

A PARALLEL CONTAGION

Exploiting the pandemic,
the mafia way



**GLOBAL
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In these interviews with Italian anti-mafia and organized-crime experts, we explore various ways in which mafia groups in Italy and overseas are exploiting the economic conditions created by the COVID-19 pandemic – from providing so-called mafia welfare services to capturing sectors of the legal economy, drug trafficking and money laundering.

The interviews are a sequel to our virtual roundtable with four leading figures in Italy's fight against the mafia, which discusses how the mafia is repositioning itself during the pandemic.

WE FEATURE INTERVIEWS WITH:

- **Roberto Tartaglia**, anti-mafia magistrate and the Deputy Head of the Dipartimento Amministrazione Penitenziaria, Italy's prison administration department.
- **Raffaele Cantone**, anti-mafia magistrate and former President of the Italian Anti-Corruption National Authority (2014–2019).
- **Giuseppe Cucchiara**, Director, anti-drugs services at Italy's Department for Public Security, part of the Interior Ministry, a role he has held since 2017.
- **Marcello Minenna**, Director of the Italian Customs and Monopolies Agency.

The interviews were led by Sergio Nazzaro, a journalist, writer and adviser to the Parliamentary Anti-Mafia Commission. Since November 2018, Nazzaro has served as the spokesperson for both the president of the Parliamentary Anti-Mafia Commission and Italy's Deputy Minister of the Interior. In January 2020, he was appointed voluntary spokesperson for Italy's Deputy Minister of Health for the duration of the COVID-19 crisis. Nazzaro is a member of the GI-TOC Network of Experts.

Raffaele Cantone

Anti-mafia magistrate and former President of the Italian Anti-Corruption National Authority (2014–2019).

Giuseppe Cucchiara

Director, anti-drugs services at Italy's Department for Public Security, part of the Interior Ministry, a role he has held since 2017.

Marcello Minenna

Director of the Italian Customs and Monopolies Agency.

Roberto Tartaglia

Anti-mafia magistrate and the Deputy Head of the Dipartimento Amministrazione Penitenziaria, Italy's prison administration department.



NAZZARO:

Does the mafia welfare exist in your perspective? And what does this entail for society?

ROBERTO TARTAGLIA:

Yes, it has always existed. In the past, mafia groups were formed to fill the vacuum left by the Italian state's absence. Historically, it is this vacuum that has provided their *raison d'être*, and it is what still makes them influential today. In moments of crisis, such as we are currently experiencing, the power of these criminal organizations, which stems from exploiting the opportunity to offer services to society that should be provided by the state, increases sharply.

The provision of services by the mafia in 'normal' times is usually limited to so-called protection (effectively, extortion). During a time of crisis, such as the current pandemic, mafia groups seek, opportunistically, to expand their service range – such as lending finance to companies in crisis. So, in this period, they are fulfilling what could be described as essential market needs in a constrained environment. According to recent statistics from the Italian interior ministry, it appears that, although there has generally been a dramatic decline in criminal offences during this pandemic, usury has reportedly been on the up. During phase 1 of Italy's

lockdown, mafia groups managed to infiltrate the economic life of corporations and individuals, lending money on terms that are hugely detrimental to the recipients, and in some cases leading to business stakeholders being compelled to renounce ownership of their companies.

Is this issue of an alternative welfare a specifically Italian phenomenon or is it more widespread?

The early 20th-century history of the mafia shows how they expanded, first to northern Italy from their southern roots and, later, beyond to Europe and other key markets worldwide where there were opportunities for growth. The entire world is affected by the mafia phenomenon, and has been for many years. Owing to the environment provided by the pandemic, mafia groups have sought to capitalize on the situation, expanding into European countries that provide sound economic conditions for investment.

For example, the data we have on crimes linked to mafia money lending suggests that the problem is significant, and the fact this is happening in Italy indicates it might well happen in other countries too. Much will depend here on the efficiency of states' responses. Readiness and immediacy on the part of governments

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Roberto Tartaglia

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to provide economic stimulus to the private sector are essential if we are to avoid indebted companies turning to mafia groups to obtain financing to keep them afloat. Of course, controlling the disbursement of these stimulus packages is essential – recipients must be cross-checked against the databases provided by the police and the state anti-mafia prosecutor's office.

You have been monitoring Cosa Nostra-linked businesses in the United States, where the pandemic has hit hardest. What is the risk of the mafia engaging in 'alternative' welfare in the United States?

The relationship between Sicily's Cosa Nostra and the local American mafia goes back a very long way. Recently, we have witnessed their close collaboration not only on matters related to mafia power and drug trafficking, but also on money-laundering opportunities for Americans in Italy and Italians in America. This is a significant new development, where money laundering becomes a primary illicit activity. Although we know this was occurring a year ago, we can only imagine what is happening today, during this crisis, especially considering the enormous liquidity of the American mafia and how this might be directed towards new laundering projects.

Mafia groups are prepared to launder cash in legal activities despite sometimes suffering huge losses in the process. This shows these criminal organizations are

ready to sacrifice cash in order to 'legalize' their money. Meanwhile, the pandemic has given rise to many more such opportunities for these criminal organizations.

Cooperation between international mafias will only intensify, as transnational activities are both profitable and harder to investigate. From this perspective, it is important that each country employs its own domestic internal instruments. However, this is also an opportune moment to strengthen the international and transnational instruments at our disposal, such as the Palermo Convention, which sees its 20th anniversary this year. It was not by chance that former leading anti-mafia judge Giovanni Falcone advocated the Convention, as it constitutes a concrete opportunity for member states' police forces, judiciary and enforcement authorities to close the gap on transnational crime and to collaborate in a more efficient way.

And it is not just America that is affected. I believe all countries are potentially exposed to criminal infiltration by mafia groups. Those who argued that mafias operate only in less-developed regions and countries have been proven wrong. Mafias may *originate* in economically deprived areas, but they look elsewhere for economic opportunities. The greater the opportunities to make money, the higher the risk of infiltration. This is why countries such as Germany, the United Kingdom and France in the European context are more exposed to this risk, although it is a risk that is generally widespread.

NAZZARO:

What is your opinion on the phenomenon of so-called 'mafia welfare' during the current pandemic crisis?

RAFFAELE CANTONE:

Over the last few years, mafia organizations have suffered a heavy blow; their authority and credibility have been eroded. It is crucial for them to claw back that consent, and this crisis is a perfect opportunity for them to take advantage of. The 'shopping bag' phenomenon – where *mafiosi* dish out welfare to people in the form

of free groceries – is toxic because mafia groups behave like this to buy social consent. Winning over community consent is achieved not only through intimidation, but also by buying social control over their territory.

When a person receives help from a *mafioso*, it is clear that, as a recipient of welfare, he is being coerced into being indebted to the *mafioso* in some way or other. There have been many examples of this in the past: people who hid mafia guns, who gave shelter to fugitives, or hosted their meetings.

Under the particular circumstances created by the pandemic we are currently facing, in what ways have the mafia exploited the crisis by capturing public procurement?

There have been plenty of new opportunities for mafia groups that have arisen during the advanced stages of the pandemic. Mafia organizations have shown their ability to offer 'welfare' services during the crisis, in a bid to elicit social consent, especially among the country's more vulnerable communities. And the large amount of money suddenly made available from the public coffers to deal with the pandemic, together with the need to spend it quickly, which reduces the normal level of accountability and oversight of procurement processes, has provided a perfect new opportunity for these criminal groups to exploit. For instance, to cite one example, we discovered 'businessmen' – let's call them – who have suddenly converted their operations into large-scale distributors of face masks; these businesses can turn over millions of euros.


In the future, we are going to see neo-Keynesian economic measures taken by the government where there will be a lot of money to invest in a short time. This will create the perfect conditions for mafia capture. The financial benefits are tempting for mafias: by taking advantage of the relationships they already enjoy in public administration, mafia-run companies could well be favoured over ordinary enterprises as preferred recipients of procurement tenders.

Mafia infiltration in Italy's state construction sector is a widely discussed criminal phenomenon. Is this purely an Italian problem or does it affect other EU countries too?

Evidence would certainly suggest that it has long been an Italian issue, although these dynamics do occur in other countries too. After all, the entrepreneurial spirit is a common denominator of criminal organizations the world over. For mafia groups, public-sector procurement in the construction sector is not only an instrument for the management of financial resources, but also a tool by which they seek to maintain their grip on their territory and leverage social consent. Numerous cases have also shown that public procurement is also used by the mafia as an alternative source of income to bribery.

Why is it proving so difficult to put an end to this infiltration of public procurement by the mafia?

Because it is not a simple undertaking: their techniques are highly sophisticated. To make the necessary link between a business and a mafia organization, it is often necessary to work backwards, and doing this is far from easy. Nevertheless, to an extent at least, the Anti-Corruption National Authority has been able to significantly limit the phenomenon. It is our interventions that mafia groups are most worried about.



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Raffaele Cantone

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NAZZARO:

What has happened to drug trafficking while the world has been disrupted by the pandemic? Has the drug trade stopped, or has it merely changed its spots?

GIUSEPPE CUCCHIARA:

The virus's rapid diffusion throughout much of the world is influencing lifestyles, economies, institutions and many other factors, which have negative consequences both for the people's everyday life and for governments. The virus has also affected drug trafficking which, although an illicit activity, is a trade whose performance largely depends on the normative functioning of legitimate economies around the world. When an interruption occurs along the global supply chains and transport networks, as is happening now with COVID-19, major criminal organizations and their drug-trafficking activities are affected. Think, for example, about drug manufacturing processes in clandestine labs that need specific products as inputs, which are hardly accessible even in normal market conditions.

Another problem facing criminal organizations is related to the transportation phase and its mechanisms. The main drug trafficking routes to Europe are from Latin America for cocaine, and from the east, especially Afghanistan, for opiates. In my opinion, cocaine

trafficking is still the major source of income for Italian criminal organizations, especially the 'Ndrangheta. For this reason, I pay special attention to cocaine trafficking, which is predominantly shipped by sea. The cocaine shipping traffic has contracted, as has trade in legal commodities from Latin America, owing to the pandemic. Given the current restrictions, criminal organizations are looking to different modes of transport.

As for street-level drug dealing, restrictions on people's freedom of movement have led to the development of new ways of operating for dealers and their markets. In Italy, we have witnessed dealers disguised as delivery drivers, others using car-sharing or taxis. While street drug dealing is developing new dynamics, the international drug supply trade has found itself in deep trouble, mainly because the routes for shipping drugs from one hemisphere to the other have been cut off. Containment measures adopted by numerous governments following the pandemic have resulted, according to our data, in a substantial decline in trafficking.

In Italy, given that the legal economy can slowly begin to resume now, will drug trafficking pick up again too?

It is still too early to tell, but it is not unreasonable to assume this might happen. And, as I mentioned, the

In Italy, mafia groups have made canny, timely investments in the agriculture and food sectors, the provision of medicines, medical equipment and healthcare products.

Giuseppe Cucchiara

Courtesy of the author



drug trade relies heavily on the healthy performance of licit trade. During this period, legal activities have almost ground to a halt, and this has had repercussions for drug trafficking as well.

We need to be circumspect here. The so-called phase 2 of lockdown is currently in place in Italy, but drug trafficking is affected by controls and restrictions in other countries too. For instance, in Peru, security measures adopted in regions where there is a large concentration of cocaine plantations have made it much more difficult for criminal organizations to source chemical precursors that are used in cocaine production. This has caused production to drop.

There is a market surplus of coca leaf production, but a shortage of precursors that are needed as inputs for cocaine production, and this has led to a drastic decrease in prices for coca, from about 60 euros to 10 euros for 1.5 kilograms. This has repercussions for the trafficking business: before the pandemic, the wholesale cocaine price in Peru fluctuated between \$900 and \$1 000 per kilogram; today it currently stands at around \$400 per kilogram.

So, we will have to wait for other countries to begin easing their economic restrictions to get a better picture of what will happen to drug trafficking here in Italy. What we do know about the trafficking market is that cocaine that is already in circulation in the supply chain in Italy – and in Europe in general – has increased in value because of the current reduced supply in the production markets. We have recorded a 30% rise in the price of cocaine both already present in Europe and for the small amounts that do manage to get shipped from Latin America. In the near future, we expect that the reduced supply of drugs will prompt a further increase in prices. We will be able to see it in the coming weeks.

Given the disruptive effect the pandemic has had on the drug trade, is this an opportunity for national and international law enforcement to deal a heavy blow to criminal organizations?

International law-enforcement agencies do play a role. But the truth is, the problem first needs to be addressed in the countries where drugs are produced. What concrete action can international agencies take? In Europe, for instance, we deal with product that passes through our borders, but the heavy blow you refer to should be dealt by the producing countries in Latin America – and this lies outside of our scope.

Interestingly, Albanian organized-crime groups have stepped up the trafficking of drugs to Italy using routes across the Adriatic. On 10 April, 20 kilograms of heroin and cocaine concealed in a truck were seized in Bari, while, more recently, the authorities intercepted another sizeable shipment of cocaine coming from Albania. In cases like these, when countries are geographically close, collaboration between the police agencies that specialize in countering organized crime is easier and more effective. However, when the commodity is coming from more distant countries, things get complicated.

In this context of cohabitation with the virus, how are criminal organizations adapting and taking advantage of the emergency situation?

Criminal organizations are extremely flexible. In Italy, mafia groups have made canny, timely investments in, for example, the agriculture and food sectors, the provision of medicines, medical equipment and health-care products, as well as the funeral industry, cleaning services, waste management and road transport. Mafia groups are known to be highly adept at restructuring and adapting. However, the COVID-19 health emergency has given law-enforcement agencies the opportunity, once activity fully resumes, to have a considerable impact on the drug supply chain.

And that means making life difficult for criminal organizations. Although the transnational drug trade depends on a number of external factors, domestic distribution has different dynamics, and in a period of tighter controls, it could suffer a tough blow.

With regard to drug trafficking, what role does the Italian market and, more generally, the European one, play in the global context?

Italy is predominantly a drug destination market, not a production market; it has high levels of consumption, from synthetic drugs to traditional ones. Italy's geographic position in Europe makes its ports key sorting centres for traffic destined elsewhere, thus making Italy a transit country too. However, this is true for most coastal European states. Large criminal organizations such as the 'Ndrangheta – which is considered the global broker of cocaine destined for Europe – move huge amounts of drugs destined for European states. The 'Ndrangheta could be behind shipments arriving at any number of Italian or other European ports – Gioia Tauro, Genoa, Antwerp or Rotterdam, for example.

According to some, during the financial crisis of 2007–2008 the proceeds of drug trafficking allegedly helped sustain a portion of the Italian economy, increasing

the level of underworld infiltration into the legal economy. Do you believe there are, at present, the preconditions for a similar situation to recur?

This is a risk that exists, and I would extend it from the threat of drug trafficking to the threat of the mafia presence more generally. It is evident that in the post-emergency phase, the threat posed by the mafia could really escalate. Mafia organizations have at their disposal an enormous amount of illicit resources that they can inject into the legal economy at a time where the private sector, in particular small and medium enterprises, are facing a liquidity crisis. Here, the so-called mafia welfare, widely discussed elsewhere, could become a reality. I agree with those who believe the current period brings a genuine risk of further criminal infiltration into corporate structures and the legal economy in general, by providing the necessary liquidity or through loan sharking. In the post-emergency phase, mafias may very well consolidate their presence in the legal economy, and at the same time leverage the level of social consensus that they enjoy.

NAZZARO:

What are the conditions, at a transnational level, that mafia groups look to exploit during the pandemic?

MARCELLO MINENNA:

The opportunity to import goods for which there is currently an excess of demand is undoubtedly creating the conditions for speculative criminal activities, including money laundering and illegal overseas money transfers in order to generate reserves of cash overseas that can be used to finance illicit activities. The process works typically as follows: a person or entity makes a payment to a supplier abroad that exceeds the market price for the goods. The transaction is camouflaged by what appears to be routine trade during this period of heightened demand, generating money in a foreign country, or tax haven, that can then be used for illicit purposes.

Is the pandemic providing an opportunity for mafias to launder money?

Yes, absolutely. And the customs agency can play a significant role in terms of prevention because it keeps track of the financial reports related to these operations. The agency can detect operations that present such price anomalies, and reports them to the relevant authorities, including the Direzione Nazionale Antimafia (National Anti-mafia Directorate), to verify the anomalies.

We are talking here about transactions where the products themselves would appear to be in order and those involved are not recorded in our intelligence system. The only anomaly lies in the mispricing. When we detect this kind of misinvoicing, we initiate an investigation. If the identified suspect is not a regular importer – for example, of medical supplies – we examine their details more closely. It would be a red flag

to us if a person were to suddenly engage in the export of medical supplies during the COVID-19 crisis if he had never been involved in that line of goods before. And even more of an alarm signal if he or she is already recorded in the custom agency's intelligence system.

Another issue we are looking out for is substandard product quality – for example, currently transactions involving personal protective equipment that does not meet standards or is not accompanied with the statutory quality certificates. If we do detect a consignment of counterfeit or substandard goods in transactions that involve suspicious individuals, they are detained by customs.

How do mafias take advantage of the differences in European regulation systems?

The challenge here – and I speak for the Italian customs agency – is that customs authorities do not have access to information about all goods that are imported and exported across the EU's numerous borders. And this includes mafia-controlled supply chains. Consequently, we do not know how or when counterfeit goods – including products in high demand during the current pandemic – enter the EU. We do know that there are substandard goods in the supply chain that may have entered a country through illicit international trade corridors. In such cases, the goods either do not pass through customs control, because irregular channels are used – smuggling, basically – or organized-crime groups use regular cross-border channels but they select European ports and airports where controls are less strict.

The opportunity to import goods for which there is currently an excess of demand is undoubtedly creating the conditions for speculative criminal activities.



Marcello Minenna

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BIOGRAPHIES

ROBERTO TARTAGLIA is an Italian anti-mafia magistrate and the Deputy Head of the Dipartimento Amministrazione Penitenziaria, Italy's prison administration department. Tartaglia formerly worked at the Palermo district anti-mafia directorate, where he led numerous organized-crime trials, including the Mafia-State Pact trial. He also worked on several investigations, in collaboration with the FBI, into connections between the Sicilian mafia, the Cosa Nostra, and the American mafia, which led to the arrest of a number of mafia fugitives. Tartaglia headed several other key investigations, including the homicides of the then President of the Region of Sicily, Piersanti Mattarella (brother of President Sergio Mattarella) and police officer Antonino Agostino, the theft of the Caravaggio's *Nativity with St Francis and St Lawrence*, and the recent investigation into the assassination of anti-mafia activist, Peppino Impastato. In May 2019, Tartaglia was appointed consultant for the Parliamentary Anti-Mafia Commission. On 30 April 2020, amid the prison crisis, Tartaglia was appointed Deputy Head of the Dipartimento Amministrazione Penitenziaria.

RAFFAELE CANTONE is an Italian anti-mafia magistrate and former President of the Italian Anti-Corruption National Authority between 2014 and 2019. After entering the judiciary in 1991, Cantone was deputy prosecutor at the Court of Naples until 1999, when he joined the district anti-mafia directorate, until 2007. During this time, his primary focus was investigating the Casalesi clan of the Camorra, during which he was behind many of the clan's convictions, including that of Francesco Schiavone. He also conducted investigations into the Casertano clans, uncovering and foiling trafficking operations in a number of European countries. After leaving the district anti-mafia directorate, he joined the Office of the Supreme Court of Cassation and in 2011 Minister of Public Administration Filippo Patroni Griffi appointed him as member of the commission established to draw up proposals to combat corruption. In 2014, he was appointed President of the National Anti-Corruption Authority (ANAC). In 2019, he resigned from this position and returned to the judiciary. He is the author of several books, including the autobiographical *Solo per Giustizia* (2008), *I Gattopardi* (2010), *Operazione Penelope*

(2010), *Football Clan* (2012), *La Nuova Autorità Nazionale Anticorruzione* (2015), *Il male Italiano. Liberarsi dalla Corruzione per Cambiare il Paese* (co-authored with G. Di Feo, 2015), *La Corruzione Spuzza* (with F. Caringella, 2017) and *La Coscienza e la Legge* (with V. Paglia, 2019).

GIUSEPPE CUCCHIARA is the Director for Anti-drugs Services at Italy's Department for Public Security, under the Ministry of Interior, a role he has held since 2017. Since 1985, when he joined the police service, he has carried out investigative work and has gained considerable experience in the fight against mafia organizations from Sicily and Calabria. In the early 1990s, he was appointed chief of the State Police Investigative Unit in Agrigento. Soon after the murders of Judges Falcone and Borsellino, together with their security guards, by the mafia in 1992, he moved to the State Police Investigative Unit in Palermo and became head of the anti-mafia section. Later, he became head of the State Police Investigative Unit in Reggio Calabria. He held this office until 2002, when he became the head of the State Police Investigative Unit in Palermo. In Palermo, he was also Chief of Cabinet at the State Police Provincial Headquarters and deputy head of the State Police Provincial Headquarters. In 2010, he was promoted to the rank of Dirigente Superiore. He was Questore in Vibo Valentia, Brindisi and Messina. He was appointed Dirigente Generale di Pubblica Sicurezza by Decree of the President of the Republic. On 2 June 2018, he was awarded the honorary title of Commendatore of the Order of Merit of the Italian Republic.

MARCELLO MINENNA is director of the Customs and Monopolies Agency in Italy. Prior to his appointment, Minenna was head of the quantitative analysis unit in Consob (the Italian Securities and Exchange Commission) and Academic Fellow at Bocconi University. He has pioneered research in the field of quantitative methods applied to the surveillance of financial markets focused on insider trading analysis, market abuse detection and risk disclosure. These indicators have received the support of distinguished members of the international academia. Between 2017 and 2018, he was called upon by the Organized Crime Fight Group at the Ministry of Justice to contribute his expertise to develop investigation and enforcement means to quash the increasing use of such technology by international criminal organizations.

SERGIO NAZZARO writes investigative reports, mainly on national and international organized crime, with particular reference to the mafia of African origin. He has written many books, the most recent being *Castel Volturno: Reportage on the Mafia African* (Einaudi, 2013) and *Nigerian mafia: The first investigation of the antitrafficking task force* (Città Nuova, 2019). For the Italian Wired magazine, Nazzaro broke the story on the last secret NATO bunker in Italy. In 2013, he was awarded the 'Peace Witness – Press section' prize.

Nazzaro is also an adviser to the Anti-Mafia Parliamentary Commission as a Camorra expert and foreign-mafias expert, with particular relevance to those of African origin. Since November 2018, Nazzaro has served as spokesperson for both the President of the Anti-Mafia Parliamentary Commission and also as the spokesperson for Italy's Deputy Minister of the Interior. In January 2020, he was appointed as the voluntary spokesperson for Italy's Deputy Minister of Health for the duration of the COVID-19 crisis.



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