

Cross-Border Organised Crime Assessment 2010



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NORTHERN IRELAND



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Chief Constable Baggot
Police Service of
Northern Ireland



Fachtna Murphy
Commissioner
An Garda Síochána

FOREWORD

Cross border cooperation and multi agency investigations are integral to effective policing on both sides of the border. This is particularly true of organised crime investigations, where criminal networks can span both jurisdictions and involve complex operating techniques. Law enforcement agencies in Northern Ireland and Ireland continue to enjoy close working relationships at all levels. This partnership is supported by official protocols and procedures for sharing information and working together, but is also made possible through the close working relationships enjoyed by officers and support staff working within the organisations.

The production of this biennial report is just one example of the close cooperation that exists between law enforcement officers working in Ireland and Northern Ireland. Case studies within the report offer just some examples of how this partnership approach can make a significant, positive impact on the communities in which we live and serve. The production of this report coincides with an annual Cross Border Organised Crime Seminar which allows law enforcement officers to

further consider and discuss the issues raised. Ideas for further enhancing our partnership approach often come out of these seminars. Last year the Cross Border Tobacco Fraud Enforcement Group was formed following the Seminar and has already led to the commencement of a number of significant investigations. In 2008, the Cross Border Fuel Fraud Enforcement Group was formed following discussions held during the Seminar and meetings held between HMRC and the Security Minister. The group has led to a number of successful operations against significant organised crime gangs involved in this activity.

The past two years have seen considerable successes by law enforcement agencies working together on both sides of the border. A multi agency approach is essential if we are to build upon these successes and make Ireland and Northern Ireland a hostile environment for those involved in organised crime. We look forward to continuing to build upon existing relationships and enjoying continued success in this important area of work.

THE ROLE OF THE PUBLIC

Organised crime affects everyone, on both sides of the border. An organised criminal gang's main objective is to make money and they have no respect or consideration for those who live in their own communities. Organised criminal gangs supply illicit drugs and dangerous goods to our friends and families and their activities have a negative impact on legitimate business. Information received by members of the public can help law enforcement agencies determine the scope of criminal activity as well as identifying those involved. If you have any information about organised crime please contact -

PSNI 0845 600 8000

CRIMESTOPPERS 0800 555 111

HMRC HOTLINE 0800 59 5000

AN GARDA SÍOCHÁNA CONFIDENTIAL 1800 666 111

CRIMESTOPPERS 1800 250 025

REVENUE COMMISSIONERS 1800 295 295



INTRODUCTION

This report constitutes the fourth biennial Cross Border Organised Crime Assessment for both Ireland and Northern Ireland. The aim of the report is to offer an overview of organised crime in both jurisdictions, with particular focus on recognising similarities in serious and organised criminal activity identified by law enforcement on both sides of the border, and also to illustrate how organised criminal gangs attempt to exploit jurisdictional differences.

The existence of a shared land border provides a policing environment where cooperation and partnership working are necessary in order to ensure those involved in organised crime are identified and dealt with using all the powers at our disposal. Some organised crime gangs operate on both sides of the border, with its existence having little or no impact on their criminal enterprise. Other organised crime gangs will work in partnership with those active in the neighbouring jurisdiction, taking advantage of different areas of

expertise and importation routes as well as combining geographic areas of operation. Examples of this can be seen in the operation of some drugs supply, firearms supply, tobacco smuggling and counterfeit goods supply networks. The existence of a border results in variances which some organised crime gangs will attempt to exploit, for example oils and alcohol smuggling gangs will exploit differing currencies and tax duties.

The Cross Border Organised Crime Assessment offers an insight into the work being done by An Garda Síochána and Police Service of Northern Ireland (PSNI), in conjunction with other law enforcement bodies and relevant stakeholders on both sides of the border, in order to identify and effectively tackle organised crime threats. Each section of the report details key areas of organised criminality as well as offering case studies giving examples of effective cross border law enforcement activity.

Acknowledgements

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- An Garda Síochána
- Criminal Assets Bureau (CAB)
- HM Revenue and Customs (HMRC)
- Northern Ireland Environment Agency (NIEA)
- Police Service of Northern Ireland (PSNI)
- Revenue Commissioners
- Serious Organised Crime Agency (SOCA)
- United Kingdom Border Agency (UKBA)

Methodologies and sources of information

This report draws on information provided specifically for this undertaking by the agencies listed here as well as material already held to inform other strategic projects and open source research.

Where amounts of money have been quoted, the exchange rate of €1 to 0.82GBP or 1GBP to €1.22 has been used.

ALCOHOL FRAUD

Alcohol, like tobacco, can be treated as a 'duty suspended' good within the European Union (EU). This means it can be legitimately produced, stored and moved by registered traders within the EU without payment of duty. Duty only becomes payable when the goods are released for sale or passed to any unregistered person. The aim of the Duty Suspension System is to allow freer movement of goods within the EU and to postpone the point of taxation to the end of the supply chain to facilitate legitimate trade. Organised criminal gangs attempt to exploit the Duty Suspension System by diverting duty suspended alcohol onto the home market without payment of duty. This is done by using hijacked System for Exchange of Excise Data (SEED) and VAT numbers as well as duplicate consignments.



In the 2007/08 financial year alcohol fraud and smuggling cost the UK Exchequer up to £350 million (€427 million) in lost revenue. In the 2009 calendar year Irish Revenue Commissioners seized 96,532 litres of smuggled alcohol with a retail value of €1,044,617 (£856,585). In addition, during the same period, Revenue Commissioners served excise demands totalling €10 million (£8.2 million) on four tax warehouses, following irregularities being discovered associated with the alleged export of duty suspended alcohol from the State.

Counterfeit alcohol is also a source of income for some organised crime gangs. In some instances the criminal gang will label home made spirits under fake names. In other instances the spirits will be bottled and labelled to look like an established brand. Counterfeit alcohol is not subject to any quality assurance or safety controls and can be extremely dangerous. In the past, counterfeit alcohol found in border areas of Ireland and Northern Ireland has been found to contain dangerously high levels of methanol. Methanol can also be used by organised criminal gangs to 'stretch' fuel (see Oils Fraud section of this report). This may explain why some organised crime gangs diversify to become involved in both oils fraud and the production of counterfeit alcohol.

CASE STUDY

In December 2009, HMRC and Revenue Commissioners discovered an illegal alcohol bottling and fuel laundering plant close to the border in Meigh in south Armagh. Around 2,500 empty vodka bottles along with machinery, caps and labels were seized during the operation and three men were arrested.

DRUGS

Traditionally the drugs markets in the north and south of Ireland have been fairly similar in terms of prevalence. The most recent prevalence¹ figures for both jurisdictions covered 2006/07 and showed broadly similar prevalence rates between the two jurisdictions. The most significant differences were seen in respect of prevalence of amphetamine use and ecstasy use. The table below shows lifetime and last year prevalence rates in Northern Ireland and Ireland in respect of amphetamine and ecstasy - Both jurisdictions showed cannabis as having the highest prevalence rates.²



In terms of treatment, the south showed slightly higher proportions of people entering treatment. In Ireland, 5,775 people entered treatment in 2007 which equates to 1.4 people per thousand population³. In Northern Ireland, 1,984 people entered treatment in 2007/08 which equates to 1.1 people per thousand population⁴. Whilst there was not a significant difference in the proportion of those entering treatment, there were significant differences in terms of the type of drugs being

misused. In Ireland, 63.9% were entering treatment for opiate (heroin) misuse, 13.3% for cocaine misuse and 16.3% for cannabis misuse. In Northern Ireland 35% were entering treatment for cannabis misuse, 10% for cocaine misuse and 8% for heroin misuse. These figures suggest a higher rate of heroin and cocaine misuse in the south however it should be noted that this is not necessarily supported by the 2006/07 prevalence survey figures.

Seizure figures tend to further support the treatment figures in respect of heroin and cocaine. It should be noted however that the seizure figures used in this section of the report are police figures only and do not include seizures by other law enforcement agencies.

In Northern Ireland in the 2009/10 financial year, PSNI seized a total of 8,623g of heroin (this figure includes one significant seizure of 8kg in Foyle. Police believe this heroin was destined for the southern market). This equates to an average of 5g of heroin seized per thousand people. However, if the Foyle seizure is excluded, this figure reduces to 0.3g of heroin seized per thousand people. In Ireland a total of 64,088g of heroin was seized by An Garda Síochána in the 2009 calendar year, equating to an average of 15g of heroin seized per thousand people; a significantly higher rate than that seen in the north.

In Northern Ireland in the 2009/10 financial year, PSNI seized a total of 27.5kg (27,485g) of cocaine, equating to an average of 15g of cocaine seized per thousand people. In Ireland, 113.2kg (113,244g) of cocaine was seized by An Garda Síochána in the

	Ireland		Northern Ireland	
	Lifetime prevalence	Last year prevalence	Lifetime prevalence	Last year prevalence
Amphetamine	3.5%	0.4%	5.8%	1%
Ecstasy	5.4%	1.2%	7.7%	1.8%

¹ The term 'prevalence' refers to the proportion of a population who has used a drug over a particular time period. Lifetime prevalence refers to the proportion of the sample that reported ever having used the named drug at the time they were surveyed. Last year prevalence refers to the proportion of the sample that reported using a named drug in the year prior to the survey. Source - 'Drug Use in Ireland and Northern Ireland 2006/07: Drugs Prevalence Survey' available from <http://www.dhsspsni.gov.uk/phirb-drug-prevalence-survey-2006-2007.pdf>

² Source for all prevalence rates - 'Drug Use in Ireland and Northern Ireland 2006/07: Drugs Prevalence Survey' available from <http://www.dhsspsni.gov.uk/phirb-drug-prevalence-survey-2006-2007.pdf> Pages 23 and 29.

³ Source - <http://www.emcdda.europa.eu>. Ireland population taken to be 4.2 million.

⁴ Source - <http://www.dhsspsni.gov.uk>. Northern Ireland population taken to be 1.8 million.

2009 calendar year, equating to an average of 27g seized per thousand people. These seizure figures tend to indicate larger heroin and cocaine markets in the south, however it should be noted that illicit drugs are frequently brought in via neighbouring jurisdictions and it is often not possible to tell which seizures were destined for the home market. The cocaine market has seen expansion on both sides of the border in recent years. The United Kingdom is noted to be one of two European countries with the highest prevalence of cocaine use (the other being Spain), with dramatic increases in use in the late 1990s. Ireland is also seen to have one of the highest cocaine prevalence rates in Europe (in the top five) however increases in prevalence rates have been less pronounced.⁵

In Northern Ireland in the 2009/10 financial year, PSNI seized a total of 95kg (95,000g) of amphetamine powder, equating to an average of 52.8g of amphetamine powder seized per thousand people. In Ireland, 36.4kg (36,438g) of amphetamine was seized by An Garda Síochána in the 2009 calendar year, equating to an average of 9g seized per thousand people. Interestingly, European countries where amphetamines dominate the market often see low rates of cocaine use.⁶ In Northern Ireland in particular, levels of amphetamine seizures have seen significant increases over the past two years. According to the pattern seen in the rest of Europe, Northern Ireland should expect to see reduced levels of cocaine use as a result of increased amphetamine use however this trend does not appear to be seen in Northern Ireland at the current time, perhaps indicating Northern Ireland's role as a transit route.

In Northern Ireland in the 2009/10 financial year, PSNI seized a total of 54,434 ecstasy tablets, equating to an average of 30 ecstasy tablets seized per thousand people. In Ireland 18,663 ecstasy tablets were seized by An Garda Síochána in the 2009 calendar year, equating to an average of 4 tablets seized per thousand people. These figures suggest a larger ecstasy market in the north

however it should be noted that Northern Ireland figures are influenced by a significant seizure in Banbridge in April 2009 in which 30,000 tablets were seized in one incident. It should also be noted that levels of ecstasy tablet seizures may change following forensic examinations; PSNI have already had a number of instances where tablets initially believed to be ecstasy were later found to be BZPs on forensic examination.

Emerging issues currently being experienced on both sides of the border include large-scale cannabis factories and so-called 'legal highs'. Large-scale, sophisticated cannabis factories first emerged as an issue in Northern Ireland in 2007. The problem mirrored that seen in other parts of the United Kingdom and, within a year, similar establishments were also discovered in Ireland. Many of the factories discovered on both sides of the border have been linked to organised crime gangs of South East Asian origin however, more recently, there has been increased involvement by indigenous organised criminal gangs. The factories are set up in both commercial and residential properties and pose significant health and safety risks.



So-called 'legal highs' have become an emerging issue throughout the United Kingdom and Ireland in the last few years. These substances are often purchased from 'head shops' or internet sites and are usually either plant-based or synthetic drugs. Legal highs seen on both sides of the border have

⁵ Source - European Monitoring Centre for Drugs and Drug Addiction <http://www.emcdda.europa.eu>

⁶ Source - European Monitoring Centre for Drugs and Drug Addiction <http://www.emcdda.europa.eu>

included BZPs which were often sold as ecstasy, and mephedrone, which led to the death of a teenager in Craigavon in September 2009. BZPs were made illegal in Ireland in March 2009 and in Northern Ireland in December 2009, and mephedrone was made illegal in Northern Ireland in April 2010 and in Ireland in May 2010 however there are a number of newer legal highs which suppliers were quick to advertise as replacements. In Ireland, the Criminal Justice (Psychoactive Substances) Bill became law in August 2010 and introduces a ban on the selling, advertising and distributing of psychoactive products. The legislation allows Gardaí to effectively close head shops who continue to sell such products.

The vast majority of illicit drugs supplied in Northern Ireland and Ireland are not locally produced and must therefore be imported to the island. Organised criminal gangs involved in drugs importation are often noted to be working in networks which encompass both sides of the border. This allows the networks to establish importation routes for large quantities of illicit drugs. A relatively small number of organised crime gangs will be responsible for large-scale importation and they will then work with a larger number of lower-level supply networks, often on both sides of the border. Law enforcement on both sides of the border have extensive experience in working in partnership to thwart suppliers attempting to bring illicit drugs into, and move illicit drugs between, the two jurisdictions. It should be noted that statistics used in this section refer to police seizures only.

CASE STUDY

In July 2009, a joint operation involving law enforcement on both sides of the border, led to the seizure of 8kg of heroin and 200,000 BZP tablets (initially thought to have been ecstasy) in Foyle. It is believed that the drugs were destined for the south, having been transported through the United Kingdom.

CASE STUDY

In September 2008, as the result of a joint PSNI, An Garda Síochána, Dutch police, HMRC, Revenue Commissioners and CAB investigation into a major drugs and firearms trafficking network, eight suspects were arrested (three in the south, one in the north and four in Amsterdam) after the following seizures were made -

Twenty-seven firearms, six silencers, assorted magazines and speed loaders, 5kg of herbal cannabis and heroin worth an estimated £3.25 million (€3.97 million) were recovered in Ireland.

Fourteen firearms plus ammunition and €402,350 (£329,290) were recovered in Northern Ireland.

192 firearms, ammunition, assorted firearms related accessories including three silencers and laser pointers, three hand grenades and €20,000 (£16,368) were recovered in Amsterdam.

In June 2010 a defendant was sentenced at Belfast Crown Court having pleaded guilty to a total of ten charges. The defendant, from County Kildare, was sentenced to a total of 21 years imprisonment with a further five year extension on licence following release. CAB has also taken action against the defendant's assets.



ILLEGAL DUMPING OF WASTE

The European Union Landfill Directive sets challenging targets to reduce the amount of biodegradable municipal waste being sent to landfill. In order to encourage recycling and help reduce climate change, the United Kingdom and Irish governments have implemented significant increases in Landfill Taxes/levies. In the United Kingdom, Landfill Tax has increased from £24 (€29) per tonne in 2007 to £48 (€58) per tonne in 2010 and is set to increase by £8 (€9.77) per year until at least 2014/15 when it will reach £80 (€97.69) per tonne.⁷ In Ireland, on 1 February 2010 the landfill levy increased by €5 (£4) to €30 (£24.57) per tonne and is expected to increase to €50 (£40.95) per tonne in 2011 and €75 (£64.42) per tonne in 2012.⁸ The increasing costs of landfill on both sides of the border have led to an emerging 'black market' in waste management and disposal which is becoming increasingly sophisticated. Some landowners will allow waste to be illegally dumped on their land and there have also been a small number of organised criminal gangs who have become involved in the transportation and illegal disposal of waste.

In previous years the problem predominantly involved the transportation of waste from the south into the north for illegal disposal in unlicensed landfill sites, due to higher disposal rates in Ireland. It is also illegal to dispose of waste from Ireland in licensed landfill sites in Northern Ireland or Great Britain. In August 2010 the Irish government began to transfer 250,000 tonnes of household and commercial waste which had been illegally dumped

in twenty sites in Northern Ireland between 2002 and 2004. The work is expected to take five years to complete and cost the Irish taxpayer €36 million (£29.5 million). Changing exchange rates and disposal rates have led to the transportation of waste from south to north becoming a less favourable option, however there are illegal waste providers based in Northern Ireland who have remained active and are using a number of techniques to dispose of waste whilst trying to avoid detection.

Illegal dumping of waste can have catastrophic environmental consequences and can cost taxpayers millions of pounds/euros in clean-up costs.

CASE STUDY

On 15th March 2010, a defendant pled guilty to an offence of unauthorised or harmful deposit, treatment or disposal etc of waste and was sentenced to twelve months imprisonment, suspended for two years. The defendant had accepted in excess of 40,000 tonnes of mixed waste streams originating from Ireland and had buried the waste in land at County Down. On that same date the defendant was made the subject of a Confiscation Order in the sum of £204,000 (€248,880).

⁷ Further information available online from <http://www.doeni.gov.uk> or <http://www.defra.gov.uk>

⁸ Further information available online from <http://www.environment.ie>

INTELLECTUAL PROPERTY CRIME

Counterfeit products are sold throughout Ireland and Northern Ireland, often at markets and car boot sales. Suppliers often operate in both jurisdictions, attending a number of different locations in any given month. Counterfeit discs (CDs and DVDs) are often produced locally however other items are brought into the country through the post or via large shipments.

Traditionally, CDs and DVDs were the items most commonly sold, however in recent years the range of counterfeit goods available has greatly increased. Items seized have included handbags, jewellery, perfume, cosmetics, electric toothbrush heads and clothing. Counterfeit clothing is shipped in from Turkey and the Far East for onward sale in both Ireland and Northern Ireland. Electrical items, often produced in the Far East, are becoming increasingly available online. These items, which include hair styling irons, games consoles, MP4 players and Smartphones, pose serious health and safety risks to anyone using them. In the past year, counterfeit chainsaws have been discovered on both sides of the border and are believed to be linked to an international organised crime gang. Many of these items were being sold door to door and members of the public are advised to be particularly wary of anyone trying to sell this type of product in this manner.



It is not uncommon for those who are linked to the supply of counterfeit goods to also be linked to other types of organised criminality. This is particularly true of those involved in the large-scale importation of items such as clothing and electrical items. Established importation routes can be used to import a range of different items such as illicit drugs, counterfeit goods and weapons.

An Garda Síochána, Revenue Commissioners, Police Service of Northern Ireland, UK Border Agency and HM Revenue and Customs continue to work in partnership against organised criminal gangs involved at a high level in the importation and supply of counterfeit products. In October 2009 representatives from government and law enforcement on both sides of the border attended the Third International Law Enforcement Intellectual Property Crime Conference which was held in Dublin, the first time the conference has been held in Europe. The event provided excellent opportunities to develop partnerships and share strategies with international colleagues.

CASE STUDY

In April 2010, a complaint was received by An Garda Síochána from a car manufacturer in relation to counterfeit brake pads. An initial investigation by An Garda Síochána ascertained that these counterfeit brake pads were being supplied to dealers in the south from a source in the north. Relevant information was passed to law enforcement in Northern Ireland and in early September, officers from HMRC and PSNI carried out a search operation in the Newry area. A significant quantity of counterfeit brake pads was seized along with £130,000 (€158,600) cash.

MONEY LAUNDERING AND FRAUD

Money laundering

Organised criminal activity can earn unscrupulous individuals significant amounts of money. In order to benefit from this money, it must first be legitimised. There are a vast range of methodologies used by criminals trying to launder the proceeds of crime, some of which involve attempts to exploit the existence of a land border. Prior to the economic downturn, the purchase of property was a popular choice, however many organised criminal gangs have now found their assets have seen significant reductions in value.

In Northern Ireland there are a number of different bank notes in circulation and this can be problematic for organised criminals wishing to purchase illicit goods from overseas. Euros, as used in Ireland, are a less conspicuous option. In the past year, law enforcement agencies on both sides of the border have cooperated in a number of investigations of money service bureaux (MSBs) operating as currency exchange facilities for organised criminal gangs. In some instances millions of pounds, linked to criminality such as drugs supply and cigarette smuggling, had been

processed through the MSBs. Law enforcement continues to investigate the criminal use of some MSBs by large scale organised criminal gangs.

Law enforcement agencies on both sides of the border employ powers of criminal and civil recovery and often carry out joint operations to ensure all criminal assets are recovered regardless of which jurisdiction they are held in, and will continue to work together in the fight against money laundering, by assisting and cooperating in such investigations.

CASE STUDY

In April 2010, a defendant was sentenced to a six year suspended sentence for money laundering and in May 2010, a second defendant was sentenced to three years imprisonment for membership of a proscribed organisation. These charges resulted from the cross border, multi agency Northern Bank Robbery investigation.



Fraud

The border can create opportunities for some types of fraud such as fiscal fraud, for example fuel and tobacco smuggling, or cross border VAT fraud. Cross border VAT fraud often involves the use of hijacked or missing trader VAT numbers in order to allow the criminal gang to obtain goods VAT free in one jurisdiction and then sell these goods in the other jurisdiction without paying the required VAT.

Other types of fraud are carried out in both jurisdictions with no regard for the border. These include ATM skimming, where a device is used to 'clone' the victim's card, and ATM Reversal Fraud, which is a complex fraud carried out by teams of experts. Other types of fraud seen in both jurisdictions in the past year have included mortgage fraud and card not present fraud (where a victim's card details are obtained and used to purchase goods online, via the telephone or mail order).

Officers from Garda Bureau of Fraud Investigation (GBFI), PSNI Organised Crime Branch, CAB, SOCA Civil Recovery and Tax and HMRC Criminal Taxation Unit continue to work closely together to ensure all appropriate civil and criminal powers are brought to bear against those involved in fraud and/or money laundering on either side of the border.

CASE STUDY

In early 2009 PSNI Organised Crime Branch and Garda Bureau of Fraud Investigation (GBFI) officers were alerted to a series of ATM reversal frauds which had been carried out on both sides of the border. Following cross border information sharing and cooperation, suspects from a Belfast based organised crime gang, of largely North African origin, were identified. In February 2010 two defendants were sentenced to nine months and thirteen months respectively for their part in the frauds. In June 2010 a third defendant was sentenced to two years and three months imprisonment in Scotland following liaison with law enforcement in Northern Ireland. The third defendant has further been charged with a number of ATM reversal frauds committed in the greater Belfast area and the second defendant is awaiting trial for a further series of ATM reversal frauds committed across Northern Ireland.

OILS FRAUD

In the 2008/09 financial year, HMRC in Northern Ireland seized 1.09 million litres of oils and disrupted five laundering plants. In the 2007/08 financial year, the estimated revenue gap from non-UK Duty Paid NI diesel and petrol was estimated to be £240 million (€292 million).⁹ In Ireland, in the 2009 calendar year, Revenue Commissioners made 23 detections of laundered fuel totalling 283,817 litres. In addition, Revenue Commissioners made 860 detections of misuse of Marked Mineral Oil during the same period.

Organised criminal gangs have gained expertise in this area of criminality and continue to diversify and adapt in a changing economic climate. There are three main types of oils fraud seen at the current time - oils smuggling, misuse and laundering of rebated fuel and fuel 'stretching'.

Oils smuggling

Oils smuggling is the practice of transporting oils from one jurisdiction for sale in another jurisdiction without payment of the required duties. The existence of a land border has led to a number of organised crime gangs becoming involved in this activity. Traditionally oils have been transferred from south to north through the use of false paperwork or the physical concealment of oil, for example through the use of hidden tanks. Changes in exchange and duty rates have made this activity less profitable over the past few years than it would have been previously.

Misuse and laundering of rebated fuel

Rebated fuels, such as marked gas oil and kerosene, are available on both sides of the border and are subject to lower duty due to the conditions of their use. Rebated fuels are not suitable for use as a fuel in normal road vehicles and persons found to be using this fuel incorrectly on either side of the border can have their vehicles seized. Organised criminal gangs launder rebated fuel in an attempt to make it appear like legitimate fuel for use by road vehicles such as cars, vans and HGVs. The laundering process involves the removal of chemical markers and dyes and allows the criminals

to sell the product at increased profit. The two main methods used to launder oils are filtration and acid laundering. The filtration method filters out government markers using a variety of filtration agents, such as cat litter or bleaching agents. Acid laundering involves the use of highly corrosive acid to bleach out markers. In the past two years Customs officials on both sides of the border have seen increasingly sophisticated methods of laundering oils.

Fuel laundering results in large quantities of waste product which must be disposed of by the launderers. This waste product will usually be dumped or buried and causes significant environmental damage. The waste can contaminate surrounding land as well as waterways and can lead to extensive clean-up costs.

Laundered fuel is often transported between jurisdictions and this can include shipment to Great Britain. Laundered fuel has been found on our roads and on ferries from both Ireland and Northern Ireland, concealed in unmarked, make-shift containers. This practice raises serious health and safety issues for unsuspecting road users and ferry passengers.



Fuel 'stretching'

The narrowing of price differentials between Northern Ireland and Ireland has led to organised criminal gangs diversifying into the 'stretching' of fuel oils in order to increase profit margins.

⁹ Central estimate

'Stretching' involves the adulteration of petrol or diesel with chemicals such as methanol, ethanol or kerosene. Essentially this practice bulks out the fuel with cheaper adulterants, allowing increased profits to be made. Stretched fuel can include a variety of chemicals and can cause extensive engine damage.

In 2008 the Cross Border Fuel Fraud Enforcement Group was formed in order to facilitate the effective investigation of cross border fuel fraud. This working group has promoted partnership working and has resulted in a number of successful multi agency, cross border investigations.

CASE STUDY

In December 2009, as part of a multi agency, cross border operation, agricultural premises adjacent to the border, near Jonesborough, were searched. A large acid based fuel laundering plant was uncovered. HMRC seized 25,000 litres of illegal fuel, four large fuel storage tanks and associated equipment used in the fuel laundering process. Revenue Commissioners seized a number of vehicles including an articulated cattle truck used to transport illegal fuel. The plant, which was one of the largest detected in NI, had the capacity to launder 6.5 million litres of fuel per year with a resulting annual revenue loss of £3.2 million (€3.9 million).

ORGANISED IMMIGRATION CRIME

The term 'organised immigration crime' is used to describe both the facilitation of illegal entry into, and presence in, the country and also human trafficking. Facilitation of illegal entry and presence in a country occurs when people, and occasionally organised criminal gangs, assist illegal immigrants to enter and remain in the country through, for example, provision of stolen or false documents or through the organising of a transportation route for a fee (people smuggling). Smuggled persons are usually complicit and are aware they are entering the country illegally. Human trafficking however involves transporting people with the intention of exploiting them, using deception, intimidation or coercion. The exploitation may take the form of forced prostitution or other forms of sexual exploitation, forced labour, slavery or practices similar to slavery or servitude.

One method engaged in by illegal immigrants in attempting to remain in the country relates to entry into so-called 'marriages of convenience', or 'sham' or 'bogus' marriages. Such marriages usually involve the making of a payment by, or on behalf of, an illegal immigrant who is a non EU national, to a national of an EU Member State, in return for that person entering into a marriage with the illegal immigrant. The non EU national subsequently claims EU Treaty Rights relating to residency in the EU, based on the existence of the marriage. Sporadic series of these 'marriages of convenience' have been seen over the past number of years and there is occasionally a cross border element, with marriage ceremonies involving individuals resident on one side of the border taking place on the other side of the border. In Northern Ireland, under immigration law, if UKBA have evidence of a 'marriage of convenience' they can revoke a person's leave to remain in the country (subject to the appeals process), and PSNI have carried out a number of investigations into organised criminal gangs who had been facilitating such marriages for substantial fees. In Ireland in November 2009, Garda National Immigration Bureau (GNIB) began an operation for the purposes of preventing and detecting 'marriages of convenience' and tackling

all aspects of criminality associated with the practice. In July 2010, the Irish Government published the Immigration, Residence and Protection Bill 2010 which includes a provision allowing the Minister for Justice and Law Reform to disregard 'marriages of convenience' where individuals have been found to have married in order to positively influence an immigration decision.

Facilitation of illegal immigration and people smuggling are serious offences which can involve organised criminal gangs however the illegal immigrants who benefit from the criminality involved are usually complicit. Human trafficking in contrast involves a victim who is being exploited and may in some instances, be in serious danger of harm. Organised criminal gangs involved in human trafficking treat their victims as commodities and may sell them in the same way as they would drugs or counterfeit goods. Victims are often frightened to speak to the authorities and may have been threatened or their families threatened. Many will have been lured with promises of a good job and a better life but the reality can be very different. The Department of Justice and Law Reform in Ireland and the Home Office in the UK have both now ratified the Council of Europe Convention on Action against Trafficking in Human Beings. This Convention is a treaty which focuses '*...mainly on the protection of victims of trafficking and the safeguard of their rights. It also aims to prevent trafficking and to prosecute traffickers.*'¹⁰ Law enforcement agencies on both sides of the border work closely with non-government organisations (NGOs), such as Ruhama, Women's Aid and Migrant Helpline, to ensure victims of human trafficking are treated with respect and in line with the Convention.

Cases of facilitation of illegal entry, people smuggling and human trafficking have been investigated on both sides of the border and there is often a cross border element. Ireland can be used as a 'back door' to gain access to the United Kingdom and, vice versa, Northern Ireland can be used to gain access from the United Kingdom into

¹⁰ Source - Council of Europe Convention on Action against Trafficking in Human Beings, Introduction, Page 1.

Ireland; both Northern Ireland and Ireland are also attractive final destinations as well as being used as transit routes.

Human trafficking for the purposes of sexual exploitation

In cases where persons have been trafficked for the purposes of sexual exploitation, it is not uncommon for females to be moved about between brothels on both sides of the border. This practice ensures the victims remain disorientated and are less inclined to seek help. Whilst not all females who work in brothels have been trafficked, it is an area of high vulnerability. Some brothels will employ a mix of trafficked and non-trafficked women, however even those employed 'voluntarily' may be vulnerable due to their background or may have problems with drug/alcohol addiction. Law enforcement agencies on both sides of the border are increasingly seeing organised criminal gang involvement in prostitution and the running of brothels. In some instances this involves acting as a 'pimp' or providing accommodation or protection for a fee. In other instances their involvement is more structured, with networks of brothels being run as profitable enterprises.

CASE STUDY

In February 2010, a male defendant along with his wife and his daughter, were convicted at Cardiff Crown Court following a PSNI/ An Garda Síochána/ SOCA operation. The trio ran a lucrative prostitution ring in Northern Ireland and Ireland with alleged links to human trafficking. The women were moved around a network of brothels in Northern Ireland, Ireland and Wales and it is estimated the enterprise earned profits of more than €1 million (£0.8 million) in just one year. Victims were not allowed to turn down a client and had to be available to work 15 hours a day, seven days a week. Some were subjected to a ritual to frighten them into believing that something terrible would happen to them or their family if they did not comply. One of the female defendants ran a 'call centre' from Pembrokeshire where she coordinated the brothels; taking calls from clients, organising accommodation and organising advertising in local newspapers. She was sentenced to three and a half years in prison for prostitution and money laundering offences. The male defendant was jailed for seven years for prostitution and money laundering offences, and his daughter, a fourth year law student, was sentenced to two years for money laundering. SOCA and CAB have conducted further investigations and have now initiated proceedings against the gang's criminal gains.

TOBACCO FRAUD



In the 2007/08 financial year the revenue loss to the UK Exchequer from tobacco fraud and smuggling was estimated to be between £1 billion (€1.2 billion) and £2.7 billion (€3.3 billion). In Ireland in the 2009 calendar year Revenue Commissioners seized 218.5 million cigarettes and 10,451kg tobacco, with a combined retail value of €95.8 million. For a fortnight in mid-July 2010, Revenue Commissioners ran a 'tobacco blitz' which resulted in the seizure of almost 14 million cigarettes and 200kg tobacco.

Tobacco smuggling can be carried out on a relatively small scale by individuals or small groups of smugglers who will enter either jurisdiction with tobacco products in excess of the guide levels or allowances or who will attempt to send cigarettes and tobacco through the postal system. Organised criminal gangs are involved in the importation of commercial quantities of tobacco products through ports in bulk or containerised traffic. As with other illicit commodities, organised criminal gangs will use established importation routes and then transport the goods to other parts of Ireland and the United Kingdom, often attempting to use the border to frustrate the efforts of law enforcement.

Tobacco smuggling includes the importation of genuine tobacco products from countries with lower duty rates, the importation of counterfeit products and also the importation of 'cheap whites'. In the mid to late 2000's counterfeit tobacco products, usually produced in the Far East, had become popular with organised criminal gangs involved in tobacco smuggling, due to the significant profit margins. In recent years however there has been a shift towards the importation of 'cheap whites'. 'Cheap whites' are brands which have been produced independently of the International Tobacco Manufacturers (ITMs) and are essentially manufactured for the 'black market'.

Whilst smuggled tobacco products are likely to be more desirable to the end user than counterfeit brands or cheap whites, they offer lower profit margins to the organised criminals responsible for importing them. In the past year, law enforcement in Ireland seized a quantity of raw tobacco at around the same time that law enforcement in Northern Ireland seized empty hand rolling tobacco pouches with health warnings from various European countries. It is suspected that the pouches were going to be filled with the counterfeit

tobacco and then sold as smuggled product rather than counterfeit product.

At the 2009 Cross Border Organised Crime Seminar in Dundalk it was agreed that a joint north/south approach would be needed if organised criminal gangs involved in tobacco smuggling were to be dealt with effectively. As a result of this Seminar, earlier this year law enforcement agencies on both sides of the border came together to form the Cross Border Tobacco Fraud Enforcement Group. Members include representatives from HMRC, Revenue Commissioners, An Garda Síochána and PSNI, SOCA, UKBA and the Criminal Assets Bureau. The aim of the group is to identify key criminal gangs involved in this activity and to use a partnership approach to ensure their disruption.

CAB, HMRC, PSNI and SOCA continue to proactively conduct financial investigations targeting the funding of tobacco fraud and smuggling and also the proceeds of this criminal conduct.

CASE STUDY

In October 2009 law enforcement agencies on both sides of the border worked in partnership to assist Revenue Commissioners to make the largest single seizure of smuggled cigarettes in Europe. The seizure of 120 million cigarettes was made at Greenore Port, County Louth and represented a potential revenue loss of €40 million (£32.8 million). The cigarettes had been shipped from the Philippines in a 'cover load' of animal feed and were part of a smuggling operation involving an organised crime gang operating on both sides of the border. A number of men were arrested in Dundalk unloading the animal feed from lorries which were to be used to transport the goods from the port to their consignment address. As some of these individuals had addresses in the north, a number of searches were carried out as part of a coordinated multi agency approach. The vessel and cigarettes were seized along with a quantity of cash and three of the vehicles used to transport to animal feed sacks.

VEHICLE CRIME

The theft of high performance vehicles and plant is a problem common to both jurisdictions. Organised criminal gangs can profit from the theft of these high value goods and may attempt to take advantage of the separate vehicle registration systems in the two jurisdictions to re-register the stolen vehicles, making them appear legitimate. The vehicles can then be sold locally or transported to other parts of Europe for onward sale. It is thought that some of the vehicles are 'stolen to order' to ensure maximum returns.

In the past two years there have also been a number of thefts of ATM machines using stolen plant machinery. These attacks caused significant damage to banks and other commercial premises, often leaving rural communities without access to vital amenities. Incidents took place on both sides of the border and law enforcement agencies carried out a number of investigations and arrested key individuals. In addition to operational police work, crime prevention work was carried out in conjunction with local banks in order to increase

security measures. Whilst ATM thefts remain a risk, the number of incidents has seen a dramatic reduction and police on both sides of the border continue to work in partnership with the financial institutions and with each other to ensure a joint up approach to any future incidents.

CASE STUDY

In a joint investigation involving An Garda Síochána, PSNI and Lancashire Constabulary, officers investigated an organised crime gang involved in the large scale theft and re-sale of motor homes throughout Great Britain, Northern Ireland and Ireland. Over 100 of these motor homes have subsequently been recovered and forty five people have been arrested throughout the three jurisdictions.

