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Mafia thrives in European crisis; In a time of austerity, mob cash penetrates business across continent

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ABSTRACT

In January and February, officials seized 51 million euros in mob assets in Rome, providing a glimpse of the business that the clans control in the capital.

FULL TEXT

The small businesses were sprinkled throughout the Italian capital: One restaurant was only a few blocks from the Italian Senate. A cafe was at the edge of the tony diplomatic district, while a gelato shop was near the Pantheon. There was even a hotel not far from the hilltop statue of Giuseppe Garibaldi, the hero of Italy's unification.

In Rome, a city where government and tourism are engines of the local economy, these storefront businesses seemed typical until a police crackdown exposed them as money-laundering fronts for mob organizations based in southern Italy. In January and February alone, Italian officials seized 51 million euros, or \$70 million, in mob properties and other assets in Rome, providing a small glimpse of the legal business interests that southern clans control in the capital.

The crackdown in Rome exposed just a small corner of what officials describe as a mob economy that has rapidly expanded across Europe. In an era of austerity, with Italy awash in debt and struggling to recover, organized crime groups are sitting on mountains of cash. They have taken advantage of the economic crisis to accelerate their infiltration of legitimate businesses outside their strongholds in southern Italy, and now control commercial interests in Rome and Milan, as well as in Spain, Scotland, Germany, France, the Netherlands and beyond.

"For the last 20 years, they have a lot of liquidity," said Michele Prestipino, the anti-Mafia prosecutor who oversaw the recent crackdown and seizures. "This is a problem today. They have too much money. They can't invest it all. It is the opposite of what happens to regular entrepreneurs."

If Europe once thought of organized crime families as largely an Italian problem - and if many Italians thought the problem was mostly confined to the south - the breadth of mob assets across Europe is forcing a reappraisal. In February, the European Parliament passed a directive making it easier for national authorities to confiscate criminal assets, in response to evidence that organized crime groups had gobbled up properties and companies across Europe.

Anti-Mafia experts say that Europe needs to introduce tough laws, such as those that already exist in Italy, and expand its enforcement efforts. Some say the same focus that is applied to fighting terrorism should be applied to confronting organized crime. In addition to Italian mob groups, other criminal organizations, including from Russia, China and Albania, are moving into legal business sectors in Europe, they caution.

"Democracies underestimate the fight against the Mafia," said Giuseppe Lumia, a senator and member of Italy's Anti-Mafia Commission. "Mafias have become global. They do business, and do money laundering, between countries. But the anti-Mafia agencies are national and local."

Determining how much cash Italian Mafia organizations turn over in a single year from illegal activities is extremely difficult, with estimates varying sharply, from about (EURO)10 billion to as much as (EURO)220 billion. One of Italy's largest business associations, Confesercenti, has estimated that organized crime accounts for roughly (EURO)130 billion in annual turnover, or roughly 7 percent of Italy's gross domestic product. It also estimated that the Mafias had roughly (EURO)65 billion in cash reserves.

"They have amounts of money that are incredible," said David Ellero, a specialist in Italian organized crime at Europol, the European Union's law enforcement agency. "In some investigations, the flows of cash were so conspicuous that rather than counting it, it was being weighed on scales."

The richest organized crime family is believed to be the 'Ndrangheta, a mob group from the Calabria region that now controls much of Europe's cocaine trade. Experts say that the 'Ndrangheta is active in Spain, Germany, France, Switzerland and Britain.

The other two main organizations are the Camorra clans, which are based in the area around the Italian city of Naples and are especially powerful in southern Spain; and the Cosa Nostra, the Sicilian mob families memorialized in "The Godfather," which is also active across Europe.

In their home regions, Italy's Mafia groups often operate as shadow states, infiltrating local politics while controlling territory through intimidation and violence. Analysts say this local dominance explains why the Mafias are heavily involved in sectors such as construction, mining, waste management and transportation, where their political influence allows them to steer government contracts to their favored firms.

In northern Italy and in other European countries, organized crime groups operate far less conspicuously, experts say, especially since they lack the same level of political or territorial influence. But a report presented this month to European Union officials concluded that mob tentacles were in nearly every sector: hotels, nightclubs, real estate, gambling, construction, retail gasoline sales, wholesaling of clothing and jewelry, food processing, health care, renewable energy and more.

"They have specific preferences for certain sectors," said Michele Riccardi, a researcher at **Transcrime**, the research institute in Milan that compiled the report presented to the European Union. "These are the sectors that seem more vulnerable, and the regulations are looser."

Italy has Europe's toughest anti-Mafia statutes, which is one reason many organized crime families have pushed into other European countries. Germany has become an especially fertile terrain.

Italian migrants, including many from Calabria, home of the 'Ndrangheta, began pouring into Germany in the 1950s. When the Berlin Wall fell in 1989, analysts say, wiretaps detected a mob boss in Italy ordering a lieutenant to get into East Germany immediately and "buy everything."

Last week, Der Spiegel, the newsmagazine, wrote about a continuing trial in Cologne, where investigators have accused mobsters linked to the Cosa Nostra of bilking the state of millions of euros by issuing fake

invoices from shell construction companies. German officials say the presence of organized crime now poses a genuine threat to the country's building sector.

The magazine cited a confidential overview by the Federal Criminal Police Office that criticized the German state for failing to detect Mafia assets. The overview found that Italian crime groups had earned about (EURO)123 million in Germany over the past decade, of which prosecutors had confiscated (EURO)8 million.

The police report found that while the Cosa Nostra had infiltrated the construction sector, the Camorra was peddling counterfeit consumer goods, and the 'Ndrangheta was selling adulterated olive oil and other foodstuffs. Mobsters controlled at least 300 pizzerias in Germany, it said, and were using these businesses to enter the legitimate economy.

While Germany and other countries in the European Union once approached the problem with denial, awareness is on the rise. In February, the Italian and German authorities carried out a joint sting operation against the Cosa Nostra and arrested more than a dozen suspects in the two countries. They are accused of misappropriating millions of euros in European Union farm subsidies.

Two years ago, the European Union set up an anti-Mafia commission, and Europol recognized in 2011 that it had an "intelligence gap" about Mafia activities. It commissioned a broad survey, released last year, which noted that mob groups were particularly threatening in legal business sectors because they "can afford to operate 'at a loss,' creating in the long run a situation of quasi-monopoly that undermines the basic principles of free market."

Even within Italy, however, many people continue to regard organized crime as a problem of the south. When the Italian writer Roberto Saviano, author of "Gomorra," used a television program in 2010 to speak out against mob infiltration in northern Italy, the Milan-based newspaper Il Giornale responded with an online petition drive against him titled, "Dear Saviano, the North is not Mafioso."

"Criminal organizations are all in Rome and up north," Mr. Saviano said in a recent interview. "In the south, their presence is like a military presence. In Rome and the north, it is economic presence."

Mob groups have long been a quiet presence in Rome, with shopkeepers complaining about having to pay extortion money, known as pizzo. But the recent crackdown showed how organized crime groups are now investing directly in city businesses. Among the 23 restaurants and pizzerias seized in January was Da Ciro, one of the most popular pizza chains in the city.

"It has nothing to do with cash being in the register at the end of the day," said Enrico Fontana, director of Libera, an umbrella group of anti-Mafia associations around Italy. "It is for money laundering."

Mr. Prestipino, the anti-Mafia prosecutor, agreed that money laundering was important but added that Mafia bosses were also looking for channels of access to political leaders.

He said that no politician could meet directly with a Mafia boss, but that by investing in businesses, the Mafia could cultivate a network of white-collar entrepreneurs in Rome who could deal openly with politicians and civil servants.

"It is a system that has all advantages," Mr. Prestipino said. "The businessman gets the economic advantages. The Mafioso doesn't have to come to Rome. And the politician doesn't have to get his hands dirty."

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