?

(I): so this is a very hard question to answer you can appreciate hypothetically speaking if if the UK property market crashes because or hmm UK economy investment ahh bodies aren’t as attractive because of less access to European markets for example OLS markets less access to markets abroad and it may be that foreign and criminal investors would look to go to a more stable economy to do that and say they might go to France for example or to Germany instead however it is really depended on what happens it is really difficult to say

(R): yay a ya and do you think that you know this kind of ahh historical situation cannot be like an asset for the investment just because you know tis gonna be the initial phase of this process

(I): ya as I remember many … if they are acquiring properties its along term investment so then not gonna all of a sudden decide to sell their properties here because you know there might be some short term uphill with Brexit in terms of property prices economic issues but in the long term the the prices are just gonna recover and accumulate anyway so if they if they had a property here for twenty years well they move it now twenty years since it happened

(R): and for example to this to this event are you planning you know as a national criminal agency you know specific measures you know to ahh I mean or improve you know these kind of ahhh ahh hmm you know this ahh this ahh improve the opportunities you know to combat this phenomenon then if you are planning you know

(I): ya I mean Brexit is not the end of the world for us we work in very very frequently now ahh with our European partners to establish ahh clear methods of information intelligence and joint working in case you know worst scenario occurs in Brexit I think we are in a good place I don’t think it would you know the light turns the light off tomorrow as soon as Brexit happens I think we will continue to work very closely with our European partners ahh I think its silly not to because we share a awful amount of information intelligence with our European partners and vice versa each of which assist us tremendously and nothing we can do a lot better together

(R): ya okay perfect thank you

**Research Participant**: I10

**Date:** September 2019

**Skype interview**

(R) Perché le organizzazioni criminali vanno all’estero? Può fornire degli esempi che dimostrano la presenza di organizzazioni criminali mafiose in territori stranieri diversi da quelli di origine?

(I) Allora le organizzazioni criminali decidono di andare all’estero perché la nostra normativa soprattutto per quanto riguarda il sequestro patrimoniale e la lotta alla criminalità organizzata è molto più stringente rispetto a quella di stranieri di paesi anche della stessa Unione Europea che dovrebbe essere armonizzata almeno la struttura diciamo almeno della confisca e del sequestro dei patrimoni derivanti da attvità illecite trovano una facilità molto più ampia nell’ investimento di capitali provenienti da attività illecite in Italia ma non solo non parlo solo di criminalità organizzata di stampo mafioso anche di criminalità organizzata che bastano tre persone per creare il gergo di criminalità organizzata anche derivante dalla produzione di fatture o comparazioni di stenti che vengono utilizzate come gruzzolo da poter investire in società all’estero che stiamo proprio investigando in questo momento in questi giorni su una attività criminale di soggetti italiani che hanno deciso di costituire delle società conduit all’estero dove poi far transitare dei dipendenti che non vengono pagati le ritenute previdenziali e quindi tutti i contributi assistenziali in società estere che poi vengono fatte sparire dopo un anno quindi c’è il doppio vantaggio di collezionare nella frode dell’IVA nel territorio italiano nel territorio estero e in più i contributi che non vengono pagati questo perché il disallineamento di strumenti anche con lotta alla criminalità organizzata nel senso inteso in senso lato perché noi pensiamo sempre alla mafia ma non è solo la mafia la criminalità organizzata e sono strumenti che purtroppo e che per fortuna in Italia noi abbiamo e che abbiamo ben strutturati nel nostro codice penale e da diverse decine di anni mentre stranieri paesi come ad esempio l’Olanda mi viene in mente dove ho lavorato insieme al Colonnello (Name of a law enforcement officer) che lì l’aggressione patrimoniale non c’è mai stata se non fino all’anno 2015 quando finalmente hanno deciso di recepire su pressione anche dell’Italia e della stessa Europol la normativa antimafia in materia di aggressione ai patrimoni illeciti, per citare un esempio nel momento in cui si va ad eseguire la rogatoria internazionale di arresto di una ‘ndranghetista in Olanda gli olandesi non gli sequestrano il patrimonio hanno trovato un milione di Euro cash nell’appartamento la moglie si lamenta non riesco a vivere, non riesco a sopravvivere gli lasciano cinquecento mila Euro questo in Italia non sarebbe mai potuto succedere perché sarebbe stato sequestrato l’appartamento, il denaro contante, le autovetture perché abbiamo una struttura molto più capillare in materia di sequestro parimoniale rispetto ad altri stati. Un’ altra ragione è la capacità di investigazione delle forze di polizia italiana che vengono da una tradizione molto più adeguata alla struttura criminale in senso generale perché noi abbiamo avuto la mafia, le strutture mafiose, quindi le organizzazioni criminali di stampo mafioso per un certo periodo unite anche a quelle del terrorismo di sinistra che c’hanno consentito di strutturare anche la mentalità dei nostri funzionari, agenti sul campo in maniera molto più aggressiva e molto più con un occhio verso l’aggressione patrimoniale che altri stati purtroppo non hanno.

(R) Quale è il processo decisionale posto in essere nello specifico dalla mafia italiana e quella russa per investire i loro proventi illeciti nell’economia legale? Come è applicato nel mercato immobiliare inglese se ne è a conoscenza dalle organizzazioni criminali italiane e russe?

(I) Allora per quanto riguarda l’organizzazione criminale mi è capitato anche recentemente che sul mercato inglese un’ organizzazione criminale italiana mista composta in realtà da italiani e inglesi partiva sempre dallo spunto dalla frode in materie di accise e di alchool in senso generale perché lì c’è disallineamento anche di accise e di IVA più o meno sui prodotti superalcolici in Inghilterra l’accisa è molto più alta rispetto a quella italiana ed è ovvio che conviene introdurre il prodotto in contrabbando in Inghilterra poiuttosto che introdurlo in materia legale ovviamente, un po’ come per le sigarette, il prodotto in contrabbando viene pagato cash al momento in Inghilterra i soldi devono essere reinvestiti in qualche modo e noi abbiamo scoperto un sistema per cui un soggetto che era a capo di un’organizzazione criminale in Italia e in Inghilterra questo denaro veniva cambiato nei vari money transfer e reinvestito in appartamenti, in palazzine in Inghilterra come provento del riciclaggio quindi il mirato presupposto era sicuramente quello di della frode e dell’accisa sia in Italia che in Inghilterra e il provento veniva poi cambiato in Euroe reinvestito in Italia per alcune percentuali per altre percentuali veniva reinvestito direttamente in Inghilterra presso con la costituzione di appartamenti, altre società che potevano essere società di comodo da far finire dopo un anno un anno e mezzo per la loro esistenza e quindi vengono le società costituite apposta per riciclare ulteriormente soldi, no perché io dalla parte illegale il denaro deve essere pulito in qualche modo e l’unica soluzione o una delle soluzioni è quella di costituire una società che fittiziamente sono operative per un anno un anno e mezzo in quel modo io i soldi li reinvesto in locazioni di appartamenti o di uffici per cui la società deve essere messa, presente in Inghilterra o in altri stati e quindi io poi riesco a produrre un reddito pulito per quei soldi sporchi.

(R) E quando le organizzazioni criminali italiane e russe decidono di investire i loro proventi illeciti nell’ economia legale e poi anche nel mercato immobiliare inglese hanno un modus operandi differente rispetto a quello che loro hanno nel loro paese di origine?

(I) No, lo standard è sostanzialmente lo stesso, cioè quello che avviene qui in Italia o in Russia avviene anche in altri stati o in Inghilterra o simili, le modalità sono sempre le stesse tranne cambiano ovviamente magari le tempistiche però le modalità almeno da quello che abbiamo visto qui a Venezia sono sempre la costituzione di società, uffici, l’acquisto di beni immobili intestati a prestanome perché poi c’è anche quello, devono mettere degli schermi che possano filtrare la reale proprietà da quella che appare perché poi alla prima indagine si vede subito se il soggetto c’è, il capo dell’organizzazione o i membri dell’organizzazione non intestano i beni immobili a loro o a altri soggetti dell’organizzazione, spesso usano prestanome, ci sono poi bene o male abbiamo visto anche in questa ultima attività per esempio soggetti albanesi che offrono un service della tipologia di prestanome cioè io ho un pacchetto di prestanomi da dare a questa organizzazione piuttosto che a quest’altra, questo è un servizio che viene pagato dall’organizzazione criminale che vuole costituire società in Euopa, in Inghilterra o in altri stati, quindi l’organizzazione criminale si serve di un chiamiamolo un service esterno all’organizzazione che gli fornisce dei prestanome per metterli come schermo per farsi che quando faccio una richiesta di asset recovery attraverso i vari asset recovery office che sono in tutto il mondo non riesco a risalire immediatamente alla proprietà del soggetto, in altri casi invece vengono costituiti dei veri e propri trust, il trust finanziario oscura la proprietà dell’immobile o del patrimonio in quel modo è molto più difficile poi risalire alla varia filiera e arrivare alla proprietà reale perché bisogna andare dal commercialista, dal notaio che ha materialmente il contratto di trust e quindi è molto più complicata e può essere effettuata attraverso attività rogatoriale o di indagine europea.

(R) E per esempio quando le organizzazioni criminali decidono di investire all’estero ha rilevato la presenza di una comunità italiana rappresenta un fattore di spinta per le organizzazioni criminali italiane per investire in quel paese o loro decidono di investire indipendentemente dalla presenza o meno diciamo di connazionali?

(I) Allora solitamente si avvalgono di connanzionali no perché poi in realtà è molto più semplice per una questione di veicolo linguistico. Racconto un solo aneddoto perché io ho lavorato anche a (Name of Italian city) per anni il procuratore all’epoca è (Name of a prosecutor) che adesso è procuratore capo a (Name of Italian city) raccontava sempre quest’aneddoto a noi giovani ufficiali che lavoravamo sul territorio, quando la caduta del muro di Berlino per le intercettazioni nei confronti delle organizzazioni criminali di stampo mafioso dopo la caduta sentivano i vari emissari palermitani che dicevano ai compratori che avevano mandato in una parte del mondo in Germania che cosa dobbiamo comprare e dicevano comprate tutto concessionarie, società, ristoranti comprate tutto perché poi dobbiamo riciclare il denaro, ecco questo è la metodologia, ovviamente nel tempo si è affinata perché si avvalgono di commercialisti, di studi contabili specializzati e hanno di formalità italiani ma anche da società totalmente estranee all’italianità quindi al territorializzazione ormai c’è un servizio a livello mondiale possiamo definirlo così di soggetti che si prestano a certe tematiche quindi “a certe attività imprenditoriali” a servizio della criminalità.

(R) Quanto è vulnerabile il mercato immobiliare dall’infiltrazione delle organizzazioni criminali italiane e russe? Può dirmi se ha ritrovato casi riguardanti infiltrazioni di organizzazioni criminali italiane e russe nel mercato immobiliare inglese?

(I) E’ vulnerabile dal momento in cui mettendo sempre dei prestanome, ovviamente non si riesce mai a risalire alla reale proprietà proprio che quando si acquisicono degli immobili di un certo prestigio e quindi di un certo valore solitamente negli stati vengono fatte delle ricerche più o meno approfondite, il problema è solo uno è che queste ricerche approfondite le possono fare le forze dell’ordine e tra l’altro l’altra alternativa è quella di affidarsi a delle agenzie private che facciano uno screening precedente all’acquisto dell’immobile, questo però non ci risulta che viene fatto, tra l’altro perché in regime di economia di mercato piuttosto libera e chi vuole la domanda e l’offerta quando collimano non c’è nessun problema sotto questo punto di vista l’importante che ci sia più sul denaro, ecco chi vende solitamente guarda più sul denaro piuttosto che al soggetto a cui sta vendendo e in aggiunta se ci mettiamo soggetti che sono prestanome, delle società che sono fittizie o dei trust, a quel punto è completamente impossibile risalire all’originale il proprietario del futuro immobile.

(R) E ha ritrovato casi riguardanti infiltrazioni di organizzazioni criminali italiane e russe nel mercato immobiliare inglese?

(I) Allora di organizzazioni criminali italiane sicuramente si abbamo avuto il caso recente di acquisizione di immobili proprio in Inghilterra proprio a Londra però russe sinceramente no.

(R) Quali sono i requisiti per considerare una transazione finanziaria come sospetta di riciclaggio in Europa ed in particolare in Inghilterra nel settore immobiliare? Come viene identificata per essere definita tale?

(I) Ci sono degli allert che sono a livello di FIU Financial Intelligence Unit a livello europeo ha un network di controllo delle transazioni finanziarie per cui se sono superiori a determinati importi vanno segnalate, se sono provenienti da soggetti con procedimenti penali, questo è un altro allert che emerge, se provengono da società di comodo la lista a livello europeo Eurofisc che è l’agenzia europea a cui fanno parte di cui fanno parte tutte le autorità fiscali europee stila una lista di (words inaudible) di congruit a livello mensile per cui tutti gli stati conoscono quali sono le varie stati membri e quindi a livello un pò più globale quali sono le possibili congruit le possibili (words inaudible) con degli indici di rischio che possono a quel punto scattare in caso di transazione, sicuramente gli acquisti provenienti da trust vengono sempre controllati doppiamente, in più ci sono delle aree geografiche che vengono tenute sott’occhio come per esempio la Russia come possibile infiltrazione di criminalità organizzata di stampo russo queste sono un po’ le macro aree degli indici di rischio che vengono utilizzati per segnalazioni di operazioni sospette.

(R) Può darmi qualche informazione riguardante il mercato immobiliare inglese?

(I) Non nello specifico, so che perché ci siamo passati insomma in questi anni di indagine, insomma degli investimenti fatti da soggetti italiani per effetuare frodi in particolare e quindi poi riciclare successivamente.

(R) Quali sono gli strumenti di riciclaggio utilizzati dalle organizzazioni criminali italiane e russe per investire i loro proventi iileciti nel settore immobiliare?

(I)Allora sicuramente la costituzione di società queste possono essere più disparate, abbiamo avuto un caso un paio di anni fa’ in cui un soggetto italiano quindi una società operativa italiana a tutti gli effetti con un importante volume di affari per pulire parte del denaro che veniva utilizzato per la corruzione a livello locale in particolare collegato allo scandalo del Mose per cui noi abbiamo fatto le indagini qui su Venezia potersi costituire una società in Inghilterra che era fittizia in realtà era una società che doveva produrre una certa tipologia di prodotto ma poi quando siamo andati a fare una richiesta di assistenza giudiziaria bilaterale ci siamo resi conto che era in un appartmento con due persone e quindi non poteva essere materialmente una società produttrice di quel prodotto e soprattutto non poteva venderlo quel prodotto in Inghilterra proprio perché non aveva la capacità, quindi era una società schermo con una stabile organizzazione all’estero che è stata costituita solo esclusivamente per riciclare i soldi e quindi per avvantaggiarsi di quel gap di anche imposta che c’è tra Italia e l’Inghilterra, soldi che poi venivano investiti per la corruzione quindi per pagare i funzionari pubblici per altre tipologie di reati.

(R) Quali sono i facilitatori criminali utilizzati dalle organizzazioni criminali italiane e russe per questi investimenti illegali nel settore immobiliare?

(I) Sono sicuramente gli studi commerciali, quindi i commercialisti residenti in Inghilterra che usano che hanno una consuetudine piuttosto diffusa nel fare investimenti di questo genere, in più segnalo perché poi questa è una tematica nuova in cui ci stiamo addentrando è quella dell’ alternative banking platform, ci sono società inglesi poco recentemente le abbiamo una sott’occhio che fa, funge da banca pur non avendo i requisiti della banca, quindi sono delle piattaforme digitali di reinvestimento di capitali che quindi svincolano da quei controlli antiricilaggio e quindi tutta quella normativa che deve essere assoggettata ai money trust piuttosto che alle banche agli istituti di credito naturali e che quindi utilizzano i soldi e quindi soventemente sono molto più frequenti per l’utilizzo di denaro proveniente dalla attività criminale.

(R) Quali sono le conseguenze derivanti da questi investimenti illeciti per quanto riguarda le forze dell’ordine e lo sviluppo economico del mercato immobiliare?

(I) Sicuramente una falsatura del mercato perché poi sono soldi che vengono immessi in maniera cospicua sul mercato, il lavoro nostro delle forze dell’ordine è sicuramente svantaggiato perché poi bisogna fare delle indagini finanziarie ad ampio raggio. Come dicevo prima il problema fondamentale è poi quello che ci stiamo scontrando in questi giorni perché la settimana scorsa sono andato dal PM per un ordine di indagine europeo, ci vogliono mesi prima che un ordine di indagine europeo o la rogatoria venga tradotta e inviata allo stato membro, lo stato membro o stato terzo deve poi eseguire quest’ordine di indagine europeo o rogatoria internazionale, le organizzazioni criminali tendono solitamente a utilizare questo spaziatura temporale anche per poter fare più investimenti possibili perché sanno che il lavoro nostro delle forze dell’ordine in congiunzione con quella dei magistrati ha una diradazione temporale molto più ampia rispetto a quella che può essere dell’investimento stesso.

(R) Lei pensa che la legislazione antimafia italiana e le operazioni investigative delle forze dell’ordine possono considerarsi come fattori di spinta per gli investimenti della Mafia italiana nell’economia legale all’estero e anche nel mercato immobiliare?

(I) Assolutamente si perché siamo più lasciami il termine puntigliosi su questo tipo su questa tematica e soprattutto guardiamo sempre ed esclusivamente al fine delle operazioni e quindi al sequestro del patrimonio piuttosto che all’arresto in sè per sè proprio perché la nostra esperienza si basa sul fatto che se tu togli il patrimonio dall’organizzazione criminale, l’organizzazione criminale poi qui sul territorio non ha più interesse ad investire perché sa che le maglie sono piuttosto strette. Ti faccio un esempio nel 2000 quando c’era il fenomeno del contrabbando in Puglia come Guardia di Finanza abbiamo più volte scritto al Ministero della Giustizia e al Ministero della Finanze per cambiare la normativa perché non c’era una normativa paritetica a quella delle aggressioni patrimoniali di stampo mafioso e il legislatore ha poi introdotto nel testo unico della legge doganale la possibilità del sequestro patrimoniale anche nei confronti dell’organizzazione criminale Sacra Corona Unita che gestiva il contrabbando di sigarette in Puglia da lì ad un anno sei mesi un anno il contrabbando si è spostato in Inghilterra dove la differenza tra l’accisa era molto più alta e come quella con il latte, la normativa non gli consentiva di fare una aggressione patrimoniale anche per quella tipologia di reato, quindi noi con un semplice cambio con una semplice modifica dell’articolo di legge che consentiva il sequestro del patrimonio dell’organizzazione criminale in Italia quindi sequestro del patrimonio intendo tutto dalle autovetture, agli immobili, alle società costituite per fare la copertura al contrabbando di sigarette, siamo riusciti a debellare tutta la organizzazione criminale e tutto il contrabbando proveniente dall’Albania in Puglia in Italia. Quindi a volte questa differenziazione di normativa agevola l’ organizzazione criminale ad utilizzare uno stato piuttosto che un altro.

(R) È aumentato il numero di transazioni economiche con fini di riciclaggio da parte delle organizzazioni criminali italiane e russe nel settore immobiliare negli ultimi anni in Europa e particolarmente in Inghilterra?

(I) Si, è aumentato esponenzialmente perché è un mercato appetibile e poi come ti dicevo in realtà con l’utilizzo di prestanome, di trust, di società di comodo è molto più semplice l’utilizzo del ricilaggio per fini immobilari anche perché poi il patrimonio immobiliare in un certo modo rende una certa quantità è molto più redditizio piuttosto che investire in qualcos’altro di molto più labile.

(R) Quali sono gli strumenti posti in essere dal sistema finanziario per neutalizzare transazioni finanziarie a fini di riciclaggio nel settore immobiliare, specialmente in Inghilterra se ne è a conoscenza?

(I) In Inghilterra è il numero uno per quanto riguarda suspicious transactions reporters sono tra i primi stati dell’Unione anche post Brexit a fornire informazioni agli altri stati in materia di transazioni finanziarie che svincolano da quel canone di normale transazione finanziaria. Tutto il sistema che si basa sulle FIU è un sistema piuttosto articolato e piuttosto rodato devo dire la verità perché ormai sono anni che tutte le FIU quindi i vari uffici di indagini finanziaria a livello europeo sistemi di informazione circa la fenomenologia quale può essere ad esempio l’investimento immobiliare di una certa etnia piuttosto che un’altra, sappiamo per esempio che gli albanesi la criminalità organizzata di natura, lingua albanese è molto attiva in Inghilterra, sono molto attivi perché tutta la parte di cocaina lo gestiscono loro mentre altre organizzazioni criminali gestiscono altre tipologie di brand se possiamo chiamarlo in questo modo. L’Inghilterra è appetibile perché comunque risulta come essere una tra gli stati che maggiormente attivi nel sistema finanziario perché tutte le banche sono tutte dell’ est dell’ oriente sono presenti in Inghilterra e quindi utilizzano come hub anche per finanziamenti del terrorismo in certi casi.

(R) Quale è la risposta delle forze dell’ordine riguardo i crimini economici e finanziari nel settore immobiliare anche a livello europeo?

(I) La risposta è sicuramente quello dello scambio di informazioni tra stati che stanno utilizzando sempre di più la piattaforma Europol per scambiare multi informazioni che prima magari non venivano scambiate per un semplice motivo perché non c’era una piattaforma sicura per poter ospitare questo scambio di informazioni è sicuramente molto più frequente, io ho fatto l’ufficiale di collegamento ad Europol e c’erano un tot di informazioni scambiate, un tot di messaggi, negli ultimi dieci anni e poi tornando su di nuovo dopo due anni dal 2008 al 2019 sono decuplicate le informazioni scambiate a livello europeo tra le forze di polizia perché c’è questa molta più facilità.

(R) Come la legislazione inglese combatte questo fenomeno criminale?

(I) Loro stanno adottando degli strumenti legislativi molto simili a quelli dell’ Italia, hanno ovviamente dal punto di vista finanziario HMRC che è molto specializzato nel settore delle frodi, hanno una fetta molto importante delle forze dell’ordine che sono nel SOC che sostanzialmente sono specializzati nella lotta alla criminalità organizzata. Purtroppo manca una liason tra i due nel senso che il SOC fa solo indagini del tipo lotta alla criminalità organizzata, stupefacenti o altro l’HMRC fa più lotta alla frode, manca proprio lo strumento che è una sorta di Guardia di Finanza a livello inglese, ho riscontrato più volte, il mio capo progetto dell’ HMRC, altri colleghi del SOCA c’è una mancanza di comunicazione tra i due, quindi c’è una mancanza di uniformità.

(R) Quali sono le caratteristiche della legislazione antiriciclaggio per contrastare questo fenomeno a livello europeo?

(I) La normativa è sostanzialmente è le direttive europee in materia di antiriciclaggio, siamo arrivati alla quinta c’è in programma la sesta, sono piuttosto dettagliate, lo strumento è uno strumento comune, il problema è come si intende il reato presupposto per diversi stati membri, ad esempio per alcuni stati il reato di frode fiscale non va a configurare il reato presupposto che è il riciclaggio per l’Italia si per esempio, l’autoriciclaggio lo stesso autoriciclaggio l’Italia ha recepito molto più tardi rispetto all’Inghilterra e la Francia per esempio, purtroppo benchè ci sia una normativa comunitaria che definisca quale è lo strumento antiriciclaggio c’è un deferimento nel recepimento delle normative nazionali.

(R) Lei ha già evidenziato una criticità normativa ne rileva altre della legislazione antiriciclaggio che rendono il mercato immobiliare particolarmente appetibile per gli investimenti delle organizzazioni criminali italiane e russe?

(I) Sicuramente si per l’evoluzione tecnologica rende più difficile nella individuazione di determinati fattori, ad esempio solo nella quinta si è cominciato ad affrontare la tematica dei bit coin e quindi delle monete virtuali, è sicuramente un problema che va affrontato più ampio raggio perché le monete virtuali saranno sempre più utilizzate dalle persone criminali soprattutto italiane e russe per investire perché è molto più semplice creare (word inaudible) delle monete virtuali per poi essere reinvestite in situazioni di mobilità.

(R) Quali aspetti della normativa antiriciclaggio possono essere migliorati?

(I) Sicuramente in Europa nel riciclaggio dovremmo cominciare a definire dei punti fermi ad esempio quelli basati sui reati presupposti che devono essere invece necessariamente riconosciuti da tutti gli stati membri altrimenti se in Italia il reato presupposto l’ evasione fiscale o la frode IVA è un reato presupposto e in Germania no è ovvio che sarà più semplice andare in Germania a effettuare a fare quelle frodi fiscali per il reato di riciclaggio così come in Inghilterra, quindi ci deve essere un allineamento ordinativo da parte dell’ Unione Europea per quanto riguarda la normativa antiriciclaggio.

(R) Come si può migliorare la politica di contrasto alle organizzazioni criminali in Europa?

(I) Sicuramente con un maggior scambio di informazioni, con una normativa che consente indagini finanziari molto più semplici e molto più legate, faccio un esempio noi le indagini finanziarie le possiamo è molto semplice perché anche il comandante del nucleo in questo caso può accedere al sistema di indagini finanziarie e sapere quale è la giacenza dei patrimoni in Italia di un soggetto che è sotto indagine, questo non mi risulta essere la stessa facilità anche in altri stati dove bisogna passare necessariamente il magistrato deve fare questa richiesta, deve fare alla FIU, la FIU deve rispondere, il sistema italiano su questo è molto più strutturato.

(R) Quale è la sua opinione su potenziali conseguenze della Brexit sugli investimenti illeciti delle organizzazioni criminali italiane e russe nel mercato immobiliare inglese?

(I) Ecco la Brexit sarà più semplice per le organizzazioni criminali accedere a questo punto al mercato immobiliare, bisogna vedere sempre i termini di negoziazione tra Inghilterra e Unione Europea per quanto riguarda la parte criminale nel senso che ad ora l’Inghilterra contribuisce con uno scambio informativo piuttosto importante soprattutto sulle indagini finanziarie e le operazioni antiriciclaggio, bisognerà vedere adesso con il deal dell’Inghilterra che questa bisogna essere fatto con un nuovo accordo per fornire queste informazioni ed essendo stato perso a quel punto bisognerà rivedere un attimino la strutturazione della tipologia di queste informazioni, ricordo inizialmente l’Inghilterra non voleva mai contribuire con le suspicious transactions reporter a livello europeo soprattutto a Europol perché non ritenevano che ci fosse un grado di sicurezza dello scambio di informazioni, alla fine poi dimostrando che tutto avveniva su un canale vpn delicato che era piuttosto sicuro si sono ricreduti, bisogna vedere adesso diventando stati terzi poi anche le direttive interne che verranno date a livello governativo, sicuramente è una perdita cospicua in termini generali per l’Europa perché sia da un lato che da un altro perché l’Inghilterra si troverà da sola a fronteggiare determinate problematiche, ci saranno tutta una serie di altre problematiche che dovranno essere riaffrontate ad esempio la prossima esecuzione delle PPO quindi del European Public Prosecutor Office che poi avverrà alla fine dell’anno, bisogna capire in che termini l’ Inghilterra parteciperà a queste PPO in che termini potranno far si che le PPO a livello centrale su Bruxelles possa richiedere ad uno stato a questo punto terzo l’inizio dell’indagine anche in materia di riciclaggio e materia di criminalità organizzata.

(R) Perfetto, grazie.

**Research Participant**: I11

**Date:** October 2019

**Skype interview**

INTERVIEWER: Can you tell me why do organised criminal groups go abroad? And if you can please provide some examples about mafia transplantations in new territories.

PARTICIPANT: Sorry that was very broken, very buckety then, the connection. Sorry, the last half was fine, but if you don’t mind saying that one again. I missed…

INTERVIEWER: Yeah. Why do organised criminal groups go abroad? And can you please provide some examples about mafia transplantations in new territories?

PARTICIPANT: Yeah, it’s a bit better. Why do groups go, why do criminal groups from the UK go abroad?

INTERVIEWER: Yeah, why they go abroad and especially why in the UK.

PARTICIPANT: Yeah. Essentially, again I can only speak from the interactions I’ve had with them. I’ve conducted interviews with them in prisons abroad as well. It’s invariably just market forces. It’s whatever product is, it’s the global economy or business economy reflects the global economy. It’s a small world. They tell me how much of a small world it is. And it’s nothing at all to them now to be able to hop on a jet wherever, or invariably some vehicle transport to bring back in or to arrange a supply of whatever they’re after.

INTERVIEWER: Yeah.

PARTICIPANT: A lot of the time, well I was speaking to the middlemen. Anyone, to be honest with you Emanuele anyone who’s been caught is probably not the top of any particular tree, they’re expendable. I was interviewing a chap once that was in particular debt over here and prison debt, he was a substantial organised criminal, a prison debt had risen. So he was caught, went to prison, his prison debts, they’d expanded so significantly where when he came out he had no choice but to engage again in that lifestyle. He admits he was never going to go straight or keep away from crime in any case, but yeah. But he used that as an excuse, so he had to get more hands-on and he was moving quite a considerable number of [inaudible] But he understood that at that particular point you’re running between Spain and Germany, France was a difficult place in order to convey product, and he was pulled over. He knew he was pulled over, they pointed at, there was no reason for a stop check, they had pulled him over, and as he was on the floor laid down with the guns pointed at him he was looking at other trucks going through and said I’m expendable.

INTERVIEWER: Yeah.

PARTICIPANT: For the other wagons to go on through. So very basically the commodity was such that that crime group decided to go abroad, brining that particular commodity back to this country, because just market forces would dictate that. And they found themselves unable to rule out, or take out of the stream other crime groups, such as, so commonly said, so the Albanians as an example. They found themselves being undercut so much they had to go abroad themselves, because the Albanians could, you know, stock it high and sell it as mass volume.

INTERVIEWER: Yeah. And when they go abroad do they have a different modus operandi abroad compared to their modus operandi of their original country?

PARTICIPANT: No. Where it just differs slightly, again it replicates, like I can’t help, so forgive the constant reference to business, but it replicates business. If I were to open up a business now with Brexit looming I might open up an office, an EU office for example in Belgium and it would replicate identically what I’m doing in the UK, but for some nuances that would ensure that I subscribed to European law. Similar with themselves. The old adage of KISS, Keep it Simple, Stupid, a lot of people are stupid. If you keep it, your instructions clear, concise, to the point, the less factors in a plan that you can, that there are, the less chance it is of going wrong. And people are only given so much of a particular operation, A to B, it doesn’t involved going C to D. So it does very much replicate a UK modus operandi but then again that UK modus operandi might’ve only replicated what was brought to this country to begin with.

INTERVIEWER: Yeah.

PARTICIPANT: So yeah, the more transnational we are the more easily we can communicate, such as this, by whatever communications people are using. You’ll find more common, far more commonalities with the crime being committed.

INTERVIEWER: Yeah. And what is the criminal decision-making process for the investment of organised criminal groups in the legitimate economy? And if you can please tell me how it is applied in the real estate sector by these organised criminal groups, especially by…

PARTICIPANT: Sorry would you mind repeating that one again? I did miss that, sorry.

INTERVIEWER: Yeah. I mean what is the criminal decision-making process for the investment of Italian and Russian organised crime in the legitimate economy? And if you can tell me how it is applied in the real estate sector by these organised criminal groups. I mean why…

PARTICIPANT: [inaudible] through to the investments, is that the point?

INTERVIEWER: Yeah.

PARTICIPANT: [inaudible] investments of criminal proceeds?

INTERVIEWER: Yeah. Why they decide to invest in the legitimate economy, and what is the criminal decision-making process of these criminal groups such as Italian and Russian, you know, and how it is applied in the real estate sector.

PARTICIPANT: Of course.

INTERVIEWER: Yeah.

PARTICIPANT: With respect to the Italians Emanuele I didn’t have a great deal of experience with the Italians. Within Bristol organised crime, south-west organised crime there was always that throwaway comment, anyone with an Italian-sounding surname often displayed themselves, portrayed themselves as being mafia.

INTERVIEWER: Okay.

PARTICIPANT: They wasn’t, from my understanding of it, they wasn’t. They might have a cousin somewhere in Italy, but that was as far as it went. So the experience that I’ve had was more to the Russians, and that was their investments of seeing the UK being a safe environment in which to make an investment, but also an agreeable environment where the regulations, although on paper seem quite rigid, in reality money talks and business, being the capitalist country such as we are, the business flow would be such where the money would be relatively easily invested. It’s simple enough to distance oneself through for example an offshore account in order to wash those funds through, and you’ll know that your investment then is, from the words I’ve spoken to, you could quickly move away from hands-on crime because the investment portfolio within this country attracted huge returns, safer than if one were to, say the Portuguese Italians and the Spanish for example, for the Greek Spanish, you know, for this tumultuous Euro economy. So the investments here, a lot of people have moved away from Spain, which are old-school English villains if you like, you know, that was more of a status thing. If I’m a criminal and I’m a bank robber I’ve got to have a house in Spain, that’s what we do. But yeah it’s quite different from that. But good investments in the UK and that level of offending, they find themselves being able to distance themselves again from their criminality somewhat easier.

INTERVIEWER: And what are the key characteristics that distinguish Russian organised crime and Italian organised crime in the legitimate economy? And if you can please provide some examples about their modus operandi in the UK real estate market.

PARTICIPANT: So nothing I’ve experienced. All I can do from that again is I would have to speak just as an observer with things that I’ve seen. The only experience if you like I had was in Russian property, Russians buying property, and on doing my financial courses and doing my Master’s itself many people, a huge point of discussion, and always, was (Name of Russian oligarch) as an example. And then a lot of people did their work on premier league football clubs.

INTERVIEWER: Yeah.

PARTICIPANT: Yeah. So I haven’t got great working examples of that. Mine would only be academic discussion and me speaking with people like yourself. So I can’t comment really on that.

INTERVIEWER: Yeah. And then how vulnerable is the real estate market to the infiltration of organised crime based on ethnicity, and can you tell me if you have found any case of Italian or Russian organised crime in the UK real estate sector?

PARTICIPANT: I think the sector is vulnerable in two ways. One insomuch as there is just a huge desire to attract investment, especially with Brexit looming, and this was within strategic assessments of the French, Paris in particular, trying to take on the mantle of the City of London. And also recently I was working in Belfast where there’s a huge amount of investment in the city. Belfast, where they saw themselves as a potential future of a UK centre of Europe, of Brexit, with the border there. So I do think there’s a lot of vulnerability insomuch as this country is so keen to remain a country that punches above its weight. We have, since 1945, we’ve been out of our depth. So only within financial investment can we continue with that. That is what I do see again with such investments. They’re also, in relation to ethnic groups huge caution in relation to being seen to be diverse, embracing different cultures, and the perception that an organisation could be perceived as institutionally racist by not investing a particular group of people. I appreciate the lecture given by Tom Rutgers (Fictitious name) the other day, and his experience of Edinburgh of, you know, and the [inaudible] and whatever.

INTERVIEWER: Yeah.

PARTICIPANT: Not for me to speak up then, but I spoke to a colleague of mine and all we’ve ever experienced is completely the opposite. So in order to approach that or attack that, what I’ve seen is in a lot of organisations more diverse employment in order to get that cultural awareness, and they’re quite happy then, my contact within HSBC for example was a very industrious lady from Bulgaria who had a particular penchant against Bulgarian criminals. She felt it was her duty, they were letting herself down, letting the country down, so that she had that mantle. I think overall there’s a perception that no one institution wants to be perceived as institutionally discriminatory towards any particular national group. So that, I am aware of groups exploiting such vulnerabilities. My experience would be that a particular crime type within fraud, certain banks have particular vulnerabilities. If it were courier fraud for example, where you phone up the victim and coerce them into relinquishing some funds or whatever, one of the major high street banks was more vulnerable than the others, so they approached customers of that particular bank. Not again that I’d experienced it, but I would suggest therefore that in particular types of investments other banks, again moving away from your top five, other banks would be just as vulnerable.

INTERVIEWER: And can you shed some light on the UK real estate market especially?

PARTICIPANT: Sorry, can you say that one again, sorry?

INTERVIEWER: Yeah. Can you shed some light on the UK real estate market, about this kind of investment especially?

PARTICIPANT: No. Again it’s just from what I read. It is of great interest to me, but mine would be from literature as opposed to experience from that investment.

INTERVIEWER: Okay. And what are the criminal instruments and vehicle used by Italian and Russian organised crime to place their dirty money in this economic sector?

PARTICIPANT: What are the criminal influences?

INTERVIEWER: Criminal instruments and vehicle.

PARTICIPANT: In order to place them into it is using, my experience of it again is, again moving away from the Italian organised crime, I haven’t personally experienced some of that, and again with the Russians I haven’t experienced a lot of that, probably because the system in which they put on, that hierarchical system, people quite easily blame the Albanians, as an example. But there is a tribute paid further up that food chain. My experience of it, if you were to look at particular crime patterns, as exampled in this country, the Chinese community would be in favour of particular areas of offending which they feel comfortable in. Most, or a lot of, the brothels as an example were Chinese, the brothels that we looked towards were Chinese-related. So I haven’t, from, what it is you’d get, in its simplistic terms you get level one offending, which is police forces, level two would be regional forces, regional collaborations, level three would be National Crime Agency.

INTERVIEWER: Yeah.

PARTICIPANT: They then introduce level, you know, because the region wouldn’t take something on from the force you would introduce level one and a half, level one and three-quarters. Again with the region we’d be dealing with stuff that on paper should be a National Crime Agency issue. So if I were to say at level two, two and a half, probably because of turnaround we weren’t looking at the Russian aspect of it, it’s easy to say, you know, just as a throwaway, but the BBC drama of McMafia would probably be closest to the mark. Whereas if you’re looking at any particular police service looking at that, within that programme there was none. What you were reliant on there was huge regulation, stringent regulation, within the private sector.

INTERVIEWER: Yeah.

PARTICIPANT: So at which point within those particular banks. So the only way that that would really be picked up I think, in order to disrupt that, would be self-reporting of banks. Yeah, self-reporting of banks, or them with their reviews revealing themselves. It’s not something that the police, law enforcement, would traditionally look at. If you then looked at well would the Financial Conduct Authorities take it on, or Serious Fraud Office, again if you looked at the Serious Fraud Office everything’s still rooted down towards that funnel of one decision-making Crown Prosecution Office but in London. And those jobs are so terrifically complex, and so terrific [inaudible] court’s time, where people do veer away from seeing such people in the court system. So I would suggest that before you get anywhere near the top tier of such criminality you would be looking at some facilitators, such as conveyancers, solicitors and whatever, but even within that, as we discussed and as is my experience, there’s not ever been a huge appetite for prosecuting those people either. You take that back then to the general UK opinion, when your average person on the street, it’s not a news item of some banker, or whoever it may be, prosecuted, it’s a throwaway comment. It might get in a broadsheet newspaper as the more intelligent commentary, but people just want to see mass arrests and move on.

INTERVIEWER: And I mean which are the new financial instruments used for money laundering purposes by organised criminal groups in the UK real estate sector?

PARTICIPANT: Sorry, I always just miss the first part of what you say.

INTERVIEWER: Which are the new financial instruments used for money laundering purposes by organised criminal groups in the UK real estate sector?

PARTICIPANT: I think a lot of that is an untapped market from a law enforcement perspective, because I think a lot more is in the digital world. I think not enough credence is given to Bitcoin and other instruments, even within the world of gaming or PlayStations. It seems huge amounts of money moved through, fine I don’t know what it is, a special sword, you know, that’s worth twenty thousand and whatever. People can easily put that value on and they can trade the value of that particular gaming item. So that’s how you can move that money very, very easily. I see a lot more within gambling. The gambling market has moved incredibly with the amount of easy online bookies that you can do, and they move incredible funds. Even more so in the ones such as BetFair where it’s, that’s just a trading platform.

INTERVIEWER: Yeah.

PARTICIPANT: So it’s another area of trading, and I think BetFair, this is opinion as opposed to fact, but BetFair, again they can target the lower hanging fruits by shutting a number of accounts and justifying their due diligence, where they’re allowing far larger transactions to be transmitted because of their two per cent. And again it’s who guards the guards? They’re policing themselves a lot.

INTERVIEWER: Yeah. And I mean what are the crime facilitators for the investment of Italian and Russian organised crime in the real estate market?

PARTICIPANT: Again I don’t know. Again my experience of it would be the legal area. That’s the main facilitator, because in order for anything to be done essentially it needs to be run through the legal sector. That is a huge market, and the more you pay, so say, the better the argument the better the solicitor that you can have. So if there is a breach a lot of it, really generally in English, well all law of course is subjective, bottom line is if you pay your barrister a lot more than the other person I’m sure they can put a far more persuasive argument. And private sector will always, always outgun public sector in relation to legal representation.

INTERVIEWER: And what are the internal checks for lawyers to prevent these economic crimes?

PARTICIPANT: What are the?

INTERVIEWER: Internal checks for lawyers to prevent these economic crimes.

PARTICIPANT: Well within themselves they do themselves, I’ve got some experience now of working with a law company, a criminal law company, and I was somewhat surprised yet heartened with the amount of internal checks that they do do. That said there are particular client bases that they attract that their due diligence is somewhat less than others. Again it’s a subjective test. When one were to define money laundering and you’re the barrister representing, defending a private client, you should have those same checks as where those funds are coming from. But again you can hide behind that façade. So there are internal checks, the solicitors, under no circumstances will I ever think of solicitors being concerned of law enforcement activity, but they are very much concerned with regards regulatory activity and self-disclosure. But again just keeping under that radar, without being greedy, if one were [inaudible], I don’t think solicitors are that concerned. Again some of that is personal opinion coming again. But I do see a lot of regulatory checks, more professional than I had thought, but when the fees are coming in the checks can justify or are consummate to the fees, or the lack of checks, if you like, are consummate to the fees attracted.

INTERVIEWER: I mean what are the internal checks for the real estate communities to prevent these economic crimes, if there are?

PARTICIPANT: For the general community, the checks?

INTERVIEWER: Yeah. For the real estate communities especially, if there are any internal checks for the real estate communities to prevent these economic crimes.

PARTICIPANT: So what do you mean by the realistic communities?

INTERVIEWER: No, from the real estate communities.

PARTICIPANT: Real estate communities themselves?

INTERVIEWER: Yeah.

PARTICIPANT: My ex-partner was in real estate dealing with high value, or high end properties only, usually, well from about three-quarters of a million upwards. The checks were negligible. The reason that they were negligible is they saw themselves only as facilitators of contracts, with each particular party then employing their own conveyancers. Due diligence was nothing more, in what I think is ninety-nine per cent of situations, more than a photocopy of a driving licence or a photocopy of a passport. They therefore believe we have confirmed that person’s identity. A quick Google check would be nothing to them. So within the real estate community, and I do have experience of that, not from law enforcement but on real good in-depth discussions on how such people pay this money, you know, they’re coming up and saying ‘I’m a cash buyer with a million’. All they see from a cash buyer with a million is we can get this deal through. She was excited at her commission. It didn’t dawn on her as to those funds. If I, if the person were to be a cash buyer with an Italian surname and perhaps from Sicily, if she were to have known that I still don’t think it would’ve provoked much concern, because the money was coming in. You know, you could take the owner of Leeds United. Again sorry to refer back to football, but within football the due diligence checks are disgracefully poor. You know, people are proactively turning a blind eye. Why? Because you have two hundred odd thousand Leeds United fans just seeing our club can be saved and we can see the promised land in the future. So again people turn a blind eye to it. She didn’t see it as part of her training that she received from the firm, as part of her responsibility. In no way was she turning a blind eye to it, and she was a most law-abiding citizen, really is, but it was beyond her, and that’s for the conveyancers and solicitors to deal with. All she was doing is a mere deal. But now you’re talking, yeah cash buyers for two million, and all that she needed was a photocopy of a bank statement to say there was two million in that bank, that’s all. No more checks in relation to that. You could perhaps understand that, because if one were to take it to the nth degree the bank should’ve already done that due diligence, not only when the account was opened up but how that two million was transmitted in.

INTERVIEWER: Yeah, yeah.

PARTICIPANT: You know? So it’s, I think there’s too much reliance then going back to the banks on automated transactional analysis. I do do some online betting, I put some stuff through BetFair, this is personally speaking, and I forgot that I’d paid some in by Paypal, I tried to withdraw it a month later, a different account, and it wouldn’t let me. I had to withdraw so much to account for what [inaudible]. I’m sure with just ten minutes, a bit of work behind that, I could transmit it to a different account. I was talking in the hundreds of pounds. What we’re talking now is the hundreds and thousands of pounds. That can easily be done. It’s someone else’s responsibility Emanuele, that’s how everybody looks at that.

INTERVIEWER: And then, I mean what are the consequences of investments of criminal proceeds for both law enforcement and economic development in the real estate sector?

PARTICIPANT: I can’t see much, in its most rudimentary sense the benefits are not law enforcement, nil really. We used to, a lot of the asset recovery, when I started on the regional asset recovery team, a lot of it, there were benefits in pursuing the assets, insomuch as fifty per cent went to the state, and then of that remaining fifty per cent a third went to Law Enforcement Agency, a third went to the Crown Prosecution Service, or it might’ve been slightly more, well about ten per cent was going back to the actual court service itself. There was accusations of policing for profit, with pursuing such funds, and then people have moved away from that. But the advantage of that, and I’m still a believer of that, a proponent of that, because everything was self-funding. So you weren’t policing for profit where the people would get bonuses. We weren’t on any bonus scheme, but it would self-fund, it would allow to pay for more staff, you could then take more funds off people. I still believe in that. In relation to the illegitimate economy I’d often post a question, whereas you read the NCA rhetoric, organised crime costs this country whatever, two billion pound a year or whatever, I was considering, genuinely considering putting a paper together relating to well what are the benefits of that? That two billion is being invested at the end of the day. People are hiding that money. How much? I live on a relatively new estate here, I think there’s about seven thousand houses. How much of this is criminal money? I used to live in a place, Winterbourne, near to here, and there was some building going on, three houses. A house had been demolished, three houses were being put onto that small development, and it was taking two years to put that together. It was always on the weekends, it was always tradespeople doing it on the weekends. But I know who owned that plot of land, I know he was an organised villain. I know that that was money laundering going on at that house, absolutely, in its most simplistic form. But the net result of that was employment over that two-year period for all those tradesmen. What was made from that person at the end? And what I believe it was is that the financial flow, the financial funds, the criminal funds went to pay tradespeople, you end up with a property, but at the end of the day that property is now, it has benefited a community, for want of a better word, the people have moved into it, the criminal receives a rent for it, okay. So from an illegitimate economy I don’t think anyone’s really ever posed a question, and I can never understand why. But that two billion has been invested within this country, and it has to be recycled.

INTERVIEWER: Yeah.

PARTICIPANT: For every, again on its most rudimentary terms we used to survey all robbers, this is going back ten, street robbers, and we’d watch a robbery, see them take the phones, see them take the money, we’d see where the phone went, and that’s not a problem, I can understand how that gets recycled and whatever. But then the money invariably, and I was watching it, this was at that time of young Somalians that were relatively new, we’re talking, yeah had been in the country three or four years, found themselves with little opportunity, some of those robbers, they were not all Somalians of course, but the ones that we were following found themselves straight into the bookmakers, gambled that money in the fruit machines in order to get, your average fruit machine pays back seventy-five per cent of what you put in. They’ll then get that ticket, that’s converted, easy.

INTERVIEWER: Yeah.

PARTICIPANT: But that bookmaker’s now made that money. So yeah for the legitimate economy I don’t think anyone’s posed the question really of the benefit of those illegitimate funds.

INTERVIEWER: And do you think that UK legislation acts as a push factor for the investment of criminal proceeds in the UK real estate market?

PARTICIPANT: Do I think UK legislation…

INTERVIEWER: Acts as a push factor for the investment of criminal proceeds in the UK real estate market?

PARTICIPANT: I’m not so sure. Yeah I don’t know. And again it’s something, much that I’ve said already, that there’s an allowance, you know, people want the money coming in. Yeah, no I don’t, I’m not so sure of that one.

INTERVIEWER: Yeah, I mean like…

PARTICIPANT: I mean I don’t disagree, I just don’t know of…

INTERVIEWER: Yeah, I mean like do you think that the regulation of the UK real estate market can be attractive for this, can be considered as a push factor for this kind of investment?

PARTICIPANT: Well I do, yeah, sorry, again it’s breaking up slightly. But if it’s is the UK an attractive prospect for investment.

INTERVIEWER: Yeah, especially how the UK real estate market is regulated, you know? If you think that this can be something that can act as a push factor for this investment.

PARTICIPANT: Yeah I do. As I said a bit before it’s because it’s a safe environment, it’s a safe market, and once you have invested in that market any onward transmission, any onward sale of that, has huge legitimacy about it because it’s being transmitted from a UK market.

INTERVIEWER: Okay.

PARTICIPANT: So buying then something, you know, from selling funds within the UK, I think that, you know, for America, the United States of America, from a sale within the UK they’d have already been happy with some of the funds just from that investment. So yeah it wouldn’t be considered an illicit transaction if it’s then from a UK market.

INTERVIEWER: And what are the requirements for a real estate transaction to be identified as suspicious money laundering transaction in the UK?

PARTICIPANT: Okay, well the real estate market would fall under the regulated sector. They should have their own MLROs, money laundering regulation officers, themselves. How good are those MLROs? So usually in a firm such as my partner used to, or my ex-partner works for, that’ll be the head of the firm. The head of the firm himself is just looking at his franchise, and that person themselves is just looking at commission. Never, well my partner, when I asked my partner about MLRO and the regulated sector and the obligation and suspicious activity reports wouldn’t have had a clue, had never heard of it. I then spoke with the boss of the firm casually in a social event once and he can recall something, but has never actually entered suspicious activity at all, and yeah it was a tick box in a training event. So that’s not being done. Had it been done it would’ve generated a suspicious activity report, processed then by the NCA. I forget what the last figures were, this [inaudible], it’s a huge amount, but the perception of the banks is that they’re doing their due diligence, submits a suspicious activity report, and such an inconsequential number are actually being acted on. So I would suggest, the amount of suspicious activity reports I’ve looked at, when I receive something, an investigation or a referral, I then interrogate the suspicious activity report database, of you as an example, then it highlights that there are ten reports about you. What has happened is everything’s just gone into that repository and it’s only by chance have I now got those ten reports. So only if someone is actively looking at you or there’s something within those search parameters, those defined parameters, that would activate would people have another look. It might be that the bank has taken on upon itself to say ‘well what we’ll do for the next six months is we’ll have a crackdown, we’ll have a purge on Russian investments. I think we ought to, our due diligence, you know, we all know, you know, we’re due an audit’. So they might well do that, so you’ll see a high amount of suspicious activity reports going in. But again from the real estate sector itself, they’re not putting them in. And the bank then, are the bank putting them in? If they’re happy with the funds, unless you’re really a politically exposed person, where you have that additional due diligence, if your account activity is consummate to your account opening information it would not be suspicious. So would it generate a report itself? Probably not. So for those who should regulate it and report it, if they’re not it remains quite open and fluid. It would, there’s more chance, I would suggest, of then with the revenue and customs, when one is starting to pay stamp duty, as an example, your tax on such investments, it flags to them, on a two million pound property or whatever tax that should be getting paid, that again through the same common denominator, should the same common denominators expose themselves well that would cause the Inland Revenue to open an investigation. Again that could be nothing more than just a letter to somebody to say ‘we need a recalculation, have a look at your taxes’. Well that ends up in an accountant, wherever that may be.

INTERVIEWER: Yeah.

PARTICIPANT: Are then the owners of that property domiciled within the UK? Are they subject to UK tax laws? No doubt no they’re not, and there endeth that inquiry again.

INTERVIEWER: Is the magnitude of suspicious real estate transactions for money laundering activities by organised crime increased, in Europe and particularly in the UK, in recent years?

PARTICIPANT: Do suspicious, has the number of suspicious activity reports increased?

INTERVIEWER: Yeah. Yeah, increased in the last year especially in the UK.

PARTICIPANT: I can’t recall. I did read, no I, they have been increasing year-on-year. I do have the figures somewhere on my computers, I have read it, but that’s again with banks saying that they are doing more and more themselves. But there was also the feedback. I used to have to put on, there’s, annually, or every six months actually, you have to do your suspicious, a review of suspicious activity reports within law enforcement, how good they were for you, the value of them, because the British Bankers’ Association as the lead were saying ‘well it costs us so much money to do it, yet you’re not acting. So why are we doing so many?’ So there has been a year-on-year increase, yes there has.

INTERVIEWER: And how does the financial system assess money laundering risk in the UK real estate sector?

PARTICIPANT: How does?

INTERVIEWER: The financial system assess money laundering risk in the UK real estate sector?

PARTICIPANT: I’m not so sure. I’ll push that one over to the financial. Yeah, there’s so much automated transaction analysis that would highlight it. What are the factors? I don’t know. Going back to the previous question, it could be that banks have said ‘we’re doing out bit, because we’ve just decided that internal audit, we’re going to increase the amount of staff we put on by ten per cent. Don’t care the value of them, don’t care the credibility, let’s just increase it by ten per cent’. They [inaudible] say ‘we’re doing our bit. What are you now doing in law enforcement? All we can do is report it’. So other measures they got in, that’s something I’d have to defer to the banking, to see what they do from their side.

INTERVIEWER: And how can be improved the regulation of the financial system to prevent these economic crimes?

PARTICIPANT: The million-dollar question. It’s just, I believe it is more investment. From a law enforcement perspective you saw, in the late-nineties with the evolution of financial crime departments, and it’s just not the police, you know, all forms of law enforcement, so Trading Standards, local authorities, [inaudible]. If you pursue the money it does have more of an effect, it does make it far more difficult in order for people to transmit and deal with those particular funds. I still believe that by having then a percentage of those recovered assets back to the investigating body, to reinvest in order to, so non-profit making of course, the more financial investigators that there are the more disruptive and target hardening measures can be put into place. If one were to say the amount of suspicious activity reports - and on this of course Tom Rutgers (Fictitious name) would be a good one for this because this is his bag, this is completely his bag - it’s not just the number being reported, the increase, it’s the number being acted on as well. And I would suggest that there’s a huge divergence at that point because the resources in many public sector is becoming less and less, and the reporting might be getting more. So ultimately it’s just a deluge, a tsunami, of reports that one cannot deal with. So now one would look at control strategy priorities, what they might do together with the banks. Let’s have a look at some, how you call [inaudible] that might be related to human trafficking, child sexual exploitation or, flavour of the month, [inaudible] So if we’re looking at county lines for example we’re looking at smaller funds, regular funds, going through particular accounts, smurf accounts. Yeah, I can design a strategy in order to implement a better control strategy around that particular area for a bank, but it depends then what they’re looking at. So if you look at the six control strategy priorities investment of organised crime in real estate isn’t a priority for UK PLC. So therefore who would be investigating it?

INTERVIEWER: Okay, yeah. And what is the response of law enforcement to deal with these economic crimes in the real estate market, at present and its potential future?

PARTICIPANT: I think it’s one again that boils to the conclusion of an investigation, or throughout the investigation, and then certainly upon conviction, it would boil down to asset recovery. [inaudible] higher amounts of course would be something like the Serious Fraud Office, but we do see at level two a lot more people investing, level two criminals, somewhat lower perhaps, and the higher echelons of Russian organised crime, but investment in the property market. And then it would be the recovery of those proceeds themselves through confiscation. Again that can be a laboriously slow process that falls out of any news item that the public want, because they’ll say ‘remember that conviction two and a half years ago? We finally recovered the person’s house’, and people are saying ‘well why didn’t that, on the TV it happens like that’.

INTERVIEWER: Yeah.

PARTICIPANT: So, and realistically there is a confiscation regime for that, and associated tax measures, criminal investigations for the tax, criminal tax investigation, and also civil recovery. The police are going down the lines, civil recovery powers have opened up now more to the police. I would suggest that that is acknowledging some difficulties within criminal convictions, obtaining criminal convictions, but again through civil recovery there is an easier route to take away those proceeds of crime. But again it, yeah.

INTERVIEWER: Yeah. And I mean how is the UK legislation devised to control this phenomenon?

PARTICIPANT: What, in relation to asset recovery?

INTERVIEWER: In relation to these kind of economic crimes. You know, how is the UK legislation devised to control this phenomenon, this illegal investment in the UK real estate market? How in this case the legislation acts to prevent this economic crime?

PARTICIPANT: Yeah. Well firstly, yeah there are some significant ones in relation to the Criminal Finances and the Bribery Act, but ultimately you’ve got Proceeds of Crime Act of 2002. Any acquisitive crime whatsoever, any acquisitive crime can fall under the definition of money laundering. When I teach that I say there’s two words, or two of the words that aren’t in the definition of money laundering are money and laundering. It’s not within the UK definition. So any acquisitive crime can be perceived as money laundering. That said I think it’s a strange phrase because people will just immediately, shoplifting is money laundering. People see money laundering as something too complex and out of the way. I do think it’s there, I do think there’s not a lot more legislation’s really needed. There’s a huge amount of legislation in relation to the money laundering regulations of 2007 and the amendments since that more than cater for it, but it’s the proactive again enforcement. The carrot’s there but certainly not the stick. I don’t think UK, the state is equipped to proactively investigate and deal as the legislation allows. Government can quite easily pass a new bit of legislation and say ‘right we’ve now given you the powers’, but there’s a not a lot of people around to actually enact those powers. Personally again I think POCA, Proceeds of Crime Act, with the associated confiscation regime, holds a whole host of sufficient powers where people ought to be putting more emphasis on vigorously enforcing that as opposed to just designing new headline grabbing bits of legislation that people are just, just don’t have the appetite or the resources to act on, to enact.

INTERVIEWER: And what are the characteristics of the UK confiscation regime?

PARTICIPANT: What are the characteristics of it?

INTERVIEWER: Yeah, yeah.

PARTICIPANT: Well it tends to, what you can end up, the idea of it is for a six-year period, well no criminal confiscation for a sex-year period there are things called the assumptions, and it is assumed, and this is now one for the, in English we’re innocent until proven guilty of course, but within the confiscation regime it is up to the respondent to prove the assumptions are wrong. And those assumptions are, for the last six years, taking into account the last six years, from the date of the indictment, from the date of the offending, everything that you’ve received, everything you own and everything you spend is criminal, are the proceeds of crime. So now it’s for you Emanuele, for you to prove that it’s not. So the onus moves very firmly towards the respondent, which is why I think the POCA is a very, it was described at the time as quite draconian legislation. It’s been contended many times with the European Court of Human Rights, and again it’s basically the English law of innocent until proven guilty and a right to silence. But there has been moves away from that over the years, where the original criminal caution was changed, so we can make inferences. And in certain arenas it’s over to you now to prove your innocence, because we have said this. The argument is always made by the defence that the state have done this, but if you think that the state is invariably a lone financial investigator in an office somewhere with some out of date technology at their disposal, so it seems an inequality of arms. But the confiscation regime is a very powerful act. So much so that, I wasn’t involved in this particular case, a colleague of mine was, that you had people convicted of a very serious offence, one looking at twenty years, and throughout the trial they were disruptive, joking, swearing, singing, the usual, well not usual but [inaudible]. All convicted, got their twenty years. When it came to the confiscation regime they were all in court, quiet, glasses on, studious, notebooks in hand, employing better barristers. The difficulty though, and a huge difficulty with that, and this is what colleagues of mine within the legal service will then say, is funding. Once it comes into the confiscation regime both the prosecution counsel and defence counsel get no additional fees for this, and I think it could be a flat rate of two hundred and fifty pounds, and so on and so forth. Unless of course you can privately fund that person. So to where we did the confiscation of Macormack, with the Iraqi bomb detectors, we’re looking at a profit, well he said fifty million, but we were looking, yeah we were looking at a benefit figure of fifty million US. Realisable assets, because take away bribes, especially to the Iraqis, within that, so realisable assets were identified, well we said twenty-two but we agreed around fourteen million. Available assets from that, so available assets twenty-two million, realisable assets round about nine million. And that, we had to apply for special extensions at court because we just could not get the, that took three years, it should take six months, court orders were six months. So the confiscation regime is strong, but again it’s the willpower to enact it. And on that particular event I can give you examples of just solicitors not receiving then the fees for it. Because you could get equally disturbing accounts from defence firms that say they don’t get paid like they used to. So sometimes the defending of people can be a real spin of the coin themselves. But a confiscation regime I believe is a fantastic bit of legislation, but it needs resources.

INTERVIEWER: And what are the legal loopholes and weakness of the UK real estate legislation that make the UK real estate market so vulnerable to the infiltration of criminal proceeds?

PARTICIPANT: I can only speak to that in relation to one area of business. I was just looking on my shelf there for it. But essentially I put that down to a lack, there’s the carrot there but no stick. The weaknesses are the regulations are there but who’s policing it? Who’s proactively policing it? So I think the weakness there is a lack of action in relation to a huge amount of suspicious activity.

INTERVIEWER: And what are the, you have already talked about it, however what are the legal loopholes and weakness of the UK confiscation regime?

PARTICIPANT: The main weakness, it can boil down to it, is just the lack of legal representation. There’s two areas really. One is you’re allowed living expenses, from restrained funds you’re allowed living expenses. In reality Emanuele we’re talking, well it’s a few years ago so we’re talking about four hundred pounds, three hundred pounds a week really. What is argued often, in a court so concerned about breaching someone’s right to a private life, or another one’s the right to a fair trial, is that, it’s been successfully argued that those living expenses should be consummate to the lifestyle to which they’ve become accustomed. So now we’re paying, instead of three, four hundred pounds a week that they should be allowed from their restrained funds they could be getting in the tens of thousands of pounds a week, because they’re used to having a yacht in Monaco. The old phrase wake up and smell the coffee, it’s a criminal yacht. So by the time that process goes through you can easily lose hundreds of thousands of pounds before the process gets anywhere. So that’s one part of it. Another one is that you’re then seeing on a lower level a far more offend to spend, again consummate to society that youngsters don’t, my parents saved for a pension and, you know, always save at the start of the month. Legitimate people now perhaps don’t. They think of a pension at the time, they don’t invest in property, can’t afford it.

INTERVIEWER: Yeah.

PARTICIPANT: But what we’re also seeing is where older villains would be invested in property and suck-like we have a lot more offend to spend, from the significant but still lower end organised criminals that rent properties, rent cars, why ever not? If the police get me they’re only going to take it away from me. So you’ve got that style, where they live an asset-free lifestyle.

INTERVIEWER: Okay. And what aspects of the current UK confiscation regime can be improved?

PARTICIPANT: I don’t like to come at it always from a law enforcement perspective because I don’t think that the stick is always the answer. But in relation to confiscations it was designed for a specific purpose, to take the proceeds of crime away. The crime has happened, those are the proceeds, that person does not deserve those proceeds of crime, is not entitled to them. So it ought to be bringing that in. The legislation allows for it but it’s the enforcement of that and bringing it into a far more constrained and tighter time period, and not allow such living expenditure, as I’ve said, but people also be allowed to be properly represented from the public purse in order just to expedite this. So allowed again if you like a reinvigoration of whatever legal aid that they may receive toward their criminal trial, I believe that that ought to be wiped clean at the start then of the confiscation proceedings, because it is a newer investigation, and I think people ought to be entitled to similar defence, access to defence as they did during the criminal trial. Without similar access all it is is a delayed process for everybody, and nobody is really receiving correct advice, unless of course you can privately fund. If you then privately fund who guards the guards? So the barrister, knowing that this person is convicted of acquisitive crime, knowing that his funds are proceeds of crime and that barrister is now receiving private instruction, that barrister should be enquiring as to where those funds are coming from.

INTERVIEWER: Yeah.

PARTICIPANT: That doesn’t happen.

INTERVIEWER: And what are the characteristics of anti-money laundering legislation to combat this phenomenon?

PARTICIPANT: What are the characteristics of it?

INTERVIEWER: Yeah, of anti-money laundering legislation to combat this phenomenon.

PARTICIPANT: I’ll get it for you. Just the main, so the main characteristics, it would be, let me just get these for you [inaudible] legislation, [inaudible], sections 330 to 333. Let me just get these for you. Sorry it’s just 327. If you conceal any property, that’s the money laundering regulation, if you conceal any criminal [inaudible], if you arrange, if you participate in any arrangement for that, any arrangement for the dispersal of sums, you also commit an offence. And even if you just acquire it for a short period of time, possess it, whether it be in a safe or you’re allowing your bank account to be used, you are money laundering as well. So these are very, very particular but very stringent laws. That is the main basis of the legislation. The one we were speaking of before then was the regulated sector, section 333, and that’s regulated sector if they don’t report such suspicious activity, and that’s the one that’s never prosecuted. Well 327 to 330 is never prosecuted in any case, or not prosecuted very, very often. 333 is the one that we’ve really been trying to prosecute, because the money laundering is a key factor. But again it’s enacting that. And 333 is in relation to making disclosures or fail to disclose as a nominated officer all the facts [inaudible]. 330, sorry 330 is failure to disclose as a regulated officer. That has happened so, so many times. It ought to be you could seize the ultimate activity all that one should be able to do is go back to the conveyancing, and as an example ‘why wasn’t this disclosed?’ Often hide behind the clients’ confidentiality. Legal advice, legal professional privilege, that if one were to go behind that it’s not, but it’s just getting behind that veil of what is legal professional privilege. The legislation’s there. Yeah, the legislation is there.

INTERVIEWER: Yeah. And then what are the legal loopholes and weakness of anti-money laundering legislation that make the real estate market so vulnerable to the infiltration of organised criminal groups?

PARTICIPANT: What are the what sorry?

INTERVIEWER: The legal loopholes and weakness of anti-money laundering legislation that makes the real estate market so vulnerable to the infiltration of organised criminal groups.

PARTICIPANT: I’m going to suggest it’s more of a legal loophole [inaudible] insomuch as the legislation is there. It’s just again, well it’s not exactly a loophole I believe, although it could come under something else, in relation to one loophole it’s just the funding again behind it. But it’s not a loophole, it’s just the enforcement of it. Section 330 is there, policing the regulated sector, so there’s no loophole, it’s just who’s going to police it?

INTERVIEWER: Okay, yeah.

PARTICIPANT: Who finds themselves responsible for it, again. So yeah it’s not a loophole. The only loophole, if anything, I believe is just inadequate funding to prosecute and defend any confiscation hearing, a confiscation investigation.

INTERVIEWER: And then what aspects of the current anti-money laundering legislation can be improved? You have already talked about it. Yeah, if you want to add something on it, or…

PARTICIPANT: No, it’s [inaudible], the anti-money laundering regulations is there, well the anti-money laundering regulations themselves, know your customer, customer due diligence, yeah again customer due diligence and know your customer is just a subjective test. Whether people, that ought to be revisited to tell people exactly what those checks should be. As an example, for politically exposed persons, although it’s still subjective it does cause them to go additional checks.

INTERVIEWER: Yeah.

PARTICIPANT: One for example could request, I have to produce it everywhere I go now, something as rudimentary as your disclosure bar or your DBS certificate. Well you ought to be disclosing to your bank your convictions, that ought to then highlight at the very least a Google search just to see the court enquiry or [inaudible].

INTERVIEWER: Yeah.

PARTICIPANT: And then digital checks consummate to that. If it was an act of violence while you might not be looking more towards money laundering checks, but if it was one of bankruptcy, you know, people always ask you if you’ve been bankrupt and it’s just a no then on whatever form you may have.

INTERVIEWER: Yeah.

PARTICIPANT: You know? So it just ought to be more enhanced checks.

INTERVIEWER: And how can the effectiveness of counter organised crime policies be improved in Europe?

PARTICIPANT: It’s, anything in Europe is very difficult, because I’m [inaudible] from a UK perspective. We seem to be at the forefront of any arguments, but then we often seem to be at the back of the queue when effectiveness of what we’re actually doing. I don’t know. That one’s a bit above me there Emanuele. The legislation, I read through the [inaudible] recommendations for example and many countries are enacting a lot of this. UK law is, and UK teaching, I’m led to believe, is still seen quite towards the forefront of modern thinking. Our enactment of it is as aside. But as an example I’m going to Pakistan to assist with their anti-money laundering for a particular, for security forces there, and it’s only really based back on the UK legislation. You know, that’s our template.

INTERVIEWER: Yeah.

PARTICIPANT: Again FATFA has determined a lot of that. All countries are there or thereabouts, but a lot of it is interpretation.

INTERVIEWER: Okay, yeah.

PARTICIPANT: Yeah. I think we’ve got enough problems in this country enforcing it without suddenly trying to criticise, or look towards Europe. We’re going to be looking towards Europe for good practice.

INTERVIEWER: And this is the last question. You know that Brexit is going to happen, and that what is your opinion on the potential consequences of Brexit on Italian and Russian organised crime proceeds in the UK real estate market?

PARTICIPANT: This is just an opinion, my own personal opinion as (Name of the interviewee). I think that we will attract, should we exit without, particularly without a deal, but with a deal or without I suppose matters not really, but in particular without a deal, we are so vulnerable to an economic crash where we would be far more vulnerable to investment of illicit flows because of us proactively turning a blind eye. You look more on the political spectrum of, again only from what I read in the papers and whatever, the same as anyone else, but could this country afford to lose HSBC to Paris, as an example. So what’s in it? What goes on behind those closed doors with us and the chief executive of HSBC within the UK to ensure that that financial institution remains in this country? As an example of many of them. So what are we going to do for them? What’s in it for the banks? So again looking at it from a negotiating perspective from the banks, you want us to remain here. What are they going to bring to the table? What’s their demands going to be? And I’m sure there’ll be less regulation. You’ve only got to go back some years in relation to the Gambling Act, you know, the lack of, or the opening up of gambling within this country through casinos, and it was just attracting those investments. I’m not saying we’ll go that far but we can even see, I was going towards more of an offshore state, to be that, with this country it’s based on London, it always has been, the City of London. We are an economic centre for the world, that’s got to remain, because we’ve got nothing else. We’ve got nothing upon with we could rely. Therefore I do think that we’d become an even more attractive prospect. Yeah.

INTERVIEWER: Okay. That’s fine. Thanks a lot.

**Research Participant**: I12

**Date:** October 2019

**Skype interview**

(R): okay then let’s start then can you tell me why do organized criminal groups go abroad and of you can please provide some examples about ah mafia transplantations in new territories?

(I): with Italy they look out I think I think moving the value ahh of the proceeds abroad is really important for organized crime because it takes away from the country where it’s probably been subjected to primary investigation so so about moving the value hmm abroad it then frustrates the investigation because they they know often I had discussions with criminals and they know if they move the value out of the country it makes it more difficult because then the police then have to engage in the ahh the conversations and gang evidence systems of law enforcement in other countries so they know that makes it more difficult so that’s why they move it abroad

(R): and can you please provide some examples about you know mafia transplantations in new territories?

(I): I don’t have any from Italy I have some ahh for example I mean all those come to the UK

(R): ya

(I): hmm particularly British based organized criminals in south eastern London traditionally move value to Spain and invest it in properties there so particularly the (words inaudible) are so that’s the clearly defined link and they continue to do that because they got established links so they got real-estate agents they got lawyers itself in Spain around port of (word inaudible) will assist them to move the funds and purchase real estate now I saw hmm some organized crime groups trying to go broader than that hmm one group I investigated bought property in Bulgaria so they bought apartments in Bulgaria so looking further abroad hmm now Bulgaria they knew really frustrates because the exchange of information between the UK and the Bulgaria with law enforcement isn’t that good ahh so they they they exploit that they know, I don’t have examples Italian organized crime I am not afraid

(R): and when they when they go abroad, they have a different modus operandi or the act as in their original country?

(I): hmm when they go abroad I think they have the professional naive less abroad so they might be organizing their crime in UK for example and when they move abroad they have they lay on their profession enablers to allow them to invest hmm the proceeds of crime into real estate ahh and I would say here real estate is not always residential ah they could be into hmm bars ahh bars restaurants golf clubs that sort of thing that’s the investment

(R): and hmm what is the criminal decision-making process for the investment of organized criminal groups based on ethnicity in the legitimate economy and if can you please tell me how is it applied in the real estate sector by this organized criminal groups?

(I): the decision making process well the organized crime groups that I have come across involved in there is always somebody within the group a recent senior figure somebody within the group who has got the responsibility for managing the assets (words inaudible) financial officer in a legitimate business so any individual will manage the assets and they would engage with (words inaudible) they would engage with hmm the the estate agents the the banks the lawyers all of those so you normally has someone who has that responsibility the same as you have somebody have the responsibility of of if its drugs then transporting of drugs or if its people has the responsibility for transporting the people so all though there is not always a strict hierarchy there are areas of responsibility and next the decision making process

(R): Hmm and what are the key characteristics that distinguish organized criminal groups based on ethnicity in the in the real estate market especially in the UK real estate market?

(I): based on ethnicity I see hmm seeing the that the organized crime groups I have been investigating organized crime something involved in organized properties probably twenty more or twenty years twenty five years and I have seen the the overlap between different ethnic groups hmm increase its far more fluid now they rely on each other’s expertise and contacts whereas twenty five years ago thirty years ago on ethnicity it was quire separate ahh I worked nearly where Asian organized crime groups would not mix and so quite separate from ah organized crime groups who are based in the Caribbean to Jamaica very very separate but now over the years the more sort of hmm overlap and integrated particularly around the use of professional enablers like recent estate agents recent estate agents and lawyers so one group will recommend a lawyer to deal with the property compliance to another group irrespective of ethnicity they tend to overlap a lot more now

(R): hmm and how vulnerable is the real estate market to the infiltration of organized criminal group based on ethnicity and if you can you tell me if you have found any cases of Italian Russian organized crime in the UK real estate sector?

(I): ya well I would say its definitely vulnerable one area along with (word inaudible) training hmm real-estate agents and others so one area in particularly is in London ahh and southeast and a lesser extend to Manchester and the infiltration there for the Russian organized crime because the real estate agents at the high end of the market are regularly coming across Russian individuals who are investing really large amounts of of assets into real estates of London so your your sixteen million pound apartments at high park you know at the top end have seen a lot of Russian individuals hmm and that requires due diligence obviously to establish this suspicious and this could be organized crime there is a really significant significant factor

(R): okay and can you shed some some light on the UK real estate market you already done if you are others I mean?

(I): hmm I think UK real estate market its some its increasingly regulated the law is been there for many years but the actual compliance is very low ahhh you may be familiar with a document if no I recommend it hmm it was call don’t look ones find by the organization called transparency international

(R): Hmm

(I): and that document that research document don’t look ones find hmm criticize the supervision of many sectors in UK banking supervisory knew well but real estate is poorly supervised so the actual level of compliance is quite low compared to others hmm so so you find you find this so I think that’s the real issue with the real estate in the UK many estate agents are living in denial and do not believe that real estate is subjected to the level of ahh hmm of money laundering that is so that’s something I think is another recommend that that’s more interested

(R): and what are the criminal instruments and vehicles used by ah organized criminal groups based on ethnicity to place their dirty money in this economic sector?

(I): well if they can find the instruments they can find ahh a real estate agent who carries out little compliance little hm due diligence hmm then they will feel very confident that they are not going to be caught the same as in the UK you need a compliance solicitor to buy a property hmm and the compliance solicitor by the law should be carrying out due diligence it again is caught a low level of compliance so so the way organized crime if they can find ah those professionals if they can find lawyer if they can find the accountant the estate agent if they can find a person who is valuing the property so then ah they can over value or under value the property which ever they want then that’s a that’s a way to get the funds into the system invest it in property ah one point I will pick as many as the UK law ah regulates real estate agents those selling properties which are already built organized crime invest a lot of funds into new build brand new properties that are being built now therefore outside the regulated sector there is no compliance requirement so you can have a new bought block of apartments being built by the terms in London and there will be a significant investment of criminal proceeds into those because that ahh that .. building company do not need to carry out due diligence because they don’t follow within the regulated sector and organized crime know this and that’s why they invest in new new build

(R): Hmm and which are the financial instruments used for money laundering purposes by organized criminal groups ahh based on ethnicity in the UK real estate market?

(I): well in the actual financial instrument what they would use banking they would use hmm ahh ahh bank transfers so in some way the will get their their proceeds into the system the money laundering process and they would use between transfer bank accounts predominantly transfers between bank accounts it’s very difficult for them to use cash in the UK to buy a property we haven’t seen them really expanding to big point rather cryptocurrencies ahh so still predominantly funds held in bank accounts is enabling the instrument pass across of the many who buys it ahh the lawyer or the accountant

(R): Hmm and what are the crime facilitators for the investment of organized criminal groups based on ethnicity in the UK real estate market?

(I): the facilitators

(R): ya

(I): hmm (word inaudible) I saw would you say the process or the the individuals

(R): individuals who are involved in this kind of process

(I): individuals

(R): ya

(I): individuals involved will be those what the national crime agency calls professional enablers so the individuals involved would be the lawyer accountant real estate agent ahh the the individuals involved something I mentioned so far is is offshore owners many of those properties that are bought in London by Russian organized crime will actually be owned by an offshore entity mainly in the BVI ca ca Cayman islands to lesser extent some others like jersey and Gibraltar mainly the BVI and is the main can be ahh Cayman islands so those Russian organized crime will will use facilitators to create a legal entity in the Cayman islands and then they will legal entity ahh will receive the proceeds of crime and that legal entity will actually buy and be the owner of the property the sixty million pound apartment at high park and again going back to transparency international they did a lot of research on this and show the level of property high level property in London which is owned by offshore legal entities now there is an element of legitimacy around that they are legal reasons why you would do that but it’s a very useful way to (word inaudible) organized crime to facilitators so you see particularly with Russian owned property in London you will see most of it might be oligarch behind it ahhh the Russian organized crime behind it but it will be owned in the name of an offshore entity

(R): Hmm and what are the internal checks for the real estate communities to prevent these economic crimes

(I): what they should …

(R): ya

(I): sorry

(R): what are the internal checks for the real estate communities to prevent this economic crimes?

(I): ahh the real estate ahh agents forward in the legislation in the UK the money laundering regulation two thousand seventeen ah that’s not the full tittle but that what they are known as so under the money laundering regulations real estate agents fall within the regulations are required to carry out due diligence ahhh upon the purchasers and the sellers they are required to carry out due diligence they are required to keep records they are required to train their staff they are required to support the report suspicious activity reports so they are required to submit report any suspicious activity their level of reporting is very very low ahh their level of compliance is improving but is still quite low compared to other sectors so that’s the that’s their requirement they need to identify and verify hmm their their customers and understand the source of wealth ahhh and raise any suspicions they have with the the national crime agency so they clearly fall within the law there is no hmm there is no argument that they are clearly fall within the law the weakness is their level of compliance

(R): Hmm and what are the internal checks for lawyers to prevent these economic crimes?

(I): again lawyers fall with in ahh regulated sector if they are lawyers who is dealing with the purchases and sellers of real estate the property all the purchasers and sellers business as well but construct a property lawyers who deal with purchase and sellers of real estate are required to do the same things carry out due diligence particularly identify this source of wealth so important and report suspicious activity now with lawyers there is an element hmm where organized crime try to hide behind the issue of legal professional privilege now legal professional privilege is a is a right that you and I and everybody else has to be confidential in their conversations with their lawyer when they are giving us advice but in the UK ahh the actual purchase and seller property real estate is not subjected to legal professional privilege because it’s not advice the lawyer is acting hmm for you in that purchase and not necessarily giving you legal advice so that part then fall outside the the technical hmmm definition of legal professional privilege but lawyers if they are involved in facilitating organized crime try and hide all of that behind legal professional privilege so it takes some time for for law enforcement to challenge that ah so that’s something they actually lawyers are supposed to do but they they they the lawyers as facilitators hmmm try and hide behind legal personal privilege I can send you the case law on that afterwards you can follow up with an email

(R): ya

(I): it has some further information on it

(R): ya thanks thanks thanks a lot and what are the consequences of investments of criminal proceeds for both law enforcement and economic development in the UK real estate sector?

(I): I think that’s gonna be when the main things something that I use in my training is that the investment in real estate distorts the market so so if you think of everybody living in London and the impact ahh of that money laundering in real estate market is it distorts the market and make the property in London more expensive for everybody who is not a criminal so it has a really negative impact and it distorts it distorts the market that’s one area the other area it is the social impact as weak because there are so many of these properties in London that stand empty and just being used as vessels for the proceeds of crime so the process kind of poured in in that these high value apartments in particular that that purchase with the proceeds of crime and just left empty so I think there is a social impact there with a number of empty properties the the the left there just as part of the money laundering process

(R): and do you think tht UK legislation acts a push factor for the investment of criminal proceeds in the UK real estate market?

(I): yes I think the legislation is still does I will say definitely really positive on that the legislation is good but it is only as effective as is as the level its used and its not being used to the full extent so the the the real estate sector is required by law hmm to be compliant but the actual level of compliance is quite low and the actual level of supervision although increased in the last year or two the actual level of supervision is quite low is what needs to be improved

(R): hmm and

(I): and its absolutely do nothing compared to that the FCI financial combat authority the supervision of the financial sector is is far more robust than the supervisions of real estate always that’s a weakness

(R): and what are the requirements for a real estate transaction to be identified as suspicious money laundering transaction in the UK?

(I): if these if these estate agents becomes suspicious they have to put in a report if the lawyer dealing with it becomes suspicious they have to be put in a report and if the if the bank is involved the transactions or anything gets suspicious they should report as well so in theory there is all these different filters in which suspicious activities should be identified in practice its not as strong as that hmm so the in law they they sat requirement with all of those to to hmm report suspicious activity

(R):and has the magnitude of suspicious real estate transaction for money laundering activities by organsied criminal groups based on ethnicity increased in the UK in recent years?

(I): I think it has increased recently because of the the the there has been an increase in supervision there has been some enforcement cases recently where real estate agents have been fined because of of failings so we are starting to see an increase in supervision which will result in an increasing compliance so we are starting to see that but it still got I think it still got a very long way to go

(R): and how does the financial system asses money laundering risk in UK real estate sector?

(I): ahhh well the financial system doesn’t consider it to be particularly high risk ahhh the financial system not so much investment in real estate the financial system is very very much focused on the the purchaser of the property ahh and the source of wealth around those individuals but if they use an offshore entity in the BVI then for the financial institution it’s a bank or whatever they try to buy and get behind that legal entity find out who the ultimate beneficial owner is which will then track back to the criminal but that’s very difficult and they got a facilitator trying to make that more difficult it’s very difficult for the bank so so bank might well get to the stage where it reach decision stage actually this is too high risk so therefore they are not gonna proceed with the transactions so then the organized crime will have to try and find another bank that has weaker compliance but we pretty much getting into level playing field now particularly now banks has been addressed

(R): and how can we improve the regulation of finan.. of the financial system to prevent these economic crimes?

(I): ahh more investment in supervision ahhh that’s something I think is important that document I referred to don’t look one find highlighted but the the issues again weak weak supervision of estate agents lawyers accountants corporate service providers all of those which are fundamental for the the criminal to invest in real estate so I think increase investment would hmm with supervision then trying to bring compliance up to a ahh much ahh better level so that resources also firstly I think a complete review of the UKs framework for supervision we got the financial services supervised well ahh the other supervise weaker so I think there needs to be some considerations should we have one high level of supervisor ahh such as the FCI but then we then have within it a team an an area department that supervisors lawyers another department supervises accountant and another department real estate another department corporate service providers and I think that would bring along the culture to to ahh to have supervision to to a good level something that needs to be looked at in the future as it is not effective at the moment as it should be

(R): Hmm and what is the response of law enforcement to deal with these economic crimes in the real estate market especially UK at present and its potential future?

(I): I think there are there are pockets of law enforcement that would that would look at the investment in real estate ahh but I think it is mainly the the investigation of real estate is generated by the investigation also ahh into the the organized crime group and the criminal activity I think when yet to see law enforcement looking at a high value property and tracing back from there as to who has bought it and go back there I think most investigation (word inaudible) ah generated by looking at the criminal and then seen after the proceeds that’s going into real estate rather than starting at the at the end going back although the reason introduction of unexplained wealth orders is is turning and is addressing that so we are starting to look more ahh but still long way to go

(R): Hmm and how is the UK legislation devised to control this phenomenon?

(I): well hmm we do with the UK legislation main money laundering legislation is a proceeds of crime act two thousand two and that defines criminal property being proceeds of crime and the definition of criminal property covers all different sources of properties regardless of the major so it can be real property it can be properties such as real estate house an apartment it can also be properties as (word inaudible) it can even be intangibles such as a trade mark so real can or crypto currencies so really can be anything so the the UK legislation clearly covers real estate and as being the proceeds of crime and for the confiscation of assets it clearly covers real estate available for confiscation and real estate actually its quite often the real estate gets confiscated as as being the proceeds of crime in a criminal case

(R): Hmm and then what are the characteristics of the UK confiscation regime?

(I): the UK confiscation regime one of the things it looks at is is and the processing court is the hmm a court there will be an investigation the court considers two things one will be over the last six years what has this person ahhh spent or had in their possession ahh that could be the proceeds of crime and what is assumed is that unless that person catch out legitimate money income it is assumed to be the proceeds of crime so this is after conviction so humanizes quite self ahh so for six years the court will be presented with a figure that might be one million pounds so in the last six years this person spent or had in their possession one million pounds worth of assets and then that’s assumed to be proceeds of crime the court will then look at the second figure which is what are the assets now available for confiscation and that’s very often the first thing is what property is that I own so the first thing what house they live in do they have ahh hmm very often particularly with drug dealers they have a ahh real estate portfolio the properties which they bought or let so they have tenants so so the second figure what the assets available looks straight away at real estate and they look at other assets available to repay that one million pounds so we pay as the proceeds of crime is considered sort of debt to society so they will confiscate the real estate property ahhh they confiscate and it will be sold and the proceeds then will go into ahh paying off that one million pound debt so that’s that that an example that’s the process

(R): hmm and what are the legal loopholes and weakness of the UK real estate legislation that make the the UK real estate market so vulnerable to the infiltration of the criminal proceeds?

(I): well one weaknesses in the confiscation process is the matrimonial weakness ahh and as an individual is being convicted and looking at what assets they have available what very often happens is that there will be a claim by the ah what is the wife or the husband there will be claim that they own half of those assets now that could there are some exception but that could well take half of the asset away from being available for confiscation it makes it a lot more complicated so what you very often find with organized crime is it the organized criminal is in has been to fine and convicted you will very often find their wife or husband would immediately file for the force proceedings then they will be able to take half of that and it will be arranged it wont be shamed it won’t be reliables try and take half of them away again with facilitators they do it carefully they will have as well as the criminal they will have a business interest of some kind or another person looks legitimate as having hem legal claim on that property may be fifty percent of that property so that’s one of the loopholes is that you can get third party people trying to claim on the real estate to prevent it from being (word inaudible) entire thing being confiscated

(R): Hmm and what aspects of the current confisi.. confiscation regime can be improved?

(I): the confiscation regime well I think the unexplained wealth orders that have come in recently I the ahh real positive in terms of stopping (words inaudible) proceeds of crime so I think that’s a real positive I think the confiscation regime is quite strong its quite robust again it is it is implemented effectively ahhh with stronger it could be ahh more effective hmm one other thing I would say is it could be improved is the its quite strange because a person gets convicted of series organized crime in crime court ahh the crime court then comes out with these two figures mentioned this is the proceeds of crime these are the assets available those assets will be sold will be confiscated sold and the funds will be paid in that’s a (words inaudible) level now the is a strange way law is written is that actually enforcement of that comes down to magistrate court the apparent court and organized crime exploit this because that the before judged who sentence them for their their part in human trafficking or whatever the before judge who sentenced them and the judge who is string and robust he actually enforcement if they if they just don’t bother may ignore it the enforcement comes to three people in your local town or area who really don’t understand the legislation in a magistrate court and and most of the time are not strong in enforcement so that is at least improve my suggestion would be remain within enforcement of the crime court level where the criminals know they will be treated strongly and robustly

(R): and what are the characteristics of anti-money laundering legislation to combat this phenomenon?

(I): well I think it goes back to the the money laundering crimes the proceeds of crime act ahh real estate falls within the definition of property so it can clearly be the proceeds of crime ahh it can be it can be restrained to prevent being sold all the laws therefore that many can be confiscated so I think that might be the characteristics it is the criminal property in law it can be restrained it can be confiscated

(R): Hmm and what are the legal loopholes and weakness of anti-money laundering legislation that make the real estate market so vulnerable to the infiltration of these criminal proceeds?

(I): again I don’t think I don’t think there is a particular weakness in the legislation I think at least it is reflected in the the recent assessment of the UK by financial action task force felt we got strong laws we have got strong laws so I don’t think there is weakness there hmmor any loopholes I dont think there is weakness there I think the weakness is in the actual implementation of it which could be more effective

(R): Hmm and then what are aspect of current anti money laundering legislation can be improved?

(I): what aspect of ahh

(R): ya

(I): at the legislation to be improved

(R): ya in your opinion what are feeling that can be improved you know to combat this phenomenon?

(I): ahh hmm well the unexplained wealth orders that come in and that was one more things that I was looking forward to and hope it would come in they come in now not being used fairly effectively so that hmm I don’t really think there any significant thinking about the country I don’t think there is any hmm significant improvements we can make to the legislation hmm it it pretty much covers hmm everything they really needs to expecting compliance from an international standards so I think with legislation we are pretty much there

(R): Hmm and how can the effectiveness of the counter organized crime policies be improved in Europe?

(I): in Europe?

(R): ya especially in the UK?

(I): I think hmm continue cooperation between ahh between jurisdictions between law enforcement is really important Europol brings all or this together Interpol at a more international scale so I think it can be improved hmmm I think I think there has been some improvements the the the the use of joint investigations teams so so so that for example ahh in UK and Italy the law enforcement could engage together and talk to each other daily basis without going through the the really difficult and lengthy diplomatic process so I think enabling law enforcement to work together very closely will will sort of hmm help with that the Europol and Interpol hmm well .. hmm are there to assist with that hmm I mean I mean that’s work words or investigations hmm work Austrian Austria Spain France so it does it does work

(R): Hmm and then you know that Brexit is going to happen then what is your opinion on the potential consequences of Brexit on Italian and Russian organized crime proceeds in the UK real estate market?

(I): I think I think hmm.. actually obviously any member state so the process of engaging law enforcement from the UK to Italy ahh is reasonably smooth at the moment I wouldn’t like that to be interrupted ahh by Brexit so I think it is part of Brexit is all different areas we agreed ahh as a part of it and I think we could if we could maintain that makes it easy to move ahhh to ah law enforcement in the UK to the law enforcement in the Italy that should not be disrupted by Brexit and that will be good law enforcement in the UK dealing with law enforcement in Russia is is is not that good at the moment it is not that smooth at the moment and obviously Russia is not a member state so that no particular I don’t think that’s gonna be particularly effected by Brexit hmm likewise some of my colleagues had hmm investigations with Switzerland and Switzerland is not in the member state but of course smooth in the in the change of information so so I think I wouldn’t like to see interrupted hmm the areas you suggested Italy and and Russia Italy is smooth I wouldn’t like to see that interrupted Russia isn’t smooth at the moment with the exchange of information ahh so I can’t see a change in that very much

(R): okay that’s fine thank you

**Research Participant**: I13

**Date:** November 2019

**Location: England**

(R) Allora possiamo iniziare perché le organizzazioni criminali vanno all’estero? Può fornire degli esempi che dimostrano la presenza di organizzazioni criminali in territori stranieri diversi da quelli di origine?

(I) Be perché vanno all’estero pecco un po’ di presunzione perché il sistema antimafia italiano nei suoi anni di vita ha avuto molto successo quindi è molto difficle oggi nascondersi in Italia proprio per i progressi che sono stati fatti con la legislazione antimafia e l’applicazione l’enforcement della legislazione antimafia quindi sicuramente venire all’estero per le organizzazioni criminali italiane vuol dire avere una maggiore tranquillità rispetto a investire in Italia. Presenze sono di investimenti io essendo della Guardia di Finanza mi occupo soprattutto degli investimenti, investimenti all’estero delle criminalità organizzata italiana ma anche straniere ce ne sono molti esempi tutti gli atti processuali che possiamo leggere non credo che oggi negli ultimi dieci anni esista un processo dove non si siano riscontrati investimenti all’estero da parte di organizzazioni criminali quindi senza fare esempi che adesso sinceramente non mi vengono ma ce ne sono assolutamente tantissimi.

(R) E particolarmente in Inghilterra ha ritrovato?

(I) L’Inghilterra è la seconda soprattutto Londra è la seconda piazza finanziaria italiana ehhh mondiale, secondo stime della NCA che risalgono al gennaio del 2018 crica 195 miliardi di sterline di soldi di organizzazioni criminali di tutto la nazionalità passavano attraverso la piazza di Londra. In termine assoluto i 195 miliardi sono assolutamente un numero da capogiro considerando le centinaia di miliardi di sterline ogni giorno che transitano sulla piazza finanziaria sono una percentuale pari allo 0,01 cosa che insomma è nota non c’è miglior posto di per nascondersi se non una piazza affollata quindi i soldi gli investimenti di proventi da reato quindi che provengono che arrivano a Londra si perdono con una goccia nel mare lo stesso investimento prenda 100 milioni di Euro di investimento se viene fatto sulla piazza di Milano hanno una certa risonanza, 100 milioni di Euro investiti sulla piazza di Londra sono sicuramente meno significativi da un punto di vista di allarme per quanto riguarda le attività antiriciclaggio consideri questa è un’altra cosa quindi sicuramente la piazza di Londra rappresenta un buon modo per nascondersi tra la folla.

(R) Quale è il processo decisionale posto in essere dalle organizzazioni criminali italiane e russe per investire i loro proventi illeciti nell’economia legale? Come è applicato nel mercato immobiliare inglese dalle organizzazioni criminali italiane e russe?

(I) Allora guardi per quella che è la mia esperienza quale è il processo decisionale be insomma è una domanda cui non saprei rispondere se non fossi dall’altra parte insomma ahh perché cosa gli passa per la testa mi piacerebbe saperlo a priori. Quello che le posso dire è che quando si tratta di investimenti le organizzazioni criminali ragionano sul in termini di redditività, un buon investimento attrae tanto gli investitori leciti, leggitimi come investitori criminali, quindi il mercato immobiliare londinese che negli ultimi venti anni ha rappresentato uno dei migliori investimenti in termini di redditività per tutti quanti è ovvio che è un mercato molto appetibile ma le ripeto non solo per le organizzazioni criminali, lo stesso fondi istituzionali gli investitori istituzionali hanno sempre visto il mercato immobiliare londinese come un molto attrattivo quindi le stesse ragioni che attraggono qui il Fondo Sovrano del Quatar attraggono qui le organizzazioni criminali.

(R) Qual è il modus operandi delle organizzazioni criminali italiane e russe per gli investimenti illeciti nell’ economia legale e specialmente nel mercato immobiliare inglese e se differisce rispetto a quello adottato nel loro paese di provenienza?

(I) Guardi le differenze sono date dal mercato stesso cioè sul mercato londinese si opera attraverso i sollicitors, si opera attraverso tutta una serie di regole, si usano trust, si usano tutta una serie di strumenti quindi e che non esistono magari in Russia o in Italia o in altri paesi, quindi le differenze sono dovute dalle caratteristiche del mercato caratteristiche del mercato che spesso fanno determinare un mercato più appetibile di un altro.

(R) Quanto è vulnerabile il mercato immobiliare dall’infiltrazione delle organizzazioni criminali italiane e russe? Può dirmi se ha ritrovato casi riguardanti infiltrazioni di organizzazioni criminali italiane e russe nel mercato immobiliare inglese?

(I)Non di particolare rilievo che possano essere significative ma sicuramente il mercato immobiliare come qualsiasi altro settore di mercato è vulnerabile, una cosa che spesso ripeto e che alcune volte vengo frainteso è che quando si parla di riciclaggio non bisogna cercare schemi perché ogni operazione finanziaria ogni operazione economica può essere sfruttata da professionisti per il riciclaggio quindi le ripeto sicuramente è molto appetibile ma non meno non di più nemmeno di tantissimi altri mercati.

(R) Quali sono i requisiti per considerare una transazione finanziaria come sospetta di riciclaggio in particolare in Inghilterra nel settore immobiliare?

(I) La provenienza dei fondi, la trasparenza delle persone che partecipano ma ormai secondo le raccomandazioni del FATF del GAFI e beh i warning i sistemi di allarme sono ormai omogenei tutti i mercati hanno le stesse hanno gli stessi sistemi di allerta, il problema è che chi conosce bene il funzionamento delle raccomandazioni, delle normative antiricilaggio del sistema di prevenzione parlo non del sistema di repressione naturalmente sa anche come non far sembrare sospette queste operazioni qui in Inghilterra come dappertutto.

(R) Quali sono gli strumenti di riciclaggio utilizzati dalle organizzazioni criminali italiane e russe per investire i loro proventi illeciti nel settore immobiliare?

(I) Sono le solite triangolazioni con società in gurisdizioni un pò meno cooperative o un po’ meno trasparenti quindi senza fare nome ma insomma sappiamo che ci sono le tante giurisdizioni che non sono ancora allineate sulle regole del benificiario effettivo quindi che possono o che ancora consentono la costituzione di società con azione al portatore quindi son ma poi gli strumenti sono tantissimi ripeto non c’è un metodo rincorrere gli schemi è un pò limitativo perché ci si siede un po’ su quella che è l’esperienza e quello che abbiamo imparato invece dobbiamo cercare laddove non ci sono schemi ripeto ogni operazione economica o finanziaria può nascondere operazione di riciclaggio.

(R) Quali sono i facilitatori criminali utilizzati dalle organizzazioni criminali e russe per questi investimenti illegali nel settore immobiliare?

(I) Su questo non posso parlare su dati di fatto perché non ho dati relativi a condanne o a altri tipi di dati giudiziari però sicuramente i sollicitors, gli avvocati i professionisti sono quelli che oggi sono fondamentali per questo tipo di operazione proprio perché non c’è più la possibilità di riciclare solo tramite schemi prestabiliti bisogna un po’ conoscere la materia e aggirarla.

(R) Quali sono le conseguenze derivanti da questi investimenti illeciti per quanto riguarda le forze dell’ordine e lo sviluppo economico del mercato immobiliare inglese?

(I) Secondo me lo sviluppo del mercato immobiliare inglese è completamente non intaccato perché per una questione di proporzioni cioè gli investimenti fatti dagli investitori istituzionali stranieri o anche britannici in Inghilterra sono necessariamente molto superiori quindi sono i criminali che sfruttano questa grande appetibilità del mercato non credo che riescano a condizionarne lo sviluppo o le regole, è un mio pensiero naturalmente.

(R) E per quanto riguarda le forze dell’ordine?

(I) Le forze dell’ordine be guardi l’investimento in real estate quindi in immobili è la parte più semplice dell’investigazione perché l’immobile è fermo resta lì basta ricucire e rintracciare to track back tracciare al contrario le movimentazioni quindi è un dal punto di vista del law enforcement credo che il mercato immobiliare sia un po’ l’obiettivo più semplice da perseguire.

(R) Lei pensa che la legislazione inglese puo’ considerarsi come fattore di spinta per gli investimenti delle organizzazioni criminali italiane e russe nel mercato immobiliare all’estero?

(I) Sinceramente credo che la normativa sia molto più che efficace almeno nella sua lettera credo che quello che possa essere un po’ più appetibile è una mancanza di una struttura di enforcement molto esperta nel senso che parlo rispetto naturalmente alle forze dell’ordine e al sistema di contrasto italiano che è praticamente da un secolo che persegue e si confronta con la mafia, il riciclaggio consideri solo questo una cosa che spesso a molti sfugge ma il nostro paese l’Italia è stato il primo a inserire il reato di riciclaggio nel 1978 perché ci confrontavamo con un fenomeno quasi unico che era quello del riscatto con cioè il rapimento al fine di riscatto e di lì vabbè non sto a raccontare la storia che probabilmente conosce meglio di me però nel 1978 noi avevamo già una legislazione antiriciclaggio di tipo repressiva e proprio grazie a quelli che furono Borsellino, Falcone e i primi pool antimafia pochi sanno che si ebbe la prima direttiva comunitaria in materia di antiriciclaggio nel 1991 che poi ha voluto un sistema di prevenzione oltre che di repressione però quindi in buona sostanza oggi noi contiamo oltre quaranta anni quarantadue anni di applicazione di una normativa antiriciclaggio e quindi normalmente possiamo contare solo a partire dal 1978 quaranta anni di esperienza per molti altri paesi questo il problema è emerso dopo ora credo che l’Inghilterra lo abbia inserito solo nel 2000 una condotta penale di riciclaggio non vorrei sbagliare quindi parliamo di 22 anni di storia in meno e poi naturalmente applicato a casi molto più semplici rispetto a quelli che ci siamo avviati noi quindi questo gap di esperienza non di capacità perché lavoro ogni giorno con i colleghi inglesi e non mancano certo di capacità, di voglia però manca esperienza un bacino di esperienza che sicuramente può essere più appetibile ma non credo che possa influire molto questa questo gap conoscitivo perché comunque il rischio c’è magari saranno meno le indagini che però quella

(R) Pure persiste

(I) Esatto

(R) È aumentato il numero di transazioni economiche con fini di riciclaggio specialmente da parte delle organizzazioni criminali italiane e russe nel settore immobiliare negli ultimi anni in Europa e particolarmente in Inghilterra?

(I) Guardi non ho dati per poter rispondere.

(R) Quali sono gli strumenti posti in essere dal sistema finanziario per neutalizzare transazioni finanziarie a fini di riciclaggio nel settore immobiliare inglese ?

(I) Sostanzialmente si tratta di una implementazione anche ben fatta delle regole delle regole delle 40 raccomandazioni GAFI

(R) Quali aspetti del sistema finanziario possono essere migliorati per combattere questi crimini economici?

(I) Non ho questa presunzione probabilmente dovremmo bloccare il mercato finanziario per bloccare il riciclaggio ma mi sembra inopportuno.

(R) Quale è la risposta delle forze dell’ordine riguardo i crimini economici e finanziari nel settore immobiliare inglese?

(I) Sono per quello che posso aver raccolto durante questa mia esperienza sono molto più sensibili e hanno avviato una intelligente collaborazione con il settore privato laddove in Inghilterra il settore privato parlo di banche, parlo di di altre istituzioni private hanno un molte informazioni e hanno una visione molto più ampia quindi hanno cominciato questo lavoro di osmotico sui fenomeni con il settore privato che li sta portando a capire molto velocemente il fenomeno e come si manifesta e come contrastarlo.

(R) Come la legislazione inglese combatte questo fenomeno criminale?

(I) C’è ritengo che una cosa molto singolare sia l’introduzione nel 2018 dell’ unexplained wealth order che assomiglia molto al nostro sistema misure di prevenzione dove vi è sostanzialmente un inversione dell’onere della prova in caso di un tenore di vita troppo elevato da persone che sono vicine o sono esposte politicamente o sono state condannate o comunque collegati a reati di un certo tipo anche all’estero quindi questo è un una legislazione che sta trovando le sue prime applicazioni in questi in questo periodo che però potenzialmente dà una chiave di volta al sistema di repressione e di recupero, di recovery dei proventi

(R) Dei beni criminali

(I) Dei beni criminali.

(R) Quali sono le criticità normative della legislazione ingelse che rendono il mercato immobiliare particolarmente appetibile per gli investimenti delle organizzazioni criminali italiane e russe?

(I) Io non ne individuo, ce sono le stesse criticità sono le stesse lacune lasciate dalle raccomandazioni GAFI che però sono lacune che sussistono per tutti i paesi non vedo grandi particolari disallineamenti della normativa inglese poi consideri che proprio prima mi chiedeva perché oggi si ha bisogno di professionisti o meglio le dicevo che secondo me i professionisti sono molto importanti nella fase di riciclaggio perché naturalmente nell’ implementazione di ogni normativa nazionale vi è sempre un piccolo disallineamento non c’è mai una perfetta armonizzazione naturalmente per poterle sfruttare questi piccoli disallineamenti bisogna conoscerli bisogna avere bisogna essere professionisti del campo quindi

(R) Quali sono le caratteristiche del regime di confisca inglese?

(I) Per quello che so esistono due tipi di confisca: la confisca penale, la confisca civile la confisca penale è conseguente alla condanna la confisca civile tra cui rientra anche l’unexplained wealth order di cui le dicevo prima riguarda su base più che altro indiziaria cioè meno forte come elementi probatori da portare in corte.

(R) Quali aspetti del regime di confisca inglese possono essere migliorati?

(I) Guardi su questo bisogna vedere come verrà applicato effettivamente l’efficacia che avrà nell’applicazione l’unexplained wealth order perché le dico da certi punti di vista alle nostre misure di prevenzione sono anche meno efficaci sulla carta cioè come è stato scritto questo nuovo provvedimento è sulla carta molto efficace molto diretto, ha avuto sicuramente il pregio di non dover passare per i 40 anni di evoluzione storica che abbiamo avuto noi con, 60 anni di evoluzione storica che abbiamo avuto con le misure di prevenzione non ha dovuto affrontare gli stessi problemi che abbiamo dovuto affrontare noi di fronte alla Corte Europea dei Dirtti dell’Uomo, con la Cassazione e tutti i problemi che quindi è stata scritta in maniera molto asciutta e quindi sulla carta potenzialmente molto efficace poi naturalmente dovremo vedere nelle prime applicazioni gli esiti come gli avvocati riusciranno a contrastare un fenomeno provvedimento un sistema che può essere assolutamente molto efficace.

(R) Quali sono le caratteristiche della legislazione antiriciclaggio per contrastare questo fenomeno?

(I) Ripeto e sono è sostanzialmente anche più stringente delle normative degli altri paesi perché c’è il è basata sulle raccomandazioni del GAFI poi ci sono state delle varie implementazioni poi le ripeto questo nuovo approccio che loro hanno di cooperazione più forte con il settore privato secondo me sta ottenendo pure buoni effetti.

(R) Quali sono le criticità normative della legislazione antiriciclaggio che rendono il mercato immobiliare particolarmente appetibile per gli investimenti delle organizzazioni criminali italiane e russe?

(I) Le ho detto non sono in grado di dirle quali sono

(R) Quali aspetti della normativa antiriciclaggio possono essere migliorati?

(I) A livello internazionale si ma è il GAFI che deve vedere le proprie raccomandazioni non perché

(R) In particolare c’è qualche aspetto?

(I) Sono piccoli dettagli, piccole cose però le faccio un esempio abbastanza banale se vuole però le rende l’idea fino a qualche tempo fa’ un versamento fatto a un su un IBAN che non corrispondeva con l’intestatario era automaticamente rifiutato o bloccato dalla banca per motivi di sicurezza per motivi comprensibilissimi questo vincolo è venuto meno quindi fa fede l’IBAN quindi sostanzialmente se lei scrive il mio nome e sbaglia l’IBAN vanno a beneficio di qualcun altro questo ha permesso per esempio delle frodi dei sistemi di truffa in cui ci sono infilati immediatamente molte cose probabilmente dove c’è una possibilità l’organizzazione criminale non solo per fini di riciclaggio in questo caso per fini di truffa sono molto attente poi però ripeto c’è il rovescio della medaglia alcune volte sbagliare semplicemente una lettera nel mio cognome ed è molo facile ho visto le doppie che si usano poteva bloccare un’operazione di cui avevo bisogno per molto tempo quindi ora naturalmente l’esigenza di una persona fisica sono tante lei immagini quando le transazioni che devono avvenire con una rapidità notevole quindi ripeto forse scherzando l’unico modo per evitare di riciclare è bloccare il mercato finanziario economico ma mi sembra un provvedimento abbastanza drastico.

(R) Come si può migliorare la politica di contrasto alle organizzazioni criminali in Europa?

(I) Mediante la costituzione di una hhh bisogna cambiare il tipo di investigazioni cioè secondo me dovremmo passare ad avere almeno in Europa una polizia federale finanziaria perché le dicevo i piccoli disallineamenti delle normative possono essere motivo per chi li sa sfruttare di inserirsi e siccome credo che ognuno nel suo paese conosce bene il sistema credo che le investigazioni più serie dovrebbero vedere seduti insieme ma veramente non solo con le cooperazioni che già funziona bene ma proprio nelle investigazioni paesi forse l’ordine di paesi diversi la cooperazione internazionale è fondamentale e forse funziona bene perché ci sono già scambi di informazioni con Interpol Europol lo scambio automatico delle informazioni ai fini fiscali lo scambio di informazioni attraverso le financial investigation unit, lo scambio di informaizone e di intelligence già funziona abbastanza bene oggi credo quello che manca è sedersi attorno ad un tavolo ed avere investigatori che conoscono bene sia le abitudini sia la legislazione nazionale perché le ripeto è lì che si fa la differenza io posso le dico uno dei problemi che spesso si ha nella cooperazione internazionale è che chi richiede è convinto che nel paese richiesto valgano le stesse regole e questo è il motivo per cui alcune volte non si arriva a destinazione, si sono fatti passi avanti, la mia presenza qui è anche quella per evitare che vengano richieste da una parte e della l’altra cose a cui non si possono più rispondere o che forse si possono chedere in altra maniera la cooperazione bene o male funziona però forse Europol si dovrebbe trasformare in federal police.

(R) Questa è l’ultima domanda quale è la sua opinione su potenziali conseguenze della Brexit sugli investimenti illeciti delle organizzazioni criminali italiane e russe nel mercato immobiliare inglese?

(I) Guardi credo che in questo momento li rallenti perché comunque la grande confusione che c’è su quello che sarà nessuno può prevedere veramente che cosa succederà qui in Inghilterra come funzionerà anche la semplice operazione di polizia o come verranno attuate le norme sulla regolamentazione qundi in questo momento per assurdo posso intuire un certo interesse da parte delle organizzazioni criminali che stanno alla finestra proprio per vedere se ci sarà un ma credo che in questo momento si siano un pò bloccate dopo se mi fornisce una buona sfera di cristallo glielo dirò ma finchè non ho la sfera di cristallo non credo di poterle rispondere.

(R) Va bene, la ringrazio.

(I) Ci mancherebbe.

**Research Participant**: I14

**Date:** January 2020

**Skype interview**

(R): then let’s start ok?

(I): ya

(R): then why do organized criminal groups go abroad and if you can please provide some examples about mafia transplantation in the UK?

(I): ahhh sorry you said mafia in the UK

(R): Ya ya if you can provide some examples about ahh criminal groups you know transplantation in the UK you know if you found any any examples about ahh ahh especially Italian and Russian you know in the UK?

(I): the the Russians have bought property in the UK since the late nineties really so when the soviet union sort of collapsed oppositely there is a lot of people made a lot of money overnight oligarchs you know ah (Name of Russian oligarch) definitely became you know ahh wealthy individuals became billionaires literally overnight ahh I think that’s the influx of money that came into the UK came into the UK property market (words inaudible) nineteen nineties onwards nineteen nineties and another reason really the London you know offered this and it still does sophisticated great status and credibility to people wanting to invest in the property market and London definitely (words inaudible) on that and that’s the main reason London and New York two cities people wanted to invest (words inaudible) refer from normally eastern Europe from west Africa because having property in London ah has just got a huge status one of the main areas where we found the properties to invest is (words inaudible) opposite (words inaudible) Harrods again sold into the ah the state of credibility aspect so I mean we we had numerous individuals that have been suspected of illegal activities investing in property in London so all those problems are still (words inaudible) of foreign nationals

(R): and what is the criminal decision-making process for the investment of criminal proceeds by organized criminal groups in the UK real estate market?

(I): ahh all agents all estate agents in the UK are probably regulated more than anyone else in the world (words inaudible) regulations they face hmm nevertheless it’s a very (words inaudible) it’s one of the main areas that the avenues that’s been used for people of organized crime gangs to to invest in real estate in London is usually through offshore trusts and of course the UK it is strongly (word inaudible) from crown dependencies like Jersey (word inaudible) British Virgin Islands hmm so offshore trusts have been the best way to disguise property that is coming today to the London market because their way behind these entities (words inaudible) hmm offshore trusts and company shell companies and it’s very difficult for agents to try and establish relation to the beneficial owner more often than not

(R): Hmm and can you please provide some examples you know about modus operandi of organized criminal groups in the UK real estate market in particular Russian and Italian if you can?

(I): well the main the main method or the main way that is played is basically hmm if you if you if you are receiving money through x amount of money through corruption through foreign jurisdiction you know you have to have countries that you move into ahhh use an offshore entity set up and (words inaudible) provided offshore to set up a trust for you and then deposit the money into the trust in a way from Russia rather of the Ukraine or Azerbaijan into bank account that set up a trust and ahh basically lay it and move it around various jurisdiction so Panama or BVI having so ultimately using shell companies and shell normally normally directors and shareholders are eventually then when you come to buy property in the UK it says it is very difficult for agents to go behind that the layer of the organizations because if can sometimes if you do due diligence on property you can find yourself going through five or six jurisdictions you know bouncing from various places of the world and you know really and also you know it is very difficult to prosecute fiscally from those jurisdictions that hmm you know (words inaudible) the money has emerged from corruption initially

(R): yes, and I mean how vulnerable is the real estate market to the investment of criminal proceeds and if you can tell me you know if you have found any cases of Italian and Russian organized crime in UK real estate sector?

(I): well you have got according to ahh you must be (words inaudible) your organization transparency international

(R): Hmm ya

(I): they reported they produced in October last year which is called actual service they identified in the last decade fraudulent transactional properties (words inaudible) worth about five billion pounds have been flagged as suspicious wealth now their findings would say (words inaudible) that there is a stable held by hmm (word inaudible) by have reported years ago effectively which was about four point two billion so you got a four point two billion sitting there could be some high profile cases recently there is this well it is going to the courts (words inaudible) from the Azerbaijan who had their property twenty two million seized hmm the Pakistani guy who just handed back properties worth fifty million pounds in one High park place so there is a number of hmm cases now coming to the (word inaudible) we have the unexplained wealth order in the UK which may be (word inaudible) which is a civil order (words inaudible) law enforcement to do is to try to recover assets

(R): and I mean which kind of properties are most involved in this kind of money laundering activities?

(I): we have cases ahh not much overseas all sorts of properties effectively the main properties are we call it prime residential properties you are talking about properties I don’t know worth an excess of ten twelve fifteen million pounds higher in the scale or so because obviously the question is that the more expensive the property the more there is the more money you can dump into real estate effectively in one go

(R): and I mean what are the criminal instruments and vehicle used to place dirty money in this economic sector?

(I): offshore trust mainly through foreign bank accounts but effectively offshore trusts overseas companies’ the main method

(R): and I mean which are the new financial instruments used for money laundering purposes by organized criminal group in the UK real estate market especially in particular about Italian and Russian if you can?

(I): ahh there ahhh there is no a specific financial instrument it’s just obviously they you know there is money setting in a bank account that’s been ahh withdrawn or taken out of jurisdiction be it Russia or be Italy where have the setting the bank one of the issue is that you sometimes need to assist you is a lawyer or an accountant they lay the secrecy behind the organization a lawyer may be based in the UK or overseas but predominantly in the UK well you know assist you in doing the conveyance in doing the legal aspect and try to conceal the money

(R): and I mean what are the crime facilitators for the investments of criminal proceeds in the UK real estate market you have already mentioned lawyers?

(I): yes so you got professional enablers you would expect to have accountants lawyers possible estate agents or third parties that are users and introducers or property finders to effectively hmm you know do the bidding behalf of the person who is purchasing the properties it’s quiet unusual to find you know a corrupt official or a politically exposed person but actually knew the property themselves come on into the UK and use a third party to do their bidding for them

(R): and what are the internal checks for the real estate communities to prevent these economic crimes?

(I): ok so they all estate agents in the UK are complaint or have to be complaint with the money laundering regulations two thousand seventeen and those regulations are the same regulations that cover banks, solicitors, casino they don’t have a separate separate regulations for each ones so they are all under money laundering regulations two thousand seventeen and that those came about as a result of the EU (words inaudible) directive so they came into two thousand seventeen so that’s how they do their due diligence in relation to their buyers and sellers and if they encounter what they think is laundered money or dirty money and they have to make a report to the National Crime Agency they then make that into the proceeds of crime act two thousand and two so these are the two main (word inaudible) legislations the proceeds of crime act which is a primary piece of legislation but in terms if their day to day compliance with regulations it’s the ahh money laundering regulations and in the UK those are supervised by HMRC actually (word inaudible) they supervise the estate agents

(R): and what are the requirements for ahh real real estate agents to target suspicious real estate transaction?

(I): okay so they supposed to clearly identify their clients so that’s an individual process through the use of source of identifications your passport satisfactory proof of your address ahh and for a seller they supposed to establish the legal right to that property through the land registry and and for a buyer if it’s an if it’s a natural person (words inaudible) should clearly identify where the source of funds are payed for that property now if it’s a company or trust they are required to identify the ultimate beneficial owner and the company as you may know the ultimate beneficial owner is somebody who is identified this having twenty five percent overall the shares of the voting rights of that company

(R): and how many suspicious real estate transactions are reported by ah by estate agents I mean is it high or?

(I): last year out of there were four across out of all the regulated sector in the UK so looking at the banks looks societies you know the casinos solicitors there were they were just out of for hundred and eighty thousand from the National Crime Agency out of those only six hundred and ten came for some thirty five sorry came from the estate agents not point one percent

(R): and I mean there are any legal tool you now tools to check ah to monitor ahh real estate activities ah if they report or not you know these suspicious real estate transactions or not?

(I): well so one they have made the report so it is very much in the hands of the solicitors estate agents made reports (word inaudible) they make the report to the National Crime Agency and the National Crime Agency once they receive a report they then have to make a decision as to how they allocate that report where took rise for the investigation well that might be sent to the local police if it’s a tax matter might go to HMRC or the National Crime Agency might investigate themselves they receive all the reports and then they supposed to disseminate well you know allocated for (word inaudible) further investigation

(R): and what are the internal checks for lawyers to prevent these economic crimes?

(I): well they are they are exactly under the same money laundering regulations two thousand and seventeen they have got exactly the same checks so in practice if you and I are buying a house on our own your documents your checks should go through three sets of eyes it should go to the banks will look at your finances if you apply for mortgage that should then go through the solicitors and then they should go through the estate agents so usually you should have three different set of eyes looking at somebody you now purchasing properties

 (R): and I mean what are the consequences of investments of criminal proceeds for both law enforcement and economic development in the UK real estate sector?

(I): ok so if you breach the money laundering regulations two thousand seventeen it is a (word inaudible) of two years of imprisonment or a fine and or a fine if you breach the process of crime act so for you knowingly ahh to be involved in you know in money laundering of transferring converting property it could be (word inaudible) up to fourteen years of imprisonment penalties for breaching the process of crime act two thousand and two are quiet significant

(R): and there are any effect on the market as well?

(I): there is an effect on the fact that estate agents on the moment of feeling hmm very much under (word inaudible) pressure and the legislation changed in the UK here as did with the rest of Europe the last Friday on tenth hmm when letting agents up to now that the legislation just apply to ahh sales agents buying or selling properties it now effects renting people the people renting a property over ten thousand euros per month are now subjected to the money laundering regulations as well and that’s sound a lot of money but there is a lot of London property I am sure of high high threshold which is above eight thousand sterling but ten thousand euros for a lot of London properties is quite problem

(R): and do you think that UK legislation acts as a push factor for the investments of criminal proceeds in the UK real estate market?

(I): well that’s a no it hasn’t checking by the amount of money coming into the property market is is clearly (words inaudible) think I would say for the last probably eighteen months two years there has been a great awareness across the property market in terms of the responsibilities and the regulations I think you know you are in Canada at the moment there has been a lot of (words inaudible) BC in Vancouver particularly and there is Chinese I think and Australia is at really bad criticism for property market Germany has admitted that it’s got thirty seven billion euros worth of predominantly Italian mafia money sitting in the (word inaudible) I think generally and globally I think (word inaudible) across the globe are beginning to wake up to the fact that still properties most attractive ahh proposition for anyone wanting to launder money

(R): and what are the requirements for a real estate transaction to be identified as suspicious money laundering transaction in Europe and particularly in the UK?

(I): so okay you you there there I have seen number of red flags that is put out there so effectively the agent has to decide where the … you know when the deal of the property what makes the suspicious some of the common red flags obviously where is are the complex structure that is used to purchase the properties (word inaudible) a potential red flag second red flag is something ahh like a lack face to face contact with the ultimate beneficial owner and (word inaudible) red flags (word inaudible) where the funds are coming from whether they are coming a high risk jurisdiction you know they are coming from eastern Europe or Saudi Arabia (words inaudible) on the fact that risk so (words inaudible) and if they are if they suspect that the deal with criminal property that they are legally required to make a report to National Crime Agency not might do they have to make a report otherwise there is a separate offence for failure to disclose under the proceeds of crime act

(R): and has the magnitude of suspicious real estate transactions for money laundering activities especially by organized crime increased in Europe and particularly in the UK in recent years?

(I): funny that the report the reports from estate agents that come every year about thirty percent (words inaudible) and this year or last year until two thousand nineteen is the first year that has actually report gone down unusually now obviously that doesn’t look very good for the real estate profession because they are having a lot of criticism for put the money (words inaudible) gone down this is the first year that actually saw a dip in ah the amount of reports

(R): did you find any any cases or ahh can you provide some examples about ahh Italian and Russian organized crime you know on this ah on their on their money laundering activities in the recent years especially in the UK?

(I): there is a (word inaudible) high profile cases going to the court now for estate wealth orders because there is a case of Mrs. (word inaudible) going for the court for the seal in state bank in Azerbaijan and they have two property one in London one (words inaudible) of fourteen million and one in (words inaudible) coming to courts she has been spending sixteen million pounds in Harrods in ten years and there are about four five unexplained wealth orders going to the court at the moment which are hmm (words inaudible) recent cases I mean it’s very you know recently money (words inaudible) individual properties and we had Russian (words inaudible) in last ten years or seven years properties worth millions in Hamster north London

(R): and how does the financial system assess money laundering risk in UK real estate sector?

(I): how does say that again sorry

(R): how does the financial system assess money laundering risk?

(I): the actual the last risk assessment in the UK which came in two thousand seventeen hmm property itself is deemed a medium risk and estate agents themselves are deemed lower risk and there have been very few convictions of the estate agents in the UK the property itself is a medium risk I would say that there are certain parts of London that you put in a medium to high category

(R): and how can be improved regulation of the financial system to prevent these economic crimes?

(I): mainly through greater awareness and training of agents of you know the money laundering risks what you look for what is potential for and around ensuring that they are able to do effective custom due diligence it’s a high level (word inaudible) establish who the beneficial owner is

(R): and what is the response of the law enforcement to deal with these economic crimes in the real estate market in the UK at present and its potential future?

(I): in the future we think as I say go back to a sort of unexplained wealth orders if used correctly are great tool in terms of identifying anti legal criminal property you know individuals raised have been very difficult to prosecute for criminal offenses but clearly it is obvious you know that the wealth that they got or acquired does not fit the profile what they were doing their individual government ahh in their own country

(R): and how is the UK legislation devised to control this phenomenon?

(I): we look at the two main legislation the primary and the secondary legislation the primary is your personal crime act and criminal finances act two thousand and seventeen and the primary legislation I mean the obvious secondary legislation which is the money laundering regulation two thousand and seventeen so you got the two main legislation

(R): and what are the characteristics of the UK confiscation regime?

(I): ah well confiscation regime is you got you have now got actually several orders but for criminal orders people who are convicted or entitled offence corruption fraud you now theft etc. then the ahh the UK law enforcement has the potential to go after ahh assets under the proceeds of crime act two thousand and two so you can confiscate property whether they believe it is subjected of whether it has been derived of criminal proceeds and that’s gonna go back lifestyle go back as far as six years in terms of what they gonna do

(R): and

(I): if not it’s not uncommon for people to be convicted of you know drug offences of drug importation ah drug trafficking to ahh you know purchased may be seven eight nine ten houses at a lower level and then to the have those assets confiscated

(R): and what are the legal loopholes and weaknesses of the UK real estate legislation that make the UK real estate market vulnerable to the infiltration of criminal proceeds?

(I): ah there aren’t any loopholes the regulations you got in the UK or legislation it is pretty sound it’s just the application of it the powers and the laws are there it’s just actually applying it properly I think it’s the key thing I don’t think we could actually have any greater one of the things we are you know we the country is one of the first countries to have beneficial ownership register public or public ownership clearly one of the things that the UK is pushing for at the moment the things that the overseas entities (word inaudible) is forcing foreign overseas companies acquiring property in the UK to have public ownership register and everybody having access to that but you are never going to some of the entities offshore are signing up to that what you are never going to get them to sign up to is the public register of trust (word inaudible) companies but not the actual trust

(R): and what are the legal loopholes and weaknesses of the UK confiscation regime?

(I): hmm there really aren’t any it’s very (words inaudible) proceeds of crime act is one of the most powerful piece of legislation the UK has passed we do have the we have the right tools for it ah it’s just the application for it so I don’t think there are any loopholes I have to say the legislation is there it’s quite wide range you know it is quite powerful

(R): and what is the time frame what are the costs for the confiscation procedure particularly for ahh houses?

(I): you know you got the (word inaudible) confiscation orders you can also have like three months to hmm you know (word inaudible) you can have the confiscation orders have been made which can take you know once the case is finished it can take up to eighteen months what confiscation orders been obtained (words inaudible) three months six months compliant with that confiscation order and effectively they don’t comply with that confiscation because usually with that confiscation there usually an increased increment on the end of it for instance hmm you can have people (words inaudible) the confiscation order is made against a guy called (word inaudible) who is his financial advisor who was ordered to pay that seven million pounds or face ten years imprisonment and so and you know you have three months to do that so before Christmas so hmm the penalties that are quite severe if you don’t comply with the confiscation order they will the add you know the judge will add an equivalent (word inaudible) period of time to imprisonment sentence

(R): and what is the time frame for asset recovery?

(I): ahh there isn’t really a time frame you know it can take two three years I mean (word inaudible) case (words inaudible) back in two thousand twelve and only now they are still going through the recovery process because he appealed against his conviction so they know that you know bringing back the confiscation that is back to life effectively

(R): and are there any legal provisions for confiscated property that belonged to organized criminal groups?

(I): well they don’t they tend to go back into the state coffers effectively so anyone who is losing their criminal properties then go back into the state revenue and if that individual from abroad and that government might be Nigerian or might be Saudi Arabia whatever it might be (words inaudible) their country that’s an agreement between the home office here and that country governments to decide what level should go back to which country

(R): and what are the mechanisms or checks to avoid that an asset returns to a criminal portfolio?

(I): ahh that’s the discussion (words inaudible) high level because effectively if you are confiscating proceeds from a foreign jurisdiction then there is an agreement as to you know for the cost in the court on this side for investigation and prosecution and obviously the country where their funds come from they would make case to have x amount percentage returned back to their their country

(R): and I mean how effective is the UK confiscation regime to prevent these economic crimes in the UK?

(I): it’s pretty effective it is pretty effective the proceeds of crime act (words inaudible) for best part of fifteen sixteen years and it’s it’s it’s a pretty ah pretty powerful piece of legislation

(R): and what is the impact of this legal tool on these economic crimes in the UK real estate market?

(I): well (word inaudible) a lot of the UK’s (words inaudible) nicknamed by people as the money laundering capital of the world so it still got there is a significant money laundering problems in the UK we got the biggest financial market so maybe that’s one of the reasons but we have a lot of complex financial products in the UK and hmm you now the UK central housing market has been ah you know very attractive proposition status credibility you know very expensive properties so you know is the most expensive real estate in the world

(R): and what aspects of the current UK confiscation regime can be improved?

(I): ahh well I think as I say unexplained wealth orders are a landmark and the first one is ah successful and this month the ruling is due this month the case for Mrs. (word inaudible) was in December the judge is due to rule anytime now so if that case is successful that’s got landmark case because I don’t (word inaudible) another sort of unexplained wealth orders coming behind effectively

(R): and what are the characteristics of anti-money laundering legislation to combat this phenomenon?

(I): well what are the characteristics of it ahhh hmm it’s all set around effective customer due diligence that’s the main aspect and with that it’s not just identifying the individual or beneficial owner it’s actually establishing where the source of funds come from and if you got politically exposed person is identifying where their source of wealth may come from

(R): and what are the legal loopholes and weaknesses of anti-money laundering legislation that make the UK real estate market vulnerable to the infiltration of criminal proceeds?

(I): Hmm ah the vulnerability is a is dividing the property which is obviously (word inaudible) also an attractive proposition and the second (word inaudible) with no doubt when we ahhh so we allowed soviet union or Russian money to come in the late nineties you know that was a judgement call because you have a lot of wealthy Russian individuals coming into the UK now I suspect but I don’t know I suspect the system from the UK government there is a reason why they had a lot of people from Russia but all the wealthy to come in yes they got they were wealthy but effectively from a security aspect they may be to be able to assist the UK government with you know knowledgeable (words inaudible) so I think that there was there was a potential aspect as well

(R):and what aspect of the current anti money laundering legislation can be improved?

(I): Hmm what can be improved I think partial penalties the abilities being handed out (words inaudible) has increased and I think in terms of enforcement hmm you know that is the biggest hmm preventive measure if you got an agent who are being fined significantly then that has an impact on the market doing that

(R): and how can the effectiveness of counter organized crime policies be improved in Europe and especially in the UK?

(I): well one of the main reason well one of the main things that you can prove across not just Europe and not just UK across the Europe is hmm increased corporation between the private and public sector that is essential the UK being quite a driver in that in the last you know few years hmm I think that’s a quite (word inaudible) that you have you know a (word inaudible) between the private and the public sector there is a flow of information between both sides just is not bad ah process

(R): and ah this is the last question you know that Brexit is going to happen then what is your opinion on potential consequences of Brexit on illegal investments in the UK real estate market?

(I): well what I say potentially is the fact that and we all know that you know the UK is a very attractive holiday destination (words inaudible) a lot further than it did you know three years ago so people overseas then hmm you know invest in the UK property market it could be a very attractive proposition because then can get a lot more money than the money the way (word inaudible) last few years against the euro and against the dollar ah that’s an attractive proposition I think what what what happened with the election in December that once you know Brexit is clearly happening now whether you agree with it or not that’s happening I think what it’s done to the UK property market is giving some stability there is been a lot of uncertainty in the last two or three years now there is a degree of certainty you know we are coming out of Europe whether right or wrong you know it’s going to happen now as in I think the general mood is that hmm the prices have started to pick up a little bit

(R): okay okay thank you thanks a lot

**Research Participant**: I15

**Date:** July 2019

**Jitsi interview**

(R): okay then let’s start ahh… if you ahh if you please tell me ahh why do organized criminal groups go abroad and if you can please provide the some example about organized criminal group based on ethnicity transplantation in new territories?

(I): okay well I am not in the mind of ahhh organized criminals so there will be many reasons they go abroad

(R): ya

(I): first of all its safety second it’s the business ahhh and pretty much it depends on what kind of ahh of a job ahh they do in a Czech Republic and Slovakia they do logistics the ahh let’s say mid work management of organized criminal groups is based here and ahh and they use Czech Republic also for money laundering

(R): and do you have you know any examples you know about organized criminal groups based on ethnicity you know ahhh regard to their transplantation in new territories like for example Russian organized crime ahh or Italian mafia?

(I): ahhh pretty much Balkan mafia that means Kosovo mafia, Albanian mafia, Serbian mafia and (word inaudible) East European countries ahh Italians and Russians as well

(R): and usually they have a different modus operand compared to the ahhh ahh the origin ahh of their country?

(I): yes

(R): and if you can tell me you know I mean some ahh if you can provide some examples you know about you know this different modus operandi that they have abroad?

(I): ahhhh they act much more severely business people

(R): hmm

(I): ahh they hire excellent lawyers for them especially they do the money laundering here ahh they invest huge amounts of money and they pose even in those cover of glossy magazines as successful business people

(R): and then ahh what is the criminal decision-making process for the investment of ahh organized criminal groups based on on ahh on ethnicity in the legitimate economy and if can you please tell me how it is applied by the organized criminal groups in the real estate sector?

(I): ahhhh I mean like every criminal group has some program and that’s how to launder the money and they do launder the money through real estate development projects but as well they buy the real estate and sell it in five years this is for profit and thus they legalize the money

(R): okay and then ahh I mean what are the key characteristics that distinguish organized criminal groups based on ethnicity ahh in the real estate market I mean especially about Italian and Russian organized crime you know about their modus operandi in the real estate market?

(I): ahhhh I would say Russians are more focused in new buildings new real estate developments but it is not idealist more in buildings with historical value otherwise I don’t see much much of a difference

(R): and I mean how vulnerable is the real estate market to the infiltration of organized crime based on ethnicity and if you ah can you tell me if you have found any cases of Italian Russian organized crime in the UK real estate sector?

(I): I did find examples in UK in real estate sector and I would say Warrington is a quiet example

(R): ya

(I): of actually how the organized crime proceedings could actually totally destroy the situation of the real estate market

(R): ya and them I mean ahhh why real estate market you know this sector is so vulnerable to the infiltration of these organized criminal groups?

(I): because investing in real estate is totally safe ahhhhh you know the price of the real estate bound to drop anytime soon and if you invest lot on your name by but the name of in the name of some offshore company then you are safe and probably (words inaudible) will be never able to take this investment from you

(R): okay and then can you shed some light on the UK real estate market I mean you have ahh hmmm if you can tell me something about that?

(I): the UK real estate market is one of the most expensive in the world and so it’s actually great to invest money there or to put in their into this called investment apartment or investment building because you are not only keeping the money safe you are not only laundering the money ahh you know singing in your home country that you actually make money through this company ahhh but you keep the building empty but also it’s a good investment that you won’ t decline in upcoming years

(R): and I mean what are the criminal instruments and vehicle used by Italian Russian organized crime to place their dirty money in this economic sector?

(I): they they use different ahhh ahh ways to how to place the money ahh they use offshore structure, anonymizations, proxy’s formation agents and sometime they just use the lawyers who are happy to work for them

(R): ya and then in you know which are the new financial instruments used by organized criminal groups based on ethnicity for money laundering purposes in the legitimate economy and if you can please provide some examples about their use by Italian and Russian organized real estate market?

(I): well what I have noticed was the new financial instruments that Italians Italian organized crime they are through crypto currencies so far, I didn’t see it with Russians but that’s probably just my ignorance

(R): and then I mean ahh what are the crime-facilitators for the investment of Italian and Russian organized crime in the real estate market?

(I): lawyers real estate agents formation agents

(R):and do you have any examples you know hmmm about Italian Russian organized crime when they use you know this kind of ahh facilitators?

(I): you can you can see some of the older basis the problem is those people found loopholes in the legal system so you can’t actually prosecute ahhhh formation agents for setting companies for criminals

(R): and then

(I): so, I I wouldn’t name any I could be persecuted for it

(R): I mean what are the consequences of investment of criminal proceeds for both law enforcements and the economic development in the real estate sector?

(I): the problem is that average people cannot afford to to live in the city that are actually abruptive for ahh organized crime investments ahh the the price is of the real estate is is super high and then it also means if those are investments apartments or buildings then the people are usually not living there the the buildings are empty so the the the centers of the towns became ghost towns and you know the impact is the normal coffee shops normal groceries had to close down because they have low customers there

(R): ya and then how is the UK legislation device to control this phenomenon?

(I): ahhh only last year there was the first case when they actually ahhhhh did something new and that’s when ahhh one woman from Azerbaijan was not able to explain what is the source of their money they froze it

(R): and then they I mean what are the characteristics of the anti-money laundering legislation to combat this phenomenon?

(I): I have no idea

(R): okay and do you know if what are the legal loopholes and weaknesses of anti-money laundering legislation that make the real estate market vulnerable to infiltration of Italian and Russian organized crime?

(I): well there is one thing that the laws have in common then that is they are local but organized crime and money laundering are global so you know the once we have global legal system it might help but so far it doesn’t work this way

(R): okay and then what are the you know in your view what aspects of current ant anti money legislation can be improved?

(I): cooperation

(R): hmm

(I): hmm probably better overseeing of the banks and probably much more but I would need to think a bit longer about it

(R): and then how can the effectiveness of the counter organized crime policies can be improved in in Europe?

(I): I believe if there will be European ahhhhhhh legal body that would actually oversee it it would help because its super easy even it’s in the European union to legally be at one place (word inaudible) offshores like Malta for example but physically somewhere else

(R): hmm you know that ahhha ahh the Brexit is going to happen okay what is your opinion on the potential consequences of Brexit on Italian Russian organized crime proceeds in the UK real estate market?

(I): I would say that UK clearly has a problem

(R): ya hmmm why if you if you can tell me?

(I): because well I don’t know how much they will stay part of the EU kind of sharing and cooperation this is the Europol and so what but if they are going to walkout, they won’t be able to light it on their own

(R): Hmm and then do you think that ahhh the ahh will it increase the investment in this ahh you know historical period or ahh not I mean?

(I): if there will be any legal vacuum or any new legal loophole because of it they would definitely increase the investment

(R): okay okay that’s fine I mean this is the last question

(I): okay

(R): thanks thanks a lot

**Research Participant**: I16

**Date:** August 2019

**Skype interview**

(R): let’s start ahh I would like to know why do organized criminal groups go abroad and if you can please provide some examples about organized criminal group based on ethnicity transplantation in new territories?

(I): hmm haha it’s a big question hmm why do organized criminals... in my specialty its its not the traditional organized crime in the Italian sense but kleptocracy so the combination of of organized crime and politics ahhh in eastern European ah sense hmm why do they go abroad hmm primarily ahh to secure the ownership of the assets so they hmm they are aware of the fact that the same way they stole their money that they possess someone else could steal it from them and therefore keeping your money overseas is a is a very good idea I mean often the money doesn’t stay overseas it it goes overseas and condemn the cycles or whatever it it it goes far to a company and then looks back to Russia or Ukraine so it gains both immunity and protection by treaties hmm so why it goes overseas because they like to rule of law they like to rule of law to protect themselves at the same time they don’t like the rule of law in their own country so they can steal from other people so that is ahh I would say why people ahh go overseas hmm you know it is any time money crosses border it makes it more difficult for police officers to find it

(R): ya and then what is the criminal decision process in making investment of organized criminal groups based on ethnicity in the legitimate economy and then if you can you please tell me how is it applied by these organized criminal groups in the real estate sector?

(I): hmm its difficult it could be based on ethnicity hmm ahhh I mean you know there is different ways of looking at that and hmm ya obviously the you know the (words inaudible) mafia that is one way of looking at that and then you can you know say hmm Jewish ethnic groups coming out of the desert is another way of looking at that hmm I tend to look at hmm ah groups which aren’t so much to find ethnicity defined by ahh background so they would be hmm they might be Russian they might be Ukrainian they might be Latvian Lithuanian hmm but they all tend to have roots in the KGB or in a hmm so it’s a slightly different mode of to be honest

(R): ya

(I): their their roots would be in a Soviet institution some kind rather than in in a in a ethnic group so works in a different way the the hmm the reason why they would be investing In real-estate is because it by large a very liquid market hmm has certainly in the UK people tend to put their money or in the US hmm has a good track record of retaining its value in fact opposite of increasing strongly in value so it’s a good investment hmm its ahh a very loosely regulated market if if not unregulated market which makes it easy to put money to it hmm and and you can put money into it anonymously so all of those things are very good reasons to invest in real-estate for anyone hmm you know wherever the money is from and the same logic applies to to organized criminals keep money into UK real-estate it it it’s a good investment hmm it is anonymous investment and and it’s you know essentially very rarely regulated so it’s it’s a win win really

(R): ya I mean what are the key characteristics distinguish organized criminal group based on ethnicity in the legitimate economy and if you have if you can please provide some examples about Italian Russian organized crimes modus operandi in the real-estate market?

(I): ya I can’t because that’s not what I really look at hmm

(R): I mean if some…

(I): traditional mafia groups hmm ya that was a for Russia that was kind of like a big thing in the nineteen nineties it hasn’t been for a long time hmm the sort of idea of Russian ethnic mafia is been sub planted by the technocratic system hmm you know you do still get hmm you know some reminiscence about Georgian mobsters or Chechnya mobsters hmm but then sort of subsint within a much bigger more than ethnics which is about power hmm so I I am not sure that the comparison is one that I kept on making because I don’t I haven’t looked at that

(R): ya I mean

(I): the the ethnic components of top end Russian organized crime is is not an important one

(R): ya for example do you know if they have a different modus operandi when they are abroad compared to their modus operandi in their original ahhh country?

(I): I mean is a is a rule are ahhh they would keep their children abroad they would possibly keep their wives abroad often their lovers abroad they would keep their property abroad hmm so abroad they come across as a law abiding ordinary citizen hmmm ahh it’s a rule like Al Capone has gone to Miami it’s come to London it’s it’s a holiday it’s a place to relax they just tend to be it is unusual for them to commit violent crimes in the UK hmm that is what is done home hmm so so I mean this is a the UK is where they keep their money and they keep their children

(R): ya

(I): when this you know whether its Russian or Ukraine or whatever they keep their power so it’s it’s a ya this ya this is a hmm its its like a place to enjoy your money to keep your money safe ya

(R): and for example, are they interested about the control of the territory or they want just to invest you know they their dirty money in that economic sector usually when they are abroad?

(I): I mean ahh the groups I look at hmm they don’t tend to be involved at the drugs trade they are not worried too much about territory this is about ahh making use of a of a well regulated court system to protect your property to to solve your disputed hmm I mean essentially the UK or the US hmm the other world heaven that is everything Russia is not so you know its hmm it’s a stable society predictable political system political legal system hmm so they you know once you have stolen your money if you got it here then your money is safe its like UK is like a bank account

(R): ya

(I): that’s its role in its not hmm yes they may make investments here but the investments tend to be more of what you might call hmm enjoyment investments rather than hmm business investments so you buy yachts you buy football club you buy a house I mean you its made out as good investments but that’s not the purpose the purpose of them is store value and a place to enjoy yourself I mean its ahh it’s you know Russian ahh unlike say Chinese investments Russian investment in the UK doesn’t tend to be in productive sectors it tends to be more in (word inaudible) consumption

(R): and then how vulnerable is the real estate market to the infiltration of this criminal groups and if you tell me can you tell me if you had found any cases of Italian Russian organized crime in the UK real-estate sector?

(I): ya I mean it is highly vulnerable of course hmm you know the the very poorly regulated market it is very vulnerable and there a lot of Russian money I mean like I said making a distinguishing between Russian organized crime and any other Russian sector of the economy is very difficult there is it’s not a ahhh it isn’t a distinction that works hmm you know that distinguishing that you make between the mafia and the government the mafia and the businesses is not a valid distinction hmm they are all the same thing so if you see ah you know a Russian politician hmm ahh like (Name of Russian politician) comes and owns property in London they are acting essentially as organized criminals hmm because any member of the Russian elite is essentially an organized criminal and but it is different to to how it would be with the you know the ’Ndrangheta whatever it works in a different way it hmm ahh its you know the if if the mafia taken over the entire territory and and they control everything from from you know the government to the to the law enforcement to the of course that would be the Russians like so its its different hmm system you can’t really ah distinguish it so when there is high end Russian investments in London that is essentially organized criminal money hmm in one way or another either either directly or indirectly

(R): ya and can you shed some light on UK real-estate market if you can?

(I): ya I mean it tends to be hmm Russia has an unequal society ahh the assets are constrained in the top one percent you know more than half of the national wealth is owned by the one percent so hmm in in therefore these tends to be top end of the market the purchases Russia is not a significant hmm investor in the UK property on the UK wide scale however they are very top of the market nice prestigious destination it has been not so much recently it has been traditionally significant so that would be hmm the bit of London between the High garden and the Kings road its very hmm significant amount of Russian investment is there and north London around high gate and further north lot of Russian money lot of Russian money in seri hmm so any of the most prestigious parts of the UK market has a significant Russian investments hm it’s not in secondary markets Manchester Birmingham hmm it’s not so important hmm you know so ya there might be individuals but but not that much so ya I mean you are looking at you know Nights Bridge ah Kensington ahh High Gate hmm that’s where the Russian money is so and then it tends to be very big prestige properties of which hmm obviously (word inaudible) north London is kind of the most ludocrus example but but there are many many of them I mean that’s just what

(R): ya and then for example do you know if they are more interested you know in like luxury apartments or ahh like you know like buying different properties you know even if they are small ahh in this case?

(I): hmm it would tend to be hmm large large properties these are very wealthy people hmm I am sure there are smaller scale criminals buying smaller things but but hmm you know in in the main you are talking about big properties for a lot of money hmm ya often often in in in one go buy four or five properties in one go ya but each one worth a lot of money

(R): ya and then what are the criminal instruments and vehicles used by Italian and the Russian organized crime to place their dirty money in this economic sector?

(I): well the money tends to be moved via a banks in south place of the Baltic states traditionally they are moved in that way then there was bit of a crackdown on that I understand more are coming through Hong Kong Singapore and Dubai hmm traditionally hmm the Baltic states and Cyprus hmm has move over hmm as the entry point in to the UK financial system hmm ahh so obviously Dansker bank ABLV hmm first bank in the middle east ahh hmm (words inaudible) I mean all those ones hmm and that would be the entry point then the money moves through the euro system you know remotely anonymous and comes into the UK hmm often the bank cans would be traditionally controlled by the UK registered structure limited partnership or Scottish limited partnership hmm to achieve that extra level of anonymity hmm and that would come here and and buy buy you know property I mean often hmm because of the very lacks British emigration system often that would come with a golden visa you know the the say one industry visa as well hmm so that would tend to be worse you know they have the entry point is is the Baltic state and Cyprus and then then from say ya

(R): and which are the new financial instrument used by these criminal groups you know for money laundering processing the legitimate economy and if you can please provide examples about used by the Italian Russian organized crime in the real estate market

(I): that’s an interesting question hmm ahh I don’t know that is changed yet hmm I mean there is less money Russian money than there was because the rublo is quiet weak hmm ahh I don’t know I mean still I would say the same that relies on UK registered corporate structure hmm in preference to offshore structures so so there are limited partnership Scottish limited partnership limited liability partnerships normally owned by hmm offshore structures but but they would be I would say that would be the way they do it I mean the actual properties themselves hmm controlled by offshore companies hmm Gibraltar, British virgin islands of course hmm placed like that hmm but the money would tend to be moved via bank accounts controlled by British structures and their properties itself owned offshore may be in Panama some of them some impact ya that gootta thing

(R): ya I mean what are the crime facilitators for the investment of Italian Russian organized crime in the real estate market?

(I): well obviously there is lawyers happy to take the money hmm they are the main problem hmm I mean real-estate agents you know is a secondary problem but they tend to be dealing with solicitors so they don’t they not they are not really so important (words inaudible) would be the big problem ya and bankers of course who move the money but (word inaudible) is a bubble

(R): ya and then what are the consequences the consequences of investments of the criminal proceeds for both law enforcement and the economic development in the real estate sector?

(I): well I mean I mean it is (words inaudible) inflated prices at the top end inevitably hmm which which makes it difficult from anyone else to to to purchase but I mean the overstate amount of money it’s not by the standards of the whole UK economy its relatively small amount of money but considered it is quite concentrated and in particular areas it has altered the the character of certain areas particularly in west London hmm so you know in those regards it’s may more expensive to be more difficult to live there with with you know consequences for ordinary British people; for law enforcement law enforcement has been very bad hm at tackling this hmm I am explained it may change but its too early to say if they will but the law enforcement in the UK is very under resourced hmm ahh and anti-money laundering regulations is all fragmented and hmm don’t really apply to money to the state agents anyway so hmm you know we we are very I mean no its very very dismal picture

(R): ya and then how does the financial system access money laundering in the UK sector?

(I): ahh I mean highly obviously hmm you know ahh but hmm ahh UK is said to be an end point for money rather than a way I mean (words inaudible) is a major destination money hmm the money that comes here tend to be laundered elsewhere laundered very thoroughly so it makes it very difficult to to access its true origin where which hmm you know the the hmm the Russian wealthy Russians have access to the best talent there is and obviously they are very good at hiding the origin of them money so its difficult to say

(R): and then how is the UK legislation devised to control the phenomenon?

(I): ahhh

(R): I mean what are the key the characteristics of the money laundering legislation to combat this phenomenon?

(I): I mean we have we have a lot of legal tools some of them quite recent (words inaudible) and the proceed of crime act is very important for the confiscation powers it has so the end legislation is quite good hmm by international standards is more across the enforcement is quite weak so we don’t have hmm ahh police are very under resourced hmm all law bodies are very under resourced so hmm the laws are fine the enforcements is very bad is my summary

(R): ya and what are the legal loopholes and weakness of anti-money laundering legislation that make the real estate market vulnerable to the infiltration the these criminal groups?

(I): hmm well I mean anti money laundering regulation is very fragmented hm you know there are twenty six different anti money laundering regulators hmm hmm and a lot of sectors are very poorly regulated hmmm which includes the state agents and the formation agents ahh they regulate the tool and which obviously makes it difficult but but it’s really a question of regulation to that extend if if if its solicitor or any lawyer is determined to break the law hmm its very difficult to do anything about that hmm without prosecuting them so again this comes more down to enforcement rather than regulation the issue is under funded hmm ahh Financial Intelligence Unit is very underfunded hmm ahhh police forces and so that’s the big problem

(R): in what aspect of the current anti money laundering legislation it can be proved?

(I): all of it hmm ahh its hmm its just very fragmented hmm their regulation so you know hmm it need to be redesigned completely there should be a rational system to design it so so I mean that would be ahh core accountability we need it to be hmm ahh make it much easier to prosecute people for the activities for the companies at the moment it is easier to hide behind a corporate structure ahh that needs to be made easier hmm those are the two big ones but those are the two big ones the legislation is not bad actually its more question of enforcement

(R): I mean how can the effectiveness of the counter organized crime policies ahh can be improved in the Europe?

(I): be much more corporation between countries in Europe I would like to see ahh ahh you know unified European in financial crime agency with much more corporation between police forces at the moment its almost impossible hmm to really get reliable evidence across this and that needs to be hmm changed urgently so hmm there has been some corporation between UK and Spain for example hmm its very very poor hmm you know if you look at ahh enforcements and regulation across the European union is very very hmm various incredibly bad in Malta, Cyprus hmm has been very bad in Latvian Austrian and Lithuanian hmm ahh all of these need to be hmm changed ahh and improved because at the moment its very easy to move the money across the European financial system rather being regulated at all

(R): ya and then you know Brexit is going to happen and as you said before the importance of relations between the countries then what is your opinion about the potential consequences of Brexit on Italian Russian organized crime proceeds in the UK real estate market you think that these historical period could be an asset for the investment or not?

(I): ya I mean obviously it probably could I mean if if it seems likely the pound becomes much weaker that is a good opportunity it means that euros or rubbles from Russia will go much more to Britain that is good for them they will be able to buy more with their money hmm if ahh as looks likely ends up causing difficulties ahh hold on a second I just

(R): okay

(I): ya I would say if it ends up causing difficulties in relation between the UK and the other European countries then obviously that would make cooperation harder which would be a problem again in mismatches in the approach to regulating money laundering again that would make regulation harder so ya Brexit would make everything worse its nothing it will make better

(R): and do you think that probably if the Brexit will be without a deal ahh there will be different there will be different consequences or do you think that it would almost be the same with deal or without the deal?

(I): I think without the deal it actually doesn’t mean anything because hmm there has to be a deal at some point just means it’s a different way of getting a deal so no I don’t think it makes any difference hmm you know without a deal just means you gonna make a deal harder but still there would be a deal at some point there has to be because we can’t not have relationships so hmm the idea that no deal is an end point is stupid and no deal is just another way of getting to an end point so hmm no I mean it would make harder because it would make people angry but it won’t actually help anything or harm anything it will be a worst way of getting to a bad outcome

(R): okay that’s perfect thanks thanks a lot

(I): okay thank you good luck with it

**Research Participant**: I17

**Date:** October 2019

**Skype interview**

(R): okay then let’s start how how Russian white-collar criminals are involved in the illicit financial flow of criminal proceeds in the legitimate economy abroad?

(I): yes of course hmm based on what we discuss you know hmm is a way of ahh laundering money they use ahh frequently use ah UK real-estate

(R): and how how are they involved in this illicit financial flow you know what is their role how they act you know?

(I): hmm they would hmm purchase real estate using shell companies registered in company in jurisdictions which don’t require disclosure of the beneficial owners whereby on the basis of the signature of the aid director or directors the transaction can be customized and completed without disclosing who the real owners or the beneficiaries ahh of the company

(R): ya and then how does corruption in Russian government affect the illicit financial flow of criminal proceeds in the real estate market abroad?

(I): The problem with Russians that ahhh I don’t know activity ahh but a mafia style criminal activity and ahhh corrupt government activities have complete emerged together so therefore it is very difficult to distinguish one from another and in certain cases ahhh the separate clams that exist in the Russia mafia clams that hmm operate money laundering schemes ahhh but do so with the blessing of the government on behalf of certain government figures being covered by certain government and government officials using some government channels so it’s it’s it is really ahhh a mixture of ahh of both you know ahh bona fide(s) criminality and ahhh ahh ahh official government

(R): ya and then how does Russian governance affect the growth of illicit financial flow of criminal proceeds abroad?

(I): oh by sponsoring this ah financial ahhhh expansion you know of ahhhh of corruption by ahhh not just closing or turning a blind eye ahhh but enabling these flows to come out of Russia and they are used as I said they are used as by government officials as well as criminals as well as ahh hmm you know businessman tax who ahhhh avoiding businessmen so ahhh the number of people who are trying to use this channel all come and give their money but it is all done ahh under the watchful eye of the government

(R): Ya and then how is Russian legislation devised to control this phenomenon?

(I): look I am not an expert on the Russian legislation and I I I I don’t really know I know is that ahhhh if you are money laundering of course it is illegal in Russia and ahhh you know it is not it is formally banned and certain ahh criminal penal code ahhh against however if you look at the things like you know Deutche bank scandal where hmm hmmm illegal mirror trading scheme led to billions of dollars being transferred from Russia illegally offshore Russian central bank penalized Deutche bank you know five thousand pounds so give you an idea of ahh how well being enforced in the laws are there they don’t enforce them and that’s the problem

(R): Hmm and then how vulnerable is the real estate market to the infiltration of criminal proceeds?

(I): again much so ahh again because in England there is a ahhhh perfect environment for it ahhh where you have ahhh valuable real estate that keeps going up and there is a trend unbroken which was unbroken for many years that makes that attracts ahhh ahh hmm legal and illegal investors hmm and also hmm but the fact you know the money can enter the country ahh without checks and balances by coming through all sorts of offshore jurisdictions without disclosing the real owners

(R): Ya and I mean what are the criminal instruments and vehicles to place this this dirty money in this economic sector?

(I): ahh you know I am convinced that hmm at the end it would be ahh it is it’s always known to ahhhhh one of at least one of the three groups of professions now every time that each transaction when this happens there is a lawyer involved ahh there is a banker involved and ahh there is a real estate professional involved broker or ahhh hmmm you know another type of ahh re re re real estate agent but you know it is at some point ahhh somebody has to ahhh (words inaudible) the client is legitimate so ahhh whether it says a ahhh lawyer who ahhh access that this is our client and we have done our checks and the banker believes in whether it is banker who is saying whether this is our banking client you know we are okay with his money but it has to be introduced into the system you can’t just show up when you know with a cash full of ahh rubles or dollars and go to the bank and say I would like to deposit this and buy this house on the corner it has to be introduced hmm so what happens is you know unscrupulous ahhhhh directors unscrupulous providers of fiduciary services in ahhh hmm countries like ahhh Jersey or BVI or other or other British overseas territories they accept client with ahhhh ahh you know dubious for the best of that expression the money ahh and close the blind eye to the origin of the money and ahhhh send (words inaudible) head (word inaudible) the other banker for example that they have checked the origin of the money and it is legitimate and then the BVI ah company comes to London and you know purchases a real estate transacting through a British bank which then doesn’t doesn’t ahhhh raise any any any red flags or create any questions

(R): and then which are the new financial instruments used for money laundering purposes in the UK real estate market?

(I): new financial instruments

(R): ya or ahhh others that you know if you know if they have used ahh new one or ahh based if you know which are the financial instruments used for money laundering purposes in the UK real estate market?

(I): well financial instruments I am not sure if the there are any because primarily these things are bought with cash now the problem that these people have is that they have plenty of cash and the ahh if they manage to give them to a bank that will ahh in the legitimate bank into a bank account that will be seen legitimate by everybody else that’s the best they can they can wish for you know ahhhh and ah this is ahhh you know the ahhhhh sophisticated (word inaudible) guess because you know to to to get there ahhh the money needs to go through ahhh through the border in a way of transfer or ahhhh hmm you know in a financial transaction but there is simple one that that that they are not vulnerable you know derivatives of financial instruments it’s it’s it is primarily that in cash is being transferred from point a to point b

(R): okay and then I mean you have already spoke about it hmmm what are the crime facilitators for the investment of criminal proceeds in the UK real estate market?

(I): I think mostly it’s the ahhh the people who are ahhhh either administer ahh these ahh differ services ahhhhh people who provide corporate services corporate and it is ahhh ahhh hmmmm who establishes this companies represent them and become directors and service directors and ahh these are lawyers who hmm aware of ahh you know ahhh hmm of dubious origin of the clients’ money still put it into the channels that make it look legit normally they are the two it is ahh rarely that in a ahhh a real estate broker will come up with with with somebody who has illegal money and it only happens in the movie like from Russia with cash where criminal comes and supposedly talks to a broker and then ahhh tell that he needs to talk to a friend who is a lawyer or go to Jersey and establish a company there I mean that’s that’s a bit of a ahh exception and probably happens in a very very few cases normally it’s the other way around ahhhh when the money is already outside it is already somewhere in some sort of offshore and already in a in a legitimate form all there is left is is to ahh make sure that the property is bought into ahh this ahh anonymous company without questions asked

(R): Hmm then what are the consequences of investments of criminal proceeds for both law enforcement and economic development in the real estate sector especially in the UK?

(I): it’s it’s it’s huge because in the UK because of the cascade concentration of ahhh ahhhh proceeds of crimes in certain areas then again it is difficult to hmm to split between ahhh proceeds of crime, tax evasion and sometimes ahhh ahhh legitimate flows but you know as a result people who are buying to either invest for money laundering what happens is that they don’t live they don’t the the they are buying residential property ahhh completely changing the usage the type of use of of the property instead of being a place of residence it becomes a place of hmm storage of wealth it becomes an investment objective and the such it’s not used anymore you have ahhh this phenomenon which is called blackout London and where ahh of little neighborhoods being bought out for investment purposes and left without residence where a local economy ahh completely it is completely dead however you know you need to observe these events occurring over decades to realize I mean probably they of course they have accelerated over the last decades but ahhh and if you have statistical data to look at two decades twenty years it will be clear how certain areas went from a thriving little communities into a concrete desert where you know nobody is around nobody lives you don’t see people with ahh little kids in the parks anymore and at the night when you go there all the windows are dark because there there is no one and I can give you few examples like you know any small garden in in in London ahh gardens in London where it is very very concentrated and somebody want to do a research and look at ahhh you know economics of the ahh ahhh of this neighborhood over long period of time you would probably see that in a way of you know how little parking is used how difficult it was to park cars there and how it is unused know in terms of business receipts there used to be all sorts of businesses dry cleaners this and that they are all gone so if you for example look at the business receipts of the local council for the last twenty years that will come to a trickle nowadays etc. so there are many economic indicators but I don’t think that there will be studies that it is so empirical it is so by sort of looking in certain areas of Chelsea in Kensington we have discovered that in the other places you know (words inaudible) new tower you cover approximately more than buildings occupied the legitimate ten percent and you look at that and you realize that this is ahh the new phenomenon where the ahhhh real estate is now no wonder residential or real estate is no longer for residence

(R): Hmm

(I): so that’s that’s the main ahhhh you know ahhh effect so far and obviously if this if this continues then ahhh you know then the client doesn’t come in ahhhhhh the dirty money doesn’t come in on itself you know they bring the ahhhh ahhh the rest of the criminals and the criminals add bribery and corruption and everything else will come eventually maybe a gang war a gang wars and you know banditism and stuff like that but for now this is what we see in in the UK

(R): and do you know if there are an internal checks for the real estate communities to prevent these economic crimes?

(I): ahhhh no until until very recently ahhhhhh real estate agents are not required to perform money laundering checks on the on the buyers on the sellers yes but the sellers you know you would have ahh basically the job is done because the seller is there and has been has a bank account in in in the UK has been invested supposedly before there is a history of the transactions that’s that’s that’s an easy part you know the difficult is when somebody just walks into the doors and says I want to buy this apartment ahhh ahh nobody is required by law to ask what sorts of buyer is is is this person what sort of buyer he represents where the money has been made none of that

(R): Hmm you know if there are any internal checks for lawyers to prevent these economic crimes?

(I): yes these supposedly lawyers ahhhh must know where the money is coming from and supposedly they have to do that their own work after the background checks and everything ahh however you know some law firms are outright collaborating with these criminals in other words in other ways you won’t be able to explain for example child and child representing ahh daughters of ahh ahh Azeri president and (Name of public figure) as non-politically exposed persons and lawyers obviously knew whom they are dealing with and basically they frauded the system they lied about the real status of this people so other lawyers in the same manner lie about clients where they made their money or ahh again not do their checks before trusts some sort of company director from Cyprus said ya we have checked and he is a legitimate business man from Russia hmm there are lawyers are required to know their customer and ah typically should understand what they are dealing with is it ahh is is is it a ahh it is incredibly difficult to hide from lawyers with illegitimate funds so ahh if they were to do their job you know there will be a lot lesser criminality

(R): Hmm and do you think the UK legislation acts as a push factor for the investments of the criminal proceeds in the UK real estate market?

(I): of course they said it’s the country that ahh ahh not only allows anonymous ahh companies to come and do business or assets including real estate in in in the UK ah it is also not required to register properties on you know at at at that level or at that stage when the properties are really owned by some where it’s not required to register in the name of the ultimate beneficial owner it is still registered to some sort of shell company in Panama and people along the way are not required to find out who the owner is whether it’s real estate dealers or whether it is people who ah ah ah electricity companies or anybody (words inaudible) who is dealing with that they are not required to know who their owner is

(R): and then I mean what are the requirements for real-estate transactions to be targ targeted as a suspicious money laundering transaction in the UK?

(I): well first and foremost it would be ahhh if the beneficial owner is not disclosed anonymous and anonymity of of the transaction is the first sign of something something being wrong so if the companies represented by the director there is no reference to the beneficial owner that’s that’s a flag that’s a warning sign and most likely there is element of criminality kind ahhh hmm second of all there will be ahhh you know a ahhh hmm you know the new (words inaudible) ahh (words inaudible) checks of the of the beneficial owner you know if ahh this is ahh hmm let’s say a government employee hmmm hmmm a hmmmm a minister a minister in the government who has been there for a number of years and ah whose official income is all stated because all government employees for example in Russia have to publish their income and their family estates so that the these the properties the estates of their spouses of their children all has to has to be made public on an annual basis if somebody checks this and you know modest government salary of this chap ahh doesn’t allow to buy a mansion in Mayfair well that’s another red flag red flag immediately where is the money coming from so clearly there is ahh the person is beyond he is means hmm so yes these are first and foremost you know ahhhh things that need to be checked because ahhh of of ahh how the money enter into the system

(R): and is the magnitude of the suspicious ahh suspicious real estate transaction for money laundering activities increased in the UK in recent years?

(I): ya of course we have had ahh a ton of ahh investments coming from eastern Europe ahhh we had from middle east from ah from Asia or we have ahh hmm lots of Asian buyers looking for ahhhhhh new ahhh new properties ahhh outside of central London so ya I mean the hmm may be investments in real estate has been skyrocketed you know in a (word inaudible) turn caused prices to go up

(R): Hmm how does the financial system assess money laundering risk in the UK real estate sector?

(I): it doesn’t out right doesn’t because financial system hmmmm can’t hear that’s about this you know on people who come to realize the management of the problem again the real magnitude of the problem nobody has in any any scale numbers it’s the National Crime Agency you know when they talk about billions of dollars or pounds laundered through real estate you know ahhh hundreds and billions of ahh pounds but ahh the financial system doesn’t doesn’t have any ahh way of measuring it at the moment

(R): and then how can be improved the regulation of the financial system in the UK you know to prevent these economic crimes?

 (I): we have been campaigning very successfully you know unfortunately Brexit and other political debacle don’t don’t help we have been on a very straight forward path where you know the key to to to to changing the situation is to ahh and the anonymity of ahh ahhhh over the assets commercial whether and ahhh you know the bill of that extend hmm the the the draft bill is currently being ahhhhhh been worked in the ahh in the parliament again clearly it’s not exactly the priority at the moment

(R): ha ha ha we know about that

(I): ah that is something that would been hmmm consulting since ahhh since 2016 ah working with the former business department now business ahh and ah (words inaudible) department ahh so that ahh the the that supposed to create a register of foreign beneficial owners in a similar manner to ahh the one that exists in the companies house for the UK companies at the moment hmm I mean from that perspective ahhhh the ahh the government can’t do much more than that hmm you know you hmm you can’t require ahh the government to go and investigate every real estate buyer and as long as the ahh the source of money is known it opens a great opportunity for ahhh law enforcement but don’t ahh let’s not forget about the the forget about ahh anti-corruption act about ahhh civil society being involved and in many countries like Russia like Nigeria like Romania like Ukraine you have anti-corruption forces that actually do look at ahhh the assets that they are they are the citizens declare overseas the government officials declare overseas and frequently point to the fact that wait a second this is specific government official has created wealth completely beyond means ah there are some corruption ahh going on let’s look into this and you know ahh that could be ah also a very valuable tool well but before that all of it happens you know we need to make sure the first of all the ahhh transparency is there that we know who owns what so that that that ah piece of legislation is is coming however what we would achieve so far is hmm ahhhhh you know we can paint ahhh back in 2015 and ahh the criminal finances deal of 2016 introduced an unexplained wealth orders that we were working on with the anti-corruption champion ah Paul Taylor (Name fictitious) at the time ahh and in in conj conjunction with ahhh transparency of ownership of assets unexplained wealth orders should be the second most important what which are they already are there but they are the second most important element which allows to set personal ffirst of all track the assets to their owners and then ahh request the request of exclamation on how the wealth was obtained it is given the fact that you know we are not advocating and the UK is not like the close is ahh real estate and ahh other assets to foreign buyers the only way to prove ahhh that the that the these buyers are clean at times is to put the owners on on on on the owners because ahhh try to chase ahhh somebody in ahhh in ahhh Nigeria or Ethiopia ahhh or Russia you know try to go there and investigate the ahhh the origin of the funds and it will so that prove ahhhh impossible so therefore so what the unexplained wealth orders system does it put the owners on on these foreign buyers well you need to explain how you arrived with ahhh with the money and the fact that it is been used now at times and ahhhh for example in the case of the Azery banker ahhhhh you know when the property has been confiscated through the system of the unexplained wealth orders that shows you that the these are very very effective tools so once we know who owns what and we have kind of the ability to go and challenge the ownership the (word inaudible) basis of the ownership then the system should be complete

(R): then what is the response of the law enforcement to deal with these economic crimes in the real estate market in UK at present and its potential future?

 (I): oh I think that ahh ah ah ah at present there is a ahhh understanding of ahhh an immediate need to ahh immediate call for action you know unfortunately we have politics and ah (word inaudible) all this you know it’s not ahhh making these ahhh laws a priority these actions a priority but I think that the ahhh law enforcement system ahhh especially the UK and NCA understands the problem and ah is going to work I think that they are being very cautious at the moment because obviously these are very new tools ahh am talking about unexplained wealth orders for example or ahh the mechanism can amend sanctions and ahh money laundering bill so you don’t want to ahhh have a major ahhh ahhhh court battle and the court and the laws first time he used infact I think that the hmm the fact that the wife of the Azery banker challenged the unexplained wealth order in first unexplained wealth order ever in a in a high court and it was it was very well done that she is lost now that the system is quite (word inaudible) so now I think the issue is ahh what is the scale ahh of ahhh the use you know ahh from last time last time we have heard hmmm but I need to (words inaudible) so many home secretaries since then but last time we have heard I think was (word inaudible) ahh who told us that she come to use unexplained wealth orders (word inaudible) ten a year clearly that’s that’s not (words inaudible) ahh I think its ahhh it will depends on the capacity of the UK law enforcement of processing these things so you know the the frequency first of all there has to be political will to frequently use these tools and then it’s a question of capacity but again provided the ahhh the transparency I see I think that you will see a lot of issue of cases when you know the the NCA would need to investigate this ahhh ahh the ownership ahhh and the owners themselves where they would get anonymous tips or ahh outright ahh hmm you know full dossiers from local anti-corruption activist look this is what’s happening this chap has stolen the assets and park in them every assets in the UK we have all the data

(R): and then

(I): that’s my view on the law enforcement situation

(R): and then how is the UK legislation devised to control this phenomenon?

(I): hmm as I said we are waiting till the last date of the legislation I think basically once the ahh foreign companies register sorry that’s what It’s called right now foreign companies register act ah once it passes and has a proper name at that time ahhh the law enforcement in the UK will have everything they need to go and actively police ahh the assets side of the balance sheet hmmm you know from there on it will be a question of political will right now it’s a question of not adequate ahhhh ahhhh not adequate tool they don’t have the adequate tools to do so but once they have it will be obviously ahh issue of technical issue of how much they can process at a time and then issue of political will how many resources they need to ahh utilize to make sure that there is no money laundering happening anymore

(R): and then what are the characteristics of the UK confiscation regime?

(I): ahhh I think with the with the unexplained wealth orders (words inaudible) now with the introduction of this this tool ahh the property over fifty thousand pounds can be arrested on simple presentation of a law enforcement authority so it doesn’t have to be NCA ahhhh on a simple presentation of the fact that known ahhh known income of the official owner does not correspond to the value of the asset and if that’s good enough to be to persuade the judge that’s all that’s all it takes and the ahh assets are frozen until such time that this discrepancy is explained and if it is not explained then then then then there is a fairly easy process of confiscating them

(R): and then what are the legal loopholes and weaknesses of the UK real estate legislation that makes you know the UK real estate market so vulnerable to this illegal investments?

(I): as I said ah it’s it’s the fact that anonymous companies are hmm and ahh the fact that you know at no stage the buyer is supposed to be checked by the people involved in the real estate transactions and if we we are concerned with real estate in particular I would suggest you that independent of ahh lawyer and ah ahhh hmm and ahhhhh you know company houses independent of lawyers and and ahh brokers there should be some sort of a check and you can’t really ahhhh check for money laundering anybody who works indoor to look at an apartment at the time when the ahh purchase offer is submitted they need to be checked ahh whether it is gonna be by a real estate real estate agency or some sort of other anti-money laundering hmmm body you know it remains to be seen that ahh clearly the fact that purchases can happen without ahh untoward check for the buyer that’s disturbing

(R): Hmm and then what are the legal loopholes and weaknesses of the UK confiscation regime?

(I): I am not an expert on that side I am not sure if I can answer this

(R): okay ya I mean you know based on your opinion what aspect of the current UK confiscation regime can be improved?

(I): again, I don’t know referring to other aspects

(R): okay, what are the characteristics of the UK anti money laundering legislation to combat this phenomenon?

(I): I think that there is that ahhh that has been put together is ahhh ahh fairly robust for financial flow flows in the city of London ahh but however it is not ahhhh not suitable to deal with ahh ahh with real estate where you know the ahhhhhh the amount of ahh ahh players is much or potential buyers or owners is much greater than the amount of people involved in financial entities involved in financial markets so what works in the city of London ahhh ahhhhh isn’t not really applicable or doesn’t really work ahhhh for real estate you know given for example you know if in the city of London you have ahh ahhh (word inaudible) ahhhh you know as a watch dog over you know banking and other ahh financial transaction and even on their watch you have money laundering happening right with the Deutche bank and the the northern banks from them in their ahhhh real estate area it’s the HMRC who is supposed to be the anti-money laundering ahh regulator clearly with ahh with them responsible for taxing all UK entities and citizens and everything they just do not have any time to ahh enforce anti money laundering regime and on to the brokers forget about checking all the buyers and you know all transactions that that’s not just working you know hahh ahhh for real estate

(R): and then what are the legal loopholes and weaknesses of the UK anti money laundering legislation that makes the real estate market so vulnerable to these illegal investments?

(I): ah ah ah as I said you know once we ahhh once we have the ahh the transparency in the owners of the ownership in terms of anti-money laundering ahh checks that should be fairly complete it’s not the it’s not the problem of the well we need to make sure two things we need to have the ahh transparency and ahhh proper enforcement enforcement and control so once we once we have the ahhh once the legislation has changed so that the owners of ahhh all these offshore companies owners beneficial owners of all assets are revealed and we have a ahh ahhh a better supervision ah of of the area not not like what the HMRC sees doing today that should do it on the basis of that should be sufficient on the basis of ah existing anti money laundering ahh regulation

(R): ahh you have already spoken about it what aspect of the current UK anti money laundering legislation can be improved if you have any other suggestions?

(I): as I said you know this the legislation itself is is ahh all pretty much there hmmm it’s the enforcement

(R): Hmm and then I mean ahh you know that especially this kind of illegal investments ahh most of times sometime you know they are linked with ahh ahh organized crime activities no and how how can the effectiveness of counter organized crime policies can be improved you know in Europe?

(I): ahh that’s beyond my level of expertise I am afraid I think that certain macroeconomic financial flows could be monitored on a macro basis you know just like ahhh these ahh hmmm Deutche bank economist sleep walked into discovering the problem of ahh you know Russian capital flight go into the UK property market ah in the same way the macroeconomic ahh indices in trade customs and other data ahh that could show you you know how the flows are shaping where the illegal flows are going from so somewhere on that side but you know I am not an expert

(R):and then this is the last question you know that Brexit is going to happen then what is your opinion on the potential consequences of Brexit on illegal investments in the UK real estate market?

(I): well I am very very worried because ahh you know the way Brexit has been handled so far ahhhh these are possibility of disastrous ahh scenario in which the country (words inaudible) ahhh to that extend the country might decide the government might decide save the economic situation by attracting ahhh avalanche foreign investments ahh via lowering taxes and ah lowering the regulatory barriers and the anti-money laundering barriers to attract ahhh a more investments basically turning the UK into ahh you know an offshore zone ah right in ahh you know right in Europe that unfortunately ahhh might happen and and in this in this case it will ahhh only worsen the situation with the penetration of dirty money ah into the UK so Brexit has a has very direct consequences but unfortunately hmmm if everything goes to to to the point if there is no Brexit if there is no organized ahh you know ahh managed Brexit ah we should continue on the plan that the government ahhh put together and you know the legislation that is in the pipe line everything everything should be you know the way the way it is planned ah so from from this pers perspective there is only down side to Brexit the upside is already there and you know any risk is the government change tac and decides to abandon all its plans and go drastically in the opposite direction

(R): that’s fine thank you for your time.

**Research Participant**: I18

**Date:** July 2019

**Location: Italy**

(R) Perché le organizzazioni criminali vanno all’estero? Può fornire degli esempi che dimostrano la presenza di organizzazioni criminali mafiose in territori stranieri diversi da quelli di origine?

(I) Mafia, Camorra e ‘Ndrangheta che sono le organizzazioni più strutturate proiettano il loro reinvestimento non solo ma la loro presenza in territori esteri la ‘Ndrangheta in particolare costituisce veri e proprie locali vale a dire cosche che sono delocalizzate in paesi esteri come Svizzera, Germania, Olanda, Belgio peraltro hanno organizzato la gestione del traffico di cocaina a livello internazionale con importazioni dalla Colombia e da altri paesi produttori del Centro e Sud America e la ‘Ndrangheta si è organizzata con delle vere e proprie basi attraverso le quali costituisce reti poi di raccolta e di accoglienza delle partite di cocaina nei porti del Nord Europa Anversa, Rotterdam, Amsterdam in ogni porto hanno le loro reti pronte ad accogliere dai container le grosse importazioni è evidente che tutto questo unitamente a reti di albanesi e turchi che aiutano a distribuire la cocaina finisce per determinare delle basi logistiche stabili sulla cui base poi si proiettano nel reinvestimento del danaro noi diciamo spesso che i più globalizzati, i più internazionali gli uomini proprio che si sentono più uomini del mondo senza nazionalità sono proprio gli uomini della ‘Ndrangheta che lavorano dappertutto come se fossero a casa loro per cui entrano con pochi uomini e poi via via si stabilizzano, si allargano e si spostano e in Europa hanno delle cosche ben radicate anche strutturate molto ampie da qui il reinvestimento perlopiù sono ristoranti, sono bar e sono anche società con vari interessi proprio in Olanda addirittura uomini della ‘Ndrangheta gestivano un’agenzia immobiliare per la vendita proprio dei beni immobili quali i settori nei quali essi più di altri si interessano perlopiù sono la distribuzione media e grande distribuzione, il commercio quindi di prodotti agricoli, il traffico di anche petrolio, il commercio di olio a volte olio d’oliva a volte olio contraffatto, il commercio delle arance a livello internazionale gestiscono società nelle quali sono consoci anche personalità di spessore economico degli Stati Uniti o di altri stati se pensiamo che questa organizzazione al momento è la più forte in Europa ha delle cosche in Canada dove sembra che ne abbia addirittura 50 con una composizione almeno di 50 uomini ognuna e laddove riescono anche a condizionare il voto tanto che sono diventati forti altrettanto in Australia dove la presenza è molto forte anche politicamente anche incisiva quindi è evidente che tutto questo poi determina un’infiltrazione nell’economia che è di grandissimo rilievo le indagini anche recenti hanno evidenziato di come si siano occupati del gioco online con piattaforme prima costituite in Austria poi a Malta e società collegate in vari paesi europei anche (word inaudible).

(R) E quando decidono di spostarsi all’estero applicano lo stesso modus operandi che loro applicano nel loro paese di origine oppure diciamo applicano dei cambiamenti di tali azioni?

(I) E come se ci fossero nell’ambito di queste organizzazioni diciamo della ‘Ndrangheta per esempio esiste una sorta di stuttura militare quella dedita soprattutto ai reati tradizionalmente mafiosi estorsioni, usura, controllo del territorio, traffico di armi e poi c’è a fianco una struttura che noi diciamo economico imprenditoriale che è la struttura che si occupa del reinvestimento e quindi attraverso società dell’ infiltrazione in vari settori che non sono solo quelli della ristorazione come dicevo ma anche quelli del commercio di prodotti agricoli per esempio la ‘Ndrangheta è presente nel mercato ortofrutticolo di Milano come è presente in quello di Fondi come in quello siciliano vabbè.

(R) E quale è il processo?

(I) Il processo è che costituisce delle società società che si sostengono con il danaro dell’organizzazione e sullo stesso livello opera sia Cosa Nostra che la Camorra anzi è come se si dividessero addirittura i settori o i territori tanto che la Camorra è stata individuata come soggetto che ha costituito società che si occupano del trasporto su gomma dei prodotti agricoli dai vari mercati ortofrutticoli ed ha un vero e proprio monopolio mentre all’interno dei mercati troviamo o Cosa Nostra o la ‘Ndrangheta quindi in quello siciliano troviamo Cosa Nostra, a Fondi troviamo più Cosa Nostra e Camorra, a Milano troviamo ‘Ndrangheta è quasi come se si fossero divisi e questo non avviene con un conflitto un contrasto ma in un modo molto insidioso e sommerso per cui solo all’esito di indagini anche sviluppate per anni si riescono ad inquadrare le presenze di Cosa Nostra in alcuni settori Camorra e ‘Ndrangheta in altri come dicevo per la ‘Ndrangheta per esempio è stato rilevato come essa avesse costituito un commercio con gli Stati Uniti di olio contraffatto che entrava poi in centri commerciali importanti di New York e di tante altre grandi città degli Stati Uniti attraverso il trasferimento di grossi quantitativi di tonnellate e tonnellate di olio che poi giunto negli Sati Uniti assumeva delle etichette che riportavano olio extra vergine di oliva ma in realtà era olio di oliva solo in parte e i settori sono i più vari come questo avviene avviene in un modo per la verità molto subdolo perché le società vengono costituite attraverso soggetti che non sono più familiari o come dire uomini contigui alle organizzazioni sono perlopiù persone distanti dall’organizzazione stessa e quindi sono soggetti che di per sé appaiono neutri rispetto a qualunque attività criminosa ed è solo attraverso indagini anche molto ampie e a volte per accertamenti occasionali che si riesce a proiettare l’attenzione che si ha sull’organizzazione dalla loro operatività criminale alla loro operatività economico imprenditoriale e in quei settori si rileva poi che mentre operano con la forza del denaro che proviene dal riciclaggio quindi dalle attività criminose dall’altro riescono ad utilizzare quando occorre la forza dell’intimidazione e in una delle indagini che proprio sulla ‘Ndrangheta sono state sviluppate in relazione alla presenza al nord dell’Italia è stato rilevato come soggetti che apparentemente erano uomini dell’impresa, delle società che si occupavano di ristorazione e pulizie bah parliamo di società di grosse società e si presentavano ai villaggi turistici a queste catene dei villaggi turistici notissimi con i loro servizi ristorazioni e pulizia noi avevamo le intercettazioni in corso e da esse rilevavamo come di fronte al loro invito a inserirsi a sostenere l’attività con ristorazione e pulizia assicurando i due settori ne ricevevano solitamente probabilmente per il modo in cui venivano offerti i servizi una pronta adesione, in un solo caso c’era stata una riserva da parte dell’interlocutore amministratore di vari villaggi turistici del nord, centro e sud dell’Italia e anche all’estero il quale alla sua risposta ma io ho già le mie società che si occupano di pulizie, di ristorazione loro rispondo ma noi siamo i garanti della Calabria già queste due parole sono bastate a questo soggetto per dire a va bene allora lavorate voi quindi è tale la loro capacità diciamo di persuasione per cui evidentemente è già il modo con cui si presentano che determina una soggiacenza.

(R) E quale è il processo decisionale posto in essere dalle organizzazioni criminali italiane e russe per investire i loro proventi illeciti nell’economia legale? Come è applicato nel mercato immobiliare inglese dalle organizzazioni criminali italiane?

(I) I meccanismi loro innanzitutto investono nei mercati europei ma anche nei mercati come le dicevo del Nord America o anche i mercati del Nord Africa o anche nei mercati asiatici loro investono ovunque per possibilità di intervenire e anche perché loro hanno un solo problema quello di nascondere, occultare questa gorssa massa di denaro contante di cui dispongono loro solo in Italia riescono a incamerare oltre 30 miliardi di Euro all’anno solo per il traffico di cocaina e quindi somme così grosse devono essere immesse sul mercato e in parte vengono utilizzate per investire nel traffico di cocaina in parte per sostentare le società di cui dispongono e queste società a volte sono società per azioni società che come dicevo non sono costituite da persone vicine all’organizzazione ma sono società che per quanto riguarda le persone a volte sono le stesse che operavano negli stessi settori da anni casomai per difficoltà economiche sono state costrette a ricorrere al credito su strada non il credito bancario perché probabilmente hanno avuto i flussi bancari chiusi e questo ha determinato che quelle società siano state infettate, inquinate dal danaro ‘Ndranghetista o mafioso e nel momento in cui entra il denaro mafioso quel danaro cambia totalmente la conformazione del modo di operare della società e questo è una modalità che è stata riscontrata in numerose occasioni e daltro canto nel momento in cui ad operare è un soggetto che ha sempre lavorato sul mercato e che quindi si presenta con un’ immagine affidabile è evidente che quel soggetto nel momento in cui ottiene questa spinta economica che deriva dal denaro mafioso che però resta mimetizzato nell’ambito dei bilanci con post di consulenza, con sovra fatturazioni, sotto fatturazioni con tutta quella che è la possibilità di incidere, modificando la documentazione sociale è evidente che arriva via via con una forza economica sul mercato che le consente di ottenere grandi guadagni ecco quel che abbiamo riscontrato è che Mafia e ‘Ndrangheta utilizzano forme di questo tipo entrano nelle società senza apparire mantenendo molto spesso ferma la composizione personale e quindi nascondendo il loro danaro, non hanno bisogno naturalmente di garanzie perché la garanzia è rappresentata dalla capacità violenta di pretendere ciò di cui sono padroni, proprio nell’ambito di una delle indagini che sono state sviluppate è emerso che l’amministratore delegato un ingegnere nel momento in cui ha avuto il danaro della ‘Ndrangheta è passato via via da una società a responsabilità limitata ad una società per azioni, entrò anche a fare lavori nell’EXPO e tanti altri lavori ma all’interno veniva trattato da questi ‘Ndranghetisti come uno schiavo veniva costretto a muoversi secondo le indicazioni che gli venivano fornito non aveva più capacità di scelta né alcuna altra capacità decisionale, in un’altra indagine invece emergeva come sempre la ‘Ndrangheta aveva costituito delle società che operavano in Toscana, in Romania, in Austria e in altri paesi esteri nei paesi esteri però quelle società operavano non solo nell’ambito della fornitura di diversi prodotti ma anche per l’emissione di fatture false e le fatture false venivano poi poste a disposizione di tutto un mercato delle società della Toscana e di altre regioni del centro e nord Italia e questo ha determinato che le stesse società pulite hanno un po’ alla volta finito per essere aggregate a quelle ‘Ndranghetiste e quindi per costituire essa stesso un circuito che da quello legale è divenuto illegale e su quelle società poi hanno fondato gran parte dei loro interessi diciamo quella fretta di ‘Ndrangheta che aveva bisogno di essere per poter riciclare altro denaro e quelle stesse società poi che erano state costituite all’estero avevano una durata di 2 o 3 anni e poi da quel paese venivano poi trasferite nel Regno Unito e nel Regno Unito poi venivano chiuse venivano fatte cessare proprio perché in questo modo attraverso il passaggio attraverso diversi paesi potesse divenire più difficile non solo identificare il meccanismo ma anche le persone che c’erano dietro.

(R) E quanto è vulnerabile il mercato immobiliare dalle infiltrazioni delle organizzazioni criminali italiane e se può dirmi se ha ritrovato casi riguardanti di infiltrazioni di organizzazioni criminali italiane nel mercato immobiliare inglese?

(I) Questo lo dovrei per la verità verficare però vorrei dire che la vulnerabilità del mercato immobiliare è nota non solo a noi ma è nota anche alla ‘Ndrangheta, alla Mafia, alla Camorra e quindi anche nel mercato immobiliare entrano ma entrano sempre con degli schermi quindi con delle società non sono mai persone fisiche a comprare sono sempre delle grosse società e quindi arrivare poi a rilevare il riciclaggio attraverso le società è molto più complesso ed è molto più difficile quindi anche se c’è questa grossa infiltrazione questa grossa aggressione al mercato immobiliare esso sotto il profilo dei meccanismi utilizzati per mascherare la presenza mafiosa diventa sempre più difficile da smascherare e quindi certamente la proprietà immobiliare è uno degli aspetti più ampiamente come dire occupati dall’interesse mafioso però è anche vero che è la proprietà immobiliare è quella più facilmente aggredibile perché più visibile sul mercato e quindi la proprietà immobiliare resta sempre mascherata attraverso soggetti economici sociali che costituiscono uno schermo protettivo il più delle volte molto affidabile per cui agli immobili si arriva solo dopo che si è riusciti a comprendere quali sono i soggetti economici attraverso i quali ‘Ndrangheta, Mafia, Camorra hanno operato.

(R) E questi tipi di investimenti hanno solo finalità economiche o per esempio hanno anche effetto sullo status criminale di queste organizzazioni criminali per accrescere la loro importanza nel mondo criminale quando decidono di investire nell’economia legale?

(I) La ricchezza delle organizzazioni criminali è data dai profitti che derivano dai traffici illeciti quindi dicamo droghe ma anche traffico di armi, tratta delle persone, esercizio e quindi gestione delle case di prostituzione io direi che quasi la droga è diventata l’affare più importante, lo stessa gestione e traffico dei rifiuti è diventato un altro settore di grande rilievo, il traffico di petrolio quindi il contrabbando dei tabacchi lavorati esteri che è pure diventato un altro dei settori di interesse delle organizzazioni criminali ecco tutti questi settori criminali danno una ricchezza enorme che poi deve necessariamente essere reinvestita per poter essere utilizzata e quindi poter essere recuperata ed infatti quel che è da tempo che si sta tentando di comprendere è dove finisce questa massa enorme di denaro a volte nel corso delle indagini quel che emerge è che ‘Ndrangheta, Mafia e Camorra dispongono di numerose società ogni qual volta l’indagine riguarda una certa cosca è immediatamente da quella cosca si rilevano i collegamenti con il mondo economico e quindi la proiezione in tante società e quindi la miriade di società attraverso le quali opera l’organizzazione è veramente enorme spesso è emerso come queste organizzazioni operino nel settore degli appalti e nel settore degli appalti quando partecipano agli appalti sono essi stessi gli ‘Ndranghetisti, i mafiosi a presentare le offerte attraverso una regia occulta offerte per 50, 60, 70 società e quindi sono in grado di gestire interessi economici di soggetti economici diversificati che sono realmente imprenditori.

(R) Quali sono i requisiti per considerare una transazione finanziaria come sospetta di riciclaggio in Europa ed in particolare in Inghilterra se ne è a conoscenza nel settore immobiliare?

(I) Io farei una distinzione il caso più ricorrente per quanto riguarda le indagini penali è rappresentato dall’approfondimento investigativo sulle organizzazioni criminali e quindi dalle organizzazioni criminali si passa proprio per sviluppo investigativo all’interesse economico imprenditoriale e quindi al reinvestimento anche in immobili, società che possedevano 100, 200, 500 immobili abbiamo sequestrato e questo lo si rileva attraverso le indagini quindi non attraverso degli indicatori di sospetto diverso è invece il caso in cui è l’operazione che per gli indicatori che sono stati prefissati evidenzia motivi di sospetto e sotto questo profilo esistono le segnalazioni per operazioni sospette sotto il profilo del sospetto dell’operazione c’è l’Unità di Informazione Finanziaria che è l’articolazione che opera diciamo nella banca di Italia che ha il compito di raccogliere dai soggetti tenuti alla segnalazione tutte queste informazioni e non solo in Italia ma in tutti paesi dell’Europa e nei paesi del mondo esistono le unità di informazione finanziaria che all’estero sono note come FIU le FIU raccologono appunto le segnalazioni e poi le pongono anche a confronto proprio con riferimento ai soggetti con riferimento quindi ai beni, in Italia in particolare devo dire che il meccanismo è quello secondo cui l’unità di informazione finanziaria invia proprio alla Direzione Nazionale Antimafia e Antiterrorismo le segnalazioni per operazioni sospette queste segnalazioni provengono sia dai notai sia dai commercialisti sia dagli avvocati per quanto riguarda i professionisti sia dagli intermediari finanziari quindi chiunque si occupi di transazioni sia dalle banche esistono dei veri e propri indicatori che sono alla base del concetto di adeguata verifica alla quale sono tenuti tutti i soggetti obbligati a rilevare le operazioni sospette questi soggetti riversano di volta in volta a seconda del sospetto dell’operazione all’unità di informazione finanziaria e annualmente arrivano all’UIF circa 100000 segnalazioni di queste segnalazioni queste segnalazioni vengono poi trasferite al momento attraverso DVD poi sarà con il canale telematico alla (Name of judicial authority) quindi all’ufficio che ho l’onore di dirigere che procede ad un raffronto in modo automatico con sistema informatico che attraverso algoritimi e meccanismi tecnologici molto avanzati ad un raffronto fra le identità dei soggetti coinvolti nelle segnalazioni per operazioni sospette con i registri generali delle procure distrettuali per i reati di mafia e reati terrorismo e quindi si verifica se ci sono soggetti coinvolti in queste segnalazioni presenti nei registri delle procure distrettuali nel caso ci siano positività il sistema le fa emergere e queste positività determinano che quella segnalazione per operazione sospetta vada alla procura che se ne deve occupare tutte le altre vengono poi come in un frullatore messe a raffronto con tutti gli elementi che sono presenti nella banca dati della DNA la banca dati della DNA ha milioni e milioni di informazioni perché è alimentata dai procedimenti penali che sono stati sviluppati da tutte le procure distrettuali d’Italia le quali hanno l’obbligo lo avevano dal 1992 e quindi dal 1992 riversano tutto nella nostra banca dati attraverso questo raffronto se ci sono soggetti che coincidono con soggetti che la banca dati contiene su quel raffronto positivo viene fatto un approfondimento e quindi un ulteriore diciamo atto di impulso alle procure distrettuali per lavorarci meglio in modo da individuare i casi di riciclaggio ecco questo è l’altro aspetto quindi diciamo che al riciclaggio si arriva o per un indagine oppure attraverso la lavorazione del meccanismo di segnalazione per operazioni sospette.

(R) E può darmi qualche informazione riguardante il mercato immobiliare inglese?

(I) Informazioni precise no, posso dire che probabilmente ci sono stati dei sequestri di immobili riconducibili alle nostre organizzazioni nell’ambito di indagini che sono state sviluppate che hanno consentito l’individuazione però dovrei verificarlo.

(R) Lei già li ha accennati prima quali sono gli altri strumenti di riciclaggio utilizzati dalle organizzazioni criminali italiane per investire i loro proventi iileciti nel settore immobiliare?

(I) Sono società, sono gli intermediari attraverso i quali passa il danaro ma loro hanno bisogno di schermi quindi qualunque schermo è utile e il migliore schermo non può che essere che quello delle società e d’altro canto questo è l’unico schermo poi i settori sono i più diversi.

(R) Quali sono i facilitatori criminali utilizzati dalle organizzazioni criminali italiane per questi investimenti illegali nel settore immobiliare?

(I) Abbiamo innanzitutto i professionisti quindi abbiamo commercialisti, avvocati qualche volta abbiamo anche notai scorretti sleali i quali agevolano l’attvità di riciclaggio e però la base è sempre rappresentata dai soggetti economici che poi portano il canale finanziario mafioso nell’economia legale.

(R) Quali sono le conseguenze derivanti da questi investimenti illeciti per quanto riguarda le forze dell’ordine e lo sviluppo economico del mercato immobiliare? Quindi quali effetti producono?

(I) E’ evidente che ovunque arrivi il danaro mafioso l’economia ne subisce un danno irreversibile ed è il mercato che viene totalmente stravolto il mercato si muove attraverso delle regole e le regole sono in genere quelle della domanda e dell’offerta esistono poi ulteriori variabili di ordine economico ma rientrano comunque in un circuito legale qui ci troviamo di fronte invece all’immissione nel mercato di grosse somme di denaro che cercano il settore in cui andarsi a trasferire, occupare e nascondersi quindi ci troviamo non tanto di fronte a un percorso economico ordinario ma qui ci troviamo di fronte a forme economiche di investimento totalmente extra ordinem di forme di investimento che trovano la loro ragione d’essere nell’esigenza di collocare il danaro ed ovunque ci sia la possibilità il danaro viene nascosto uno di questi settori in cui pure oltre quello naturalmente immobiliare a cui lei faceva riferimento oltre i vari settori economici grande distribuzione, commerci, gioco online è stato anche quello delle opere d’art le opere d’arte probabilmente sono quelle che più di qualunque altra cosa riescono a nascondere l’effetivo valore e quindi il danaro non era nemmeno sottoposto a regole quel settore tanto che galleristi, gestori di aste, coloro che trattavano le opere d’arte non erano tenuti a obblighi di adeguata verifica, obblighi di registro, obblighi di segnalazioni per operazioni sospette ecco solo con l’ultima direttiva la quinta direttiva dell’Unione Europea finalmente c’è stato l’obbligo per i paesi europei di legiferare sul punto e costringere anche costoro a osservare queste regole.

(R) Lei pensa che la legislazione antimafia italiana e le operazioni investigative delle forze dell’ordine possono considerarsi come fattori di spinta per gli investimenti della Mafia italiana nel mercato immobiliare all’estero?

(I) Certamente più indagini si fanno in Italia più il danaro mafioso si sposta all’estero e devo anche sottolineare come spesso abbiamo notato in indagini collegate attraverso anche squadre invetigative comuni che sono state portate avanti con la Germania, con l’Olanda con il Belgio le organizzazioni criminali che erano oggetto di indagine via via spostavano il centro dei loro interessi da un paese ad un altro nel momento in cui si sentivano minacciati dalle indagini proprio in un caso abbiamo potuto rilevare come la stessa organizzazione che era stata messa sotto indagine in Germania in Olanda inizialmente dall’Olanda si è spostata in Germania e nel momento in cui si è sentita minacciata dall’indagine in Germania si è spostata in Belgio e via via però comprava ristoranti, bar, beni immobili ovunque e quindi reinvestiva danaro e certamente altrove c’è minore sensibilità rispetto alle organizzazioni devo anche dire che proprio nel Regno Unito c’è una minore consapevolezza del danno che deriva dall’investimento mafioso proprio nel Regno Unito c’è un orientamento fonadato sul danaro che non ha colore, che non ha come dire un valore criminale il danaro è danaro secondo il Regno Unito per cui qualunque investimento è un investimento che porta ricchezza non guardano al pericolo che c’è dietro a quell’ investimento per loro fino a che arrivano soldi va bene perché sono ancora nell’ordine di idee che il danaro è ricchezza non pensano che il danaro mafioso è inquinamento dell’economia legale perché dietro a quel danaro poi c’è il resto no c’è tutto il percorso mafioso che determina non solo l’inquinamento dell’economia legale ma via via la difficoltà di lavorare, di permanere nei settori dell’imprenditore sano che non utilizza gli stessi metodi che per guadagnare deve osservare le regole e che non ha un pozzo criminale al quale attingere e questo il Regno Unito non l’ha capito abbiamo tentato in varie occasioni in vari incontri anche internazionali per spiegare quanto sia pericoloso l’immissione del danaro mafioso e non è semplice per quanto se non ricordo male almeno qualche operazione di coperazione sotto questo profilo è stata fatta anche di sequestro di beni nel Regno Unito lo devo vedere e glielo comunico.

(R) Si, assolutamente.

(R) Che funzione ha e quale effetti produce la misura dei beni confiscati alla mafia sulla loro scelta di investire nell’ economia legale e nel settore immobiliare in Europa? Come viene applicata in ambito europeo per intercettare beni di origine illecita all’estero appartenenti alle organizzazioni criminali italiane nel settore immobiliare o in altri tipi di settore?

(I) Il valore del sequestro e della confisca oramai lo si è detto in tantissime occasioni è già la dimostrazione di sradicare la presenza criminale dal territorio e quindi dall’economia ed è anche una dimostrazione dello Stato che vince del crimine che viene soppresso annientato e quindi dell’organizzazione che viene battuta è un segnale molto importante sul territorio il bene confiscato potrebbe dimostrare come sia stata anche forte l’azione dello Stato ma soprattutto dovrebbe dimostrare che via via le organizzazioni criminali attraverso la ricchezza derivante dal crimine corrodono, inquinano l’economia poi quella ricchezza viene perduta, sottratta e messa a disposizione qui della comunità quindi diciamo che sequestro e confisca costituiscono degli strumenti straordinari non dimentichiamo peraltro che la confisca dei beni di mafia fu prevista nel 1982 dalla legge La Torre e La Torre venne ucciso nell’ aprile dell’82 proprio perché era colui che portava avanti questa legge importantissima che già allora i mafiosi capirono che sarebbe potuta essere la più grave strategia che lo stato poteva mettere in campo nei loro confronti ed effettivamente l’aggressione ai patrimoni credo che sia lo strumento di maggiore efficacia per combattere le organizzazioni mafiose.

(R) E come avviene all’estero?

(I) All’estero si accoglie oramai anche con favore la operatività del nostro sistema e non soltanto quando la confisca del bene è frutto di una sentenza di condanna ma anche quando la confisca del bene è avvenuta attraverso un provvedimento di prevenzione è noto che le misure di prevenzione non sono riconosciute negli altri paesi pur tuttavia il valore della decisone fondata su elementi indiziari oramai anche molto forti e la procedimentalità attuata per giungere alla decisione è riconosciuta in Europa come viatico attraverso il quale si arriva comunque a una decisione paragonabile alla sentenza e quindi la confisca dei beni sia quando è disposta con sentenza sia quando è disposta con provvedimento di prevenzione trova poi attuazione negli altri paesi se il bene si trova all’estero attraverso una richiesta di esecuzione all’estero è possibile quindi avere diciamo il risultato di quel valore a volte attraverso la vendita a volte attraverso anche la presenza di attività italiane in quel paese e collocate proprio in quel bene confiscato gli accordi in genere prevedono che una parte di quello che è confiscato resta in in danaro nel paese estero in cui si trova il bene e tuttavia l’esecuzione avviene regolarmente abbiamo diversi casi sia in Francia sia in altri paesi in cui c’è stata una regolare esecuzione.

(R) È aumentato il numero di transazioni economiche con fini di riciclaggio da parte delle organizzazioni criminali italiane nel settore immobiliare negli ultimi anni in Europa?

(I) Diciamo che sulla base delle proiezioni anche statistiche statistiche diciamo basate sulle proiezioni che riguardano le indagini non i numeri effettivi delle transazioni riscontrate quindi un esame dell’operatività delle organizzazioni all’estero porta a ritenere che vi è un grande reinvestimento nei paesi europei da parte delle nostre organizzazioni soprattutto della ‘Ndrangheta e questo anche in considerazione del fatto che in Italia reinvestono ma reinvestono una quota molto modesta rispetto ai guadagni che sono invece enormi ecco già questo con una serie di risultati positivi di investigazioni avvenuti in vari paesi europei con sequestri anche di beni ci porta a credere che il reinvestimento all’estero sia molto elevato.

(R) Quali sono gli strumenti posti in essere dal sistema finanziario per neutalizzare transazioni finanziarie a fini di riciclaggio nel settore immobiliare?

(I) Le devo rispondere come le ho detto prima però da un lato abbiamo indagini attraverso le quali è possibile arrivare a individuare i singoli casi di riciclaggio dall’altro attraverso il meccanismo delle segnalazioni per le operazioni sospette.

(R) Quale è la risposta delle forze dell’ordine riguardo i crimini economici e finanziari nel settore immobiliare?

(I) I sequestri di beni immobili hanno un incidenza notevolissima nell’ambito delle indagini e diciamo che laddove il bene immobile è riconducibile alle persone fisiche costituisce una forma anche molto agevole di rilevamento della ricchezza mafiosa diventa più difficle quando il soggetto reinveste attraverso società.

(R) Quali sono le caratteristiche della legislazione antiriciclaggio per contrastare questo fenomeno?

(I) Ancora una volta torniamo alla segnalazione per operazioni sospette.

(R) Quali sono le criticità normative della legislazione antiriciclaggio che rendono il mercato immobiliare particolarmente appetibile per gli investimenti delle organizzazioni criminali italiane?

(I) Ecco probabilmente è qui che il controllo dovrebbe essere più severo bisognerebbe svolgere un monitoraggio molto più approfondito soprattutto in un momento come quello attuale in cui il prezzo degli immobili in Italia è molto calato e vi è una difficoltà di vendita laddove ci sono difficoltà economiche le mafie entrano con la loro ricchezza e quindi riuscire a svolgere a sviluppare un monitoraggio molto ampio degli acquisti negli ultimi anni e comprendere se i soggetti acquirenti sono effettivamente soggetti affidabili, credibili dal punto di vista economico sarebbe importante.

(R) Quali aspetti della normativa antiriciclaggio possono essere migliorati?

(I) Io credo che uno degli aspetti più significativi è quello della trasparenza la trasparenza delle società, dei trust, dei registri che possono evidenziare effettivamente quali sono i soggetti che svolgono le operazioni e quindi laddove ci sono intermediari o anche come dire acquisti per persone da nominare e varie altre forme è necessario che tutto avvenga con chiarezza dei sogggetti che comprano chiarezza della provenienza del danaro e devo però dire anche che i notai in questo svolgono un lavoro egregio a volte sono proprio loro i primi a dare segnalazioni proprio sulla base anche soltanto del rapporto personale del modo in cui la persona si presenta nel modo in cui tratta delle persone che partecipano all’atto ecco tanti elementi che vengono rilevati dal notaio sono di per sé indicatori di un’operazione sospetta e i notai in questo sono molto professionalmente preparati.

(R) Come si può migliorare la politica di contrasto alle organizzazioni criminali in Europa?

(I) Probabilmente innanzitutto attraverso una politica che sia consapevole del danno che le organizzazioni criminali determinano all’economia di tutti i paesi e quindi cominciare ad alzare il livello di interesse per un’economia pulita, parlare di mafie ed operare perché le mafie non abbiano possibilità di entrare e quindi ogni forma di sedizione, ogni forma di controllo di vigilanza deve essere attuata al meglio anche all’interno delle pubbliche amministrazioni una vigilanza interna delle modalità, dei modelli organizzativi che consentono anche di rilevare la benchè minima violazione delle regole è indispensabile proprio perché è necessario che tutti i meccanismi determinano un risultato che sia un risultato più che leggittimo, trasparente, chiaro, legale.

(R) Ecco l’ultima domanda quale è la sua opinione su potenziali conseguenze della Brexit sugli investimenti illeciti delle organizzazioni criminali italiane nel mercato immobiliare inglese?

(I) Io credo che la partecipazione del Regno Unito all’Unione Europea determinava una maggiore compattezza e rapidità anche nello scambio di informazioni se pensiamo al procuratore europeo che è stato istituito proprio per le attvità criminose che determinano un danno all’Unione Europea è già un meccanismo di condivisione se pensiamo ad Eurojust che è l’altra agenzia alla quale partecipano tutti i paesi se pensiamo ai vari strumenti come l’ordine di indagine europeo che rende immediato il passaggio della richiesta di indagine da un paese europeo ad un altro paese europeo e quindi all’immediatezza dei rapporti che c’è fra le autorità giudiziarie nell’Unione Europea si comprende che l’uscita dall’Unione Europea di un paese come il Regno Unito è un danno credo innanzitutto per il Regno Unito e d’altro canto le stesse organizzazioni mafiose avranno più interesse a locarsi in quel paese che è fuori dall’Europa e quindi rispetto ad esso la stessa Italia avrà più difficoltà a sviluppare indagini che non se il Regno Unito fosse restato in Europa laddove comunque lo spazio comune avrebbe determinato anche una maggiore facilità nell’individuazione degli investimenti e quindi del riciclaggio e di tutte le attività criminose che si sarebbbero e che si sono poste in essere in quel territorio.

(R) Benissimo, grazie.

(I) Grazie a lei.

**Research Participant**: I19

**Date:** January 2020

**Skype interview**

(R): then if you can tell me how vulnerable is the UK legitimate economy to the investments of criminal proceeds?

(I): Hmm I think the UK economy remains ahhhh relatively high risk in relation to any of the proceeds of crime coming into the systems I think if we look where the weaknesses are it’s been displayed that the weaknesses are around professional enablers hmm so be accountancy firms law firm account hmm incorporation companies that enable companies to be set up ahh companies house where the ultimate beneficial owner the source of funds for the beneficial owners is quite an ache hmm and you probably talking in terms of professionals advisors there is no percentage but there are those that sadly may be caught up in facilitating, assisting and opening those companies as we know in the UK company houses ahh repository for information it’s not ahh it doesn’t it doesn’t take any hmm checks so what we are left with is ahh companies being opened and the source of money hmm flowing through these companies Hmm it’s open to criminal proceeds flowing through then you go way from the real estate market Emanuel then you look at the financial services market they are also encouraged heavily by the Financial ahhh Conduct Authority to hmm invest in ahh account transactions marketing software looking for pats and looking for suspicious transactions but they all deal with multiple million transactions and they get seventy plus false positives ahh and again that fuzzy logic in that in that transactions are where they are not picking up all the transactions and store dirty money placed with the banking system here which despite the best efforts of the banks hmm it still continues and that’s why we we have I think recently ahh I don’t know if you see this website KYC three sixty

(R): hmm not yet

(I): so, ah go on that it’s free and you get an update of money laundering information and fraud related claim every day and ahh recently they talked about how oligarchs are laundering money through the UK through ah litigation as soon as in relation world (inaudible) properties there are enough avenues they have bought to have criminal money flowing into our system and I don’t think it’s different in any other country we are not bad we just still vulnerable

(R): and ahh can you shed some light on the UK real estate market in particular?

(I): well the UK real estate market starting back it doesn’t have a regulator ahh ultimately I mean it’s subjective various piece of legislation obviously the money laundering regulations are advanced and and you got the proceeds of crime act you got the criminal finances act hmm they got the governing for these ahhh (words inaudible) which involved (words inaudible) practice, management hmm but it is susceptible to risk because in a regulated environment organizations are often more compel to do the right thing because they are worried about the fine rather than preventing financial crime that meant to make it right hmm where the UK real estate market is proven entirely by hm the targets within those organizations hmm there is that natural conflict between sales and compliance ahh compliance can be hindrance so for example you take a larger (word inaudible) mentioned names I know some of the compliance officers in large real estate agencies here and ahh they have to work very hard to convince people why they need to take sufficient checks so the UK real estate market right now is not bad it’s quite good the large organizations and the estate agencies have some pretty strong due diligence so AML checks ahh ultimate beneficial owner hmm but historically it’s been bit of a gate way and I think people realize that can’t continue so the UK real estate market wants to be a shining light and and it takes in the right direction

(R):and what are the criminal instruments and vehicle used to place dirty money in the UK legitimate economy and particularly in the UK real estate sector?

(I): typically hmm it’s going to be back to my first (words inaudible) answer which is hmm it’s going to be ahh companies that’s set up here in this country where the ultimate beneficial owners are to the shareholders are offshore trusts hmm or offshore companies in ahh areas such as you can name you can trip so it can be Cyprus it can be Malta it could be further field away it is pretty difficult to understand who is behind the company and who is the controlling mind so that’s the first vehicle the other vehicle is offshore trusts hmm directly engaging there is more that could be done to identify the owners the criminal instrument is if that’s what you mean it’s a corporate it’s gonna be a company corporate vehicle it can’t be registered here ownership is overseas

(R): and which are the financial instruments used for money laundering purposes in the UK legitimate economy and particularly in the UK real estate market?

(I): so, when you what do you have in mind when you say financial instruments?

(R): financial instruments I mean especially in the ahhh like ah I mean like ahh which kind of financial ahh tools they used you know in this case to ahh invest ahh in the UK real estate market and then if they use like ah I don’t know ahh new like ahh bank products you can say know new new new ways you know to new instruments ahh especially financial instruments to to place their dirty money in the UK real estate sector?

(I): I am not sure can I answer that because my understanding is that the majority of cases were there is concern about the source of funds and the ahh (words inaudible) where are their funds being derived from typically they won’t they won’t run the risk the criminal enterprise way to run the risk of engaging with the bank to help supplement an acquisition

(R): okay

(I): because that is another institution that would then do checks on so I have to say I don’t know the answer to that one which that financial instruments ahh sorry about that

(R): yes, and then ahh what are the crime facilitators for the investments of criminal proceeds in the UK legitimate economy ah particularly in the UK real estate market?

(I): so, crime facilitators again you mean

(R): I mean

(I): transactions?

(R): I mean like crime facilitators in this case I mean like people that are ahh who are helpful for these kinds of investments they can be brokers ahh or also and also sometimes real estate you know ahh lawyers ahh you know the ahhh

(I): ya okay you have company incorporation agents you may well have ahh property agents hmm unlikely but it does happen you have ahh (word inaudible) and ahh accountants I think to get the area of legitimacy to any transactions you want to have around you hmm white collar professionals hmm so it will be well targeted white collar professionals hmm he would be hmm help facilitate now in fact let me just pull something by

(R): yes, yes for sure

(I): hmmmm we were doing some advice for a trust in ahhh let’s say where and hmm they were concerned that they they they had some properties in the UK and then concerned about the purchase being caught up in money laundering and hmm we started to look at the law firm involved whether they had ahhh any issues they were two law firms using in the UK I know it’s not related to your question if we take for example now the solicitor regulating authority here they are pretty hard on making sure law firms are hmm hmm are keeping an eye on their due diligence and in fact now we have to have in law firms here we have to submit to by regulator that we have the firm wide risk assessment for money laundering hm now in that case we are talking about hmm a client was this offshore trust they don’t fall into the money laundering regulation I think it was I am reading here now it’s part two chapter one hmm eight two of the legislation hmm you can make a suspicious activity report hmm seeking in defense section three two nine of the ah proceeds of crime act and it was it’s ahh it’s it’s been a lot of guidance for solicitors about housing navigate if you got any concern about the source of funds the types of people involved in the transaction what to do so the the crime facilitators hmm I suppose the gateways are narrowing now for that type of activities long thing this government is conscious of the present government and they introduced hmm the certainly the talk of the wider legislation (word inaudible) to prevent economic crime hmm a few years ago taken back seat due to Brexit hmm they are very focused on making this a ahh clean gold standard country relating to ahhh challenging that kind of crime facilitation by parties here (words inaudible) under risk hmm so with our regulator we have some really helpful flow charts every organization has to commit to show they have got plans in place out to stop money laundering and I know from the accountant side the institute of chartered accountant England and Wales they have an ethics team that try forward with a lot of integrity hmm and proposals as well as guidance on money laundering checks what should be done ah when you should act hmm so for those two professions those facilitator gaps are narrowing ahhh the real estate profession it’s its self-regulated in many ways by the quality of the people engaging and compliance and the big organizations you know the the saddles ahh those types those international they are doing this really well they were put risk and of compliance hmm and they are making that hmm hmm an absolute barrier to entry there is a risk anyway allowing transaction to happen if they are being involved ah you have got you have got back to those groups agents agents accountants lawyers and hmm ahh I was gonna say sometimes banking I don’t even think banking facilitation as an issue you had asked about internal checks lawyers to prevent economic crimes hmm let me can I send you something attached

(R): yes

(I): so, this is I think it’s come to (words inaudible) sent us (words inaudible) hmm

(R): thank you

(I): it’s alright (words inaudible) don’t know

(R): thanks

(I): hmm a flow chart and this flow chart hmm (words inaudible) and this is what lawyers (words inaudible) to ahh help check and and look internal checks hmm preventing these kinds of activity and it’s quite interesting because it’s it’s a very easy guide to hmm ensuring hmm compliance so I don’t know you probably can’t get out screen because you know I am looking at me suddenly

(R): ya

(I): so it talks someone through if you notice do we have a suspicion of money laundering is occurring and intention everything you meant to do including reporting to the National Crime Agency hmm then it’s talks about kind of somewhat happens to my contract my retaining client will lead me to be a part of a principle offence so do I have a defense and how to do it and then it goes on to suspect someone else doing principal offence should I have shall reasonly suspect and educate people so how our regulators are really now pushed on ahh and principles to help pe help the practitioners to identify so it can easily be left to the practitioners to work it out they say this is really help you identify the risks so lawyers have been given a lot more tools to prevent these types of economic crimes of course there is bribery as well as (words inaudible) briberies commercial organization that is the failure to prevent hmm ahh tax evasion or facilitation of tax evasion to the criminal finances act and we are obliged to keep ourselves to those areas legislation it is the same thing in accountancy profession so well organized well organized firms have a compliance dedicated a dedicated compliance team and ensure that they are giving ongoing trainings to their lawyers in their firms and is not ongoing updates hmm about risk so it’s actually going much harder you gonna have to find a crooked lawyer who actually wants to go their way to circumnavigate the legislation ah rather than ahh finding a lawyer you can trick into a questionable transaction

(R): and I mean what are the consequences of investments of criminal proceeds for both law enforcement and economic development in the real estate sector in the UK real estate sector?

(I): the consequences of investments hmm I have got a cheeky smile because in some ways if criminal proceeds get into our system if someone wants to turn a blind eye to why someone is paying more than the asking price on a property because he gets a good commission as an agent it is a good deal for the bank (word inaudible) and it’s looks like a healthy hmm profit hmm in a very strange way it inflates the market it causes a bit of a false economy hmm it has to be wide scale to do that but if you if you think a property report will look comparable in an area and two properties in Mayfair has been bought on a much higher price than anticipate and that’s because no one knows yet the criminal proceeds they are manipulating the market so hmm that’s the risk the consequences of manipulation of the market it also (words inaudible) for law enforcement because hmm despite all the legislation enforcement and ahh confiscation is ahh takes a long time hmm and probably funds are not overly sufficient so once the money is in the system and there is a property (word inaudible) reversing that ahh is actually costly issue for law enforcement confiscating is a costly issue for the law enforcement hmm and that unfortunately misses the commercial element so decisions made on prosecutions so ya it’s a quite a costly consequence to the hmm to law enforcement and for real estate sector itself ahh it can be doubled edge sword one it can lead to some good revenue to certain agents two it can manipulate the market and make it harder to sell other properties

(R): ya and ahh I mean do you think that UK legislation act as a push factor for the investments of criminal proceeds in the UK real estate market?

(I): no ahh not at all ahh I think speeder prosecution and confiscation might be a push factor because I think the criminals if their intents are ah washing their dirty money in our jurisdiction if they are aware of how long it takes prosecution to incur and difficulties with that that might be the attraction but the legislation I mean the bribery acts goes further than the FCPA the criminal finances act is further than the legislation globally ahh the proceeds of crime act it still serves its purpose but not used upon ahh significantly the fifth iteration of the money laundering regulations they are coming into play now I think (words inaudible) January (words inaudible) so it is quite a lot of legislation here and obviously solicitors accountants professional enablers are regulated heavily and could lose their right to practice and they face some pretty have fines so hmm I think it’s the opposite you gotta be pretty resilient so I am gonna bring the criminal money into this country hmm and ahh so I think it is a hmm it’s a pushing away factor more than the push factor hmm but then again how many UK lawyer would like to do so doing something right I don’t know

(R): and I mean what are the requirements for a real estate transaction to be identified as suspicious money laundering transaction in Europe and particularly in the UK?

(I): so each organization there might be ahh ahh actually there is a presentation I have done on this ahh if you google to Rome institute of charters RICS and ahh money laundering risks they identify best practice to property agents to identification of hmm a red line for identification of risks so hmm and each organization would apply them differently so there is no set format there is a format which is designed by each origination some will be really strict and some will be less strict so ahh identi.. for example identifying the ahh it’ss always the obvious ones it’s identifying the owner who is the true owner who is giving the instruction who is this gonna benefit for if you can’t identify them you ain’t go ahead the value of the transaction the source of the funds is it all cash is it gonna be transferred over or is there gonna be any banks involved hmm the party buying the property has no hmm they are not domicile here they are not operating here so it is better than all the transaction then enter into hmm there is no track record of this organization purchasing property before hmm it’s anything which say to you one it is behind the ordinary for normal transaction hmm that’s the core practical insight which means it has to be based on experience so to identify something suspicious it can’t just be left person involved in the transaction they need to have rather wider experience to those around hmm and sometimes there they say is pass the smell test to something not fit right with this transaction so I was listening to a talk ahh compliance convention and the presenter from the US was sitting on a hmm the equivalent saying ahh there was some guys (words inaudible) real estate company and they were talking about how some can be Russians what not be they bought property there ahh hmm central park and they paid one, two million dollars three million dollars over and they just couldn’t get their head around it so what a great day these guys are paying so much and this guy was listening and they just couldn’t see this is probably money laundering and too young and this was the story saying unless you got the experience to snake it out why would someone do something unusual so it’s that really think there is something unusual about the transaction to advices not typically involved with hmm hmm property transactions we have seen once where a purchase to that (words inaudible) very small residential flat areas and money laundering the purchaser all the property lit nowhere near their lawyer so the lawyers 200 miles (words inaudible) purchases in Southampton properties in wherever the lawyer is based in Newcastle it’s that practical insight as to why does this not fit together and then having the confidence to go and ask the questions and there may be some really good answers and reasons stress testing those answers and then you are okay hmm

(R): and I mean has the magnitude of suspicious money laundering transactions increased in Europe and particularly in the UK in the recent years?

(I): I don’t think it’s the magnitude that thing is the more transactions that are now suspicious I think we are more suspicious with the no of transactions way no of transactions so we are now being told to look at everything from inception of the crime to monitoring a transaction whereas ten years ago we wouldn’t have paid as much attention it wouldn’t be we wouldn’t worry about enforcement by the our regulators so hmm I suspect if there is any statistic about there is an increase in potential real estate transactions involving money laundering it’s because we are looking more rather than being hmm and it’s a bit of a self-fulfilling prophecy if you think something is going to happen or if you feel there is more need to be looked at you are more likely to find more so I think that’s what’s happening so I think the magnitude of of of transactions strangely I think ten years ago there probably where more money laundering based property transactions than there are now but you might be discovering more now despite they are being less

(R): and for example for lawyers there is like ah any particular circumstances to not reveal you know some information about their customers for ah a transaction you know that is possible in the UK?

(I): what do you mean to ah to not reveal information to law enforcement?

(R): to ah in this case to ah to not report or ah because there are any special circumstances you know to protect I mean you’re your work as a lawyer and then you cannot reveal you are able to not reveal sensitive information’s sensible information you know about the transaction of your clients or customers?

(I): (word inaudible) I say the our obligations to report trump power confidentiality

(R): okay

(I): ahh requirements to our client so hmm our ya our regulatory function and our duty to report to the National Crime Agency for example out ways confidentiality so what would happen here is you know is hmm we have suspicious activity ahh always suspected activity on a transaction we notified we put in asset suspicious activity report to the National Crime Agency we (word inaudible) to take anything to seven days and only after that do we ahh can we carry on I mean International Crime Agency have any concerns that will tell us that (words inaudible) we reported on them and ahhhya there are instances where we have to give information of that crimes

(R): okay

(I): you can have local authorities you have government authorities like departments working pensions have legislation that allows then to undertake investigation of ah too circumnavigate data protection you have got court applications hmm (words inaudible) there is an application that you can make to to have a lawyer give up information there are instances when a lawyer can deny saying no it’s something have you heard of the the area of legal privilege

(R): Yes yes

(I): privilege can be quite a good barrier to stop revealing information hmm and there was a lot of litigation about between the Serious Fraud office and I can’t remember which campaign was now but privilege and ultimately confidential investigations for a company where say we are advising which is to retain privilege we have not to be disclosed to a enforcement body but typically we have to I mean we can’t say confidentiality stops up from reporting

(R): and what are the consequences if you don’t report this ahh ahh real estate suspicious transactions for money laundering purposes as a lawyer if you don’t if you don’t report it what are the consequences?

(I): we have got consequences of legislation which is being enriched the ahhh proceeds of crime act we fail to report suspicious transaction and and if it helps facilitator we hmm so we have got the same (words inaudible) piece of legislation so we facilitate tax evasion knowingly suspect suspicious how how organization can find face (word inaudible) I can face imprisonment in the regulated elements we can lose our practicing license hmm the firm can be stuck of the registers and they can’t hand so ahh I am trying to think of instances I think there are instances where lawyers have been ahh relieved of their license to practice so so the consequences are pretty diar you can lose your right to work to any profession

(R): and I mean how does the financial system assess money laundering risks in UK real estate sector?

(I): I feel like you should talk to someone who is into banking system ahh because my understanding is that they will assess money laundering risks with a lot of diligence now so I know someone are they ahh organization which is a listed company and investment bank dealing with the property assets and they undertake hmm the same kind money laundering risks and tests then they will do transaction screening out of pats and hmm they will have hmm all the same checks ultimate ah ultimate beneficial owners they will ahh check on source of funds hmm they will do kind of identity checks hmm and credit checks as well to an extend so ah they look at the full range of the transactions as well they look at the range and type of the customer now if the risks of opening bank accounts small business bank accounts used for very low level activity for three or four or five years and checks are not that efficient they will have to check someone’s id like an account you could run quite softly with lower level transactions four or five years and then suddenly that account builds to being used for criminal activity or have done for a while banks should check money laundering ahh documentation for ahhh their customers regularly at least two or once in a year but they only really check when issue comes up in suspicious activity and you think a lot of property investment fraud in this country run through companies which are ahh say not regulated they set up companies don’t ask who owns them they are selling property investing opportunities the pension funds or something that nature and they are running their accounts through the company accounts with banks which they may have set up five years ago suddenly got busy and the banks haven’t caught up with that account been busy ahh and that’s where the gap is at the moment but otherwise if someone sets starts their journey is a business and we are gonna do this real estate transaction at this level banks money laundering checks are pretty hmm pretty strict

(R): and then how can be improved the regulation of the financial system to prevent this economic crimes?

(I): if I knew the answer to that I might be a millionaire how can you improve that education of front line staff hmm education of customers do they know what’s gonna be asked because the managing of expectations for the customer is quite different it’s different because it gets you more information (word inaudible) improved ahh the problems with banks is that a lot of legacy systems are old IT systems are old they don’t talk to each other well enough hmm I would say they don’t have sufficient identity information available on frontline desk as well ah so I think it’s about ah increased education and increased ahhh investment on technology this transaction monitory because they get way too many reports to check and they don’t have the capacity to check where suspicious activity is found in an account ahh well out of the ordinary well or to reset what’s out of the ordinary for any account to be checked so I think that’s the practical stuff about how the financial services can improve and in terms of the regulation the Financial Conduct Authority issued their guidelines for financial crimes it is two hundred pages back in two thousand sixteen that feels old now hmm and I think if I had a ahh how did I think there should be larger fines let start again it will be better if the regulator could start to pick off low level failings and finding them quite strictly because that will send a message ahh I mean they can pick up really large scale failings in a bank and the regulator fines heavily on those (words inaudible) message the smaller and discretions and that smaller and discretions it will have to drive a zero tolerance culture to to how we do money laundering risks hmm those in discretion needs to be punished adequately as well so I would want the regulators to show more teeth and more fines for breaches

(R): and what is the response of the law enforcement to deal with these economic crimes in the UK real estate market at present and its potential future?

(I): well law enforcement does not account hmm you have got ahh (word inaudible) structures you have got the City of London Police which is the lead force for economic crimes they give direction and guidance and distribution of cases to forty two forces around the country all economic crimes are reported to action frauds which is sometime got in an action fraud because it’s the reporting center it is not managed by trained police officers it just takes data sends it to the National Fraud Interventions Bureau and eventually comes out to the police to investigate the asset (words inaudible) it’s it’s sizable but I I think both the police the SFO any prosecution body prosecuting bodies for economic crimes don’t have enough resource they need more expertise and more resource because the people there are very good people they just don’t have the time because these transactions are all complicated ah and all multi jurisdiction and therefore it needs more assistance especially now with Brexit I am not quite sure how its gonna work with information sharing across Europe for example you brought more data than me the hmm so the law enforcement response is sometimes hindered because the track the loss is too small or the issue is too small so it’s not proportionate to apply ahh the police force to it all the transactions are too complicated because they think the jury won’t ahh if you went to a criminal trial won’t understand it so they won’t prosecute it the crown prosecution service accept the charge so ahh at the moment ahh no response no law enforcement response is in front of the question again hm ahh ahh the response the response is adequate but equally inadequate due to their resources but not their experience ahh and at the potential future is not much brighter hmm my younger son now he just might come back from school now so lots of shouting and noise in the background

(R): no no worry I mean there are any tools for example law enforcement can use you know to monitor the lawyer’s activities especially regarding this kind of ahh suspicious transactions?

(I): ah there is no ahh what kind of tools are you thinking about

(R): like a way to control it you know if ahh lawyers may report or not there is any tool or any instrument legal instrument you know they can use you know to check you know if the lawyers they report or not you know ahh that are in the UK legislation?

(I): hmm my instinctive answer is no I haven’t heard any doesn’t mean there isn’t any ahh I will ask somebody that I know is there anything that the so basically can law enforcement go and check if someone is complaint

(R): yes, yes if they are ah if these lawyers, I mean they are reporting or not if there is any legal tool you know to check if they are ahh reporting or not this suspicious activity you know

(I): no there isn’t any it’s self-regulation (words inaudible) there might be the solicitor regulation authority you can go and get ordered on a file since why didn’t you report this this looks strange

(R): ya I mean like preventing mechanisms to check if the lawyer is ahh is ahh doing or not you know

(I): there isn’t it’s just a threat of sanctions if you have failed and you discovered to have have failed but there is no proactive mention methodology in place or order to reveal mechanism in place as I am aware of is that is that the case anywhere else?

(R): ahh hmm I mean ahhh I think no no I don’t think so so in Italy it’s almost the same it’s based you know on the possibility of the lawyer you know to report but there is no ah preventing check you know basically I think it’s the same and how is the UK legislation devised to control this phenomenon?

(I): the same I mean I have talked about the main four pieces may be there is also the this one piece of legislation to (word inaudible) terrorism (words inaudible) so I have mentioned that the legislation already so phenomenon of property fraud ahh you have got the bribery act you have got the ahh criminal finance act ahh two thousand seventeen you have got the money laundering regulations you have got proceeds of crime act two thousand and two and then have also there is hmm hmmm the money laundering terrorist financing and transfer of funds regulation two thousand seventeen I don’t know those and the terrorism act two thousand and all of those piece of legislation do give some more teeth to the law enforcement to control this the risk of (words inaudible) involving facilitate this kind of activities so the criminal finances act is hmm is the most recent one and came in on thirteen September seventeen and ahh that is starting to bite a little bit now because I think it’s the ahh you have got a it’s so much hard to identify the source of funds you know how could they x person could have bought that property when they seem to have little money and it can reverse engineer on the assumption that somebody is using the proceeds of crime to purchase assets real estate so the legislation has been devised moving that away future is this talk on offense for failing to prevent economic crimes you have got the offence failure to prevent bribery by (word inaudible) organizational the (word inaudible) organization the same (word inaudible) failure to prevent tax evasion and the saying may be we should bribe (words inaudible) failure to prevent economic crime that’s what is muted the challenge is this led this country wants businesses to stay here and it becomes so hard to comply with legislation like us to stay here work from the headquarters from other locations (words inaudible) place to move now I guess so

(R): and what are the legal loopholes and weaknesses of the UK real estate legislation that make the UK real estate market vulnerable to the investments of criminal proceeds?

(I): hmm I think the main one is around company incorporation ah it there are no strict legal requirements around company incorporation hmm you work in a corporate company there is no checks there is no legislation behind it and wants to have a company that is set up here and unable to do business here but a gateway ahhh hmm hopefully the system set up behind has set up to check the source of funds the owners of this companies go into play to protect hmm there are so much properties purchased by companies nowadays hmm that’s probably the weakness at the moment the other side of this is there isn’t an overarching regulator property hmm companies act hmm companies that dealing with properties or estate agencies that could hand out fines and regulate their conduct and got an order might you talking about solicitors and I think that also the problem

(R): and what are the characteristics of UK confiscation regime?

(I): the characteristics what way do you mean

(R): I mean what how it is structured ahhh UK confiscation regime?

(I): so the proceeds of crime act ahh is the typical ahh piece of legislation used for confiscation the way it will work is hmm an individual or a corporate entity would be caught up in a suspicious transaction the proceeds of that which would be the turn over and it’s may be the trading business the property is the property not the profit can be made subject to a restraints firstly confiscation or restrained order through proceeds of crime act so the crown confiscation service would whichever prosecuting authority will apply for a restrain order like an injunction facing to stop the dissipation movements on those assets that property and then they would have applied for confiscation of that and once that confiscation has taken place and asset is realized my recollection is under proceeds of crime act and confiscation my recollection is the way it should be a third goes to the ahhh go to court system a third goes to prosecuting authority and third might go to the state (word inaudible) to verify that it is meant to be a straight forward process they present evidence to the crown court high court for getting them restrained they then go and confiscate hmm anyone who thinks got an interest in the asset they transfer the restrain confiscating the challenger there is a lot of back and forth in the court about that eventually the assets permanently seized and deprived of the criminals

(R): and ah what is the time frame and what are the costs for the confiscation procedure particularly I mean for houses?

(I): ya it’s ahh hmm well it’s (word inaudible) I have seen take years literally take years I mean three four five years because typically the party involved all of them the wife or the husband or the alleged criminal will put up a big fight behind beneficial interest in the property there tend to be a lot of lengthy litigations so anything two to five years hmm and the costs can be hmm if it’s a property worth a million it wouldn’t surprise me if the cost to the end of this to the state of three four hundred thousand pounds it’s an expensive process it’s an it’s not it’s not often very precaution

(R): and what is the time frame for ahh asset recovery?

(I): again, two to five years I think it gets with the process

(R): are there any legal provisions for confiscated properties that belonged to organized criminal groups?

(I): I don’t think there is anything that separates say organized crime gangs to ahh ahh lone wolf it’s I think involves criminal activities and their assets involved ahh quite through the proceeds of crime there is no differentiation groups or it’s ahh individual in terms of asset recovery and may be it may be that if it’s all organized crime bit for sentencing (word inaudible) it might be aggravating circumstance they are part of multiple layers organized criminality so it might impact on sentencing I don’t think it impact on confiscation

(R): what are the mechanisms or checks you know to avoid that an asset can return to the criminal portfolio if there any checks or mechanisms?

(I): well so let’s take if an example if husband is the criminal wife is innocent to it or allegedly innocent is a million pound property restrained she challenges it ah the feeder is that she is part of the criminal enterprise hmm they don’t want to give her fifty percent of the property which she claims one defense may be that she is part of the criminal enterprise and it’s going back to the hands of the criminal ah so that we don’t check on the journey to getting a final confiscation order otherwise once the asset confiscated it will be if it’s a property it will be put for auction I mean back to the start who is buying the property at the auction are all the suspicious checks being undertaken what’s the source of funds you are going back to the start of the journey and (words inaudible) second time around the checks and good

(R): and how effective is this legal tool you know to prevent economic crimes in UK and especially the UK real estate market?

(I): which legal tool in particular all of them?

(R): yes, I mean you think that ahh the UK confiscation regime is a good legal tool you know to prevent these economic crimes it works well or not?

(I): I don’t think it works well I think it’s underused I think its ahh it causes the state too much expense hmm it’s too slow and I don’t think any criminal worries too much about the proceeds of crime and confiscation so hmm in order to have sharper teeth’s it needs to hmm it’s something that can be ah fast tracked through court process and I don’t think the costs can change because the costs are always depended on the depth of the fight with the opponent hmm but the fees and the process to deal with it can be can probably be narrowed the other side of it the problem is the decision making process internally within the place of the crime prosecution service or HMRC whoever is the prosecuting authority is can take time because they haven’t got enough resource so the quicker they resolve words (inaudible) resource the quicker the process hmm hmm but it needs to be all the time quick so I don’t think it’s that that is fantastic at the moment

(R): and what is the impact of this ahh legal tool on ahh these economic crimes especially in the UK real estate market if you think there is any impact any?

(I): ahh there has been confiscations there has been some impacts in money going back to the state I don’t think the impact has been is everyone hoped it would be so its hmm so it’s not lived up to any expectation I think it’s the easiest way to answer that from my perspective

(R): ya and what are the legal loopholes and weaknesses of the UK confisi …. confiscation regime you have already mentioned you know the the fact that is slow you have other you know legal loopholes or weaknesses of the UK confiscation regime you want to mention you know to underlie?

(I): hmm because I have dealt with confiscation work for long time so I couldn’t pick out the loopholes but the weaknesses are the ones that I said before I think it’s slow hmm it’s not cost effective hmm you can be played by the defendant they can come up with something ah they can stretch out the litigation and they can make the prosecuting authorities think commercially if it’s better just to try and do a deal that have to see through so ya so

(R): what aspects of the current UK confiscation regime can be improved you know in your view?

(I): hmm greater use of it hmm I think hmm if you ahh it was a way of streamlining so it could become hmm easier to use I just don’t hear enough about proceeds of crime act confiscations (words inaudible) to the ground I don’t hear about it from people in the in the sector so I think hmm ease of use is all I can think off I am not sure what that equates to ahh (words inaudible) actually if I get an answer I will come back to you

(R): Thanks, I mean what are the characteristics of anti-money laundering legislation to combat this phenomenon?

(I): hmm the characteristics again what do you specifically?

(R): how is structured anti money laundering legislation to combat these ahh economic crimes you know?

(I): it’s ahh it is very detailed so it captures pretty much every set of circumstances you can imagine (words inaudible) organizations hmm to identify any activity that would ah could be ahh money laundering it captures all types of economic crimes now bribery, tax evasion ah facilitating ahh illicit funds flowing through the system it’s hmm it is just ahh I still think implementation of the legislation for enforcement is slow and that’s always comes back and I think ya the characteristics in wide range are pretty mature activity you would expect but making it bite takes time

(R): and what are the legal loopholes and weaknesses of anti-money laundering legislation that make you know ahh the UK real estate market vulnerable to the investments of criminal proceeds?

(I): hmm see I don’t think it’s the legal loopholes I think it’s in terms of the actual transactions itself hmm I think the land registry for example occurred act further function of the legal check before they register a property and allow property registration hmm I know that they have quite a lot of things going on in terms of counter fraud what they do hmm see the the Financial Conduct Authority has something in the financial service area which is hmm (words inaudible) it’s not place the owners individuals to ensure that they complaint with financial compliance hmm and back to that type of owners was placed on individuals hmm the lawyers ahh be It in the UK (word inaudible) dealing with the estate transactions that might it’s not a loophole it might it might be more stringent makes people think okay I personally could be imprisoned for failing to ah to for helping to facilitate and that that might help the weaknesses are education to people in all these organizations again when they are again when they are again challenged to achieve such sometimes demanding targets they are forced to turn a blind eye all (words inaudible) so hmm it’s human weak (words inaudible)

(R): and what aspect of current anti money laundering legislation can be improved?

(I): I actually wouldn’t know hmm

(R): do you think there is any aspect that can be improved you know to combat these ah economic crimes ahh in anti money laundering legislation?

(I): hmm if there was something in the legislation hmm I suppose there is this approach of shaming those who are caught breaching so something the legislation that allow the publication of ahh breaches I think that happens already in court so I will just look at the question hmm do you have any idea I will tell you it’s a good one or a bad one what do you think?

(R): which aspect I think ahhhh can be improved in the anti-money laundering legislation I mean you know especially I can say you know there are the anti-money laundering legislation as you said you know is ahh quite you know focused you know on every aspect then it’s quite narrowed down no and ya there are some aspect like I mean for example ahh as you said the problem for beneficial ownership that has been the real problem you know in UK especially because it’s not easy to understand what is the real origin of the criminal proceeds

(I): ya I mean that’s that’s the issue see the legislations that tell us to look for ultimate beneficial owners that (word inaudible) is there to make sure you understand your clients transactions and you understand who your client is and who is giving you instruction on behalf of the client you know what interest they have in this hmm so the legislation is there the issue is the enforce.. the enforcement of the legislation it’s it’s the result just isn’t there to ensure the enforcement if there is no enforcement rules ahh there will be less instances for the money laundering of the the questionable transactions so I think if it’s anything the aspects isn’t about the legislation it’s about it’s about the implementing and applying the legislation our regulatory bodies got (words inaudible) I was thinking also

(R): or I was thinking also to find or ahh to was also thinking you know how can be improved also for example the average of suspicous reports about money laundering you know is not high in the UK by lawyers real estaate then ah how you know the anti money legislation can provide you know more tools for this categories you know to increase

(I): because I mean I didn’t talk about housing association they have huge amount of potential money laundering risks ahh ahh people buying properties or renting cash transactions and they I just think as an industry they don’t they can eat reports and it’s because its no ahhh there is no case examples of people being prosecuted for not making the reports or may be that’s the change the change is ahh maybe with regulators you have to produce a list of almost like a estate of course reports through these years we have made so many reports we have but at least somethings affermative saying positively we have been looking to make reports where we thing it does concern ahh but somethings force people to do to at least commit to say I did look at things and we have reported but we we though we considered because it relates to (words inaudible) something is found and they have done this order statement and it shows they didn’t do it then they can be prosecuted and that’s an example to show to other lawyers estate agents how it can go so ya some pressure on the to demonstration of complaince

(R): and did you find ah any cases you know about ahh money laundering activities in the UK real esate market by italian and Russian organised crime?

(I): hmm do I find any ahhh cases?

(R): ahh ya like ahh any ahh suspici… ahh any any acivity like money laundering activities any illegal investements in particular in this in UK real estate market by Italian and Russian you know organised crime did you find if they are vvery active in ths ah in this ahh sector or not

(I): I think we only know it’s colloquially the chart is that there is quite a lot of Russian owned properties and Ukranian ahhh based people ahh who may well own property in the London market and hm some of that many money may will be flying through the proceeds of crime not sure about italian I know with the first ahh the first prosecution relating to the criminal finances act which is basically saying hmm ahh prosecutor a lady try to demonstrate what her source of funds where property and why she was spending ten million pounds in Harrods over five years or something like that and her husband was a disgraced banker from Estonia I think so if you look at the criminal finances act first prosecution you will find out the story that the hmmm I don’t think I got anything I can I can ya I think I think for a while we suspected this this more Russian money in London property market which may be questionable then may be other jurisdictions

(R): and this is the last quesiton what is your opinion on the potential consequences of Brexit on the investements of criminal proceeds in the UK legitimate economy particulary in the UK real estate market?

(I): hm what I think is not gonna cause any changes to legislation and how our approach I think will remain strict on the due diligence of the firms and organisations they should do it the concern is for the prosecuting authorities I am not sure what the information sharing gateways hold like ahh for prosecution where they try to identify ahh source of funds and information owned by the government organisations I think that’s my worry it’s information sharing for prosecuting authorities and given the quite a lot of money laundering risks disseminate from the property market it’s understanding how those are going to be facilitated those prosecution the prosecution won’t be facilitated if they need information from Europol hmm any specific countries in Europe so that’s my concern hmm otherwise at the moment it’s so fresh I don’t know

(R): you think that there will be like a growth of this kind of investment after Brexit in the UK or you think that the situatiion will be almost ahh the same

(I): I think it will be the same I don’t think Brexit will give a gateway to criminal activity hmm I think if anything it might give people more time to think about the legislation again because we are now distracted with other matters hm designed to stand there will be any softening of any legilation because of Brexit hmm hmm and I for I know to anyone trade deals people getting their money out of the UK might be hard ahh so that might be a barrier itself hmm ya

(R): okay thank you thanks a lot.

**Research Participant**: I20

**Date:** February 2020

**Skype interview**

(R): okay then if you can tell me why do organized criminal groups go abroad and if you can please provide some examples about mafia transplantation in the UK?

(I): so, is this when they go abroad you are talking about from Italy to other places

(R): ya like from their original country why they decide to go abroad and if you have some examples about like mafia transplantation in UK?

(I): but but it’s not so it’s not just like we are not talking specifically about Italian?

(R): no no Italian it’s more general

(I): let me assume any criminals from other country

(R): more general you have any specific cases about Italian and Russian in the UK?

(I): well my in my experience is that the majority I have spent time as a criminal investigator and now as an asset manager and the majority of times it is very simple that people are changing jurisdictions to avoid detection to find areas where the controls are lower so if I knew that by living in the UK for example or by living in Spain or France that the AML procedures are highers or that that the SAR ahh (word inaudible) regime is stronger I will seek to go to other jurisdictions where I think that I will have less chance of detection ahh I can go under the radar depending on the tier of the criminal if you are multi-millionaire fraudster and you have even more money then obviously there is opportunities for acquiring passports and different things and certain friendly jurisdictions and they are another (word inaudible) a sort of free passing to come back to London and ahh the EU embassy of which you are a resident and different things so I think from our point of view and then there is also the practical administrative rules of helping pick you assets out of reach of the investigating authorities so in a lot of occasions criminals have moved foreign jurisdictions preparing to plan their own retirement because they want to ensure that their assets and their legacy is protected which is why they want start to develop relationships admirals other countries so ahhh large a large cases in the UK with a large VAT fraud of forty seven million pounds the family immediately built up a business empire in Spain and their (word inaudible) there and wanted to assume (word inaudible) quite early wanted to assume that was obviously was their intention to masquerade as legitimate business man in Spain in nature life so even from the very first days of the criminality they are already planning their overseas expansion because they knew that they couldn’t operate in the UK for very low where people thinking why does he have a Ferrari why does he have a Lamborghini whereas being abroad afford you that unevident

(R): if you found any specific cases about Italian and Russian organized crime in the UK especially?

(I): I wouldn’t know any in particular but what I can do for you I set up a number of ah money laundering working groups that often helps academics so for any of these specific cases or case studies do you want me to send you ah

(R): ya

(I): the specifics

(R): ya

(I): I could circulate them in my group and sure someone somewhere have specifics because I am involved in the assets side, I would rarely know the particulars of the individual investigations but what I

(R): ya if you can send it to me you know it is gonna be ahh great thanks I appreciate

(I): if you send me these specific questions at the end ahh I can help you out

(R): for sure for sure and what is the criminal decision-making process for the investments of criminal proceeds by organized criminal groups in the UK real estate market and particularly if you know about Italian and Russian?

(I): so, this is the place with the assets overseas what did you say?

(R): no I said what is the criminal decision-making process for the investments of criminal proceeds by organised criminal groups in the UK real estate market and if you have like in particularly about Italian and Russian if you can?

(I): yes so I I (word inaudible) at crime study to where there is a very good report that was prepared by transparency international I don’t know If you have read it

(R): ya ya I have I have also interviewed one of the ahh ahh you know them

(I): (words inaudible) I had an interview with Transparency International just last week with some of the officers again they did one of the best write ups on why why the UK market is being used and digging in there is quite (word inaudible) ahhh of the size of the UK that the ability there is a large money laundering reporting culture in the UK but FATF had already commented that the information that is being reported is not being that is too much data that is simple as that and the criminals know this and they know that to make an hidden case and (word inaudible) because of the multiple other corporations hmm billionaires in this new set of populous where you want to go to a (word inaudible) to a smaller location that just wouldn’t be possible so I think they choose on them predominantly because it is the financial capital of the world and because of the sheer excess of transaction process I I read recently that double the amount of sold that are (word inaudible) and processed in America go through London double the amount of euro and circulation in the Europe go through London so it is not a (word inaudible) by criminal enablers or professional enablers to say because the companies hosts system I think we have combination of AML that is reported but not acted on and the combination of it is very easy to create corporate structures that are not investigated by companies host in any way she perform and there used to be trends like sort of phase of criminal bankruptcies and investigative trends that are no longer utilized so it means that rules and the passports are cash scandal those with enough money realizes this probably the easiest place in the world to have to ahh deposit but also have your funds secured because I believe that the UK taxes stance on extraditions makes it an attractive target if I was a criminal my decision making methodology would be I can buy something in UAE but I also under arrest by the UAE that turn line at any point and say no you are right we are taking your asset but we will lock you up if you come back here again the UK is notoriously like passes in situations like less is required ah ah (words inaudible ) you can see in the press the ex-Nigerian oil minister I mean as guilty as can be seen to be guilty and the UK has still not extradited her despite continues requests by the Nigerian authorities there is no validaries to not extradite her and so that is why yes she has spent so much money in London because she I think they believe the only jurisdiction in the world where you can hide assets it’s the one where you can hide in plain sight and you actually stand a chance of striking a deal and holding on to some of your assets where as in other jurisdictions it seems to be one of the string to another the UK as methodology the original question I think it’s almost a risk based approach that they take to manage their own assets and we could go offshore but we could lose everything we could go to a developing country but there are riskable of also falling file of anti-corruption and been double crossed for UK it’s seem as a ship that

(R): if you can provide some examples about modus operandi ahh of Italian and Russian organized crime in the UK real estate market if it is different compared to their investment in their original country?

(I): ah ah I think it is the the easy ability to purchase properties through ah offshore companies if I can go to (word inaudible) I can go to a local accountancy firm of charted account in northwest London and you could (word inaudible) off the shelf you can purchase a company do the registration for you they will take the assets and it’s a very simple structure and a very simple way to produce hundreds of millions of pounds of property without probably the (words inaudible) hide in plain sight the sheer volume of transactions that are not monitored or they are monitored or acted on the company says registration process look at the Dantzke bank scandal where the Dantzke bank in Estonia have laundered Russian funds more money have been lodged through this one bank than the GDP of Estonia I think and in company (word inaudible) in the UK they seem professional enabler have registered every single company along the way and it will only find it retrospectively there is nothing at the front end that prevents or detect any suspicious activity in company registrations and share under agreements things they got and they say the reason the UK did not do that is that they still don’t appear open for business which is the and then you can anecdotally say that’s the problem because they’re afraid of upsetting their best customers the the Russian mafia

(R): I see and I mean how vulnerable is the UK real estate market to the investments of criminal proceeds and ah if you can tell me if you have found any cases of Italian and Russian organized crime in the UK real estate sector?

(I): I wouldn’t be able to comment on this specific cases more than I have already read in transparency international reports are filled with overwhelming data (word inaudible) the amount of companies an ultimate beneficial owners is Italian mafia or Russian mafia or other in the UK ahh organized crime that the amount of properties that are owned in real estate sector hmm is overwhelmingly high number but I wouldn’t I wouldn’t be able to comment on the any specific cases unfortunately

(R): how vulnerable is the UK real estate market to the investments of these criminal proceeds?

(I): I think until there are changes in company size in terms of initial registration and unless there is a I think it is very vulnerable unless there is a step change in terms of high SARS I dealt with and I think the National Economic Crime Center is doing very very good work around that but it is a case of how much is enough because there are hundreds and thousands of reports from the roots probably and there is a lot of data to go through so do you look at the historic data or do you change the process to capture things as in when they come in now but I think this suspicious activity reports always have an element of ah inaccurate data because they are just reporting everything and I think they will be excessively vulnerable until there are changes to the verification of companies in the ease at which people come and register companies because to do KYC and AML checks on companies is much more difficult than on an individual so there is lot more regular and so if you want to stop the problem you need to make the regulations around company creation and visibility of ultimate beneficial owner much more strict at the beginning otherwise it will continue to be vulnerable as it always has

(R): and can you shed some light you know on the UK real estate market especially I don’t know which properties or whatever are involved in these kind of investments of criminal proceeds if you can?

(I): it tends to be the the very very large which may surprise you it’s not small I didn’t it is large commercial units a large apartment blocks and then in Belgravia and Chelsea and things we see stories in the press regularly of multi million pounds properties and that have an ultimate beneficial owner that is questionable and its offshore overseas and I think it was the Daily Mail or the Guardian possibly the Guardian that ultimately go and overseas permission of most expensive real-estate in London and there was something like an overwhelming statistic that overshadowed the percent of the most expensive properties in Chelsea and Kensington and other areas of London are owned by offshore companies

(R): I see

(I): not holding the families so but it may be it is unfair to assume that it is organized criminals from Russia or other it could also be tax avoid schemes so the English family have employed a professional enabler but it still shows that if the weakness exists it will be exploited by English tax avoiders or overseas organized criminals

(R): yay a and I mean what are the criminal instruments and vehicle used to place ah ah this dirty money in this economic sector and if you have some knowledge about especially about Italian and Russian?

(I): so what we see it consistently leads back to professional enablers and who are claim the system they know that the monetary limits to declare they are pretty inside reports on companies that are already being created three days before and if the company is investigated it’s long shut down by the time the next investigation comes around so it is it is entry level professional enablers and there was a you may have watched it it’s on BBC iplayer there was panorama investigative documentary that looked at the professional enablers where one small chartered accountancy firm literally that had three members staff was responsible for something like one trillion or was some some stupid figure clearly laundered money all they were doing was creating companies creating companies transactions they were being clever they were submitting the suspicious activity report of the company but they never used the same company twice so by the time it trickled on the other side to look at the way they did and the BVI or something like that offshore jurisdiction it just became impossible to trace and until the like of the National Crime agency or the FCA or one of the large sort of internationally capable law enforcement agencies pick up that case or there is a sort of some sort of linked criminality that leads investigators through that pass they most likely to hide at plain sight

(R): I see and what are the financial instruments used for money laundering purposes used by organized criminal groups in the UK real estate market and if you know something about Italian and Russian in particular?

(I): ahh it will be in terms of the entry into the market will be purchasing property but that’s what I would say and as for the network of professional enablers we can see more and more as well in terms of real estate in terms of artwork crypto assets and but in terms of somehow we see it was just simply leaving money through companies there is a person called (Name of an investigative journalist) he is an investigative journalist he has a podcast he is very good on twitter I have spoken to him a no of times and I am involved in (Name of a conference) in September I would suggest having a look at his twitter and linkedin he produces lots of reports he was the investigative journalist of one of the largest Danzke bank for money into to the UK ahh for ahh Russian money laundering enterprises so he would have some very very good ahh specifics and statistics on financial instruments used to and things like that

(R): and I mean you have already spoken about it if you have also other information what are the crime facilitators for the investments of ahh criminal proceeds particularly for the Italian and Russian organized crime in the UK real estate market?

(I): I I I think from the conversations today with ATF one of the most overlooked areas hmm high risk areas from the (word inaudible) is the portable luxury goods so watches handbags if you can walk through an airport today and there is a sign asking you to declare ten thousand euros or more but it doesn’t asking me to declare my three hundred and fifty thousand pound watch that no border official will never notice it is it’s a rubber strap which (word inaudible) and I do not think that borders are equipped to understand that there is a reason why gold seizures at airports is reducing cash seizures at airports are reducing because criminals are becoming more clever to detection ethics and instead of having someone what they a drug dealer taking a hundred thousand pounds in cash to the South America or to Schiphol airport to do somewhere else why they come with watch and they take the watch to the other jurisdiction and hand it over there is very easy to do and we can back that up by the presence of increased seizures that we seize more watches than people can buy or wear we had cases where one Russian individual had six identical tech 40 watches worth hundred thousand pounds each that is half a million in a bag why would you have six identical watches and then he tried to declare they were gifts so it’s such very easy money laundering it’s the easiest way and so I do think between that and crypto assets they are the two ways of purchase involving and obviously the traditional things like works of art but because they are large they are usually caught in terms there is good protocols in place to shipping containers and search and seizures extra (word inaudible) equipments but what concerned me is the assets that are walking through the airport that nobody is taking a second look at

(R): and I mean what the internal checks for the real estate communities to prevent these economic crimes?

(I): I think the the real estate communities is in a very difficult position because I sell real estate myself and we have a guidance we have all the necessary checks but I think the balance between the a draconian society and having correct checks is very very difficult one because when someone is trying to buy one property themselves there is a lot of trips to jump through ahh but the system for me we are targeting the wrong area, there should be AML checks done when you are purchasing properties of course there should be but we should be moving upstream to establish identity of the company of the person behind the company because if someone comes to me today and wants to buy a property at the company the AML guidance is clear but brief in terms of what I should do as a real estate agent for example I think there should be a more investigative focus on the creation of companies why is someone creating fifty companies today what is a legitimate business reason behind if anyone is doing legitimately let them talk for it let them explain why they are doing it and because that’s the weakling for me it’s not the AML there is lot of process in place there is money laundering reported overseas business they are all aware that they will be in jail if they get involved there is lots of concerns around that so the industry is more than informed than the risks that getting wrong can be (word inaudible) so I don’t think of much more (words inaudible) what if I was changing something tomorrow it’s like prevention is better than cure I think that the AML checks by the agent should be the last line of defense whereas they are knight standing like they are little boys with singing in the dark as onslaught of company registration documents come in that are fresh that are clean they looks fine they are low suspicious smartness but you are there as a agent saying this is the banking property the best company has bought it is the banking new company in the Sicilian lady has walked into the shop and each time there is new paper work and you report that basically you don’t hear anything at the moment is anything covered up you don’t know and so I think more joint communication ensuring people I know that I was an agent I would straight comfort for having to see back of the fellow that I meet and like the Italian officers here who are incentivized to see assets the confidentiality to say if there was a way to target estate agents and say you will (word inaudible) resulted in these arrests you did best this I think is the best societal message there to be able to say ahh ya I am actually making a difference I am going to keep doing this and as I said I think the juristic agents being given more support upstream where they should be targeted is at and there is no individual there is nobody is stupid enough to have four hundred assets registered in the in the in their name they are rarely but there will be four hundred companies with four hundred assets but the same ultimate beneficial owner I know is offshore it’s that side so whether or not you shutdown companies purchasing properties like an AML law why AML and let me have something I have just heard when a company like right today you are holding the company responsible of imposing AML got so overwhelmed the government said no we want a person responsible every organizations as AML law you can go to jail or unless it goes horribly wrong surely the time is right to say as in company if you are buying property there must me a person there must be a person and a passport and a birth certificate and a proof of income available these different things so that I can know why you did login this registry ABC limited and buying a fifteen million time block of apartments in London I want see (word inaudible) I want to see your (words inaudible) I can’t ask these questions as an agent so whereas right now I am told as a (word inaudible) it’s a company and that’s filed it criminals laugh

(R): I see and I mean what are the requirements for real estate agents to target suspicious real estate transactions?

(I): ah I think there is ah I can send you a copy it is quite huge their (word inaudible) they are very straight forward but reporting suspicious activity about (word inaudible) about different things but again you (word inaudible) think a black hole you never see what happens you never get to see back it doesn’t get any follow ups on the effectiveness of the reports that you are making and I worked on the team that use to assess SARS when I was in customs and there seemed the quality of (word inaudible) now a man came with ten thousand cash and then the next one is (word inaudible) Mikaen with ten thousand pounds is the nominations he is a known local (word inaudible) the quality of reporting various widely so I think that might work will be done in the industry to actually to teach people how to make better referrals whereas right now there is lot of sort of private consultancy offer training but I think it should actually come from a central regulator authority it should be HMRC coming at to present to tell people regional points of contact (word inaudible) there is a reason why you have local police they understand the particular of that geographic area and the demography of the societal pressures and things so I think part of it should be from HMRC hmm geographical point of contact you can’t help detecting it I personally think it would because you will get to know the organizations the industries the accountants the enablers and a lot of it disappears until (words inaudible) so they get referrals from something that has happened in Leeds and more about the personality of the people involved I don’t necessarily believe that’s the right model but (words inaudible) I think more could be done at a practitioner level which includes the estate agents and the regulated sector

(R): and I mean how many suspicious real estate transactions are reported by real estate agents if usually is high or?

(I): I can get you that because I am at the I am at the force a couple of weeks ago email to me I will get you the up to dates

(R): okay thanks thanks okay and I mean what are the

(I):just so you know at (word inaudible) point there have been projects that are pilot individual constructions to try attack these SARS and make them more effective and there has been some development done in terms of AI software to try and read the SARS in a more quicker and effective way and actually use sort of triangulation to be able to say well actually what is look what is a SAR report look like all a map for example it wouldn’t it be interesting to see that is if there is suspicious markers in a shop when actually you look at that shop it’s in the middle of a large kind of arson estate but the same shop through western union has processed a million pounds in cash and the middle of it all of a sudden there is a different interpretation of data that is set up against the ahh the demographic of the area (words inaudible) so the Met police did some really good work ahh around analyzing the data against the back drop of the address and what the (words inaudible) came from who the foreign relates to because you then have a personal Mrs. Jones that has excellent report against her and all of a sudden we are able to combine them with the fact that is she is currently on benefits but she is lodging cash every week then you start to build up more of a profile so I can it is not a big deal like the volume of referrals is high the volume of data going in is expensive extra resources of the law enforcement to use it in a sort of effective and meaningful way

(R): and I mean what are the internal checks for lawyers to prevent economic crimes?

(I): at the end those are very strict set of requirements in terms of verifying the person’s identification verifying the person’s ability to have that level of income verifying the persons deposit and so there is a very strict regime on checks that go on but I believe I have to check this but the level of requirements is substantially lower when it comes to your company substantially almost nonexistent so that is where the weakness and is substantial nobody is complaining about the effectiveness of the SAR regime for the individuals nobody is complaining about the amount of individuals that own properties in London it’s companies it’s offshore companies

(R): Hmm I see and what are the consequences of investments of criminal proceeds for both law enforcements and economic development in the real estate sector especially UK?

(I): so, do you mean the consequences

(R): what are the consequences of investments of criminal proceeds for both law enforcement and economic development in the real estate sector and especially the UK real estate sector?

(I): I think we only have to look at the press and the media to see where honestly the devastation caused by organized crime operating in those areas and what tends to happen is that these things travel in packs that if you have investments and properties illegally we are not talking about multi million pounds properties in Belgravia where there clearly just assets and vehicles for storied assets but look at when and illicit money is used to purchase properties from the properties of abused or prostitution or (word inaudible) then the wider set of societal impact and the devastation that causes (words inaudible)

(R): don’t worry don’t worry take your time

(I): the ash tray is flying across the

(R): ya take your time don’t worry

(I): what we notice is out there in the world is that there is you look at the areas of social deprivation the area of social deprivations let’s say has the highest level of reported crimes because the two things are (words inaudible) we have a combination of ahh reported crime which mean we report the crime and then making it less attractive for illegitimate incomes to lead in or in to work in at least (words inaudible) leads to more arrests and more arrests leads to less funding and stigmatism within the area then becomes a very very vicious cycle so I think (words inaudible) stop the rock (words inaudible) if they can stop the criminal enterprises purchasing the properties and for instance that will stop because probably it is not so much worry about so word (inaudible) is whether they are displacing illegitimate income (words inaudible) so for me it’s not so much around but then what they are buying (words inaudible) what they officially want by buying it with the illegal income and we saw a lot of evidence a sort of community areas where what used to be a (words inaudible) local barbers and hair dressers and (word inaudible) and banks is now owned and turned into a night club furthermore all these in an area that (words inaudible) so I think that it’s very widely reported of the effect of these criminal enterprises set up from the stigmatism from societal point of view (words inaudible) all of the normal (word inaudible) needs to operate effectively usually are centered around local businesses positive role models things like that so it just starts a very negative chain of events (words inaudible) and I am sure there are rare occasions (words inaudible) and they are still operated by perfectly legitimate businesses but I can’t imagine (words inaudible)

(R): and I mean you think that UK legislation acts as a push factor for the investments of criminal proceeds in the UK real estate market?

(I): I do think I do think it does not I think because of what we talked earlier on and the ease of creation of companies to them allow and to allow to go forward and allow to set up these structures (word inaudible) and buy these properties (words inaudible) invest in the UK is too easy so the legislation around the creation of companies and identifying the other beneficial owners so the incident increased dramatically so I recommend (Name of a journalist) as a very very good source of informational (words inaudible)

(R):and then ahh

(I): are you a are you on Twitter

(R): yay a for sure I am on Twitter

(I): have you followed me on twitter (words inaudible) and I will send you a message and I will connect (word inaudible) and I will make an introduction

(R): thanks a lot I really appreciate it and I mean you have already spoken a little bit about this I mean what are the requirements for real estate transactions to be identified as suspicious money laundering transaction in Europe and especially UK?

(I): I will get you a copy of the guidance I mean it is quite just rudimentary about the declared income or the declared I think sometime even write down to hm ah very little things that people are going to do I mean more people will not turn down a bag of cash anymore and I think the detection methods are not advanced enough I think that the question to be asked are not the right questions and there need to be much more of an inquisitive mind set around company purchases of assets because if you start to join the picture together it makes everything easier it makes the all this criminal enterprises take an inside on criminal activity they are clearly not being taxed in the right way income tax or national insurance (word inaudible) they are using operating ahhh mobile but they are not paying PAYU (word inaudible) not getting the correct treatment so excepted by the chain of events so I think that if I was purchasing a property in a company name and I was told that I had to do some additional tips if I was a legitimate purchaser it wouldn’t put me off if I knew it was being done sort of positive reasons for the society in which I am buying my property I think the worry is and the unethical evidences suggest is that the UK wants to be open for business for some people and not obviously the controversial ahh opinion is not personal opinion sure but I certainly think the lack of extradition and the lack of quicken response hmm whereas something needs to be done corona virus (words inaudible) something it’s things like that whereas we want to extradite borne criminals it takes a bit longer it is more due process

(R): ya I know

(I): I always I prefer to believe where there is will there is a way the Irish criminal assets bureau was set up and have the legislation enacted in six months that was literally a parliamentary change the unit was set up in six months that was (word inaudible) but because of the murder it was done it was done like that and it was after the murder of two journalists quite two succession twenty years ago in Ireland the organized crime was getting out of hand so if you look into the history of criminals assets bureau it will give you an example (words inaudible) those instances

(R): can you repeat the last phrase because the network ahh you know stopped

(I): alright the criminal assets bureau in Ireland because they had an overwhelming problem with organized crimes, money laundering, drugs all of those things and it was becoming so out of hand that investigative journalists that being killed that they then and the lady caller Veronica Garet and there is a movie name about her life and ahh that murder was the catalyst to create the criminals assets bureau and because they realized that they had massive gaps in their legislation that allow these criminals to operate the moment they recut your lines and cabs legislation is that they can bring forward any other legislation as they need as they identify the need for so they really built this agency to give it teeth to do things and to do things and neither model has been copied all around the world so if you are investigated by CAB you have a tax inspector a benefits investigator and a police officer or (word inaudible) there is no regular and that is (words inaudible) compliance all around Ireland other jurisdiction do not have that yet and I think the UK needs to change that substantially because if I have suspicion about someone as a criminal as a police officer in the UK and he has a bag of cash the referral which HRMC currently are very outdated and slow and more often because of the fear of breaching of data privacy laws it’s preposterous if you are investigated with a bag of cash you should be allowed to have a conversation with the police officers or the tax inspector or various formal channels or HMRC must legally request your information or police officer which (word inaudible) request (word inaudible) HMRC to be able to see your tax certificate it is crazy and there is no there is in Ireland they can access it and they can see so I think that’s one of the reasons why the UK is seen as it’s a large crease where you can probably I think (word inaudible) to get away with a little bit more because things are soothing it’s like we say could I steal a sweet from a small corner shop (words inaudible) probably not but I would have walked into a large shopping mall with cctv everywhere I could still probably get it (words inaudible) probably never investigated me because I am too small (word inaudible) so I expect (word inaudible) in the UK is almost a tolerance that criminals are aware of (words inaudible) because they realize nobody is gonna investigate the company being set up can operate under the radar make couple of million yet probably not picked up by the organizations if you don’t get caught probably with drugs or involved in prostitution and it’s got color (words inaudible) and it’s not multi millions they may not adapt it makes it it may be a local tax investigation at most so I think it just lacks that sort of (words inaudible) everything up all the legislations where it’s just not choregraphed and of course I have been an idealist to change all these things requires lots of training and millions of pounds of investments so I don’t criticize the current practitioners but I think the system needs to be changed

(R): Hmm and has the magnitude of suspicious real estate transactions for money laundering activities by organized crime increased in the UK in recent years after Brexit referendum especially?

(I): I definitely think there is going to be even more problems ah after Brexit because there is now going to be an openness to do more transactions with more jurisdictions that are not traditionally involved in the UK that is going to present lots of problems so I think you may see a tightening of controls was currently member states because there will be so focused on showing the Brexit is strict but that actually could lead to opportunities with China the US Russia another jurisdiction but actually makes it more friendly for them to do transactions and very well do illegitimate gateways can be exploited by criminals due to lack of awareness (word inaudible) in the UK

(R): and the recent year for example has this magnitude of suspicious real estate transactions increased or ah or ah it was almost the same the average?

(I): ah ah ah ah after Brexit ah

(R): yes, in the recent years after the Brexit referendum ahh I mean

(I): well well well we we we will see the data probably end of each year will not know ahh until the end of the year but we will have to wait and see what the what the reports show I actually expect because of the government’s position on (word inaudible) more trades the non-EU member states my guess is that’s going to be hijacked on whether or not there is suspicious activity reports that’s that up to the end of the year so

(R): and how does the financial system assess money laundering risk in the UK real estate sector?

(I): I have to get you guidance on that I cannot say without the

(R): okay okay the same you know if you have some advices about how can be improved the regulation of financial system to prevent these economic crimes?

(I): I go back to my initial point I think that the biggest route is the ability to create companies offshore that is not oversight and no checks and no balances you could set a 500 companies today nobody is calling you to enquire why you do that that I think that gateway into the financial system is the point that some (word inaudible) boost process (word inaudible) prevent the law of potential future (word inaudible)

(R): and what is the response of law enforcements to deal with these economic crimes in the UK real estate market at present and its potential future?

(I): I think their response is very good in terms of their there is lots of very good initiatives aligned interpreting the suspicious activity reports data I think that policing is massively under resourced and there are not enough people in the right positions to be even more effective so I think there is an a willingness from policing to do more ahh at any event they speak up that I attend it is the same message it is you need to do more (words inaudible) it is not right they should have more resources they should have more officers because the data is there to be investigated they just do not have the resources to do it at the scale then they must do it

(R): I see and how is the UK legislation devised to control this phenomenon?

(I): the legislation it is a risk based there is a (word inaudible) guidance risk based approach to money laundering it is assessing the factors that main led to suspicious (word inaudible) activity but again I go back to the matrix under which it is set I don’t think it is strong enough because unless we do understanding the risks okay say ABC limited tick the box we are not questioning the motivations or investigating the data and so I think that there is system there there is a duty but I think it needs to be more investigable than more suspicious

(R): and what are the characteristics of the UK confiscation regime?

(I): the confiscation regime is a is the is the right one in terms there is two or three systems around the world in the UK there is a value there is confiscation works literally (word inaudible) watch the proceeds of crime were and then basically try to distribute your assets to that value so the system on paper is the correct one it doesn’t need any change

(R): and ahh I mean you have already mentioned a little bit what are the legal loopholes and weakness of the UK real estate legislation that make the UK real estate market to the infiltration of this criminal proceeds?

(I): the lack of oversight or understanding around the owner of the companies and properties

(R): and what are the legal loopholes and weakness of the UK confiscation regime?

(I): ah I think the weakness of the confiscation regime is the ahh is the amount of depreciating assets that exist in the country where they there are certain pockets of law enforcement that are not utilizing the legislation to the full extent for fear of ahh future litigation so they do not want to be seen to harsh so that means that in activity on a collection of supercars for example leads to depreciation or a not removing asset from criminals at an early stage I mean allowing criminals to manage their own portfolio of assets again for me it is not confiscation model is intended hmm where as if you contrast with the (word inaudible) solvency model where your assets are taken off straight away why are we taking the assets of the most suspected criminals and the same way we treat commercial civil evidence so I think that that is a weakness that is a loophole that’s exploited by criminals because with a good lawyer you can argue and get most of your assets back for the duration of your investigation where you shouldn’t be allowed to do that

(R): Hmm and ah I mean what is the time frame and what are the costs for the confiscation procedure especially for houses?

(I): ah the confiscation procedure is ahh (words inaudible) investigation comes to (word inaudible) but usually the assets are sold at the end of the investigation that’s the model the system operates so on average anything from four to six years it can take to sell a property because it requires the conviction and then confiscation order and all of those chain of events (words inaudible) for example an access can take fifteen years in some cases and other cases it will done in a couple of years just comes down to (words inaudible)

(R): and what is the time frame for asset recovery?

(I): ah because the system is traditionally a confiscation based system the assets are usually not realized until after the granting of the order so the assets are four years six years later now there is (word inaudible) consent which is where they seize you assets and because they are depreciating (words inaudible) I would say let’s save your assets put money in a interest bank account and if you are not guilty you can have the money returned to you so that is offered right now as a formal solution but the formal gateways is to most of the cases concluded in the confiscation sometimes your assets are released

(R): and ahh are there any legal provisions for the confiscation of properties belonged to organized criminal groups?

(I): I don’t think most of them identifying the owner of the property so the investigation all this it’s like it’s like painting the smoking bomb and not painting each other you can’t confiscate a property (words inaudible) you must establish to the owners you can’t place provisional order on the property until your enquires is settled that ultimately you need to prove your case and find that who own the property

(R): Hmm and ahh what are the mechanisms or checks to avoid that an asset returns to criminal portfolio?

(I): that’s the problem

(R): okay ahh well in terms of ahh do you mean that asset realizations stage

(I): ya or o ya so really that’s that’s where we come in so when an asset is being sold or realized we show a detailed list of KYC AML of due diligence we also move the asset to a different jurisdiction so it’s not sold in the same jurisdiction and then when we have very (words inaudible) we will give back (words inaudible) to the law enforcement agencies to let the people participating in the asset seal so they have the last say to ensure that it is not going back to criminals again we also do things like in the auction you are not allowed to (words inaudible) pay more than 250 thousand cash everything must be via a bank or you can get a card just what will controls the trial keep the criminals away from the auction basically

(R): but in case for an example they use like straw man so many there is no possibility to check if ah

(I): if they use what sorry

(R): a straw man you know

(I): well ya as the straw man so to speak has to go through all of the checks but yes if I asked friend to buy the asset back and that friend gives me a passport and an ID and they pass all of the checks ya that is always replace in the system

(R): and ahh how effective is this legal tools to prevent economic crimes in the UK?

(I): ah do you mean the confiscation system?

(R): ya in your opinion

(I): I think it is a certainly a good deterrent because it demonstrates to people that not only when you get arrested for your drug deal you will also have your assets seized and they do a lot of education programs to sort of show people that ahhh that by doing this you educate children to say if you see (words inaudible) possibly wrong I would say it is effective but it is very difficult to quantify that because you would all be run in the same system along side certainly the public perception is effective and ahhh that the crime doesn’t pay ahh that the problem is this is your crime but wherever seems to be challenges is that legislation is open to interpretations on different word(inaudible) and different (word inaudible) operate the legislators they seize it which leads to a inconsistency in the seizures around the country

(R): and I mean ahh what is the impact of this legal tool on those economic crimes especially in the UK real estate market?

(I): I I I … again it will be very hard to quantify because we are not in possession of a ahhh the comparative that’s a so that will be a difficult one because I guess what you need to do is you can possibly either you could do in a (words inaudible) level of assets which is where before the proceeds of crime act of 2002 for example but obviously twenty odd years ago (words inaudible) this is the challenge for the law enforcements the seconds look better each year because of inflation

(R): yay a I see

(I): it’s not it is not really a marker it’s something for me that is very difficult I think almost what you need to do it’s almost a public poll how do we asses the effectiveness if I have a frozen arrest last year neither for twelve hundred what side of ignored criminals appeal to the area this year and less than three hundred data like that is always going to be subjective

(R): and ahh I mean what aspects of the current UK confiscation regime can be improved?

(I): ahh I think ahhh current current regime certainly in terms of enforcement and the (word inaudible) but the enforcement action and making use of the criminal legislation if there is a (words inaudible) depending on where you live hands on how severe your confiscation order is that shouldn’t exist and there is lots of parts of the legislation that is open to interpretations with some clear guidance to make things more effective because although our weaknesses there are professional enablers (words inaudible) weaknesses

(R): and ah I mean what are the characteristics of anti-money laundering legislation to combat this phenomenon?

(I): again I don’t think they do fair enough because all they do is (word inaudible) when someone made purchasing something incorrect or not correctly it doesn’t really create a chain of events the investigator now has to take that report compare it to intelligence received and perhaps case for a AI or some sort of (word inaudible) they want to look up (word inaudible) someone name through open sources intelligence plus SARS plus new data basis (words inaudible) but is trying to pilot different programs and so it is something that they are currently doing I have seen different demos across here

(R): and I mean you have already mentioned little bit what are the legal loopholes and weaknesses of anti-money laundering legislation that make the UK real estate market so vulnerable to infiltration of criminal proceeds?

(I): ah ah ah it’s the lack of it’s the lack of transparency and the actual (word inaudible) property.

(R): and what aspect of the current anti money laundering legislation can be improved apart from which you have already mentioned?

(I): ahh in in in in in terms of my own background I could say it would be the ultimate benefit the owner of the property and also the source of the funding and if someone spends over seven and a half thousands pounds at the auction we may report but if they spend seven thousand we don’t I think it becomes an arbitrary figure there should be more training (words inaudible) in terms of intelligence gathering around someone spending habits so why doesn’t the government asks us or almost everybody who spend more than ten thousand pound at the auction every year because if you are on a PAYE global contacts and you are spending ten thousand pounds at auction it is worth to look why to existing SARS or so I think there could be better ways to use the data as opposed to this frontline approach it’s ahh do you hear me it’s like for me it’s like I have been a (words inaudible) and it’s (words inaudible) the lines each other it’s kind of law enforcement (words inaudible) you know asking the public to regulate yes there is plenty of opportunities to provide intelligence but the people submitting the reports are not professionally trained and there is this many inaccurate reports as (word inaudible) reports that makes you loose it SAR system the information that is completely irrelevant on top of very information that is probably described

(R): and how can the effectiveness of counter organed crime policies can be improved you know in Europe and especially UK?

(I): probably I will give to by ahh form (words inaudible) they could have someone abroad might think I could certainly find

(R): okay and the last question you know ah that Brexit is going to happen and what is your opinion on the potential consequences of Brexit ahh on illegal investments especially of Italian and Russian organized crime in the UK real estate market?

(I): I definitely think that due to a perception of the open for business add a willingness to encourage trade there will be a more tolerance for checks balances I think more and more relationship will be developed and there will be probably a contrast between EU member states and non EU member states so whereas normally we would have raised eyebrow at Russian investment or Chinese investments things like that I think you will be now saying they will be welcomed and lobbied more and other well that is legitimate I think a criminal element will hide behind that so if you have a Chinese trade trip to the UK to see investment opportunities whereas there is a ninety nine percent legitimate investments even in that may be a user backed by seriously organized criminals say probably will jump on the back of that and do something around that and whereas that (words inaudible) it’s a guess it’s a (words inaudible) guess I guess if you are looking at Brexit especially on paper should lead to more repose controls because there should be more scrutiny given to everything but I just think that current political speeches and talks of the more free trade not doing things our own way those things I think will give opportunity to tighten controls well probably will be missed and we will be just swapping one set of problems with another

(R): I see okay thank you

**Research Participant**: I21

**Date:** November 2019

**Jitsi interview**

(R): okay then let’s start ahh if you can tell me why do organized criminal groups go abroad and can you please provide some examples about mafia transplantations in new territories ah especially in the UK?

(I): ahh so they move their money into property abroad it’s a stable asset class ahh the money ah often increase in value if the property market work in the right conditions ah a property in places like ah the UK in particular ah thus the certain rights the property owners have its very difficult to have that property taken away ah arbitrarily ah and then if you choose to sell that property off to a person that if again distance yourself from that ah money which was used to buy it in the first place

(R): ya

(I): it’s also do allow you to live in that country so if it’s in London whether it’s it’s ah nice place to live ah you have access to schools, universities ahh luxury rich places ahh essentially the lifestyle of of places you would set a house

(R): and then what is the criminal decision process for the investment of the Italian Russian organized crime ah in the legitimate economy and if you ahhhh you know if you please if you can tell me ahh how it is applied in the real estate in the UK real estate sector by these criminal groups?

(I): ya ahh so firstly they have to think about what they want residential or commercial ah so with ah residential obviously has benefit you can live in it they can rent it out ahh with with commercial they can again use that for their own business purposes create what looks like legitimate business ah in UK so they has the choice to make what they want to ah to ah set out a business in UK to further launder their money ah another important aspect is ah how likely they are to be caught they choose to use a ah (word inaudible) vehicle ah (words inaudible) actually have ownership to buy property ah so for example with British Virgin Islands companies first hand companies ah (word inaudible) so there was a case in particular involving organized criminals from Ukraine that used ah proper vehicles to buy lot of luxury ah London properties

(R): and then ah I mean ahhh what are the I mean the key characteristics with distinguish ahh Russian distinguish Russian organized crime and Italian organized crime in the real in the UK real estate market if they they act differently ah compared to their country of origin?

(I): ahhh so I am not sure how they differentiate itself you know I think they would use very similar mechanisms to rather ah illicit funds wishing to buy properties ah so that they they would use (word inaudible) corporate vehicles may be these nominees so well friends families to buy these properties ah so there are ah lot of characteristics about criminal groups who would buy UK property

(R): and how vulnerable is the UK real estate market to the infiltration of the ah these criminals’ groups and if you can tell me any cases of Italian Russian organized crime in the UK real estate sector that you found?

(I): so we haven’t found any cases in particular to ah Italian organized crime we look for ah the crisis of corruption in the UK property market so overall we have found more than five billion pounds worth of property for with suspicious funds there are over four hundred different properties these in the UK ah what was the first part of the question sorry

(R): ya I mean how vulnerable is the real is the UK real estate market to the infiltration of these criminal groups you know?

(I): I think it has been pretty vulnerable in the past and continues to be vulnerable because this ability to buy property with ah anonymous companies ah because the real estate sector ah ah I am not providing a first line of defense against ah money laundering so they are not carrying out checks the solicitors are not carrying out checks especially ah people are still getting through essentially and they ought to buy property with suspicious funds

(R): and what are the requirements for the real estate transactions to be identified as suspicious money laundering transitions in the UK?

(I): ah so the UK money laundering regulations ah both solicitors and estate agents have to carry out due diligent on the buyers and over the property (word inaudible) of the property so means understanding if a company is being used to (word inaudible) company ah they have to do due diligence on the individuals on questions there are politicians or ahh something like that they are subject to or should be subjected to hard due diligence ah which means rigorous sort of wealth checks they understand where the money came from in the first place to buy the property ahh so these kinds of questions should be asked to individuals and if they can’t answer those questions ah well then other red flags is involved in the transactions so if they are a politician or if they have come up with any sort of database of criminals they that should be raising red flags

(R): Hmm

(I): for these professionals

(R): and ah can you shed some light on the UK real estate market?

(I): ah so obviously it’s a very large market its hundreds of thousand if not millions of transactions happening year ah it is also a sort of a very large variety in some parts of the country that you can buy a property for a hundred thousand pounds or something so in London you won’t be buying a one bedroom flat for millions of pounds ah so there is a wide variety and those different areas of the market might attract different criminal elements so domestic organized crime or lower level of organized crime they might be looking at the lower end of the market where is access to high levels of illicit funds will be looking to launder much of the cash in more transactions as possible ahh so the the variation in the UK property market is obviously a attraction for criminals of all of all shapes and sizes

(R): and what are the criminal’s instruments and vehicles used by Italian Russian organized crime to place their dirty money in this economic sector?

(I): ah so as per said earlier probable ways of doing this to buy a property amongst all types of criminal ah is using 60 vehicles is using 60 vehicles like company based in six jurisdictions so ah Virgins Islands, ahh Panama, Seychelles that kind of jurisdictions ah you also have this phenomenon of ah using individuals close to you family members ah you might not be instantly associated with that primary individual ahh and also business associates as well so a trusted person ah it doesn’t ah is it not in any anything basis for example

(R): and ahh I mean you have already spoken about the crime facilitators I mean ya do you do you know if there are any crime ah facilitators for the investments ah of Italian Russian organized crime in the UK real estate market apart from the the that you have already mentioned ?

(I): hmm so am not sure of any individuals individual companies (words inaudible) something worth mentioning is the scale of involvement of professionals in this kind of scheme so sometimes you have ah totally unwitting they practice in places where the criminals are not very smart for them if you like ah so then they are able to hide the source of funds taking them to hide ah who is really looking to buy the property ah effectively ah so (words inaudible) other than (words inaudible) transactions sometimes they will be red flagged get red flagged for some reason may be they think it’s not worth their while so ahh and on the other end you have ahhhh full knowledge of who you are doing business with hmm and still allow the transaction to go through anyway so what it’s for criminals can walk in but are those who aware that (words inaudible) speak them out if you like

(R): and what are the consequences of investments of ah criminal proceeds for both law enforcement and the economic development economic development in the UK real estate sector?

(I): ah see obviously every property transactions has has some sort of effect on the market ah so even if the small number of properties in the grand scale of things being bought with illicit funds hmm those properties it cannot be used by ah those with legitimate income so that’s taking properties away from the people ah people who otherwise need them ahh there is also the impacts of law enforcement ahhh its their jobs to go after this big money

(R): hmm

(I): hmm I think at the moment ah there is too much dirty money to go after then our law enforcement like hmm so you have National Crime Agency ah but if you look at the levels of suspicious funds in the UK property market there far has never been able to ah investigate

(R): and ah do you think that the UK legislation act as a push factor for the investments of this criminal groups in the UK real estate market?

(I): I think there is some progress in the recent years so ahh updated anti money laundering regulations require more individual to carry out these checks ahh you also have ah new police powers like (word inaudible) to go after people with suspicious wealth and illicit property ah but there are certain areas where which have not been implemented for example the properties register of overseas companies owning UK property that this goes first ah (word inaudible) David Cameroon back in twenty sixteen ah where the legislation despite having both party support there weren’t implemented

(R): and the has the magnitude of suspicious real estate transaction for money laundering activities by Italian Russian organized crime increased in the UK in the last three years?

(I): ah it’s very difficult to measure that kind of thing obviously because a lot of this goes under the radar ah specifically when you are talking about certain organized crime groups ah so ah I think what you can say is this problem hasn’t gone away the criminals are still buying property with dirty money ah and until we have sufficient law enforcement power we have sufficient transparency on who owns property that will be continue to be the case

(R): Hmm and the.. and how does the financial system access money laundering risk in the UK real estate sector?

(I): ahhh so I think a good policy for this is the number of ah properties owned by offshore anonymous companies so at the moment that stands around eighty seven thousand ah can be in England and wales Scotland is separate for that ahh so these properties we don’t know who owns them because they are secretively so that was not a direct property for hmm dirty money that definitely a proxy for money laundering

(R): Hmm and ah I mean ah how can we improve the regulation of ah the financial system to prevent these economic crimes?

(I): so I think it’s making sure that there is an updated (word inaudible) doing their part (word inaudible) are he first line of defense against money laundering alright hmm like the regulators that’s the HMC regulates estate agents and ah solicitors regulatory authority oversees this hmm they need to be more (word inaudible) their population more closely and carry out more checks on these firms carrying out these ah and whether they seeing (word inaudible) they start handing fines striking people off ah because if you have law firms and estate agents (word inaudible) getting money coming into the system ah that’s correct allow the problem to continue

(R): and what is the response of law enforcement to deal with these economic crimes in the UK real estate market at present and its potential future?

(I): ah so at the moment hm under the crisis of crime act law enforcements are able to seize these assets as response to criminal civil cases ah we just had new powers that are expected well for is being brought in the twenty seventeens criminal finances act ah that’s how we have seen the first ah few of these powers being used in recent cases in relation to various different types of crime those with hm those who held suspicious of political power in countries in then brought in with unexpected wealth those cases are serious crime ah that’s connected to potential terrorist perhaps I am saying ah so their new powers is being used to a great degree still not in the ahh the kind of levels that we are seeing in sense of the terrible threat suspicious wealth

(R): hm and how is the UK legislation devised to control this phenomenon?

(I): ah so that sense we have got ah anti laundering regulations in crime act ah though still missing this ah property register which would confirm who owns overseas companies which own UK property ah so we have some limits where but for the the (word inaudible) sourcing company

(R): and what are the legal loopholes and weakness ah of the UK real estate ahh legislation that make you know the UK real estate market so vulnerable to the infiltration of these criminal proceeds?

(I): ah at the moment being legislatives weaknesses that lack of property does not saw because also ah move proper enforcement of legislation so that money laundering regulations are being implemented properly ahh where properties (words inaudible) persons wealth and start following up all of that that for extent ah so based the problem its causing legislation but also the enforcement of the (word inaudible) legislation

(R): Hmm and what are the characteristics of UK confiscation regime?

(I): ahh so as i said we can have 5 separal criminal confiscations the criminal will obviously obviously requires higher level of revenues which is difficult in terms of deficit national crimes so that he needs evidence from the origin country which in terms of corruption is very difficult sometimes because the very politician these properties requires to take power in that jurisdictions ah which is why ah we have cases for aggressive uses of civil power like extreme wealth order which allows police (words inaudible) in investigating special tasks

(R): and what aspect of the current UK confiscation regime can be improved?

(I): ahh I think its I think in terms of legislation it’s pretty much there but ahhh it’s the implementation of the same but that legislations are actually using the powers of police have now ahh hence improving the use of suspicious activity report also so we have half a million of these every year hmm the police don’t have the ideal structure or the man power to ahh analyze this data properly

(R): Hm and what are the characteristics of anti-money laundering legislation to combat this phenomenon?

(I): ah so (words inaudible) earlier says its hmm acquiring ah private firms in backs real estate ah solicitors to carry out due diligence from respective clients and the source of funds

(R): and what are the legal loopholes and weakness of anti-money laundering legislation that made the real estate market vulnerable to the infiltration of the Italian Russian organized crime?

(I): ah so its people not following the rules and regulators who job aren’t enforcing those rules

(R): and do you think that there are any aspects of the current anti money laundering legislation that can be improved?

(I): ahhh I think if ah you saw (word inaudible) being issued to those who weren’t following the rules and that helped ahh I think there needs to be more hmm time spent looking at the procedures these clients are in place to make sure they are doing the right thing so ah so it’s it’s (words inaudible) they ahh improvement like of how this legislation is being applied

(R): and how can the effectiveness of the counter organized crime policies can be improved in Europe and UK particularly?

(I): ahh so okay it’s a I think a lot of it’s a matter of resourcing ah the systems we have ah quite but (word inaudible) defining in terms of how they actually we meet better IT systems better analysis being worked across borders the smatter way

(R): and you know this the last question I mean the Brexit is going to happen then what us you’re your opinion on the potential consequences of Brexit on Italian Russian organized crime proceeds in the UK real estate market?

(I): aahh so I think one aspect is that the pounds suffers their relation to other currencies UK property being an attractive proposition so people that deals if you like so (word inaudible) ten percent twenty percent (words inaudible) I think if ahh we might also have a situation where UK property market suffers and estate agents desperate for customers and if they ah confronted with suspicious activity they might look to ahh complete their transactions without (words inaudible) if the reports hmm so those two will risks you might also hmm legislation act property register not being implemented at all which (word inaudible) property in the UK so ahh there are number of risks that come with Brexit really

(R): okay thank you thank you

**Research Participant**: I22

**Date:** May 2020

**Skype Interview**

(R): okay then let’s start if you can tell me how vulnerable is the UK real estate market to the investments of criminal proceeds and if you can please tell me if you have found any case of Italian and Russian organized crime ah in the UK real estate market?

(I): okay ahh in terms of vulnerability ah the hmm we get the impression that ahh the vulnerability comes from ahhh perhaps ahhh ahh lack of knowledge lack of processes with the real estate agents obviously there are ahh ahhh the ah London and southeast are markets that are very ahh attractive to money launderers I mean it’s not solely London and south east but some primarily that particular area and operating ahh in that region there are ah a range of ahh real estate agents in terms of their the scale of operation you could be running with ahh (word inaudible) ahh a a (word inaudible) man office to a hmm a large corporate and they are all dealing with ahh a range of properties ahhh hmm very high value properties and those ah businesses with ahhh ahh very small operations hmm are very variable in their understanding of their obligations for money laundering and hm the measures that they got to put into place to undertake custom due diligence recognize suspicious activity in turn make those ahh suspicious activity reports so I think the vulnerability rise around hmm the lack of knowledge hmm we don’t have too much in the way of hmm ahh information or examples of ahh estate agents actually being involved in money laundering itself it’s through their ahh hmm perhaps negligence ahh or deliberate ahhh hmm you now hmm ignorance of the ahh the requirements that ahh facilitates the ahh criminal activity

(R): and I mean if you have found any cases of Italian and Russian organized crime illegal investment in the UK real estate market you know that were reported by ah real estate agents you know?

(I): ya no we don’t get that information as you probably aware suspicious activity reports are ahh confidential and in a way agents ah if they come across suspicious activity hmm can advance anybody else ahh otherwise it would be tipping off so we we don’t get that information I am afraid and I have not come across any instances of ahh ahh the ahh you know the nature that you are looking at

(R): Hmm and can you shed some light on the UK real estate market?

(I): in what aspect?

(R): ya I mean this kind of investments ahh especially you know about the different I don’t know series or where you know this kind of investment were reported you know by this real estate agents ahh ahh or which kind of illegal investment they you know ahhh basically are like in the UK real estate market?

(I): ya I mean there is this there is this plenty of I won’t say plenty there is some studies of ahhh ahh foreign investment into hmm ahh specifically London prime property and ahh I think ahh what’s the transparency international ahh and you know global witness have done ahh studies into ahh foreign ownership ahh of ahh the UK property and hmm is you know is quite high proportion of prime London property it’s owned overseas hm so you know I don’t remember the proportion of those are hmm ahh involving Italian criminal or gangs ahh but hmm ahh you know and that reveals probably some involvement in that

(R): Hmm and what the criminal instruments and vehicle used to place dirty money in this economic sector if you if you know you know some cases especially about Italian and Russian in case?

(I): hmm hmm that how are they doing it did you say?

(R): Hmm ya I mean what are criminal instruments and vehicle that they use you know to launder this dirty money in the UK real estate market?

(I): usually ahhh complex business structures and that’s hiding the ultimate beneficial owner or trusts ahhh overseas hmm based hmm hmm organizations so I mean hmm you know typically ahh BVI registered companies that sort of thing or hmm you know obviously registered businesses so hmm that’s the usual methodology that make it difficult for anybody making queries to find the beneficial owner

(R): Hmm and I mean what are the financial instruments used for money laundering purposes in the UK real estate market?

(I): ahhh I don’t really have that information I am afraid

(R): Hm and I mean what are the crime facilitators for the investments of criminal proceeds in the UK real estate market?

(I): so could you repeat that one?

(R): ya what are the crime facilitators for the investments of criminal proceeds in the UK real estate market I mean what are the figures you know that like ahhhh they are able to facilitate this kind of illegal investments?

(I): okay so who are the parties that may be involved

(R): ya

(I): ya hm so hmm complicit solicitors ahhh essentially are the ahhh the main ahhh main ones for the for the conveyancing process ahh and they would be the once that ahh primarily hmm are involved so they may have hmm specific people placed in organizations or they may indeed create their own ahhh companies to facilitate that type of ahh investment and and transactions

(R): and I mean what are the requirements for real estate agents to target suspicious real estate transactions in the UK real estate market?

(I): what are the requirements?

(R): ya

(I): ya well ahh you know the legislation is there for ahh agents to undertake custom due diligence on ah both seller and purchaser and hm if a part of that custom due diligence needs to establish ahhh the the ownership of the ahh any vehicles that are being used when you hear trusts or complex companies and hm to making queries about the you know ahhh source of funding hmm obviously if it’s anything that they come across that make them suspicious then ahh they are required to make the ahh decorations to the reports to the national criminal crime agency NCA and they then obviously do their investigations

(R): and how many suspicious real estate transactions are reported by real estate agents particularly in the recent years?

(I): okay hmm very very few in comparison to the rest of the regulated sectors I think ahh hmm it’s in the ahh the hundreds in a year I suppose to you know banks are in the hundreds of thousands so so very very small proportion of ahh sectors in the aahh in the regulated sector

(R): and has the magnitude of suspicious real estate transactions for money laundering activities reported by real estate agents increased in recent years in the UK?

(I): it is increasing but it’s still a very very small levels so as in comparison I suppose the percentage increase ahhh we understand is ahh has gone up ahh you know reasonably well ahhh but it’s still at a very very low level so the ahhh so their increasing numbers is ahh probably skewed by the ahh the total

(R): and which type of ah real estate properties are reported by real estate agents as ahh suspicious money laundering activities in the UK?

(I): hmm I don’t have any of that information I am afraid so hmm you would imagine that it would primarily be the higher end properties but not necessarily so

(R): and what are the internal checks for the real estate communities to prevent these economic crimes in the UK real estate market and eventually according to you how can they be improved?

(I): okay the the the main ahh I suppose the check is hmm the the supervisor ahh that’s given me a responsibility in the UK and that’s HMRC ahh how much is its revenue in customs ahh they have been doing that since hmm two thousand and fourteen hmm ya if you break the (words inaudible) I suppose the the lack of knowledge of the sector when they started it the ahhh ahh I think probably make them less effective hm so there is a steep running curve for them in terms of ahh understanding the ahh the operations of ahh real estate sector who have no previous experience of ah of ahh doing ahhh some revision of estate agents in any way and ahh ahh you know so they they had a quite a long time to actually get to speed hmm they have stuff short it is ah to be able to content with and hmm ahh (word inaudible) their issue is ahh they required to hmm operator a register of estate agents businesses ah in the UK and it’s difficult for them to understand or establish who needs to be registered hmm so it’s it’s most agents will do the right thing and register but if you have any ahh ahh I suppose criminal intent or or whatever you might ahh try to operate on the ahhh on the periphery and try and to you know ahh ahhh ahhh avoid detection by not registering in the first place and hmm we don’t know how effective their ahhh hmm policing of the registration process is hmm the public register that they have got is hmm pretty ineffective ah for people to check ahh so it makes it difficult so they have a whole areas of issues surrounding that hmm added to the fact that the registration process now is hmm ah is quiet clunky and hmm you know people do hmm get put off from actually going through the registration process so there is a lots of criticisms around behind that and hmm you know ahh I think they they are trying their best but they have got a lot of ahh obstructions hmm in their way in terms of ahh ya achieve it dealing with etc.

(R): and you know according to you how can they be improved these internal checks you know to prevent you know these economic crimes?

(I): I think hmm the numbers hmm we don’t know how many ah checks that they undertake how many orders that they undertake hmm on a estate agent they did some ah obviously they impose financial penalties ahh they had over about three or four years they didn’t actually ah publicize penalties that they are imposed ahh they know their legal obligations do so ahh so hmm you know on the website they do put up ahh individual reports ahh and hm the ahh there is nothing like a quantizable penalty imposed upon an agent to actually concentrate agents lines and hm and get them to comply with with the legislation ahh so publicity is is key as well and hm that’s only been ahhh you know undertaken in the last ahh I don’t know in twelve eighteen months and hmm and then you know there I believe vey few cases where penalties actually ahh publicized so ya you konw they still have got a lot of work to do hmm publicity training hmm getting messages out there to the ahh supervised population all the things that could be doing and ahh they should be doing ahh but ya difficult at the moment

(R): and are there any funds disclosure norms in the UK real estate sector?

(I): so a disclosure?

(R): ya disclosure norms in the UK real estate sector?

(I): sorry disclosure?

(R): ya norms like the they have to for example real estate agents ah they need to know like about the source of funds for this investments in the UK real-estate sec.. sectors there is any any norm about that?

(I): hmm no hmm again that’s not something we would do as an organization hmmm getting information on hmm about some of the enforcement bodies might be ahh have more information on that

(R): and do you think that UK legislation acts as a pull factor for the investments of criminal proceeds in the UK real estate market?

(I): ahh so whether it’s ahh

(R): do you think ya do you think that the UK legislation acts as a pull factor for the investments of criminal proceeds in the UK real estate market?

(I): so, whether it’s hmm displaced investment

(R): Hmm

(I): alright hmm UK legislation whatever it does hmm I don’t think it does at the moment and there is obviously the the requirements hmm ahh coming up all of the known place for ahh for the identity of ahh beneficial owners of companies ahh overseas companies to be hmm ahhh established so (word inaudible) legislation that will will help though we have yet to see how effective that is because it’s relying upon self-declaration and hmm there is no hmm particular policing of that so that might be ya good move but whether it’s entirely sorted out in terms of ahh you know the self-declaration element is is it’s something that’s can you rely upon it? We don’t know yet ah that might prove to be dissuasive overseas investors who are trying to get placed some criminal funds we are hopping so

(R): and how does the financial system assess money laundering risks in the UK real estate sector if you know it?

(I): hmm well the national risk assessment asseses the risk of ah estate agents being involved in money laundering is is low hmm ya obviously you know they have said that hmm the properties sector is quite hmm attractive hmm to investment for criminal funds ahh but the actual risk assessment national risk assessment sets the sector as low risk

(R): and how can be improved the regulation of the UK financial system to prevent these economic crimes in the UK real estate market?

(I): hmm I think the the legislation is there I mean the ah the register of ah the beneficial ownership that could be ah improved with some policing ahh it’s mostly hosted by ahh companies house they don’t have a a a policing type of ah ah ah role they just a register so I think if we can move away from self-declaration to some sort of ahhh evidence based hmm information that would be helpful effective hmm ahh like supervision of hmm real estate agents hmm with HMRC or indeed ahh the professional bodies ahh that can now act as or ahh have ability to act as a hmm supervisor themselves hmm that put bring in some ahh some more efficiency shall we say hmm through better understanding of the sector so hmm you know those are the type of things that could ahh improve

(R): and I mean you already you have already spoke about it if you want to add something like how is the UK legislation devised to control this phenomenon?

(I): ahh as it’s obviously it’s ahh derived from the ahh from the European directives at the moment hmm the latest the latest iteration is hmm ahh as brought in letting agents it would then ahh I think look to see that extending hmm from the current limit of the equivalent of ten thousand euros a month ahh that’s hmm brought in very few agents from our information hmm you know most companies that are already ahhh selling high end properties are probably also involved in renting high end property so there is very additional originations that have been pulled by that particular change to legislation I think there is ahh probably scout for hmm reducing the threshold ah bring in more letting agents into the into the regulated sector hmm and probably encompassing more of the ahh organized criminal gangs that might be involved in the rental of the property or are actually ahh laundering of ahh criminal funds through rental income I supposed to purchasing property so that is hmm something that’s been considered I think there is there is a whole sort of ahh area for the ahh investigations being there is to ahh what degree of criminal funds are ahh are laundered with ahh low rent ahh rental properties

(R): and ahh I mean what are the legal loopholes and weakness of the UK real estate legislation that make the UK real estate market vulnerable to this kind of investments if you know it?

(I): I don’t think there is ahh ahh legal loophole I think it’s as we said back in the beginning it’s the lack of ahh lack of understanding lack of ahh implementing the hmm the legal obligations that perhaps make the the real estate market vulnerable to ahh to investment

(R): and what aspects of the UK real estate legislation can be improved you have already spoke about it if you want to add something?

(I): hmm as I was saying extending the hmm the lettings hmm (word inaudible) the threshold hmm I think it’s the ah it’s the main thing hmm in terms of the registers of beneficial ownerships hmm I don’t think there is much more that’s we would recommend obviously it’s it’s the interpretation of the ahh the policing of the existing legislation I think is the key

(R): Hmm and what are the characteristics of ah anti money laundering legislation to combat this phenomenon if you want to add something about it?

(I): what is the characteristics

(R): ya I mean how anti-money laundering legislation you know hmm is structured in UK to combat this this kind of phenomenon?

(I): hmm I mean obviously suspicious activity reports there is a whole hmm again piece of work on hmm hmm looking at improving that so ahh particular process ah there is little hmm in terms of resources hmm able to investigate suspicious activity reports and there is a piece bearing on it government at the moment looking at hmm imposing a levy on regulated sector to fund the national crime agency and their ahh interpretation of analysis of suspicious activity reports so they are looking at ya providing more resources through that funding levy and to to deal with the suspicious activity reports and hm get some more important to that particular area so that’s hmm ahh an interesting change that’s coming up ahh it’s at the consultation stage at the moment

(R): and what are the legal loopholes and weakness of anti-money laundering legislation that make the UK real estate market vulnerable to the infiltration of criminal proceeds if you think that there any loopholes or weakness of the anti-money laundering legislation?

(I): I don’t think any at the moment

(R): and I mean what aspect of the anti-money laundering legislation can be improved?

(I): hmm as I said the the rental threshold hmm the ahh in term of legislation I don’t think there is much that can be ahh ahh can be done more at the moment to hmm improve the legislation I am sure that Europe will come up with some other ideas FATF will come up with some other ideas that will extend ahh obligations but hmm you know the the real estate agents are not there is there is detectives hmm so they are ready to make reasonable enquiries hmm so you know hmm I think anymore imposition of ahh steps upon real estate agents is gonna be unrealistic really

(R): Hmm and what are the consequences of investments of criminal proceeds for the economic development of the UK real estate market?

(I): ahh I think there is ahh there is suggestions that hmm by ahh (word inaudible) or hmm putting in more buyers that they could affect the hmm the prime London markets hmm the hmm the requirements to be identified might actually displayed people from buying property in London and southeast so ahh then may be ahh some reduction in the high end market in London ahh and obviously that (words inaudible)that they might some depress the market to certain extent we don’t know how much obviously and hmm current events won’t be ahh be doing that anyway so it’s difficult to judge but the speculation is that hmm by putting in more buyers and more requirements hmm should legislation (word inaudible) they could ahh it could depress the higher end market in London

(R): and I mean this is the last question you know that Brexit is going to happen then what is your opinion on potential consequences of Brexit on the investment of criminal proceeds in the UK real estate market?

(I): I don’t think it will have significant effect obviously hmm hmm at the moment legislation is derived from the European directives hmm I think going forward hmm obviously there is another ahh version of the you know AML directive to come through and beyond that I think hmm just as Europe takes it direction from FATF so the UK will do the same so hmm I think it shouldn’t have ahh too much of a difference whether it be in Europe or outside so hmm ahh I think ahh I think in the UK government civil servants will always keep an eye on what’s happening in Europe anyway and perhaps mirror some of the measures if they haven’t hmm you know gotten directives from FATF

(R): Hmm okay okay thank you thank you