A HANDBOOK FOR
COMMUNITY RESPONSES
TO
COUNTERING EXTORTION

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ABOUT THIS HANDBOOK

Extortion is a pervasive global problem that threatens developing and developed countries alike. Defined as the process of extracting monetary or other forms of payments by means of violence or the threat of violence, extortion now permeates all levels and facets of commerce and reaches into all echelons of society around the world. From large corporations, to small-scale and informal businesses – few are spared its clutches.

Extortion has taken hold in a myriad of contexts, from public-transport networks and informal vendors to public services and utilities, such as education and water distribution, as well as affecting the lives of individuals. The countries where extortion has taken hold vary enormously. The fragile, violence-plagued countries of the Central American Northern Triangle (Guatemala, Honduras and El Salvador) have been crippled by this criminal activity. But they are by no means alone in this global permeating problem: urban powerhouses in Africa and Asia – such as Cape Town, Karachi, Lagos and Hong Kong – as well as significant parts of the US and Europe are also having to deal with serious extortion problems.

The dynamics that allow extortion to embed itself in a particular context or geography may vary, but its impacts tend to be similar. Extortion attacks the order and systems of governance and erodes social confidence in the state. It ultimately reduces the quality of human life, people's productivity and their right to be free.

The purpose of this handbook is to provide a clear understanding of what extortion is and how it manifests itself in different regions and communities around the world. It identifies successful community-based practices designed to prevent extortion, and proposes recommendations, action plans and guidelines to counter extortion.

The **first section** unpacks definitional understandings of extortion, and explains the variables and typologies of extortion schemes. It assesses the impacts of extortion and the challenges facing the forms of responses that are commonly adopted by states. It also explains the trajectory, or life cycle of the extortion economy, and how a collective approach is crucial if any effective response measures are to be sustainable and robust.

Prevention is better than cure, and **Section 2** looks at how communities and businesses under threat of extortion are well advised to take collective pre-emptive measures to help mitigate the potential risks they face, before the extortion economy becomes entrenched and, worse, normalized.

Section 3 provides real examples of measures and programmes adopted by businesses, the authorities and communities around the world to respond to the impact of extortion and help diminish its effect.

The handbook applies a mix of theory, practical analysis and real case studies of anti-extortion interventions from different contexts around the world (successful and otherwise) to contextualize the political economy of extortion and provide practical ways of understanding this growing global threat.

Designed as a worldwide resource for community leaders confronting the scourge of extortion, it presents a framework for (re)conceptualizing extortion and understanding how it evolves and takes hold. It also proposes strategies and solutions to help counter this widespread form of organized crime.

The comparative analysis of extortion in various global contexts provided here will help communities to build capacities and formulate solutions that can be replicated elsewhere. Given the vulnerability of victims of extortion, applying lessons learned from cases where efforts to reduce or eliminate extortion have succeeded is fundamental to establishing guidelines for countering the problem successfully.[1]

UNDERSTANDING EXTORTION

Defining extortion and how it operates, and why understanding the crime is key to countering it

EXPLAINING EXTORTION

Extortion can be defined as the extraction of money, goods, services or loyalty through the threat of force. For policymakers, extortion is best understood as a forced payment made by an individual or institution in either money or services in response to the threat of physical violence.

For extortion to succeed as a criminal activity, a person or group with the ability and demonstrable willingness to inflict violence on their targets must be present.[2] Extortion relies on periodic, and often symbolic, violence to ensure compliance and demonstrate what the individual extortioner – or group imposing extortion demands – is capable of. This creates a climate of terror among communities and victims targeted by extortioners. The knowledge that groups perpetrating extortion are capable of such violence means that people will pay under threat – without acts of violence having been necessarily enacted.

Extortion operates in both legal and illegal markets, and in some cases extends beyond economic activities. In some regions where extortion is prevalent, extortioners choose to target ethnic groups and minorities. Extortion is quintessentially territorial – the criminal groups who impose it sometimes use their control over a certain area to operate other criminal enterprises. Victims are forced to pay for 'protection' when they travel on transport systems, or enter or pass through gang-controlled territories, or cross international borders. Sex workers, night-life businesses and street transactions related to drugs are also 'taxed.'

1.1.1 Variables in extortion schemes

Extortion has three main variables:
- The structure of the criminal organization
- The organization's presence and territorial dominance
- The relationship between the victim and the extortioner

Extortion can be either systemic or opportunistic, depending on the strength of these variables. When a criminal group can control and administer violence in a territory, it will most likely have a sustainable ability to extort and, in such cases, extortion will become systemic.[3]

Extortioners aim to control some aspect of economic, social or political life, and squeeze out or supplant legitimate forms of governance. Certain extortion activities are confined to geographic locations, and are also applied as a 'tax' on the movement of goods and people at designated chokepoints.[4] The latter can be seen as a case of criminal governance replacing or challenging legitimate government authority. Extortion can also target specific parts of an economy, even in strong states with effective systems of regulation and enforcement.[5]

The rapid growth in the spread of cheap cellphones and, later, smartphone technology have been major drivers of extortion. Widespread cellphone use around the world opened up new criminal opportunities. Extortioners ring phones to threaten their targets or target them through widely available messaging apps,

such as WhatsApp and Facebook Messenger, often sending threats and images, which reinforce a culture of fear, and allow them to threaten people without making direct physical contact. Before the arrival of cellphone technology, extortioners would leave written notes or threaten their victims face to face – methods that were more time-consuming and less systematic than telephone extortion.

Platforms like Facebook, Twitter and WhatsApp also allow extortioners to publicize their activities and promote their capacity for violence. This practice is common in countries like Mexico, where the use of video propaganda distributed virally is a key terror tool used by groups such as Mexico's Cártel de Jalisco Nueva Generación (New Generation Jalisco Cartel).

EXTORTION TYPOLOGIES

PROTECTION: Violent groups demand payment in return for 'protection.' This can begin as a fee for providing security from a legitimate threat by an external actor, but research shows that it can quickly evolve. Those providing the protection convert the primary threat from: 'pay up and we protect you from them' to 'pay up, or we hurt you'.

TAX: A regular payment, either a flat fee or a percentage of a business's turnover, which is demanded by the group in return for allowing the business to remain in operation. Threats are issued against business owners, or their clients, to boycott specific businesses, and amounts are usually calculated to be sustainable for the business to pay without going under.

TOLL: A fee is demanded to allow people or goods to pass through a controlled territory, access point, or piece of infrastructure, or for using a service. Examples are commuters made to pay a toll for using a bridge or a bus station, for example, or children who are forced to pay before being allowed into school.

These different forms of extortion tend to mirror fees levied by the state to raise revenue.

The practice of extortion intersects with the state in some way – either through its absence, its weakness or its readiness to compromise, or even collaborate with the extortioners. Where the state is absent, for example in gang-afflicted areas, local businesses and households may perceive protection payments as essential to maintain their security. In some cases, the state may be aware that extortion schemes exist; in others, they may involve individuals or even parts of the state-security or law-enforcement apparatus, who themselves take a cut. Agreements may exist between the authorities and perpetrators of extortion, particularly in major cities and where extortion involves illicit markets. Such criminal schemes are tolerated by the state on the condition that violence is kept to a minimum, or that only victims operating in illicit economies are targeted, leaving legitimate businesses unharmed.

1.1.2 Extortion as a 'service'

Extortion is a practice that serves only the extortioners and those who collaborate with them; it is a racket existing to enrich itself.[6] However, extortioners may also seek legitimacy and social capital as part of their strategy. Hence, in order to justify their practices, criminal groups emphasize how insecurity puts citizens at risk and demonstrate the state's inability to provide protection to the population, and offer their own proxy 'protection' in exchange for a fee.[7] The contorted logic is that, if the state, which has a monopoly on protection and enforcement, cannot or will not provide it, then, by necessity, it should be contracted out. The difference between a genuine protection or security service and extortion lies in the fact people have no choice but to pay in the case of the latter.[8]

In some contexts, the groups levying an extortion tax will also provide social benefits to the parties they demand money from, which enhances the normalization of the 'tax', as the targets also receive certain benefits.[9] In many countries, extortioners are perceived to compare favourably with state law enforcement or judicial institutions, whose activities are also often predatory.

Extortion groups aim to find a balance between winning a degree of acceptability ('we provide a service')

The rapid growth in the spread of cellphones and smartphone technology have been major drivers of extortion.

with the ever-present threat that they will mete out violence against those who do not comply with their demands. The language and symbolism of extortion as a service, or of a parallel utility to support the authorities, often emerge in interviews with both victims and extortioners. Industries that promise security, such as private security firms, night-club protection rackets and militia-style forces, often cloak their demands in the language of the legitimate provision of such services. Private security in particular is one industry that has proven prone to becoming a hotbed for extortion,

arguably because there is insufficient regulation in place over the sector.

Extortion is an extension of criminal governance, in that the extortioner seeks to maintain territorial control through the persistent threat of violence. It differs from unconventional or alternative governance forms, where tribal or local authorities maintain political power or security structures that hold popular legitimacy.[10] Hence, such criminal groups can rival the state, and become arbiters themselves of functions normally provided by the state, despite also being predatory.

1.1.3 Impact of extortion

Extortion is highly damaging in several different but interconnected ways. It is one of the most corrosive examples of the effects of organized crime on society, yet the complex forms in which it manifests mean that it is often underestimated or ignored by policymakers.

Studies have tended to focus on the economic repercussions of extortion, examining, for example, how it stunts economic growth and development. In stable extortion economies, rates of payment appear to be carefully calculated by those demanding them, which allows some space for negotiation. But where extortion fees are poorly calculated, businesses are known to be forced into bankruptcy or close down. Businesses are understandably hesitant to move into areas where extortion is known to occur.

But the impact extends beyond merely the economic sphere. Extortion produces and sustains a culture of insecurity that reverberates across societies at many levels. The nature and complexity of the practice often targets the most vulnerable, including children. Extortion affects people's livelihoods, limits their mobility and undermines the fabric of trust within communities and with authorities. Where extortion is targeted at individuals living in impoverished communities, as is the case in parts of the Northern Triangle, threats often become more brutal and the value of life is diminished.[11] In some communities, extortion is as significant a cause of homicide as deaths related to the drug trade.[12]

Criminal organizations that perpetrate extortion often seek to control entire areas and communities, making the impact of this crime embedded and widespread in certain regions. If an individual decides to resist extortion demands, violent reprisals are often deployed to spread fear to others who may also be considering standing up to the extortioners. This way, extortion relies on sowing a collective, communal fear of the perpetrators' capacity for violence.

The deployment of extortion is a systemic practice that thwarts the capacity of the state to govern and protect a community. Criminal governance usually grows amid distrust of state institutions, or where state presence is weak. The inability of individuals or communities to resist extortion then feeds violence and further hampers the state's presence, and people caught in such an environment live in constant fear. It is a perpetuating cycle. Armed groups and criminal organizations are vigilant in protecting the source of their funds, and quick to enact retribution against those who do not cooperate. The financial incentive, coupled with the threat of violence, often coerces government or state officials to turn a blind eye, or become complicit in the extortion economy.

Extortion is also a major driver of displacement and migration, which is another reason why policymakers should be concerned about its existence and take measures to address it. Under threat, residents are forced to

IMPACT ON EDUCATION

Extortion rackets, and the territorial control linked to them, restrict the access of residents to vital social services – a factor that overwhelmingly harms women and children. In Honduras, for example, schools have been forced to close because of extortion, and attendance has declined because of the targeting of pupils.[13] In April 2018, police were deployed in 53 schools across the country to combat extortion.[14]

This also happened in El Salvador, where extortion and gang threats reportedly gripped 60 per cent of the nation's schools in 2016 alone, causing an estimated 3 000 children to drop out of education.[15]

escape their homes in the face of extortion demands and are displaced internally. In some severely affected regions, such as the Northern Triangle, they attempt to migrate to the United States. Their journey through the Central American and Mexico corridor is treacherous at best and can be fatal at worst. And migrants who do manage to reach the United States border find that it is becoming increasingly difficult to cross illegally or to be admitted legally.

Thus, an equilibrium in the extortion environment is established and maintained: extortion is ignored as long as it remains hidden and the violence connected to it is contained. This means that although extortion is clearly a problem that has to be addressed, it is under-researched. Few are willing to speak out about how these arrangements function, so there is scant reliable evidence on which to predicate policy. The reporting and publicizing of extortion are key potential responses to it – and this is why the criminal groups involved do their utmost to prevent victims from speaking out about it.

Community responses addressing the social roots of extortion are just as critical to interrupting the cycle as legal measures.

1.1.4 **The challenges of responding to extortion**

The risks of reporting extortion are high, the process is onerous and the penalties handed down to individuals for reported acts of extortion are generally minor. Furthermore, apprehending a single perpetrator has little effect in the larger extortion cycle and limited negative repercussions on the criminal organization behind it.

Extortion is difficult, if not impossible, to prosecute collectively, yet responding to it as merely a set of individual, isolated offences is frustrating for communities who live under its continuous permeating shadow. That approach fails to address the collective nature of the fear and control perpetrated by extortion rackets. As an extorting group becomes more established, individual instances of violence may diminish as the overarching threat of retribution becomes powerful enough to ensure payments are enforced. As society grows more accustomed to living and working under this form of criminal governance, communities become more compliant to the omnipresent reality of extortion.

The imposition of extortion rackets and the collection of payments constitute a powerful form of local political-economic control. Protection payments are an important element of a wider-ranging criminal governance: by succumbing to demands for payment, individuals and businesses ultimately capitulate to the crime bosses imposing them. Given the nature of gang control and power, and the weakness or absence of state law enforcement in such communities, the targeted victims are hamstrung and left with little option but to comply. Resisting is often not a viable response.

Another response challenge is that extortion often coexists with the broader phenomenon of gang cultures, organized crime or terrorism and, consequently, policymakers may consider it a secondary concern to reducing or preventing violence. But given the myriad of negative impacts outlined above, policymakers should make fighting extortion a top priority. In regions with high levels of crime and violence, the socio-cultural effects of extortion help sustain criminal governance. Therefore, removing criminal groups would be a valuable step in dismantling their social and economic power.

State responses to extortion are often restricted and ineffective. At times, they involve government security institutions – police forces, anti-extortion divisions and intelligence services – that are themselves part of the extortion cycle. Therefore, citizens often distrust government agencies and messaging, and don't use the state channels for recourse. Corruption within the state hinders the process of finding successful institutional solutions to halt the practice. This is compounded by poor legal capacity and a weak judicial sector in some developing nations, which constrains the ability of states to react comprehensively to extortion rackets.

The key question then arises, when state responses are inadequate or capacity-constrained, can communities find alternative solutions to counter extortion, as opposed to relying on the state's toolkit to address the problem? Community responses addressing the social roots of extortion are just as critical to interrupting the cycle as legal measures. Identifying the way communities have responded to extortion and have generated initiatives to counter it is essential if policymakers are to better understand their needs and envision a solution.

THE LIFE CYCLE OF EXTORTION

There is a cyclical trajectory that extortion economies tend to follow, which policymakers can observe to help identify, analyze and anticipate how their local extortion context might evolve. It can also help stakeholders develop responses based on which stage their community is at within the life cycle.

Life cycle of extortion.

1.2.1 Preconditions: financial need and reservoirs of violence

Limited access to the legal employment market, or situations where such opportunities are unequally distributed, is one of the most common preconditions for extortion. When opportunities for livelihood are severely constrained, extortion can become a revenue source to which people turn to generate an income. These conditions are often present in contexts that are not regulated or well serviced by the state.

Likewise, those who are marginalized or unprotected by the state are frequently some of the common victims of this crime. Ethnic and economically marginalized minorities, for example, or stigmatized populations are frequent targets because of their vulnerability and lack of state protection.[16]

The other essential ingredient is ready access to a recruitment pool of violence. This is provided by experienced actors, such as former combatants, organized-crime groups, military or police personnel, or street gangs, depending on the context. Sometimes these sources of deployable violence are the perpetrators of extortion; sometimes they are brought in to provide the muscle.

1.2.2 Initial extortion successes

Extortion often begins with legitimate or quasi-legitimate appeals for resources to support a specific cause. As this system evolves, individuals and businesses become accustomed to making financial contributions, which are levied initially on an extraordinary basis, but can then become normalized into a standing tax over time.

1.2.3 Sustaining group identity

To practise extortion systematically, the perpetrating group needs a recognizable, sustainable identity – essentially a form of a 'corporate brand'. This may well begin as part of the second precondition, in that a group capable of inflicting violence often has a pre-existing identity, but a broader group identity may emerge, serving to band disparate agents into a recognizable network that ensures their loyalty. The Mara gangs of Central America, for example, when they first formed, tattooed themselves with gang numbers and symbols as a sign of their allegiance to the group 'brand' (although they no longer do this in an attempt to keep a lower profile). The Zetas, when they formed in Mexico in the early years of the new millennium, were defined by their military training and brutal use of violence, which was then mimicked by other criminal organizations.

All members of the group know their ability to extort their targets would be much more limited if they operated alone outside of this group identity. They also know that if they were to try to circumvent their gang by operating independently, they would be likely to be brought violently into line.

The identity aspect of the extortion economy is what transforms it into a socio-economic phenomenon and a form of criminal governance.

DUBIOUS DONATIONS

In Karachi, collections were initially made in the name of *zakat* – donations made to the poor, which is one of the five pillars of Islam – or as a political donation. Beginning in the 1990s, the Muttahida Qaumi Movement (MQM), a political party short of funds, began to push the concept more aggressively, demanding financial support in a system that came to be known as *bhatta*, meaning 'protection'.[17]

According to estimates, by the end of the 1990s, MQM was raising some 765 million Pakistani rupees (about US$4.8 million) a year. The money was used for acquisition and storage of weapons, arms training, funerals and welfare of bereaved families of workers who had died working for the party, medical treatments of injured workers, public relations, for legal defence and bribing witnesses in legal cases against the party.[18]

MOTORBIKE GANGS

A case study of extortion groups operating in Germany showed that groups with the greatest potency use membership of so-called outlaw motorcycle gangs (OMGs) as a defining identity feature.[19] OMG members are overt in their affiliation, often wearing certain attire, and displaying badges or tattoos that denote their affiliation and rank. Their use of names, symbols, badges and slogans is replicated in multiple chapters across the world, and battles between competing groups play out in different countries.

Membership of OMGs is growing across Europe[20] and in other developed nations, including the US, Canada and Australia.[21] OMGs are a social structure that originally began in the post–World War II era, giving identity and purpose to many thousands of recently demilitarized soldiers,[22] and reflecting the precondition of a reservoir of violence. In Germany, OMGs have become heavily involved in the protection of clubs and bars, involving extortion and illicit debt collection.[23]

1.2.4 Expansion and emulation

Like any business looking further afield for growth opportunities, extortion movements often try to extend their reach in order to increase their profits. In so doing, they expand from the areas where they originally established operations into territories where their identity and dominance have yet to be fully realized. This process brings them into conflict with potential territorial rivals.

Another trend that has been identified shows that extortion practices by one group that are seen as successful tend to be copied by other criminal groups working in the same area. In large urban spaces, establishing a monopoly on territory is difficult for criminal groups – the range that they can exert control over may encompass only a few blocks – so replication by other criminal groups of extortion activities that are seen to work is inevitable and common.

GREEN GOLD

In Mexico, the extortion of avocado farmers has become a chronic problem. In the early 1990s, an organized-crime group hacked into the national agricultural ministry's data systems and accessed records of all avocado growers, the size of their farms and their turnover, according to Mexican newspaper *Reforma*.[24]

The New Generation Jalisco Cartel used this information to identify targets and appropriately calibrate the sums they could extort from one of Mexico's most lucrative industries.[25] A report of the Attorney General noted: 'The avocado producers were charged a quota and those that resisted, or the families of those, were kidnapped or murdered … until they ceded.'[26]

Once the strategy proved successful, other criminal groups in Mexico, including the Michoacán-based Knights Templar, began to copy the practice. The extortion tax on the avocado industry was estimated to be worth US$2.2 billion in 2016.[27]

1.2.5 Competition and disruption

Extortion groups often ratchet up the levels of violence over competition for territorial reach and influence. When competition between groups intensifies, disruption of extortion markets may constitute a critical opportunity for change. Disruption in a market may eventually lead to conflict.

The degree to which such conflict is exposed influences the level of state enforcement responses. If such conflict is inconspicuous, it is more likely to lead to little or no intervention by the state. Criminal groups that operate in tourist markets, for example, are often subject to the threat of punitive state controls, which keeps inter-gang violence to a minimum regardless of the level of acrimony and competition that may exist between the operators.

Young democracies or economies in transition, especially in cases where there is accompanying security-sector reform, are particularly vulnerable to rising levels of extortion. In periods of transition, the state military and law enforcement agencies can become abusive and predatory towards local populations.[28] In any political transition, the status quo of political power is likely to change and, with it, opportunities may arise for new actors who already hold social and economic legitimacy, and the capacity for violence to insert themselves into the democratic process. Changes in leadership also often require a renegotiation between local political criminal powers.

However, transitions also present an opportunity to weaken the hold of extortioners. Policymakers need the tools to identify and exploit those opportunities for positive disruption when they arise.

Disruption of extortion markets may itself be cyclical. If the same preconditions remain, it is likely that the market reconstitutes itself with new players.

DAYLIGHT ROBBERY

Until the lockdown regime came into effect under COVID-19 in March 2020, the underworld protection rackets in Cape Town focused mainly on extorting entertainment businesses in the night-time economy. Then the pandemic struck South Africa, and nightclubs and other evening venues were forced to close down under the country's strict measures introduced to curtail the spread of the virus in an attempt to avert a major public-health crisis.

As extortion revenue extracted from nightclub owners began to dry up during the months of lockdown, gang bosses took their intimidatory tactics elsewhere, disrupting a long-established criminal economy. Reportedly, several owners of restaurants, cafes and hotels, which were permitted to trade under certain conditions during daytime non-curfew hours, were approached by armed men demanding protection fees, some believed to be in the hire of alleged Cape gang boss Nafiz Modack. Modack has denied the allegations. According to the owner of one downtown Cape Town night establishment – who said he had received death threats in August 2020 after he had spoken out on his Facebook page against intimidatory tactics by racketeers – as nightclubs went out of business, the protection rackets seemed to 'try to make up for lost turnover and conquer a new industry'. He said that several businesses that had never previously been forced to pay protection insurance to the gangs had been approached for sums of money up to around the equivalent of US$1 200 a month.[29]

1.2.6 Normalization

Extortion committed on a regular basis becomes racketeering when one criminal group establishes a monopoly over territory. A well-calibrated extortion strategy exacts a toll, but not too much, on the community. As author and criminology expert Federico Varese puts it, 'Mobsters do not overcharge their "victims".'[30] This way, businesses and society learn to tolerate and absorb the tax, getting used to paying regularly and on time.

Continual extortion makes victims accustomed to it over time. As this step in the cycle unfolds, levels of violence often go down and interactions with organized crime and violent actors become normalized.[31]

1.2.7 Institutional infiltration

One of the final stages in the cycle of the extortion economy is when the group infiltrates public and private institutions at all levels.

Groups that have successfully wielded extortion as a means of economic and social control can often transition their street-level criminal governance into the legitimate sphere, buying influence, political office, taking over whole industries and pushing out competitors. Once there, they can continue the process of normalization further, sealing their criminal-regulatory role in a formalized context, as they are recognized as official political parties, interest groups or economic actors.

CRIMINAL GOVERNANCE OVER SOCIETY

The Japanese Yakuza is among the most advanced and established of groups practising extortion at an institutional level. The group is well entrenched in social institutions, with historical and resilient links to the Japanese government. Extortion is one of the many ways in which it practises social control, and it has become one of the accepted ways to control the country's night-time and illicit economies, preventing the disruption of businesses and providing conflict resolution.

The Yakuza has also inserted itself into vulnerable points of the legitimate economy, including labour negotiations, credit arrangements, dispute resolution and bankruptcy proceedings.[32]

1.2.8 When counter-responses trigger new cycles of criminality

One of the greatest challenges in responding to extortion, particularly through law enforcement, is the extent to which extortion economies are able to capture and absorb those very agents that police them. Any official in a position of power is also able to extort, and it is common for police, the military or justice officials to extort both the communities in which they work as local gangs and criminal groups themselves.[33]

Another negative impact of counter-responses is that they can often have unintended consequences. The mass incarceration of gang members in the Northern Triangle countries is an example of this. Central American governments resorted to rounding up and jailing thousands of gang members during the early 2000s to combat gang presence. But this served to exacerbate and consolidate the gangs' grip on society. It provided the *maras*, as the gangs are known locally, with their own safe headquarters, from where they were able to form national structures, first in El Salvador, then in Honduras and Guatemala. This dynamic was reinforced by the segregation of gang members in prisons to keep them apart from other inmates. Extortion eventually became their main source of income.

With the adoption of *mano dura* in 2004, in El Salvador, for example (a policy that was eventually annulled by the Constitutional Court) police had the power to stop, search and detain suspected gang members. Some law-enforcement officials and experts believe these sorts of legal instruments and interventions aggravated the phenomenon and led to greater organization among the gangs.

When state structures fail to respond or provide inadequate counter-actions to extortion, local residents and groups of victims can take matters into their own hands. Communities overwhelmed by extortion have created vigilante armies, or hired the gangs to protect them, often escalating the violence levels. Where vigilantism solves one problem, it creates another.

VIGILANTISM IN MEXICO

In the Mexican state of Michoacán, vigilante groups formed in 2010 to break the cycle of drug violence have turned into the next generation of the protection/extortion cycle.

In 2016, Mexico's national commission on human rights recommended that the government investigate the integrity of these *autodefensas* (literally, self-defence) groups and their increasing infiltration by organized crime. Without a clear or unifying control mechanism, the proliferating number of vigilante groups became highly politicized, and increasingly generated conflict between themselves, resulting in sharp increases in homicide rates.[34]

A COLLECTIVE CRIME THAT REQUIRES A COLLECTIVE RESPONSE

Extortion should be seen as a collective crime. Although it is perpetrated *against* individuals (as well as groups, such as businesses), it is very difficult to be perpetrated or sustained *by* a sole individual. For extortion to work and be sustained, it requires the threat of a violent collective.

Consider the following two examples. A man enters a bar in the Mexican state of Sinaloa and approaches the owner to tell her he will kill her eldest son if she does not pay him 5 000 pesos (€230) each month. She asks who he represents. 'Just me,' he replies. The next day, another man visits the bar with the same demand. Except, this time, he says he is collecting on behalf of the Sinaloa Cartel, one of Mexico's largest drug-trafficking organizations.

Let's consider these two hypothetical cases. Intuitively, we recognize the coffee bar owner will consider the situation differently if the man says he wants payment for the Sinaloa Cartel rather than just for himself. This is because the threat of violence against the establishment owner's oldest son is significantly increased if it emanates from a large, violent criminal group known throughout the community, and all over the country. The presence of a collective creates the equivalent of a multiplier effect. It is this collective awareness of the group's potential for violence that compels a business owner to set aside a monthly portion of their revenue for the group. This is one illustrative example: in another setting, the Mexican criminal cartel could be the Japanese Yakusa, or the 'Ndrangheta branch of the mafia, or the Chinese Triads or a South African Numbers gang.

1.3.1 Defining organized crime: common characteristics

The collective nature of extortion raises a conceptual issue around this crime: how do we define organized crime?

As we have established, extortion is a collective crime, although the nature of the groups perpetrating extortion differs. Discussion with experts around the results of our fieldwork exposed differences in opinion over what groups should be considered as organized criminal groups and raised concerns over how that could influence the nature of policy responses going forward.

According to the UN, groups are considered as being involved in some form of *organized* crime when they are structured collectives of three or more people that exist 'for a period of time and [act] in concert with the aim of committing one or more serious crimes or offences … in order to obtain, directly or indirectly, a financial or other material benefit'.[35] Such groups may be national or transnational in scope.

There is much debate on what constitutes organized crime in the academic world, but there is broad

agreement that such groups associate on a regular basis and benefit from the production of illicit goods or the operation of illicit markets, including extortion.[36]

Crucially, contemporary organized crime is perpetrated by all tiers of social classes, with organized-crime groups encompassing marginalized and impoverished members as well as the governing caste, including political and business elites. Governance of the territories in which organized-crime groups operate is another major defining factor in established definitions of organized crime.

Some might question whether more traditional groups, such as the Italian mafia, Yakuza and Mexico's Sinaloa Cartel can be compared to the young, violent street gangs that have sprung up in the Northern Triangle countries, and who are the main perpetrators of extortion markets in that region. Nevertheless, there is one common connecting feature: although the social and political make-up of these groups, and how they operate, may vary considerably, they all share the defining characteristics of organized crime, as defined above. That allows us to understand these criminal

entities as pervasive forces present across societies, in both legal and illegal worlds.[37]

The *maras* in Central America may operate in a very different context and environment from the Italian mafia, but there is no doubt that the *maras* are also large, organized and structured gangs, and that they exert criminal governance. Both the Mara Salvatrucha (commonly known as MS-13) and Barrio 18 gangs control illicit markets, such as drug sales and extortion.

Furthermore, the use of corruption and co-opting of officials are ubiquitous and characteristic features of many kinds of organized-crime groups.

Finally, alongside criminal governance are the cultural and community ties that organized crime relies on. These are evident in the way that the mafia groups operate in Italy, and some drug cartels in Mexico; they are also very pronounced in the Northern Triangle countries, where the *maras* are as much a social group that give a sense of belonging to marginalized and impoverished youths as they are a criminal enterprise.[38]

We believe that all these different kinds of criminal groups can be placed under the umbrella term 'organized crime'.

CYBER-EXTORTION

One noteworthy exception to the collective nature of extortion is cyber-extortion.[39] A single individual, unconnected to any wider group, can extort someone or an organization by email or chat/text message, often claiming they have obtained access to privileged data that they will release if a certain demand is not met.[40] Unlike in the case of offline or physical extortion, cyber-extortion is usually effective for a single instance, rather than over a sustained time period.[41]

However, although the threat of data manipulation from a virtual extortionist is an exception in the typology of extortion, the overall phenomenon can nevertheless be characterized as a collective crime. Indeed, extortion schemes often use virtual media, such as phone calls, emails or chat/text messages, to send a threat if payment is not made.[42] How a threat is presented does not change the pattern of extortion: it can be sustained over time only if it is backed by a threat of harm emanating from a group that has the means and reputation to make the threat credible.

There are often considerable legal obstacles to using the criminal-justice system to prosecute extortion.

1.3.2 Challenges for policymaking

The ways in which extortion operates tend to differ less than the categories of victims it targets, so when determining appropriate responses based on the research conducted for this report, it seemed as pertinent to create recommendations determined as much by the different victim groups as by the perpetrators.

As we outlined in the section above on the impact of extortion, the impacts are myriad and should not be ignored by policymakers. Tackling what is such a complex and deeply embedded criminal practice comes with many challenges.

For one, the sheer size of many organized-crime groups means that the threat is also large and pervasive. The communities that are affected might be made up of thousands or even tens of thousands of people who are all at risk of becoming victims of a single extortion scheme. Local actors, such as the families of members of criminal groups, as well as the groups themselves, often depend on the profits of the criminal economy. Any response, therefore, will impact a large swathe of the population and may even outweigh the capacity of the state.

Furthermore, law-enforcement officials are also members of the affected communities, and they and their family are equally susceptible to violent threats as well as co-option by the criminal groups. Any action undertaken could therefore change the whole socio-economic and political fabric of these communities.

In El Salvador, for example, law enforcement capacity is outnumbered by gang members by almost 2:1. That country has an estimated 23 000 law-enforcement officers, and 52 000 active organized-crime members. Gangs in El Salvador are also believed to get help from around 91 000 family members, bringing the number of those involved closer to 140 000.[43]

There are often considerable legal obstacles to using the criminal-justice system to prosecute extortion as a collective crime, and a first step in responding to extortion for a number of countries has to be an overhaul of their criminal code. Typically, people can be prosecuted for crimes only in which it is proved that they have had direct involvement, meaning only the person who issued the extortion demand can be prosecuted for the crime of extortion. Meanwhile, the group that provided the weight behind the threat does not carry any guilt by association under most countries' criminal codes.

Where efforts have been made to address this legal loophole, clear proof of involvement in criminal activities by the group as a whole needs to be shown. That is easily undermined when individual chapters or entire groups can be rebranded, dissolved or re-formed in a different configuration, nullifying the ruling. This has been one of the major challenges in prosecuting biker groups for criminal activity, for example, as well as gangs in the Northern Triangle region.[44]

Finally, the legitimacy that many groups have managed to garner in the communities makes them all the more difficult to eradicate. The blurred lines demarcating legitimate and illicit activity, ambiguities in gang or criminal group membership, and often considerable political and social support that some groups enjoy make them difficult to challenge, let alone eradicate. Institutional collusion may create further obstacles within the governance system itself, hampering the ability to respond.

To counter extortion in an effective way, an appropriate collective response is required – and not just from policymakers and the state, but also others who are affected by this crime, including targeted business owners and their companies, and other stakeholders in the fabric of the local economy, like bus drivers and taxi owners, as well as residents, community leaders and activists.

Case studies and data show that individual responses to extortion are rarely effective for the same reason that extortion cannot be conducted alone: one person can only get so far. When one individual refuses to pay a bribe, it often offers extortioners a prime opportunity to make an example of the lone rebel to the public, reinforcing the collective incentive to pay up or be punished. But if a community applies itself to resisting extortion as a collective action, it is likely to impact the predatory group more – a gang or mafia group is unlikely to retaliate against a group the same way it would against an individual. There is safety, and impact, in numbers.

Exposing the practice by bringing it to light is crucial, but individual efforts to speak out need to be protected and amplified through a whole-of-community response.

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#MeToo

Although not specifically connected with the extortion economy, the popularly known #MeToo movement demonstrates nevertheless how a group response in virtual spaces can shatter a cultural stranglehold. Although sexual assault cannot be characterized exclusively as a collective crime, the #MeToo movement emerged against the backdrop of collective acceptance of criminal behaviour – in this case, the so-called 'casting couch' of Hollywood fame.

Although the #MeToo movement was best known through a series of October 2017 social-media postings that went viral in the wake of multiple sexual assault and harassment claims against American film producer Harvey Weinstein, the community organization surrounding the phrase had originated a decade earlier. In 2006, American social activist Tarana Burke described listening to a teenage girl's story of surviving sexual assault, saying she wished she had responded with the words 'me too'.[45] Within weeks after becoming a hashtag, the online #MeToo community had toppled dozens of powerful men through public shaming of sexual misconduct and redefined ideas of acceptable workplace conduct worldwide.

BUILDING PREVENTATIVE MEASURES

What lessons from key case studies tell us about helping prevent extortion and criminal governance

INTRODUCTION

As mentioned, responses to extortion have to be collective if they are to be effective. Policymakers and state institutions are the official actors tasked with this, but an effective response does not lie solely with the authorities: other stakeholders also have to be involved.

Economic actors who are impacted by extortion – businesses of all shapes and sizes – are fundamental to the response paradigm. It is important that business leaders, chambers of commerce and industry bodies, as well as ground-level actors, such as bus and taxi drivers, owners of small shops or food vendors, for example, who are among those who often bear the brunt of the violence related to extortion schemes, inform the response to it.

Communities also have to be part of the solution, including residents and property owners; local leaders, such as religious figures; those who work for non-profit organizations; and activists.

These groups of actors can work individually on solutions, but they should also be working *together*, sharing information that helps build effective strategies that benefit the collective community that is exposed to extortion. In contexts where the government is legitimate and capable, community responses can be beneficial in supporting state efforts; in cases with weaker or absent local authorities, community responses may need to intervene more actively.

Technology, as we will outline, also has an important role to play.

Before we set out some of ways in which appropriate responses to extortion can be formulated, it's important for all the stakeholders to understand that prevention is better than cure. Communities under threat need to be vigilant and act before the criminal enterprises take hold and become established, blighting communities like a spreading cancer.

That does not mean, however, that one should condone civilians who take the law into their own hands, vigilante-style. The use of violence and force by civilians in response to oppressive criminal practices rarely achieves its goals, and often merely engenders more violence and corruption.

Finally, stakeholders would be wise to set realistic goals in their responses to counter extortion. Every context is different, but it is prudent to set objectives and expectations that are achievable and aligned with the realities of the context.

2.2

VIGILANCE AND KNOWLEDGE

2.2.1 Monitor, map and understand the extortion economy

An understanding of the actors' reach and the way extortion markets operate and function is indispensable for formulating appropriate responses. And the more local, and therefore relevant, this information, the more productive it will be in generating effective responses. Community networks and police forces are well placed to measure extortion activities. They understand their own communities better than outsiders do, and they have access to testimony from victims. On the other hand, confidence may be an obstacle when it comes to the police, especially if they are not to be trusted; in some cases, victims may show more trust in outsiders.

Communities affected by extortion, which are generally less accustomed to generating intelligence and information than police services and businesses, must take the matter of gathering information seriously: it is the first step to understanding how they can resist extortion more effectively. Compiling databases of detailed information on local extortion schemes allows an affected community to gain an understanding of the problem. The types of victims who are targeted; the areas affected (including details such as individual streets and blocks in a neighbourhood); the extortion fees that are levied and their frequency; cash collection methods; and the criminal groups behind the schemes: these details are all worthy of note and provide vital intelligence to help inform a response. It is information gathering such as this that allows us to identify the vulnerabilities of those victimized by extortion.

Police agencies tend to generate this kind information as a matter of course, and they should share it with the communities and businesses; they should also integrate their intelligence with the information that the community has gathered. Cross-referencing state- and community-level information can expose new connections between criminal groups and extortion schemes, which could help formulate prevention methods for other similar potential victims and create more effective resistance.

Non-state actors, such as crime observatories and non-profit organizations, also have an important role to play in such intelligence efforts, as do municipal community leaders and religious figures, as long as they have the trust of the community.

Research also has a role to play. The GI-TOC co-produced a 2019 study into extortion in Central America ('A criminal culture: Extortion in Central America'). The report maps extortion markets in some of the worst-affected countries in the world – El Salvador, Guatemala and Honduras. This research was fundamental in generating information – including case studies, policy responses and testimonies – related to this corrosive criminal market. It also provided the informational foundation to help develop other initiatives that were used to support communities grappling with ways to address and resist extortion.[46]

Businesses

Questions that should be asked are, what types of businesses are targeted, and why? What component of a business is most vulnerable to extortion? (Distribution chains, for example, are often hard hit.) Why are some businesses targeted, but not others? Do they pay extortion taxes in hard cash? Are employees vetted for possible links? Is the vetting procedure effective? Do employees live in neighbourhoods where criminal groups are based? Does having cash on the premises pose a greater risk?

Infrastructure

Gathering information on extortion markets that are rife in state institutions helps reveal critical weaknesses in institutional systems. A good example is the prison system in Central American countries. A sizeable proportion of extortion threats are transmitted from prisons where incarcerated gang members use mobile phones and proceeds brought in by the families and partners of inmates. Women often set up bank accounts into which extortion proceeds are deposited, and then give that cash to their imprisoned partners or family members.

Examining infrastructure factors, such as the way in which police forces operate, and the corruption and co-option within them helps inform how criminal groups practising extortion might infiltrate police forces. It also tells us about the reach of criminal governance and the reason for it. For example, is criminal governance stronger in areas where police corruption is endemic? Such intelligence can help inform policymakers about

whether the creation of elite, special police units focused on extortion crimes may be worth forming.

Communities

Information on the nature of extortion provides a foundation for understanding how extortioners operate and the varying degrees of vulnerability among at-risk individuals in the community.

We should be asking if women are more vulnerable than men and, if so, why. Where women are concerned, does the violence take on a sexual nature? Are minority groups especially prone? Are schoolchildren victimized? Is age a factor in extortion risk? Are conflict zones affected and what are the key dynamics that contribute to that? Does political transition provide an opportunity for extortion to become embedded? Do the criminal groups behind extortion have roots in the community? Are they recruiting among the community? If so, how? An understanding of these factors should be the start-ing point for developing preventative and resistance strategies to extortion.

2.3

PREVENTION

2.3.1 Large businesses

Large corporations wield great social and political capital. They are not only major employers, but also often have strong ties with government and, consequently, some leverage over law enforcement. Their business operations may be affected by extortion, but in some cases even enable it, which is why it is vital that they should be involved in responses to extortion.

THE ROLE OF COMPANIES AND THE STATE IN CURBING MOBILE PHONE USE FOR EXTORTION

THE PROBLEM: Northern Triangle governments have attempted to tackle phone-based extortion conducted inside prisons by blocking cell signals around prison facilities – but this required the cooperation of the phone companies providing that coverage.

THE RESPONSE: In Guatemala, a 2014 telecommunications law was passed to force mobile phone operators to take responsibility for blocking the cellphone signal in and around the country's jails. The operators spent around US$3.3 million installing signal blockers in jails.

Similar initiatives to limit cellphone services in jails were introduced in El Salvador in 2016. Salvadoran regulations provide that telecommunications operators that did not cut services in and around prisons by an established deadline would be subject to fines, and that new telecommunications infrastructure, such as cell towers, could not be placed within 500 metres of any prison.

THE RESULT: In Guatemala, the measure failed: the government claimed the technology did not work, while operators accused corrupt penitentiary guards of tampering with the equipment. In March 2016, the law was ruled unconstitutional and annulled amid pressure from telecommunications companies, and various human-rights and religious groups. Today, cellphone communication between prisons and the outside world continues, as does the debate over who is responsible for blocking the phone signal.

In El Salvador, the measures have curtailed gang leaders' extortion activities, but this comes at the cost of international criticism. The regulations passed in El Salvador under the country's Extraordinary Measures policy, which severely limits high-profile prisoners' contact with the outside world, have been made permanent.[47]

2.3.2 Small businesses

We recognize that for small-business owners, such as, for example, independent taxi operators, bus drivers, food vendors or shop owners, the above recommendations have little relevance. To find strength in numbers, we would urge small-business owners to align themselves with local umbrella organizations, such as taxi syndicates or small-business collectives. Cohesion and community efforts will serve as the biggest aid to these actors, especially if they operate in a limited area – such as taxi drivers or those who own a single small local business.

2.3.3 Prevention recommendations for businesses

Encourage a supportive company culture

Large employers should encourage their employees to report extortion threats to their managers. Those in positions of responsibility in companies should take a top-down approach to this, encouraging employees lower down the chain to break the silence and over-come the fear attached to extortion, and to speak up without fear of consequences.

Contribute to community measures to tackle extortion

Companies that employ large numbers of local community members would do well to contribute to community measures to discourage extortion, such as reclaiming public spaces and creating outreach projects to discourage gang membership. These initiatives cost money, and businesses could contribute either financially or by providing resources in other ways. Contributing this way shows solidarity with local residents, and employees, in their efforts to counter extortion.

Change business practices

Some changes to businesses' operating procedures can help prevent extortion. For example, not keeping cash on the premises can make it harder for extortion payments to be implemented. Changing distribution networks if they pass through territories that are taxed by criminal groups can also help. Find other routes and means of moving goods and supplies. Vetting employees thoroughly to find out if they have connections to extortion groups can help avoid recruiting extortioners, who may cooperate with external actors. Monitoring or limiting the use of mobile phones during key activities, such as dispatching transport, is also worth considering. Often, extortioners rely on cooperation from insiders to carry out schemes targeting businesses.

2.3.4 Government prevention measures

Address corruption

Improving the quality and accountability of those in positions of power, including the directors of law-enforcement agencies and justice institutions, as well as police officers on the street and prison warders, is fundamental. Corruption is one of the biggest drivers of organized crime, and, without it, criminal markets would struggle to develop in the first place. Tackling corruption is a huge challenge and the focus, worldwide, of many millions of dollars of effort and research. But it must not be ignored.[48]

Tackle institutional weakness

In prisons, this could include prohibiting mobile phones, or successfully blocking the cell signal, and limiting visits that might help facilitate extortion. Find ways to stop prison inmates from continuing to exercise power beyond the prison walls.

Consider alternative policies and practices

Some observers and organizations point to restorative-justice processes that could improve the possibility of reintegrating offenders into society and provide viable alternatives to incarceration, which often compounds extortion rackets.

Protect the democratic process

Criminal actors and groups often attempt to influence elections and co-opt politicians in an attempt to win more political capital and social control. Campaign funding should be vetted, and the voting process monitored as closely as possible, both by state and non-state actors.

COMMUNITY CENTRE IN SAN PEDRO SULA, HONDURAS

THE PROBLEM: The Rivera Hernandez neighbourhood of San Pedro Sula, Honduras, was notorious for extortion rackets and violence, and the area was fought over by a number of different gangs.

THE RESPONSE: A 2016 initiative, led by a city pastor and partly funded by USAID, involved recovering spaces used for gang meetings and turning them into centres for children's activities or community gatherings. Gang members were invited to participate in, for example, sports activities.

THE RESULTS: The neighbourhood progressively recovered by providing recreational spaces for children and community-building activities, which have also functioned as violence-prevention centres. According to community leaders, the effect of the initiative was to decrease the image of rivalry between gang members, and the community in general, while protecting at-risk youths. Gang recruitment was also tackled, preventing the spread of crime up to a certain point. Community leaders estimated the number of gang members in the neighbourhood fell by 25 per cent over three years.

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Economic actors that are impacted by extortion – businesses of all shapes and sizes – are fundamental to the response paradigm.

2.3.5 Community prevention measures

Build safe spaces

Encourage social programmes in communities involving unifying activities, such as art or sports. Such projects have been shown to be effective in helping keep those vulnerable to extortion, or recruitment into criminal groups that extort, out of harm's way. They also help encourage gang members to build relationships with the communities, which can lead to a better understanding of the impact of their actions on their community.

Encourage activism

In the absence of a strong, reliable state – which is common in many of the countries where extortion is pervasive – it is often left to grass-roots efforts to provoke effective change. By shifting the perception and tone of conversations in communities, people start to see that their actions and experiences can have the power to change their environment and create a positive impact.

For example, after an in-depth research project into extortion markets in Central America, the GI-TOC formulated a guide for communities aimed at helping them form initiatives and responses to combat or mitigate extortion. The guide recommends two main lines of action for communities: workshops and dialogues. Workshops are designated spaces aimed at generating learning in communities and content that can be shared with others. The GI-TOC provides documents to help in the planning and execution of these gatherings. Dialogues, on the other hand, are collectives where people meet to share their experiences of extortion and their responses to it.

In many cases where extortion economies have already taken hold, it is too late for preventative measures. In the final section, we outline recommendations for countering entrenched extortion schemes, and provide examples of interventions and responses, some of which have had a positive impact.

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RESPONSE CASE STUDIES

Examples of responses that show how various stakeholders can interrupt the extortion life cycle.

BUSINESS RESPONSES

I n certain regions, few businesses manage to escape the clutches of extortion. Well-planned public-private partnerships to counter extortion in the business community have shown some success in areas affected by extortion, as the case studies in this section show. Similarly, coalitions between consumers and local businesses to resist paying extortion can be effective. It is crucial for businesses, both large and small, to put in place pre-emptive reporting mechanisms to allow monitoring of the crime. In the Northern Triangle, technology solutions have been used to help increase reporting rates.[49]

3.1.1 Large businesses

In Central America, some businesses have reacted to extortion by seeking to accommodate criminal groups' demands, awarding them contracts and employing gang members in certain cases. In one instance, when the state was unable to prevent violence and extortion, some firms in Guatemala City ended up acquiescing to the protection/extortion system, making regular payment to gangs to protect themselves from more predatory rivals, which perpetuates the extortion life cycle and normalizes the practice. During gang truces in El Salvador, some businesses and communities reached agreements with gangs to offer employment – sometimes in exchange for being levied lower extortion rates.[50]

Where such compromised arrangements with gangs have been reached, they are highly localized in nature, and do not extend beyond the immediate territory controlled by a gang. Hence, these agreements fail to address the long-term damage that criminal governance causes to whole communities. Although these kinds of responses shed light on how gangs can be influenced to accept certain economic incentives in return for loosening the leash of extortion, there are other forms of response that eschew collaboration with extortioners, and are arguably therefore more sustainable and replicable (for one such example, see the case study below on Addiopizzo, an anti-mafia initiative in Italy).

3.1.2 Public–private partnerships

In the same way that businesses can ally with communities to contribute to counter-extortion measures, partnering with governments can also yield results. But

these alliances also come with risks and pitfalls, as the following case studies show.

3.1.3 Small businesses

Small businesses cannot afford the kinds of solutions outlined above. They do not have the budget, the reach or the social and political capital of larger companies. We recommend, as in our preventative measures, that

small business owners ally with local community groups and take joint measures to best improve their resilience to extortion, and to reduce their vulnerability to it.

IN EL SALVADOR, THE SUGAR INDUSTRY JOINS FORCES WITH THE NATIONAL POLICE

THE PROBLEM: Sugarcane producers were being preyed upon by members of the MS-13 and Barrio 18 gangs, and being killed for not paying their extortion demands.

THE SOLUTION: The sugarcane industry provided resources to patrols manned by the National Civil Police. The resources took the form of motorbikes, pickup vehicles, radios and housing for police officers participating in the programme who were deployed to provide security during the harvest season. The government's part in the joint effort was to provide the police officers.[51] The alliance, formalized in a signed agreement, proved successful in countering extortion in the area.

THE RESULTS: The alliance succeeded in curbing extortion in the areas under threat through a public–private partnership that serves as a potential blueprint for rural economic actors to replicate across the region.

IN HONDURAS, THE PUBLIC AND PRIVATE SECTORS SHARE INFORMATION TO COMBAT EXTORTION

The problem: Big businesses were being extorted by the country's violent street gangs and needed protection.

The solution: In the cities of La Ceiba and San Pedro Sula, a programme in 2016 that started out as an innovative partnership involving big business and the anti-extortion police, facilitated by the regional chambers of commerce, faltered.

The businesses that collaborated provided crucial information to the authorities. This proved to be a gold mine for Honduras's National Anti-Extortion Force, helping them dismantle extortion structures. Meanwhile, the authorities provided personalized security services to the group of companies involved in the programme by arranging convoys in gang-controlled territories to protect their operations.

The results: Despite its initial successes, the private sector's participation raised the issue of uneven access to justice. The Anti-Extortion Force's resources were constrained, and mobilizing men and providing vehicles for convoys to protect companies was an opportunity cost, diverting time and resources from others – i.e. the public – who were also in need of their services.

The benefits, as it turned out, did not trickle down to others beyond those companies involved, conceded Eric Spears of the Chamber of Commerce in San Pedro Sula. In La Ceiba, a June 2017 report noted that the Anti-Extortion Force unit seemed to attend mostly to the needs of business people and economic elites, while the general population were left out.

Furthermore, crucially, the consensus among the general population was that extortion and petty crime generally escalated.

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GOVERNMENT RESPONSES

Strengthening legislation helps to improve confidence in institutions and promote reporting of extortion crimes. Weak, corrupt and underfunded state institutions are a part of the problem causing corruption, lack of transparency and poor levels of citizen support. Mass imprisonment of gang members, rather than helping reform them, has the counter-effect of reinforcing their identity as society's outcasts, which has helped in some regions to sustain the status of gangs as well as their recruitment processes. In such regions, government policy should address these undesirable effects of imprisonment on the extortion economy.

3.2.1 Legislative frameworks and policy

When drawing up laws, reforms or amendments, legislators should consider how tailored they are to the reality of how the crime is perpetrated. Ask the following: can this legislation or policy target a group, rather than an individual, given that extortion is a collective crime? Will prosecution be possible, given the fear associated with the crime? Consider the importance of witness protection alongside penal measures.

It is important to exercize caution when considering laws that criminalize gang and group affiliation, or label gangs that perpetrate extortion as terrorists. Laws and policies that address and prosecute extortion are a must-have for all governments, but alternatives to legislation should also be considered.

The example of Ecuador, where a process of legalizing and legitimizing membership in specific gangs changed the country's gang landscape and reduced gang-linked violence, offers a promising alternative and possible model for reducing violence, criminality and criminal governance.[52] Researchers concluded that, in the Ecuador programme, the socially inclusive strategy 'helped reduce violence and criminality drastically'. They argued that, in policy terms, 'the social inclusion approach to street gangs should be continued and highlighted as a model of best practices of the state'.[53]

BULGARIA REGULATES EXTORTION ACTORS OUT OF THE MARKET

THE PROBLEM: The roots of extortion racketeering in Bulgaria can be traced back to the emergence of the first private security companies in the early 1990s, when the state monopoly on the provision of security was removed. The downsizing of the national police force left numerous public and corporate properties, facilities and infrastructure companies without sufficient security. This was accompanied by crime rates that doubled in the country and a pervasive sense of impunity, so demand grew for extra-judicial protection services, such as contract enforcement, debt collection, settling business disputes or private security for properties.

The beginning of the 1990s saw large lay-offs of security personnel among the police service and the army: some 30 000 security officers were fired, and many of them went on to find employment in the then unregulated private security sector. The lack of regulation over this industry soon attracted many criminal actors, who took advantage of the situation and, under the guise of providing private protection, started to extort businesses using intimidatory tactics, including beating, mutilation, bombing and murder.

THE RESPONSE: In 1994, the government stepped in to regulate the private security industry, which brought down most of the notorious security companies.

THE RESULTS: The 1994 regulations solved the crisis, but only in the short term. The private security companies that had been dissolved re-emerged a year later as private insurance groups, transforming a protection racket into insurance racket. Only after new insurance industry regulations were introduced in 1998, combined with a firmer commitment by government to fight organized crime (as part of Bulgaria's process of acceding to the EU), did extortion racketeering and the violence that accompanied it start to decline.[54]

3.2.2 Paramilitary and law-enforcement responses

The deployment of police units, armed forces and other security agencies to counter extortion should be considered and weighed up with great care. Results have proved to be uneven, and these sorts of responses tend to be most successful only if they are nuanced and tailor-made to a particular local context.

The heavy-handed militarized policing known across Latin America as *mano dura* (literally, hard fist) may have swelled prison populations with gang members, but this has created an unwanted by-product where criminal organizations continue to run extortion rackets from behind bars. As we have documented, extortion continues to thrive despite these incarceration efforts.

Similar policing in other parts of the world, however, has yielded more successful results. In Greece, tailored security responses to extortion in night-time economies broke the extortion life cycle through state surveillance, regulation and intervention. And in Karachi, Pakistan, a hard-hitting anti-terrorism approach did succeed in bringing down extortion, although state-sponsored violence simultaneously surged.

3.2.3 Special investigative units

Dedicated police departments aimed at singling out and tackling extortion are a tempting option for states. After all, extortion presents particular challenges to security forces, and necessitates skills and tools other types of investigations may not need, such as wiretapping. Such units have proved popular in Central American countries but can have negative counter-effects. Prosecutions tend to rise, but extra-judicial killings can also increase, and the public tend to distrust them, which impedes investigation efforts.

It is crucial that these sorts of units deploy skilled officials with experience in countering extortion, and that their professional records are vetted for corruption, use of torture and other abusive practices, which are, unfortunately, commonplace in many security forces, especially those in developing countries. Operational strategies should be based on local criminal dynamics. Human rights must be respected if these ventures are to be effective.

USE OF TECHNOLOGY

Mobile phone technology has enabled extortioners to threaten individuals in the community more effectively, and to perpetrate crimes with a diminished risk of being identified or censured. But, in turn, the same technology can also offer ways to change the dynamic and put greater power and information into the hands of citizens and law-enforcement agents.

Other forms of technology can also be harnessed to help counter extortion – for example switching to cashless transactions in industries that are particularly vulnerable to extortion, the transport sector being a prime example. Models of e-government – where digital transactions replace cash payments for government services – have been successfully established to help reduce corruption by limiting personal contacts. The same principle could be applied to extortion, such as introducing cashless payment technology in public transport systems, which would reduce the risk of drivers and passengers being extorted for the money they carry.

3.2.4 Improve reporting and cellphone regulation

It is important to encourage reporting mechanisms for extortion designed to protect victims and build trust with communities. This will pay dividends in improving prosecutions and making policy more effective, and could reap benefits in terms of generating bilateral solutions to countering extortion.

Regulating mobile phone usage by enforcing registration of new mobile phones and by increasing the costs of acquiring new phones may help impede extortion groups. Many extortion schemes today rely heavily on instant messaging services on cellphones, and use 'burner phones' that can be acquired easily, used for a short time and then disposed of. Valid addresses and account holders' details for mobile phone accounts should be made obligatory to help put a stop to this practice.

APPS IN GUATEMALA AND MEXICO FOR REPORTING CELLPHONE EXTORTION

THE PROBLEM: Extortion has been rife in Guatemala and Mexico for some time. In the former, most of the activities are perpetrated by the street gangs (*maras*) or so-called copycat groups, while in Mexico organized-crime groups involved in drug trafficking extort local residents and business owners.

THE RESPONSE: In April 2015, Guatemalan authorities created a special division to combat extortion, and as part of these units, designed a phone app that people could use to report extortion calls for the investigating units to pursue.

The app, called 'Denuncias MP Extorsiones' (which translates as 'report extortions'), was connected to a database of some 10 000 phone numbers associated with extortion calls that the Public Prosecutors Office had created. It was designed to alert users when an incoming call was received from a number listed in the database of extortioners, and provided a channel for reporting those calls.

In Mexico, a non-profit organization formed what could be described as a citizens' council, which in 2016 created an Android smartphone app called 'No Más Extorsiones' (no more extortions). Based on the same principles as the Guatemalan technology, the app was also linked to a database of phone numbers that had been connected to extortion calls, and notified users when an incoming call was made by a suspicious caller.

THE RESULTS: In 2016, the data collected from the hotline and app in Guatemala resulted in three raids that yielded 200 arrests. The mechanism was useful for pursuing both investigations and prosecutions. Meanwhile, a year after its launch in Mexico, the app had helped its users report 119 545 extortion calls, more than 80 per cent of them in Mexico City, and helped build a database of some 100 000 related phone numbers in the process

However, in terms of the bigger picture, neither app proved to be a silver bullet that put an end to extortion, nor did the technology address the need for preventive measures. But the examples do show how smart technology like this can form part of a larger, holistic anti-extortion strategy. At the same time, responses to extortion by the state (in the case of the Guatemalan government) help to build faith and trust between local communities – who are generally afraid to report extortion – and the authorities, whose role it is to protect them.

On the downside, the fact that mobile phones have become so easy to acquire and unregulated in many parts of the world can limit the effectiveness of these sorts of initiatives. Extorters can easily replace phones or SIM cards to change their numbers, rendering many of the numbers in these databases irrelevant and obsolete.

COMMUNITY RESPONSES

We wish to emphasize that community responses, although an important component of the response toolkit to tackle extortion, should not absolve the state of its responsibilities to act against extortion. Ideally, a community response should be implemented in coordination with state-led responses, so that it operates in harmony with state-sanctioned security interventions[55] – although the need for civil society to act alone may also have to be considered.

In the Italian example below, a civil-society response to mafia extortion has proved to be successful in the business community with the support of state prosecutorial actions. By contrast, in El Salvador, residents of one working-class neighbourhood took up arms against gangs attempting to extort them, drawing a fine line between community policing and vigilantism.[56]

With this in mind, based on our fieldwork and observations, we have the following recommendations for informing successful, sustainable community responses:

Build community and enhance cohesion

Bringing people together reduces fear and isolation, and encourages people to share their experiences and support one another. This process can be facilitated by key community leaders and can be catalyzed by some of our suggested preventative measures, such as creating cultural or sport-focused centres and reclaiming public spaces. Create dialogues and conversations that challenge people's perceptions that extortion is inevitable and resistance futile, presenting a way of thinking that suggests there is another way.

Create networks

Establish active community networks and initiatives that not only build cohesion, but also counter extortion. The example of the Addiopizzo initiative in Sicily offers a robust, successful blueprint of how to do this and shows the level of impact these responses can have. Networks also serve to raise the alarm, especially in the case of marginalized groups, such as sex workers, who are not prioritized by law enforcement and therefore particularly vulnerable to being targeted by extortioners.

Create constructive conversations around extortion through the media

Publicizing learning and knowledge around extortion through local media is a worthwhile endeavour. In Central America and Mexico, for example, coverage of the issue can be overblown or misrepresented. This presents stakeholders with opportunities to seek new ways and fresh forums to speak out against about extortions in communities. Raising awareness of the issue, bringing it out of the shadows and encouraging people to normalize the acts of speaking out, refusing to pay and demanding action are important in the drive to achieve the collective response that this crime needs if it is to be tackled effectively.

Establish citizens' liaison groups

Committees of this type bridge civil-society and law-enforcement agencies. These bodies can act as arbiters between communities and police forces, and can help with implementing solutions to crimes that are alternatives to incarceration, such as restorative justice processes. In Pakistan, the model of the Citizens' Police Liaison Committee offered a neutral alternative to reporting corruption or extortion outright and has been used as a third party to increase communication between victims, criminals and police without the need to deploy paramilitary solutions.

THE RESPONSE: An NGO called Addiopizzo, which loosely translates as 'goodbye extortion', founded an initiative to combat extortion, and break down the complicity and normalization process that comes as extortion evolves.[58] The organization monitors and certifies shops and other businesses as extortion-free, and raises public awareness to encourage customers to buy only from those businesses that have the awarded certification. The strategy tries to change incentive structures that lead people to pay extortioners and to build a community of citizens who are ideologically opposed to the mafia and extortion culture.[59]

The involvement of local businesses in the scheme was crucial. The organization lobbied for a mafia-free economy that stands against *pizzo* (extortion) payments, and provides legal support and economic alternatives to businesses by promoting ethical consumerism to counter extortion.

They also generated a collaborative relationship with the Carabinieri (an Italian law-enforcement agency).

There is now a network of over a thousand Sicilian businesses registered with the Addiopizzo movement that refuse to pay protection money (known as '*pago chi non paga*' or 'I pay who does not pay'). To enhance affiliation with the movement, Addiopizzo produces stickers with its logo that can be placed conspicuously in the business premises, serving as a beacon to attract clients as well as sending out a message against the mafia culture.

Two brands – AddioPizzoTravel and AddioPizzoStore – were created to bring additional customers to the network and help make the movement sustainable. The first offers mafia-free tourism options in Sicily; the second provides a variety of mafia-free guaranteed products that even during the pandemic can be delivered to the customer's door.

THE RESULT: Addiopizzo became a catalyzer of community support for businesses facing threats from the mafia. The network has enabled businesses who used to pay mafia extortion fees to benefit from the protection that the network provides. Arrested members of the mafia confirmed that businesses that became part of the Addiopizzo network caused them to think twice. 'In Borgo Vecchio [an area of downtown Palermo], everybody payed *pizzo*, except the Addiopizzo shops. We used to skip them completely, it would have been stupid even to try,' said one of them.

Using donations made by businesses in the network, the organization began developing social inclusion activities for children in the Piazza Magione area of Palermo. They built a playground, as well as a variety of educational and social activities.

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These examples of best-practice responses to extortion, taken from case studies in Europe and Central and North America, and covering a range of sectors, all provide useful guiding principles that other communities can draw upon for wresting businesses and physical spaces back from extortioners. They show the importance of fostering business, state and community support in the response to extortion faced by local industries and communities. The case studies can potentially inspire civil-society organizations in other countries to replicate these kinds of activities.

TEN QUESTIONS TO IDENTIFY THE PATTERN OF EXTORTION; TEN QUESTIONS TOWARDS A RESPONSE

These questions are designed to help assess the nature and extent of extortion and articulate an appropriate response.

Answering these questions may help ascertain the stage of the local extortion economy in the extortion life cycle (see page 13), which, in turn, can help shape responses. In all cases, state-led interventions should aim to work in harmony with community efforts, sharing information and ideas to ensure that anti-extortion initiatives have the best chance of succeeding. While security responses are highly visible signs of tackling the issue, bringing people together, enhancing community cohesion and developing local resilience are also powerful ways to break or loosen the insidious grip of extortion.

Cross-references to the relevant discussion in the main report are given in square parentheses.

Understanding the problem

1. Who are the criminal actors engaged in extortion? Are there different groups in competition? [p 16]
2. Which sectors are being targeted by extortion? Why? [p 27]
3. What is the geographical extent of the extortion? How pervasive is it within this area?
4. What are the main impacts of extortion in the community? [p 10]
5. Are groups engaged in extortion also involved in other illicit or licit sectors? [p 18]
6. Is the state also involved in perpetrating extortion? [pp 18, 28]
7. When did the extortion begin? How 'normalized' is it? [p 17]
8. Does the extortion take the form of a toll, tax or 'protection' (or combination)? [p 9]
9. How is the extortion being perpetrated (e.g. in person, by social media)? [pp 9, 42]
10. Are there varying degrees of vulnerability in the community? What are the factors in extortion risk (e.g. socio-economic, age, gender)? Do these factors affect the nature of the threat (e.g forced recruitment, sexual violence)? [p 28]

Mobilizing a response

1. What responses are already in place to tackle extortion? Have these been effective?
2. What is the level of trust among the community regarding the state? What explains this level of trust or distrust? [p 12]
3. Who might be the potential interlocutors?
4. What information is there about the extent of extortion? Are police databases cross-referenced with community information? [pp 27, 38]
5. How robust and accountable are law enforcement and justice institutions? What information is there about the extent of corruption? [pp 28, 30]
6. What social programmes exist in the community? Are there local groups for affected sectors? What can be done to create more safe spaces, workshops and dialogues? [pp 32, 35]
7. What are the benefits and risks of a heavy-handed state response? Have such responses proved effective in the past? [p.41]
8. What legislation regulates the affected sectors, and does it need revising to address extortion? [pp 40–41, 43]
9. Can the private sector be involved in forming a response? [pp 29–30, 37, 45]
10. Can technology play a role in helping combat the extortion? [p 30]

NOTES

1   Practitioners who find the material in this handbook useful are also welcome to join the GI-TOC's Coalition for Resilience, a dedicated peer support forum bringing together those on the frontlines of fighting extortion at the state level, in local authorities and civil society. For more information, see https://globalinitiative.net/initiatives/extortion-in-central-america/.

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