

**GROUP 3**  
**PHASE 1**

**CURRENT SITUATION OF ORGANIZED CRIMES IN  
TRAFFICKING STOLEN VEHICLES, CARD FRAUD, MONEY  
LAUNDERING AND MAJOR TRANSNATIONAL ORGANIZED  
CRIMINAL GROUPS**

---

<b>Chairman</b>	Mr. Sanjiv Kumar Upadhyay	(India)
<b>Co-chairman</b>	Mr. Takeshi Miyamoto	(Japan)
<b>Rapporteur</b>	Mr. Zafar Iqbal Gondal	(Pakistan)
<b>Co-Rapporteur</b>	Mr. Tomoyuki Yokokawa	(Japan)
<b>Members</b>	Mr. Awunah Donald NgorNgor	(Nigeria)
	Mr. Iddi Saidi King'wai	(Tanzania)
	Ms. Mitsuyo Inada	(Japan)
<b>Advisors</b>	Prof. Keiichi Aizawa	(UNAFEI)
	Prof. Yuichiro Tachi	(UNAFEI)
	Prof. Akihiro Nosaka	(UNAFEI)

---

**I. INTRODUCTION**

In furtherance to the realisation of the central objective of 116th International Training Course with the main theme 'Effective Methods to Combat Transnational Organized Crime in Criminal Justice Processes', our Group was assigned to analyse the current situation of the following topics:

- (i) Trafficking in Stolen Vehicles
- (ii) Card Fraud
- (iii) Money Laundering
- (iv) Major Transnational Organized Groups

In the Course of our discussion, we relied extensively on the country reports of the participants, course reference material, and facts emanating from our group discussions. The scope of our deliberation was centred on general overview of our subject matter with particular reference to the undermentioned countries:

- (i) Japan
- (ii) India
- (iii) Nigeria

- (iv) Pakistan
- (v) Tanzania

The Transnational Organized Crime has assumed serious dimensions to engage the collective attention of the international community at large. Various United Nations agencies and other world bodies have deliberated on the issue of tackling transnational Organized crime, and the Transnational Criminal Organisations and have come out with far reaching resolutions and recommendations.

**II. TRAFFICKING STOLEN  
VEHICLES**

**A. Current situation**

Over the past decade the rate of vehicle ownership has risen considerably in all countries and the incidence of illicit trafficking of stolen vehicles has increased correspondingly. The transnational organized criminal groups are playing a major role in trafficking of vehicles. There is rapid growth and geographical expansion of this problem in Europe, America, Asia

116TH INTERNATIONAL TRAINING COURSE  
REPORTS OF THE COURSE

and Africa. The method of trafficking varies from country to country. Three methods have come to notice in the illicit trafficking of stolen vehicles, namely, stealing vehicles by duplicate keys, diverting rental cars to foreign countries and outright robbery of vehicles at gunpoint. The stolen vehicles recovered in African countries are of European, American or Japanese origin. The organized groups in the countries from where the vehicles are trafficked have links with the syndicates in the African countries. The vehicle trafficking is usually conducted using forged documents and shipping them as second hand vehicles, where they are disposed for profit. Similarly, illicit trafficking is also prevalent within the African countries where the vehicles are stolen in one country and driven across the border into another country. In West African sub-region, there is a protocol for free movement of persons and goods under the auspices of Economic Community of West African States (ECOWAS). Criminals take undue advantage of this policy to indulge in trafficking in stolen vehicles. On account of harsh economic conditions in the West African countries, most of the people can not afford brand new vehicles and therefore the sale of second-hand cars is a lucrative business. Hence, fairly used vehicles are smuggled into these countries from the western world. In Nigeria, these cars find their way into the country through the international borders of neighbouring West African States.

Trafficking in stolen vehicles is also a major problem in East African countries where the modus operandi is similar. Motor vehicles robbed from Tanzania and other countries of Great Lake Region and Southern African Region have been recovered in Uganda. In the same vein, vehicles robbed in Uganda have been recovered in other countries of the region.

In the year 1999, a total number of 32 vehicles robbed from neighboring countries were recovered from Uganda and 18 Ugandan registered vehicles were recovered from neighboring countries.

In India, there is incidence of trafficking of stolen vehicles to Nepal. However, there is no such trafficking across the Indo-Pak border, as the border control is strict. In Pakistan, theft of vehicle is on the rise but there is no significant problem of transnational trafficking of stolen vehicles.

In Japan, the Boryokudan groups, Myanmar nationals and Vietnamese are involved in trafficking of stolen vehicles. Boryokudans steal expensive vehicle and smuggle them to Russia by sea route. Myanmar nationals in Japan also adopt the same method for smuggling vehicles to Myanmar and Bangladesh. Besides, stolen vehicles are being trafficked by Myanmar group who also have a legitimate car export business. The Vietnamese group in Japan is engaged in stealing Honda two wheelers for trafficking to Vietnam.

### III. CARD FRAUD

Credit cards have come a long way since inception in mid sixties, and so have the fraudulent activities in credit cards. The identifying features are laminated on a plastic material with logo and name of the issuing bank, identification number of the cardholder, dates of issue and expiry, of the cardholder and other essential features. The forgerers have not found it too daunting to counterfeit such a card nor have the hackers found it impossible to generate valid credit card account numbers. Multiple imprints of the credit cards have been made to commit frauds. Stolen or lost credit cards have been used to enter into a transaction. There have been reports of a high-tech crime ring that used a single computer chip to obtain credit

card numbers and personal information of cardholders in Taiwan. Losses of \$30.96 million in 1999 were 30% higher than in the previous year in Taiwan. The easy availability of the card-number generator software makes it a popular *modus operandi* for the hackers. With online business transactions on the rise, the law enforcement agencies have a daunting task on hand in all countries in the next few years. The credit card market has grown fast in Asian countries in recent years. In India where the average person is not credit card friendly, the annual card spending has grown to Rupees 70,000 million. With e-commerce set to gain increasing popularity, credit cards will become centerpiece of banking and personal financial relationship. The losses due to fraud in credit cards have occurred by the following categories:

(i) Counterfeit	32%
(ii) Lost cards	30%
(iii) Stolen cards	20%
(iv) Multiple imprint	5%
(v) Mail/Tele orders	4%
(vi) Others	9%

In Brazil, credit card fraud has become a major problem. The fraud is mainly perpetrated by cloning of credit cards. The cloning is mostly done abroad where equipment is freely available, whereas in Brazil the sale of such equipment is prohibited.

In Malaysia, the *modus operandi* used in credit card frauds is by using card number generators, skimming, mail/telephone order and using fictitious identity. Criminal groups have used Credit Master and Credit Wizard Software to obtain credit card numbers using computers and have produced forged credit cards with identical bank identification numbers. In the method of skimming, skimmer machine has been used to extract encoded data from a genuine card's

magnetic strip for making a counterfeit card. In commission of fraud through Mail/Telephone Order, counterfeit cards have been used for ordering goods/services via telephone or mail at boarding houses, vacant premises or motels. Sometimes, credit card is obtained by using fictitious identity and on receipt of the card, the fraudulent cardholders would embark on a shopping spree. In 1998, there were 104 cases of card fraud involving RM1.49 million while in 1999, there were 72 cases involving losses of RM624,480.

The use of Credit Card is not well pronounced in Nigeria, Tanzania and Uganda at present. However, some unscrupulous Nigerians, home and abroad, have been found to be involved in counterfeiting and theft of Credit Cards.

In the Philippines, there are Syndicates with intricate knowledge of computers and it is not much difficult for them to hack bank transactions, manufacture counterfeit credit cards or forge signatures. There have been reported cases of international gang operating in the field of credit card fraud. The Philippines PNP Intelligence Group was able to crack down on credit card scamsters in a well publicized case in 1997 with the cooperation of US Secret Service and INTBRPOL. The syndicate had successfully operated in the United States, United Kingdom, Hong Kong and Thailand earlier. The methods employed for card fraud apart from skimming are as given below:

- (i) Courier-Interception Method: The courier of the cards is bribed and the data is extracted for duplication of the cards.
- (ii) Cardholder access: The cardholder himself is bribed for permitting cloning of the cards.
- (iii) Merchant Access: The personnel of the business company are bribed

116TH INTERNATIONAL TRAINING COURSE  
REPORTS OF THE COURSE

to reveal information about the account numbers of the clients. The account numbers are cloned and operated by using fake identification documents.

In Japan, credit card fraud through counterfeiting, theft and misuse is becoming a serious problem. Organized criminal groups of Malaysian Chinese, Boryokudans and Hong Kong nationals have been found involved in credit card fraud. Hong Kong and Chinese groups possess a remarkable expertise in reading secret security numbers and counterfeiting cards within Japan. Besides, Iranians are reported to have indulged in Telephone card fraud.

Evidently, advent of e-commerce and online financial transactions has resulted in increased propensity on part of Organized criminal groups to commit credit card fraud as it provides anonymity and ease in operation.

#### IV. MONEY LAUNDERING

Money laundering is an integral part of Transnational Organized Crime. The Transnational Criminal Organisations have resorted to money laundering in different countries in an effort to legitimise the proceeds of crime. The extent of money laundering is difficult to estimate since it is an illegal trade for which no statistics is available. A rough estimate is that about 2-5% of the global GDP is the dirty money that enters the capital market every year. Experience in various countries shows that the general techniques to launder money are:

- (i) investing the dirty money in the legitimate business either through shell companies or through genuine companies in pseudo name;
- (ii) acquisition of assets by paying the

- requisite taxes;
- (iii) deposit of money in banks in non-cooperative countries and remittances through banking channels to the host country;
- (iv) use of non-banking channels in transfer of money;
- (v) over invoicing of goods in seemingly normal business transactions;
- (vi) routing of money through tax haven countries.

One of the popular methods of remittance among the Asian communities settled abroad who have to send money back home is hundi or hawala, an alternative non-banking remittance channel. The money is deposited with the local agent, who sends instructions to his counterpart in the native country to pay the money to the recipient. This is a fast and convenient method for transfer of money. This method is in vogue for a number of years. It has also been used by money launderers since there is no audit or accounting as the system works on trust. For example, in China, Triads have used this system and in India, Organized criminal gangs have used this system to launder their drug and illicit arms proceeds.

In Brazil, international Mafia have used ghosts beneficiaries, front and fictitious companies for money laundering. In India, money laundering is indulged in by corporate houses to evade taxes as well as by the Organized criminal groups to launder dirty money. Money laundering techniques include smurfing, establishment of front companies, acquisition of commercial and noncommercial properties, remittances through Hawala (Non-banking channel), over-invoicing and double invoicing, legitimate business and foreign remittances.

Furthermore, in Nigeria, money laundering has correlation with attempt to legitimise the proceeds of crime by concealing their true origin and ownership. The Organized criminal groups involved in drug trafficking repatriate money from abroad by direct purchase and re-sale of luxury items like cars and jewelry. The other methods include over invoicing of goods and trading in stocks and shares.

In Pakistan, money laundering has linkage with drug trafficking, smuggling, tax evasion and corruption. The methods adopted, amongst others, include hawala, investment in real estate, over invoicing of exports and under invoicing of imports.

There have been about ten cases of money laundering in Japan since 1992 when the law on money laundering was enacted. An Iranian group was reported to have remitted proceeds of drug trafficking to Middle East through banking channels. Boryokudans have also indulged in laundering of the proceeds of sale of stimulant drugs. Chinese 'Snakeheads' have used underground banks in their human trafficking activities in Japan for money laundering.

Undeniably, money laundering is an essential financial activity of Transnational Criminal Organisations to evade detection and enjoy the proceeds of their unwholesome activities. Therefore, the role of authorities in pursuing the money trail is becoming increasingly cumbersome.

## **V. MAJOR TRANSNATIONAL ORGANIZED CRIMINAL GROUPS**

Transnational Organized crime has spread its tentacles world wide endangering the foundations of the international civilised society and corrupting the political, social and economic systems. With rise of a global

market for illicit drugs and firearms. Transnational Criminal Organisations have blossomed forming new alliances to thwart the efforts of the international community to mount a crackdown on them. Chinese Triads, Russian Mafia, Colombian cartels, Japanese Boryokudans, Sicilian Mafia, Nigerian Criminal Groups and Turkish drug traffickers have continued to remain out of reach of the law enforcement authorities in different countries.

There are a few groups of Organized criminals that indulge in illicit drug trafficking in Brazil. The Nigerian group has developed a wide network of drug traffickers who have operations in all parts of the world. They have close relationship with the Colombian cartels. The group gets cocaine from neighbouring countries using Nigerians as couriers. Italian Mafia too indulges in drug trafficking using Europeans as couriers.

Snakeheads are Chinese Mafia indulging in illicit trafficking of human beings. They are operating in countries wherever there are Chinese settlers. Some of the major transnational organized crime groups operating in India are Dawood Ibrahim Group, Chhota Rajan Group and Babloo Shrivastava Group. The most dreaded group is the Dawood Ibrahim group, which has countrywide network and foreign connections. The group has indulged in all types of Organized crime like drug trafficking, firearms trafficking, money laundering, contract killings, smuggling and extortion. The group has acquired legitimate business activities in India, Hong Kong, Dubai and a few other countries.

Another group is the Chhota Rajan, a renegade group of Dawood gang, which parted ways after the 1993 serial bomb blasts in Mumibai. The group is reported to have a membership of about 800 persons.

116TH INTERNATIONAL TRAINING COURSE  
REPORTS OF THE COURSE

The major source of income of the gang is from drug trafficking and contract killings.

The third prominent group is the Babloo Shrivastava gang, which indulges in kidnapping for ransom and contract killings. They receive the ransom amount in foreign countries through hawala channels. Although there may not be any Nigerian criminal groups operating within Nigeria, but the Nigerians are reported to be members of Organized crime groups abroad. The main activities are drug trafficking, human trafficking and money laundering. In Nigeria, the groups are loosely Organized syndicates but have cohesive characteristics.

There are a dozen of identified transnational crime groups in the Philippines namely, Alfred Trionko, Lawrence Wang, Relly Barbon Gang, Solido Group, Paracale gangs, Andres Manambit Group, Chen Ling Tun, Chen Chi Chuing, Wein Kuen Keung, Wong, Kuen Alan Tong, Choo Yeh Leong and Yan Po Weng. Their illegal activities include trafficking in women and firearms and they have connections with Japanese Yakuza.

In Tanzania, Uganda and neighbouring countries, criminals do not function in an Organized pattern at present and crime is mostly perpetrated on individual basis.

In Thailand, criminal networks are involved in trafficking in women. There are at least seven families in Bangkok who recruit, sell and smuggle Asian women for prostitution throughout the world. They use forged travel documents for such trafficking to U.S.A, Japan, Canada and Australia.

The main Organized criminal groups operating in Japan are Boryokudans, Chinese Triads and Chinese Snakeheads. Boryokudans have 2500 organisations with

about 83100 members. Their main activities are 'protection money', drug trafficking, gambling and book making. The Chinese Triads are indulging in drug trafficking, firearms trafficking, human trafficking and robbery. They have alliance with Boryokudans in carrying out some of their illegal activities. Chinese Snakeheads are engaged in human smuggling using forged documents.

Transnational criminal organisations are invariably the canopy that nurtures and provides protection for the perpetrators of crime that have transnational character and scope.

## VI. CONCLUSION

In summation, the phenomenal upsurge in the international community of trafficking in stolen vehicle, card fraud, money laundering coupled with the emergence of transnational criminal organizations across the globe demands galvanized international effort to stem the trend.