

United Nations Activities

RUSSIAN ORGANIZED CRIME IN THE UNITED STATES

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Organizational Structure

Russian organized crime (ROC) is an umbrella phrase that captures a variety of crime groups and criminal activities. Our focus in this report is on the groups and the activities present in the United States. In some instances, the crimes and the forms of criminal organization here differ from those of ROC in Russia or elsewhere in the world. This may be a result of differing external environments and criminal opportunities, but is nevertheless something to be kept in mind. Because of the proliferation of groups, there is not a specific organizational structure that can be delineated as if it described one criminal organization. Even the characterization "Russian" is used generically to refer to a variety of Eurasian crime groups - many of which are not Russian. Among the active criminals in the U.S. are Armenians, Ukrainians, Lithuanians, and persons from the Caucasus region of the former Soviet Union (Chechens, Dagestanis, and Georgians). The media and law enforcement call these groups various names - Russian mafia, Russian mob, Organizatsya, Bor, Bratva, etc. Some of the group names refer to geographical locations in Russia - Izmailovskaya, Dagestantsy, Kazanskaya, and Solntsenskaya. The latter are indicative of the local geographically defined roots of some Russian crime groups.

It is estimated that approximately 15 of these loosely categorized criminal groups are operating in the United States, and that 8 or 9 of them maintain links to Russia. The estimated membership of those groups is 5 - 6,000 members. To put these estimates into context, a recent report published by the Global Organized Crime Project of Washington's Center for Strategic and International Studies ("Russian Organized Crime: Putin's Challenge") estimates that 200 large ROC groups are currently operating in 58 countries worldwide, including the United States.

What is perhaps the most complete and empirically based description of the organization of Russian organized crime in the U.S. is contained in Finckenauer and Waring (1998:198):

[The] structure does not look like either what is commonly understood to be the structure of organized crime or a mafia in the conventional sense of those terms. The networks are neither highly centralized nor dominated by a small number of individuals. Those individuals who do have particular influence seem to occupy their positions on the basis of their personal characteristics.... This means that the networks lack ...continuing structures....

On the other hand, it is clear that these structures are not simply small groups of criminals essentially acting independently of one another.... Instead, there is broad connectivity among most of the actors. They may not be directly connected to a large number of others, but they are indirectly connected to many. This allows the networks a great deal of flexibility

in the organization of their offenses, which means they can be responsive to the opportunities for illegal undertakings that develop. Given such an opportunity, a member of these large networks can access partners who are either generalists or specialists, can raise capital, and can access other needed resources. In this sense, the structure is very functional. The fluid nature of the structure may also explain the high level of internal violence that the network seems to experience. The lack of a more hierarchical structure means that no one can effectively control the use of violence or mediate disputes. In addition, the lack of more formal subgroupings weakens loyalty to past partners: many of the murders, for example, seem to involve disputes between individuals who once worked together.

The segment of ROC that best exemplifies the traditional forms of organized crime, e.g., La Cosa Nostra and the Sicilian Mafia -- in terms of hierarchy, internal codes of conduct, recruitment, and internal conflict resolution -- is what is known as the *vory v zakone* or "thieves-in-law." Other than a belief that certain Russian criminals in the U. S. have themselves been *vory*, there is little evidence of any organized presence of the *vory v zakone* here.

Violence

The threat and use of violence is a defining characteristic of Russian organized crime. Violence is used to gain and maintain control of criminal markets, and retributive violence is used within and between criminal groups. The common use of violence is not surprising since extortion and protection rackets are such a staple of Russian criminal activity. ROC has engaged extensively in contract murders, kidnaping, and arson against businesses whose owners refuse to pay extortion money. For example, in September 1999, six members of the Gufield-Kutsenko Brigade plead guilty in New York to federal racketeering charges involving terrorizing business owners to extort money.

The Tri-State Joint Soviet-Émigré Organized Crime Project looked specifically at violent crimes in the New York, New Jersey, Pennsylvania region. According to their 1995 report, Russian criminals have been implicated in numerous murders, attempted murders, assaults and extortion. As evidence of their intimidation effect, witnesses to crimes often could not be found, or both witnesses and victims refused to cooperate in investigations. Of some seventy murders or attempted murders over a 15-year period, all suggested the victim, the perpetrator or both were involved in ongoing criminal activity. In some cases, there was evidence to indicate the victim was attacked as a result of a dispute between two individual criminals or gangs, or in retaliation for a prior violent act. The homicides in some cases appeared to have been well planned. In some, assassins or hit men were used. "Those who carried out the attacks often used distractions, decoys, or other tricks to gain advantage over victims. Fifty-three homicides involved the use of guns, including automatic, semi-automatic and silencer equipped handguns. Victims were often shot either at close range. . . or from a moving vehicle" (1995:19-20). The report concluded that a great deal of the violence attributable to ROC in the United States was a result of the unregulated competition that exists in their criminal ventures. There is no current evidence to indicate that either the propensity or nature of ROC violence has changed since that report was issued.

Economic Resources

A characteristic even more defining of Russian organized crime in the United States than its violence is the predominant nature of its criminal activity. With the principal exceptions of extortion and money

laundering, ROC has had relatively little or no involvement in some of the more traditional crimes of organized crime, such as drug trafficking, gambling, loan sharking, etc. On the other hand, these varied criminal groups are extensively engaged in a broad array of frauds and scams, including health care fraud, insurance scams, stock frauds, antiquities swindles, forgery and gasoline tax evasion schemes. Russians have recently become the principal purveyors of credit card fraud in the U.S., supplanting the West Africans.

Russian organized crime is very adept at changing criminal activities and diversifying into new criminal markets. For example, financial markets and banks have become new targets of criminal opportunity for ROC, as witness two recent prosecutions: U.S. v. Alexander Lushtak alleges a multi-million dollar investment fraud scheme and the subsequent laundering of nearly two million dollars of proceeds of that scheme by depositing monies involved in the fraud in an account at the Bank of New York, and, U.S. v. Dominick Dionisio, et al., charges two persons alleged to be associated with the LCN and an alleged member of the "Bor" Russian organized crime group with operating a multi-million dollar investment fraud and laundering the proceeds of the scheme.

As criminals from the former Soviet Union become more assimilated into American society, they are moving into legitimate businesses such as the textile industry and the movie business. But in many cases these businesses are used for money laundering. Money laundering is also at the heart of one of the best known and most recent cases of ROC activity in the United States. That case involves the U. S. government indictment last year of four individuals and two companies in connection with the laundering of more than \$7 billion (some estimates range up to \$10 billion) through the Bank of New York (BONY). The case exemplifies a number of economic resource issues. First, the monies laundered represent a mix of income from criminal activity in Russia and money being hidden to avoid regulation by the Russian government. How much is of each kind has not been established. Russian organized crime uses financial institutions such as the BONY to launder criminal money, and also assists Russian businesses and individuals to move their own assets out of Russia so as to evade Russian law enforcement and tax officials. Second, the BONY case illustrates the diversification and, even more importantly, the blend of legal and illegal activities. This blend increases enormously the difficulty faced by U. S. law enforcement in dealing with money laundering by Russian organized crime. Third, there is clearly a capacity to tap professional know-how in the financial schemes of ROC. And, as this case, and the stock fraud cases illustrate, some of those associated with ROC work primarily in the legitimate sector of the economy.

Political Resources

Contrary to their pervasive corrupt political influence in Russia and the other republics of the former Soviet Union, Russian organized crime has had little or no political influence in the United States. Although they have the financial capacity to do so, Russian criminals have not cultivated the political and law enforcement contacts necessary to corrupt them. There have been no reported cases of police or judicial corruption. There is no evidence that ROC has attempted to manipulate either politicians or the American political process; nor that they have managed to get criminals elected or appointed to political office, nor that they have been able to influence media coverage of issues. Similarly, there is no evidence of any connections between Russian organized crime and political terrorism in the United States.

Response of Law Enforcement Agencies to Organized Crime

The U. S. Law enforcement strategy for combating Russian organized crime was outlined by the Assistant

Attorney General in charge of the Justice Department's Criminal Division in Congressional testimony in September 1999 Portions of that testimony are excerpted below:

Our strategy in attacking Russian organized crime is embedded in the president's comprehensive International Crime Control Strategy issued in May of 1998.... The International Crime Control Strategy sets out eight broad goals, such as countering international financial crime and responding to emerging threats such as high-tech and computer-related crime, and proposes various steps to achieve them, including possible new legislative provisions. In the area of international organized crime the Department has worked to consult and coordinate more closely with other agencies, including the Departments of State and Treasury and the intelligence community, to assess the threat posed by particular organized crime groups and develop long-term strategies to combat those groups. One aspect of this cooperation is the writing of the classified comprehensive threat assessment called for in the International Crime Control Strategy, which is the joint product of the intelligence and law enforcement agencies.... In addition, the Department and other law enforcement agencies are aggressively expanding our own presence in other countries and building new relationships with foreign governments.... To complement the increasing number of U.S. Law enforcement personnel overseas, the Department of Justice also is seeking to augment its cadre of overseas attorneys. Their role includes facilitating requests for mutual legal assistance and extradition, providing substantive legal guidance on international law enforcement and treaty matters, and increasing cooperation between U. S. and foreign prosecutors....[T]he Department has stationed Resident Legal Advisors, who provide training and technical assistance to foreign prosecutors, judges and police in a number of other countries, including Russia, Ukraine, Latvia and Georgia. These measures complement an aggressive policy of investigating and prosecuting Russian organized crime activity in the United States. As of December 1998, the FBI alone had approximately 260 pending investigations targeting Russian and Eastern European criminal enterprises.

Assistant Attorney General Robinson concluded this testimony by asking for strengthened legislation against money laundering. He also requested passage of the International Crime Control Act that includes measures to provide new authority to investigate and punish acts of violence committed against U.S. nationals abroad; to strengthen air, land, and sea border security; to deny safe haven to international criminals; to seize and forfeit the assets of international criminals; to respond to emerging international crime problems such as international computer crimes; and to promote global cooperation.

In addition to its headquarters focus, the FBI has created units to combat Russian organized crime in its field offices in seven U.S. cities. In addition, major police departments such as New York City and Los Angeles have likewise created specialized units to target Russian crime in their jurisdictions.

The External Environment

As part of their study of Russian organized crime in America, Finckenauer and Waring (1998) interviewed emigres from the former Soviet Union now living in Brighton Beach in Brooklyn, New York. This is the largest Russian community in the United States. The picture of ROC that emerged from these interviews reflects citizen awareness, cultural acceptance, and the role of the mass media in influencing perceptions. In most cases, the interviewees learned about Russian organized crime from the media, and not from personal experience. Consequently, they often had only stereotyped or vague images of what Russian

organized crime is and does. Their views represent the popularized version of ROC in the United States as being a Russian mafia. This is a view promulgated not only by the press and other media, but also by law enforcement; and as such it tends to be self-reinforcing. The mafia stereotype has not only been misleading in terms of understanding the phenomenon, but it has also been an impediment to developing effective law enforcement strategies.

Although our survey respondents believed Russian crime to be widespread, they also believed that the vast majority of Russian emigres were not involved in this crime. There is less of an acceptance of ROC in the immigrant community, than there is a detachment from it, and an effort to dissociate oneself from it. There is also resentment expressed by many in the Russian immigrant community that the typical American seems to see them only as organized criminals - as Russian mafiosi. Overcoming this negative stereotype is a challenge for social movements and the media.

REFERENCES

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