



**GLOBAL
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AGAINST TRANSNATIONAL
ORGANIZED CRIME

DEN OF THIEVES

MAPPING ORGANIZED CRIME
IN THE SOUTH CAUCASUS

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AUGUST 2025

ACKNOWLEDGEMENTS

The author extends his gratitude to his trusted network of interlocutors across the South Caucasus, most of whom cannot be named for security and confidentiality reasons, as well as to the Global Initiative Against Transnational Organized Crime team for their valuable feedback.

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EXECUTIVE SUMMARY

The South Caucasus is a mountainous borderland shaped by dichotomies. It is a place where Islam meets Christianity, democracy abuts authoritarianism, and trade routes from East to West and North to South intersect and intertwine. Often described as the 'lands-in-between',¹ its unique geography and historical position as a crossroads has cultivated remarkable cultural and linguistic diversity. At the same time, this in-between-ness has fostered shadow economies, extensive licit and illicit trade networks, and a deep-seated romanticization of criminal outlaws (originally rooted in resistance to Russian imperial rule), which have profoundly influenced the region's economic and social landscape.

During the Soviet era, the three South Caucasus republics, Georgia, Armenia and Azerbaijan, held a near-monopoly on the supply of various agricultural goods – wine, cognac, tea, citrus fruits, vegetables and tobacco – to the closed Soviet market. Much of this production operated in the shadows, providing a lucrative income for members of the Soviet elite. This shadow economy also provided substantial rents for an entrepreneurial class of 'thieves-in-law' – senior figures in organized crime who built a power base by filling the void left by corrupt and inefficient public institutions.² By the twilight of the Soviet Union, nearly two-thirds of the approximately 900 thieves-in-law operating across the region hailed from Georgia, Armenia and Azerbaijan.³

In each country of the South Caucasus organized crime has a unique dynamic, influenced by differing political regimes and socio-economic conditions. In Armenia, initial optimism following the Velvet Revolution of 2018 gave way to concerns over the persistence of criminal structures and their links to the political elite. Georgia is experiencing a resurgence of criminal subcultures, despite significant progress during the reformist period of the 2003 Rose Revolution. In Azerbaijan, organized crime is bound up with the state apparatus, with corruption and the monopolization of resources shaping much of the country's criminal landscape. The transnational nature of organized crime originating in the South Caucasus adds another layer of complexity, with networks stretching out to the illicit markets of Europe, Russia and the US. This report provides an overview of organized crime in each of the republics, outlining key criminal threats, the actors involved and their political connections.

The politico-criminal nexus in post-Soviet Eurasia follows a broadly similar pattern. Under the more authoritarian regime in Azerbaijan, as early as the mid-1990s underworld figures operating independently were either entirely eliminated or co-opted into serving the interests of the political regime. In Georgia and Armenia, organized crime has more room to manoeuvre. While authorities



View of Yerevan and Mount Ararat, Armenia. The Southern Caucasus region forms a geographical crossroads that has fostered legal and illicit trade. © Muhammet Tarhan/Anadolu via Getty Images

in both countries have cracked down on organized crime following peaceful revolutions, criminal networks continue to operate within boundaries set by the state and ruling parties. For instance, it is not uncommon for criminals to act as proxies for political authorities or to supplement the state in areas where direct government influence is either limited or undesirable. This arrangement leverages organized crime's popular support while providing deniability for the regime.

The core of the report is organized into country-specific analyses. It begins with Armenia, exploring the country's post-Velvet Revolution reforms, persistent criminal networks and particular challenges with trade cartels and online gambling. The discussion then moves to Georgia, examining the Rose Revolution reforms, the resurgence of criminal subcultures and the evolving role of thieves-in-law. The Azerbaijan analysis focuses on the interplay between organized crime and the state, corruption and transnational criminal networks. This is followed by an outline of the regional and transnational dimensions of organized crime, emphasizing the global reach and interconnected nature of criminal networks originating in the South Caucasus. The report concludes with an analysis of the impact of the Ukraine conflict on organized crime in the region.

Methodology

This report employs qualitative and quantitative data to examine organized crime in the South Caucasus. A review of existing literature, including work by international organizations, academic studies and investigative journalism, provides the foundation for understanding the structural and operational dynamics of organized crime in the region. In addition to secondary sources, primary data is drawn from case studies, interviews and court records to capture the main trends and dynamics of organized crime in the region. For example, court data from Armenia and Georgia is analyzed to identify patterns of criminal behaviour.⁴

The author of this report has conducted in-depth research on organized crime in the region since 2003, building an extensive network of trusted interlocutors and contacts within various law enforcement agencies and civil society organizations. These networks have been instrumental in providing access to key respondents and have led to valuable insights into the region's criminal landscape. Comparative analysis highlights the similarities and differences between the three countries, while situating them within the broader context of post-Soviet Eurasia. Where relevant, the study incorporates a transnational dimension, exploring how organized crime networks from the South Caucasus interact with global markets and regulatory frameworks.

Key points

- Organized crime in the South Caucasus is shaped by political structures, with authoritarian regimes such as Azerbaijan integrating criminality into the fabric of the state, while hybrid democracies such as Georgia and Armenia tolerate or co-opt them more informally.
- So called 'thieves-in-law' remain powerful actors across the region, with a notable shift of their operations abroad, especially to Europe, Russia and the US, while maintaining influence at home through proxies and political alliances.
- Transnational criminal networks rooted in the Caucasus show remarkable adaptability, engaging in a wide spectrum of activities, from human trafficking and smuggling to financial fraud and organized violence, in Eurasia, Europe and beyond.
- Armenian, Georgian and Azerbaijani criminal groups have developed distinct international specializations. Armenian networks, bolstered by a large Armenian diaspora, operate globally in money laundering and human smuggling and trafficking. Azerbaijani groups are involved in the drug trade, human trafficking, targeted killings and Caspian caviar smuggling, while Georgian networks focus on burglaries, migrant smuggling and document fraud.
- Call-centre scams and cyber-enabled crime are rapidly expanding, particularly in Georgia.
- Sanctions evasion and shadow trade have surged in the South Caucasus since Russia's full-scale invasion of Ukraine.
- Drug trafficking routes are diversifying, with the South Caucasus emerging as a strategic corridor for heroin, methamphetamine and increasingly cocaine, as traffickers adapt to changing geopolitical conditions.



ARMENIA: SMALL NATION, LARGE INTERNATIONAL REACH

The threat from serious and organized crime in Armenia is relatively low compared to its neighbours. Owing to long-standing conflicts, the borders with Türkiye and Azerbaijan are closed, limiting entry points to the country. As a result, moving illicit goods through Armenia makes little sense, unless they are destined for export or import through Georgian seaports.

The 2019 anti-corruption reforms that followed the Velvet Revolution were introduced to pursue officials from the ousted 'Karabakh clan',⁵ as well as career criminals (thieves-in-law). However, after early optimism, public perception has become increasingly negative. Concerns are growing within civil society that the lack of cases brought against pro-government politicians is an indication that the Pashinyan government is not meaningfully tackling corruption and organized crime.⁶ Corruption among the judiciary is still a concern, and lucrative contracts continue to be won by companies connected to politicians and Russian companies. Meanwhile, the measures have unintentionally exacerbated a well-established problem of capital flight and money laundering as former government officials scrambled to evade asset seizures.

Commodity-based cartels and monopolies, online gambling, illicit trade in legal commodities and drug trafficking continue to be the most significant issues in Armenia. Despite reforms, there are concerns that some of the cartels have survived and thrived. Russian companies deliberately underbid other tenders to maintain their commercial links to Armenia,⁷ and challenges from within the judiciary ensure there is limited pushback against this.⁸

INTERPOL has previously identified illicit trade in counterfeit goods, particularly tobacco, as one of the most pressing concerns in Armenia. The country is currently the third-largest provider of counterfeit tobacco to Russia, following Belarus and Kazakhstan.⁹ Its market share has declined recently due to an expansion in the illicit production of Belarusian cigarettes, which have displaced Armenian cigarettes in the Russian market.¹⁰ Despite this, Armenian cigarettes remain widely available in southern regions of Russia, where the Armenian diaspora is strongly represented, and Armenian thieves-in-law wield significant influence.¹¹ Recent trade data indicates that rogue producers in India are shipping enormous quantities of raw tobacco to Armenia – more than it can possibly process or consume. It is likely that a significant portion of this tobacco is being diverted illegally to neighbouring countries and Russia.¹²



The 44 kilometre Armenia–Iran border, through which a train line once linked Russia with Iran, is used as an entry point for drugs coming into the region from Afghanistan destined for end markets in Europe and elsewhere. © Anthony Pizzoferrato via Getty Images.

Online gaming and gambling

Armenia's highly developed IT sector has become a major driver of economic growth and has also contributed positively to advancing good governance.¹³ Despite a wealth of skilled individuals with the technical capacity to engage in cybercrime, there is no evidence suggesting a rise in such criminal activities. However, concerns remain around certain forms of cyber-enabled organized crime, particularly online gambling and associated financial crime.

A young and tech-savvy population has also fuelled a rapid growth in the online gaming sector.¹⁴ According to the deputy chairperson of the Standing Committee on Economic Affairs, bookmakers in Armenia processed 3.2 trillion Armenian drams (US\$8.2 billion) in bets during 2021 (double Armenia's state revenue).¹⁵ This is also the case over the border in Georgia. In 2023, the total turnover of the gambling industry in Georgia surpassed US\$20 billion, marking a significant increase compared to the previous year.¹⁶ A substantial portion of this turnover is likely to be derived from illicit as well as licit funds originating in neighbouring countries such as Iran, Türkiye and Azerbaijan, where gambling is officially prohibited.

Drug trafficking

Drug trafficking is not viewed as a major threat domestically because usage within Armenia is low. But drug use is growing. As of 1 January 2022, there were 7 570 registered individuals diagnosed with substance use disorders, a steady increase on the past five years.¹⁷

Still, the overwhelming majority of drugs moving through the country, including heroin, synthetic drugs and cocaine, are on their way to other markets. Armenia plays a prominent role in the regional drug trade due to its proximity to Iran and is becoming an important transit country for cocaine trafficked between Latin America, Türkiye and Europe, as well as between Iran, the UAE and Malaysia.¹⁸

Since the closure of Ukrainian ports, drug traffickers are looking for alternative points of entry to ship cocaine to Russia and within Europe. Armenia has been probed many times as a potential transit hub. In one case, cocaine seized in Italy from a shipment of Ecuadorian bananas destined for Armenia, was linked to a former member of parliament.¹⁹ Data from the Armenian Statistical Committee for January to December 2023 revealed a total of 5 070 drug-related crimes, indicating a substantial rise compared to previous years. This includes 4 774 cases of illegal trade in drugs.²⁰

The Meghri border crossing between Armenia and Iran has long been the primary entry point for heroin and methamphetamine arriving from Afghanistan. From January to August 2024, 266 cases of drug smuggling were recorded at Meghri, representing an 86% increase from the previous year.²¹ All of the seizures were relatively small, suggesting that Armenia is not the primary conduit. The largest seizure of Iranian-origin drugs was in Georgia in 2021, following an investigation by the US in partnership with the Armenian National Security Service, which resulted in the arrest of several Bulgarian nationals who had trafficked 112 kilograms of heroin through Armenia into Georgia and then Bulgaria.²² There have been reports of Armenian, Iranian²³ and Russian²⁴ involvement in the market, although Iranian nationals are thought to be the most heavily involved in cross-border transit and supply.

The US provides significant assistance to the Armenian authorities with training and drug-detection equipment.²⁵ In addition, Russian border guards are still present on the Turkish and Iranian sections of the Armenian border. Armenia's recent loss of control over the disputed Nagorno-Karabakh territory – along with calls for a full normalization of relations with Türkiye – has heightened concerns that the reopening of the Turkish border and other transport routes could pave the way for drug trafficking into Armenia.

Thieves-in-law

Although not affected to the same extent as Georgia, Armenia has been the origin of many powerful thieves-in-law. In 2015, a large gathering of thieves was held in Yerevan because of the threat of arrest if the event was held in Russia.²⁶ There are reports of an Armenian mafia, divided into 'clans' or 'brotherhoods' (*akhperutyuns*), controlling parts of the capital, Yerevan.²⁷



Armenia's Velvet Revolution, which ushered in an era of democratic politics, saw links between the state and crime bosses, known as thieves-in-law, being severed. © Kyodo News Stills via Getty Images

It is believed the Velvet Revolution severed the links that existed between thieves-in-law and state officials. After Nikol Pashinyan rose to power, Armenia adopted Georgia's approach to combating organized crime by targeting thieves-in-law. A law criminalizing any association with criminal sub-cultures was adopted in 2020, leading to several arrests and 25 criminal cases being initiated.²⁸ Proceedings were suspended in one case, and terminated in seven because of a lack of evidence. In 2022, investigations were underway in the other 11 cases, and six of these (involving 25 people) resulted in indictments.²⁹ Similar to Georgia's crackdown under Mikheil Saakashvili, many Armenian thieves-in-law fled Armenia amid the crackdown.

Armenia's criminal underworld reacted violently to the proposed legislation, with riots erupting in several prisons.³⁰ The combination of crackdowns and limited economic opportunities within Armenia, has resulted in a considerable displacement of organized crime abroad, creating an Armenian criminal diaspora, primarily based in Russia (mostly the Krasnodar, Rostov and Stavropol regions) and the EU. Indeed, Armenian organized crime groups, including mafia-style networks, are arguably more active outside the country than within its borders (of which more later in the report).

Detailed analysis of 11 court cases from 2014 to 2024 reveals strong parallels between the criminal behaviours of Armenian thieves-in-law and those in Georgia.³¹ Activities often involve extortion, where protection fees are extracted from businesses or victims 'repay' fabricated debts. Court data indicates that thieves-in-law primarily target the retail sector, including small shops, restaurants and construction companies. Illegal firearm possession and homicides are other prominent features, mostly arising from attempts to project power within their networks.

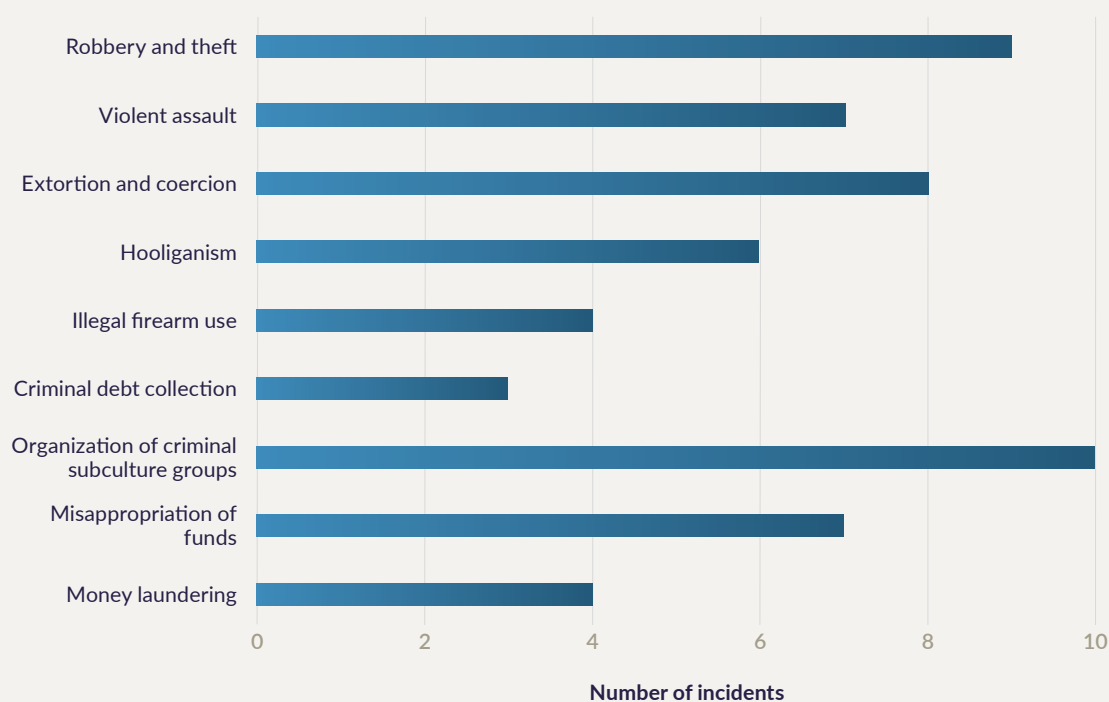


FIGURE 1 Crimes typically associated with Armenian thieves-in-law, 2014–2024.

SOURCE: Portal of Armenian courts, <https://datalex.am>

Oligarchs and monopolies

A significant challenge to Armenia's efforts to ensure competitive markets and transparent governance is the dominance of commodity cartels and monopolistic networks tied to oligarchic elites. While not always criminal in a legal sense, these structures often operate in a grey zone between licit and illicit milieu. In Armenia, monopolies historically linked to politically connected business figures have engaged in practices such as collusion, price-fixing, and procurement fraud. While these tactics are sometimes legally prosecuted, they more often operate in murky legal and moral terrain. This has historically affected critical imports such as sugar and wheat.³²

The inclusion of oligarchic structures in this report stems from an expanded conception of organized crime – one that goes beyond violent or clandestine groups like thieves-in-law to encompass elite actors who leverage political connections and institutional weaknesses to dominate key sectors of the economy. While not all oligarchs are directly involved in criminal conduct, their concentrated economic power and entwinement with state structures may enable or shield illicit practices in some cases.

In the early 1990s, the breakup of the Soviet Union combined with the Azeri and Turkish blockade of the country over the Nagorno-Karabakh issue led to isolation and economic collapse. Armenia's eventual victory over Azerbaijan shaped the nation's power dynamics for a generation by consolidating economic and political power in the hands of a military elite.

These figures were primarily veterans of the Nagorno-Karabakh conflict and linked to organizations such as the influential Yerkrpah Union of Volunteers.³³ By the mid-1990s, this network effectively dominated Armenia's legitimate economy and political landscape leading to significant overlap between businesspeople and the military.³⁴ This distinguishes the Armenian oligarchy from other post-Soviet oligarchs. One author has compared them to South Korean *chaebols* – diversified conglomerates spanning multiple sectors of the economy, typically controlled by a single individual or family. These business leaders maintain close informal connections with the political elite or are themselves integral members of it. In Armenia, this symbiosis extends to the highest levels of government and the parliamentary benches are filled with influential business figures.³⁵ As in other parts of the former Soviet Union, the boundary between the public and private sector in Armenia has been blurred. But what sets Armenia apart from much of the region is the significant influence of former servicemen, who shape the business landscape by leveraging their political connections to dominate major industries.³⁶

Before the Velvet Revolution, approximately 20 oligarchs controlled Armenia's trade, including the families of then-president Serzh Sargsyan and other senior officials.³⁷ The revolution significantly disrupted the oligarchic structure. Some were arrested, such as war veteran Manvel Grigoryan (for stealing military aid and illegal arms possession), while others, like Mikayel Minasyan (the son-in-law of the former president), fled the country facing multiple charges, including large-scale embezzlement and money laundering.³⁸ Two prominent oligarchs, Gagik Tsarukyan and Samvel Aleksanyan, have continued their businesses. Aleksanyan, known as the 'King of Sugar', saw his share of the sugar market decline by about 20% in 2019, although, his company, Alex Holding LLC, still dominates the market. In 2017, Alex Holding controlled 97% of the sugar market despite the presence of more than 80 other companies in the same market.³⁹ Aleksanyan has reportedly been linked to criminal leaders by Russian authorities: in October 2024, he was denied entry to Russia due to his association with Ruben Taluyan, a businessman and criminal figure from Sochi who is currently wanted by Russian authorities.⁴⁰

Only two members of the former business elite, Khachatur Sukiasyan and Gurgen Arsenyan, have prospered in the post-revolutionary period. Their success would appear to be as a result of their alignment with the newly installed Pashinyan government. Both were included on the party ticket of Nikol Pashinyan's Civil Contract party – a move widely criticized as contradictory to Pashinyan's promise to separate business from politics.⁴¹ Arsenyan was recently appointed as Armenia's ambassador to Russia, while Sukiasyan's business fortunes have grown since the Velvet Revolution.⁴² In 2020, media alleged that two illegal construction projects by a company owned by Sukiasyan had been legalized after the fact.⁴³ Additionally, reporting by local investigative journalists claimed Sukiasyan had links to Yerevan Jewellery Factory. The company allegedly exported large batches of Russian-made jewellery, labelling them as Armenian in a possible attempt to help Russia evade sanctions.⁴⁴

State-embedded actors

The Sargsyan family epitomizes the involvement of state actors in organized crime, having entrenched and refined a system of embezzlement that permeated Armenia's economy. In 2019, the former president Serzh Sargsyan was charged with embezzling approximately US\$1 million in government funds in 2013. His brothers, nephews and in-laws have also been implicated in numerous economic crimes.

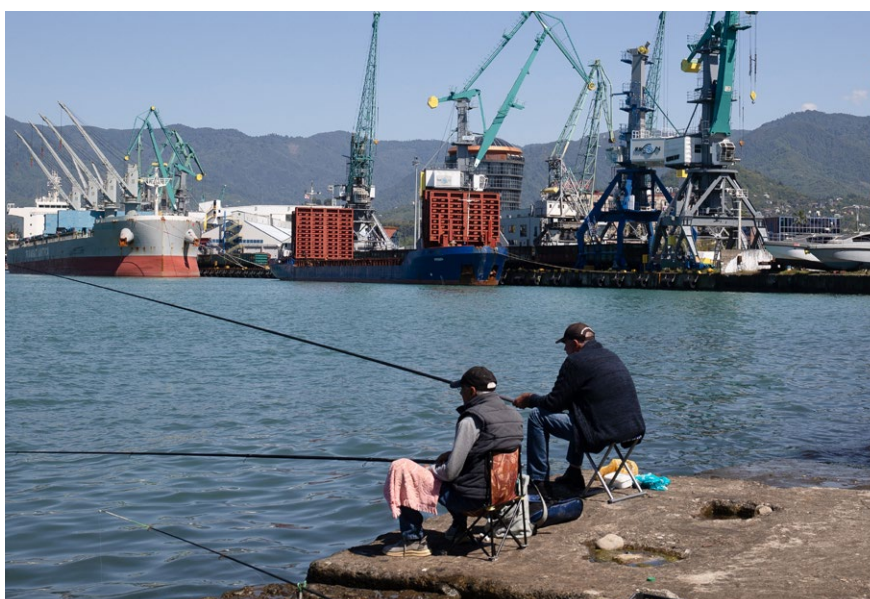
Aleksandr Sargsyan, the former president's brother, faced charges of fraud in July 2018, along with allegations of extortion and racketeering. He admitted to some of his illicit activities and agreed to return US\$30 million to the government.⁴⁵ Another brother, Lyova Sargsyan, was implicated in a massive corruption and embezzlement scheme tied to the US\$250 million North-South Highway project. He was charged with money laundering and bribery, using his influence to secure contracts for his associates in return for a 50% kickback from the profits. Lyova's children, Narek and Ani, were also implicated, with Narek facing additional charges for illegal weapons and narcotics possession. While Lyova Sargsyan fled the country and remains wanted, Narek was arrested in the Czech Republic under an INTERPOL warrant and extradited to Armenia in December 2019. Narek Sargsyan served five years in prison for illegal possession of firearms, involvement in the illicit drug trade and kidnapping; he was released in 2024. Ani Sargsyan's case has continued in an anti-corruption civil court.⁴⁶



GEORGIA: FILLING THE VACUUM LEFT BY DECLINING LEGITIMACY

The reforms that followed the Rose Revolution in 2003 significantly reduced corruption in important areas of public administration, especially tax collection, and dismantled entrenched criminal networks, but challenges persist. Recent reports indicate a resurgence of criminal subcultures under the ruling Georgian Dream party, especially within the prison system,⁴⁷ while state capture, nepotism and a lack of transparency have continued to flourish.⁴⁸

Evolving regional dynamics have also impacted Georgia's conflict zones, which have traditionally served as primary corridors for organized smuggling. Unlike Nagorno-Karabakh, where mountainous terrain and landmines have hindered the flow of goods and people, Georgia's two conflict zones, Abkhazia and South Ossetia, have long operated as hubs of illicit trade, acting as conduits for licit and illicit goods moving between Russia, Türkiye, Georgia and the wider region. This illicit trade has formed the backbone of the economies of Abkhazia and South Ossetia, and has long been a driver of corruption in these breakaway republics.⁴⁹ However, following the 2008 war between Russia and Georgia, the de facto annexation of the two territories by Russia, and the imposition of stricter controls



Georgia lies on the heroin highway from Afghanistan to Europe, while Black Sea ports, such as Batumi, shown here, have been transshipment points for cocaine produced in Latin America. © Andrey Rudakov/ Bloomberg via Getty Images

along the border with Georgia, smuggling activities have declined significantly. This has resulted in a displacement effect. In the case of South Ossetia, most smuggling has shifted northwards to its border with Russia, where South Ossetian political elites are implicated in these activities.⁵⁰ In Abkhazia, by contrast, illegal cryptocurrency mining has emerged as a new avenue for illicit activity – one that is, at times, tolerated by the de facto authorities.⁵¹

As seen in other parts of the former Soviet Union, Georgian underworld figures became significant local power brokers throughout the 1990s, capitalizing on their capacity for violence and their ability to offer private protection. By demonstrating loyalty and utility to incumbent leaders, some have successfully integrated into the political elite. Illicit revenues, often derived from drug trafficking, racketeering and looting, have facilitated their ascent to national political prominence.

A notable example is the Mkhedrioni group, which exemplifies the merging of criminal power with the political sphere.⁵² The paramilitary group – best described as a self-funding semi-criminal organization engaged in extortion, racketeering, the illicit drug trade, looting and assassinations – was established in the late 1980s by prominent thief-in-law Jaba Ioseliani. It began as a patriotic union of young men from Tbilisi with the aim of defending the ‘fatherland’ and the Georgian Orthodox Church but became increasingly involved in criminal activities.

Ioseliani was one of the main organizers of the 1991 coup against the legitimately elected president Zviad Gamsakhurdia, which led to the installation of former Soviet foreign minister Eduard Shevardnadze. Shevardnadze eventually outlawed Mkhedrioni and imprisoned Ioseliani. However, illicit capital linked to Mkhedrioni became the foundation for various commercial enterprises, ensuring the group’s influence in the country continued.

In January 1996, Georgia’s general prosecutor warned that, despite the arrest of most of Mkhedrioni’s members, the group’s ‘resurrection’ was still a major threat. According to Jamlet Babilashvili, at the time of Ioseliani’s arrest, millions of dollars that the group had accumulated through fraud and robbery in the early 1990s had gone missing, invested throughout the Georgian economy.⁵³

Former members of Mkhedrioni are still connected with retail markets, transportation hubs (several hold shares in Ortachala bus station) and even some of the largest business conglomerates in Georgia. Their criminal connections were not entirely severed, as highlighted by a number of high-profile assassinations in 2021 and 2022.

Clash of the clans

On 24 June 2022, Levan Kacharava, a former Mkhedrioni member who had become a successful businessman with interests in hotels, real estate, cargo shipment, transport infrastructure and fitness clubs, was killed. Having lived in France for many years, the 53-year-old Kacharava had returned to Georgia for his father’s funeral when a gunman opened fire on his car. At the time, speculation was rife that that his murder was revenge for Kacharava’s involvement in the assassination of Niko Kvaratskhelia, the son of a prominent thief-in-law, a few months earlier.⁵⁴ ■

Mkhedrioni members also invested heavily in Russia and European countries during the mid-1990s. In a recent example, a former police officer who had been working in the Czech Republic's anti-mafia squad since 2013 was accused by prosecutors of having ties with Russian oligarchs, Russian intelligence services and former Mkhedrioni members operating casinos in the Czech Republic.⁵⁵

Thieves-in-law

After the collapse of the Soviet Union, criminal networks led by thieves-in-law entrenched themselves in Georgia's political and economic structures, wielding far greater influence than in Armenia. This was largely due to the severe weakness of Georgia's central government in the 1990s, which lost territory to Russian-backed separatists in Abkhazia and South Ossetia and also lacked the capacity to assert authority in areas where paramilitary groups such as Mkhedrioni operated as the de facto power structure.⁵⁶ This began to shift after the Rose Revolution, as Mikheil Saakashvili's government launched a decisive crackdown on the power of the thieves-in-law. As a result, a significant number of Georgian organized criminals migrated abroad,⁵⁷ with many still active in Russia, Spain, Austria, Italy, Switzerland, Germany, Belgium and France.⁵⁸

Although Georgian organized crime has extended its reach into Europe, there has not been a complete relocation.⁵⁹ Instead, the expansion is characterized by the preservation of strong links to their homelands and Russia, controlling Caucasian operations through trusted lieutenants while simultaneously developing new avenues in Europe. Thieves-in-law have also forged a lucrative role in mediating disputes between businesses and individuals from abroad. Their continuing links to home are demonstrated by the fact that looted goods obtained through criminal activities in Europe are shipped back to Georgia for further distribution.⁶⁰

After another change of government in 2012, things started to shift back in favour of the thieves again. Amid the declining legitimacy of the Georgian government, thieves-in-law have re-emerged as influential players, valued for their ability to mobilize votes and assist the authorities in managing prison populations. Under Georgian Dream, prison authorities have informally granted criminal leaders autonomy to help maintain order. In exchange for managing the prison population, the criminal hierarchy gains privileges (such as better living conditions and the ability to communicate freely with the outside world).⁶¹ Nevertheless, their main base of operations is still abroad.

Analysis of Georgian court data suggests that thieves-in-law are mostly involved in extortion and blackmail, violent intimidation and drug-related crimes. Analysis of court transcripts from 29 cases establishes a pattern of crimes involving thieves-in-law between 2019 and 2020 (see Figure 2).

Extortion, a hallmark of traditional organized crime, features prominently, but the provision of arbitration and dispute resolution services for both individuals and businesses is also significant. Amid widespread distrust and inefficiency in the judicial system and police – primarily due to court delays – businesspeople and other civilians have turned to criminal networks, particularly those headed by thieves-in-law, to resolve their disputes. In early 2025, three thieves-in-law, all living abroad and acting through intermediaries in Georgia, were charged with attempting to resolve a financial dispute between citizens.⁶² Most issues being arbitrated by organized crime involve businesses operating in the informal, shadow or illegal markets (often with undisclosed beneficiaries, informal partnerships or unrecorded debts to evade taxes), for whom the formal legal system is not an option.⁶³

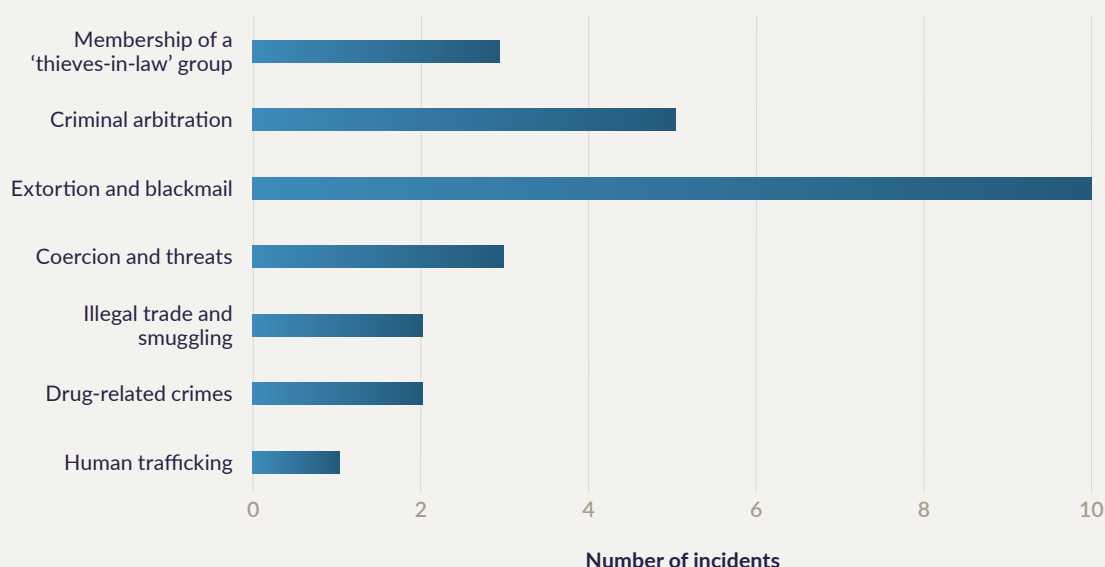


FIGURE 2 Types of crimes involving thieves-in-law in Georgia.

SOURCE: Court Case Management System of Georgia, <https://ecd.court.ge/Decision>

When it comes to extortion, formal statistics are just the tip of the iceberg. In remote areas and regions populated by ethnic minorities (such as Armenian and Azerbaijani minorities in South Georgia), the extortion of small and medium-sized businesses is a relatively common practice. In a recent dramatic incident reminiscent of the violent criminal tactics of the 1990s, a hand grenade was hurled at a businessman's residence in Marneuli in the south of the country. According to local sources, the businessman had been refusing to pay fees that had been demanded by criminals.⁶⁴ This phenomenon is tolerated largely due to what many believe is a political-criminal pact: thieves provide support to political parties during elections and, in return, a blind eye is turned to their activities.⁶⁵ Court data suggests that extortion and coercion are mostly targeted at minibus and taxi services (five cases), nightclubs and bars (six), small retail shops (four), construction companies (three) and restaurants and cafes (three).

Call centres

Georgia has recently witnessed a significant expansion in call-centre scams orchestrated by organized crime groups targeting EU citizens with fake investment schemes. The entire area of activity is clouded in ambiguity, and its politicization makes it more difficult to untangle. Many operations have been allegedly linked to influential Georgian business figures and former government officials.⁶⁶ Meanwhile, active security and police officials are alleged to be providing protection for these enterprises.⁶⁷ Sources in Georgia also often talk about the involvement of former security officials who use their links with the security agencies to protect their illegal activity.⁶⁸ Following Russia's full-scale invasion of Ukraine and the subsequent influx of Russian and Ukrainian citizens into Georgia, there are reports that the new arrivals have become involved in call-centre operations.⁶⁹ While specific evidence to support the claims of high-level involvement is limited, the continued

operation of these call centres and the lack of effective prosecution lend credibility to allegations of political protection. A striking example of this impunity is the case of the AK Group, whose operators resumed activity and made over 180 VoIP (voice over internet protocol) calls to their victims just weeks after being exposed in an investigation, despite an ongoing criminal probe and asset freezes.⁷⁰

Call-centre scams are also a problem in Armenia but they are less organized. The most prominent of these was an underground network of international phone scammers, run by a group of Indian citizens in Armenia. These centres were notorious for working late at night in order to target victims in the US and Canada. This operation was initially believed to be linked to bitcoin mining, but no evidence was found to support that hypothesis.⁷¹

Drug trafficking

Georgia lies on the main heroin route from Afghanistan to Europe, which has resulted in large seizures. More occasionally, there are cocaine shipments from Latin America arriving at Black Sea ports. In addition, there is a considerable market for synthetic and psychotropic drugs traded online.

Large shipments of heroin and methamphetamine pass through Georgia from Iran and Türkiye, via Armenia or Azerbaijan. In April 2020, 40 kilograms of heroin, which had transited from Azerbaijan through Georgia and was destined for Odesa in Ukraine, was seized from a house in Batumi. Two Bulgarians were arrested in the operation with support from the US Drug Enforcement Administration, which also led to the seizure of 75 kilograms of heroin from a car in Tbilisi.⁷²

More recently, given the leading role that Turkish criminal groups play in trafficking Latin American cocaine to Europe and Russia, Georgia has emerged as an important transit hub.⁷³ Two Turkish nationals were arrested in Ukraine after an eight-month-long international operation that had resulted in the seizure of 368 kilograms of heroin (with a value of US\$24 million) hidden in commercial cargo, bound for Ukraine, from Iran, via Armenia and Georgia.⁷⁴

Georgian authorities are concerned by the growth in the synthetic drug market, including domestic production, as well as the shift in drug distribution to the dark web. Drugs are purchased using cryptocurrency, and deliveries involve a dead drop communicated through Telegram or Signal. The police response to cybercrime in general is largely reactive, and this holds true for the cyber-based drug trade as well.⁷⁵

One of the main hubs for the drug trade in Georgia is Ponichala – a former Soviet industrial suburb south of Tbilisi. In this mainly ethnic Azerbaijani settlement of some 4 500 residents, several hundred people have received probation sentences for drug use over the past decade. Ponichala is a tight-knit community with a maze of narrow streets, houses and apartment blocks fortified by walls and iron gates, which complicate police search operations. Its strategic location near the Azerbaijani and Armenian borders makes it an ideal transit hub, as anyone trafficking drugs to the capital must pass through it. Drug dealers, who prioritize offloading their goods quickly, generally sell them here at significantly lower prices. As a result, dealers from across Georgia flock to Ponichala to purchase drugs wholesale, repackage them into smaller quantities and distribute them across the country.⁷⁶ In Ponichala, the drug trade still follows traditional methods, with hand-to-hand deliveries paid for in cash. This stands in contrast to the Telegram-facilitated and cryptocurrency-financed drug trade prevalent in the rest of the country.

State-embedded actors

The involvement of state actors in organized crime has a long history and may be re-emerging. Unconfirmed allegations from investigative journalists suggest that security and police officials are providing protection for scam call centres and various smuggling activities.⁷⁷

There is compelling evidence of alliances between government officials and organized crime in two main areas: employing criminals to influence elections,⁷⁸ and utilizing their networks to maintain control over the prison population.⁷⁹

Elections have become a critical arena in which criminals are used to intimidate the population, harass political activists and blackmail opposition candidates. Alliances range from lower-level connections, such as collaborations between individual police officers and criminals, to high-level partnerships across borders.⁸⁰

These alliances often extend beyond electoral activities and evolve into long-term business relationships. Levan Jangeladze, brother of alleged 'thief-in-law' Merab Jangveladze, was assassinated by a professional killer during a visit to Tbilisi in March 2025, probably linked to an inter-clan dispute among Georgian thieves.⁸¹ Our sources suggest that Levan was actively engaged in the cargo forwarding and transportation sector, overseeing extensive shipping operations centred around the Poti seaport through a network of affiliated companies.⁸² Investigative journalists have reported evidence that Levan Jangveladze's Georgian associates have been conducting joint ventures with Delta, the strategic arms manufacturing division of the Georgian defence ministry.⁸³ This is particularly concerning in light of Jangveladze's potential connections to Russian government-backed organizations, exposed through investigations into his business partnerships in the Czech Republic.⁸⁴

Reports are common of direct collaboration and quid pro quos between high-ranking government officials and criminal figures. According to insider government sources, Mindia Goradze, known by the nickname 'Lavasogli', one of the most influential thieves in the post-Soviet space, maintains direct access to several central government ministers as well as regional and law enforcement authorities in the Achara autonomous republic.⁸⁵

By its nature, Georgia today resembles the pre-Rose Revolution era, marked by a pervasive political-criminal nexus. The key difference, however, is that this relationship is now more institutionalized and systematically managed by formal authorities who retain the upper hand in dictating the rules of the game – something that was often not the case under Shevardnadze's rule.



AZERBAIJAN: A FAMILY AFFAIR

Organized crime, particularly organized corruption, has scored Azerbaijan's political and economic landscape. Detailed analysis has been limited, but grand corruption coupled with money laundering appear to be the primary sources of illicit financial flows in Azerbaijan.

Azerbaijan's ruling political regime largely dismantled the country's major criminal networks during the 1990s. The remaining groups were subordinated to the state and integrated into regional and district power structures. On paper, Azerbaijan has made significant strides in combating criminal groups. For instance, in the first half of 2024 alone, Azerbaijani law enforcement reportedly dismantled 356 criminal groups, including 119 involved in serious crime. Moreover, 179 individuals were prosecuted for illegal firearm possession. Authorities also seized 2 844 kilograms of narcotic substances and destroyed over 296 tonnes of narcotic plants.⁸⁶

Critical parts of Azerbaijan's formal and informal economy are effectively controlled by family networks based on personal relationships and regional ties. In the two decades following the end of Soviet rule, the political economy was dominated by two regional clans: the Nakhichevanis (from the autonomous republic of Nakhichevan) and the Bakintsi (from the capital Baku). Heydar Aliyev's promotion to first secretary of the Azerbaijani communist party appeared to have tilted the scale in favour of Nakhichevanis.⁸⁷ However, the importance of regional clans has gradually decreased in the post-Soviet period and now powerful families dominate the scene.⁸⁸

The influence of the clans could be still be discerned in the 1990s and mid-2010s – the most prominent being the Nakhchivanis, the Yerazis (ethnic Azerbaijanis originating from Armenia) and the Kurds – although gradually these became dominated by a single powerful family. The families, much like the clans before them, tend to have a geographic affiliation and usually control the administrative centre (city or town) of a certain region. At the same time, they are often in charge of one or more central government ministries with influence over personnel appointments, public procurement contracts and other activities within the mandate of the institution. In the following paragraphs we reference some examples only to demonstrate the political realities in Azerbaijan, not to suggest that these persons or families are in any way involved in illicit or unlawful activities.

An example of the foregoing political realities in Azerbaijan is Baylar Eyyubov. He is the leader of a Kurdish clan and a member of the powerful Eyyubov family. He heads President Ilham Aliyev's security



Iranian border guards monitor vehicles at the Aras border crossing between Iran and Azerbaijan. Much of Azerbaijan's illicit economy is controlled by powerful family networks. © NurPhoto via Getty Images

service and is married to his cousin.⁸⁹ His political and economic power base is Ganja. Most of his business interests are concentrated within the agricultural sector, owning Azersun, the country's largest food production company.⁹⁰

Another influential family is the Talibovs. Their leader, Vasif Talibov, is married to one of the president's cousins and ruled the Nakhichevan autonomous republic from 1993 to 2022. The family is believed to dominate the local economy through the Cahan Holding and the Gamigaya companies, driving out competitors and employing locals on their land.⁹¹

However, since 2015 and the end of the oil boom, the Yerazis and Nakhichevanis have seen a significant decline in their power as resources became scarcer.

The presidential family now plays a central role in contemporary Azerbaijan's power structure. This revolves around the presidential couple, Ilham Aliyev and his wife Mehriban Aliyeva-Pashayeva; their two adult daughters, Arzu and Leyla; and their son, Heydar. Members of the Aliyev family and their associates control most of the lucrative oil industry. President Aliyev wields ultimate authority over the State Oil Company (SOCAR) and decides on the allocation of expenditure from the State Oil Fund (SOFAZ). They also control other large and medium enterprises in construction, infrastructure and banking. Mehriban Pashaev's extended family are also major players, with influence over the ministries of culture and tourism, youth and sports, health and education.⁹²

Indeed, the Pashaev family has emerged as one of the main beneficiaries of this redistribution of wealth and, according to some estimates, now controls approximately 60% of the Azerbaijani economy.⁹³ They own a number of businesses, including Pasha Holding and Ata Holding, and are also involved in the banking, insurance, construction and telecommunication sectors. Media reports claim the companies are regularly awarded public tenders by the government departments under their control.⁹⁴

According to reporting, family members oversee ministerial appointments for public services jobs and extract rents from the domains under their control. These have been referred to by researchers as 'corruption profit centres'.⁹⁵

The proceeds of grand corruption do not stay within the country. The 'Azerbaijani Laundromat', a complex money-laundering scheme exposed in 2017, revealed how approximately US\$2.9 billion was funnelled through European companies and banks between 2012 and 2014, and was used to influence European politicians.⁹⁶ High-profile cases, such as the forfeiture of luxury assets by the wife of a jailed Azerbaijani banker living in London, highlight the international extent of Azerbaijani corruption.⁹⁷

President Aliyev frequently cites Azerbaijan's ranking at 18th for combating organized crime in the World Economic Forum's Global Competitiveness Report. However, this ranking is based on a methodology that measures organized crime by its economic impact on businesses, such as extortion and racketeering by non-state actors.⁹⁸ While indeed minimal in Azerbaijan, this is not due to the absence of predatory practices, but because these activities are monopolized by the political regime.

Drug trafficking

Domestic drug consumption is a bigger problem than in Armenia, with methamphetamine (known locally as *pati*) and heroin predominating. Orders are placed with Iranian suppliers on WhatsApp in response to advertising on Facebook and Instagram. Drugs are shipped through the postal system to a local courier who then distributes the drugs. An intermediary provides details for a card-to-card transaction, and when the money is deposited, a dead drop is arranged. The money is then withdrawn and either converted to bitcoin and transferred to Iran or transported as cash. Traffickers themselves do not cross the border.⁹⁹

Azerbaijan is a critical transit hub for heroin and methamphetamine from Afghanistan to Russia and Western Europe. According to data from the Ministry of Internal Affairs, 5 674 criminal cases of illicit trafficking of drugs and psychotropic substances were recorded between January and June 2024 (accounting for 30.6% of cases documented during this period), a 3.6% decrease from the previous year.¹⁰⁰ Trafficking mostly involves heroin, carried by Iranian nationals, and almost all of the seizures take place at the Iranian border. The majority of drugs travel along the Afghanistan–Iran–Azerbaijan–Georgia–Türkiye route. Drivers identified have been Iranian, Russian, Belorussian and Turkish. Several interdictions have elicited a violent response from traffickers, and in May 2021, two border guards were killed in a shootout.¹⁰¹

The US Department of State has provided scanners and other equipment and the UK Border Force has been training the Azerbaijani State Customs Committee on conducting searches. However, there is still a reliance on dog detection and outdated vehicle scanners, meaning that a significant quantity of drugs is still passing into Azerbaijan undetected. Added to this, it is possible that the positive relationship with Georgian border agents means authorities on that side of the border are reluctant to identify drugs that have passed through Azerbaijan, for risk of embarrassing their counterparts.¹⁰² Given the strong coercive and law enforcement capacity of the Azerbaijani regime, it is highly likely that the absence of seizures is better explained by complicity or complacency within the political and law enforcement system rather than a lack of detection and investigative capability.



INTERNATIONAL REACH OF SOUTH CAUCASIAN THIEVES-IN-LAW

Georgian and Armenian thieves-in-law have been always overrepresented in the Soviet and post-Soviet underworlds. Over time, the thieves' world became increasingly commercialized. Prestigious titles in the thieves' internal hierarchy were commodified and sold for money. These criminals began taxing the burgeoning entrepreneurial activities that emerged during the late 1970s and 1980s as the Soviet economy started to open up.

Examining particular city districts with a historical concentration of thieves provides valuable insights into the commercial dynamics of the thieves' world. Examples of such districts include Moldovanka in Odesa, Ukraine; Gorapost in Pyatigorsk, Russia; Kolonka in Nalchik, Russia; Malakanka in Vladikavkaz, Russia; and Kubinka in Baku, Azerbaijan. Initially, when looking at Odesa and Nalchik, one might assume that the phenomenon was connected to taxing the wealthy and entrepreneurial Jewish communities populating these areas. However, the thieves' favoured district in Pyatigorsk was predominantly ethnic Armenian. In Vladikavkaz and Baku, the preferred districts were closely tied to marketplaces, serving as hubs for *spekulianty* (informal traders in regulated and restricted commodities during the Soviet Union). This observation leads to a broader conclusion: trade was the key factor. Jewish and Armenian communities, historically known for their prominence in trade, were particularly active in these contexts, further reinforcing the connection between commerce

and the extortion and racketeering activities of thieves-in-law.

Recent court data outlined in this report shows that thieves are still trying to tax both retail and non-retail trade in Georgia and Armenia, as well as engaging in transnational smuggling of various licit and illicit goods.



Customs officials seize a large consignment of smuggled cigarettes at the Sarpi crossing on Türkiye's border with Georgia. © Ministry of Customs and Trade/Anadolu Agency via Getty Images

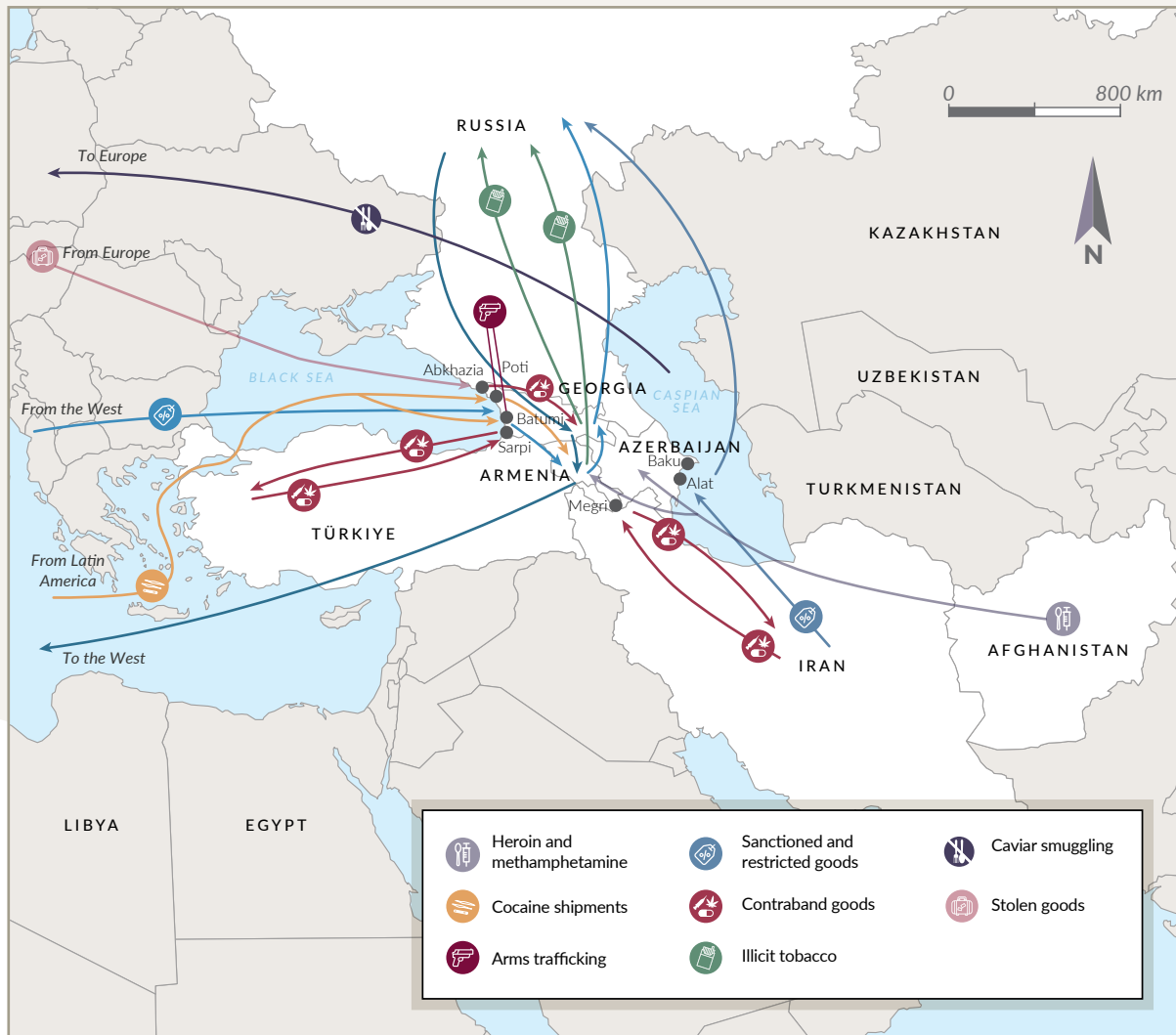


FIGURE 3 Main trafficking routes for illicit economies into and out of the South Caucasus.

Georgian and Armenian thieves-in-law constituted some of the most powerful factions within Soviet criminal networks. The collapse of the Soviet Union had a limited impact on the cohesion of these criminal networks, and they simply adapted to new geopolitical realities. Crucially, cross-border connections persisted, often headquartered in Moscow. The common distinction made between Russian and Georgian organized crime is therefore mainly theoretical – prominent figures in the Moscow underworld trace their origins to Georgia. Armenian organized crime also drew on long-established diaspora networks abroad, which became more active after the Soviet collapse and helped facilitate international smuggling.

After the breakup of the Soviet Union, former republics developed their own nationalized criminal hierarchies. However, cross-border involvement by various thieves-in-law remains common. For instance, several incidents in Kyrgyzstan indicate that Georgian thieves-in-law have been engaged in business-related dispute resolution through Moscow-based criminal networks.¹⁰³ Similarly, Azerbaijani criminals were implicated in an assassination attempt on Kyrgyz political leaders, an operation allegedly orchestrated by a former Kyrgyz customs official who had fallen out of political favour.¹⁰⁴

Another case involving members of the thieves' rank and file suggests that Azerbaijani organized crime may be emerging as an international provider of high-ranking assassination services. In 2024, a group of Azerbaijani criminals acting on behalf of Iran plotted to murder a high-profile critic of the Iranian government in New York.¹⁰⁵ Azerbaijani organized crime has previously shown a notable ability to carry out assassinations in Europe too. In 2018, media reported that Rahim Namazov, a journalist suspected of being involved in the underworld, was assassinated in France, three weeks after he posted a YouTube video in which he insulted an underworld figure based in Türkiye.¹⁰⁶

The degree of transnationalization in regional organized crime increased significantly due to domestic crackdowns in Azerbaijan in the 1990s, and in Georgia and Armenia following the Rose and Velvet revolutions. While these events have significantly reshaped the political-criminal nexus in Georgia and Armenia, they have not eliminated it. Moreover, they have contributed to the growing transnational nature of organized crime in the region, as many members of criminal networks have sought refuge abroad. Azerbaijani groups have traditionally maintained a significant presence in Türkiye, Russia and regions populated by ethnic Azerbaijanis in Georgia. Some of the most prominent Azerbaijani criminal figures, such as Georgian-born Nadir Salifov (commonly known as Guli), and Rovshan Janiyev, both met violent ends in Türkiye, where they were shot dead.¹⁰⁷ Their groups have been involved in a diverse portfolio of criminal activities, including trade in heroin and illegal caviar, and human trafficking and money laundering.¹⁰⁸

The author reviewed news articles published on the Russian website Prime Crime from 2020 to 2024,¹⁰⁹ filtering out incidents that occurred outside the former Soviet countries. Figure 4 presents the findings. It shows that Türkiye and Greece have become most important hotspots for Caucasian or Eurasian organized crime. However, the incidents related to Poland in 2022 and 2024 indicate the displacement effect of Russia's full-scale invasion of Ukraine.

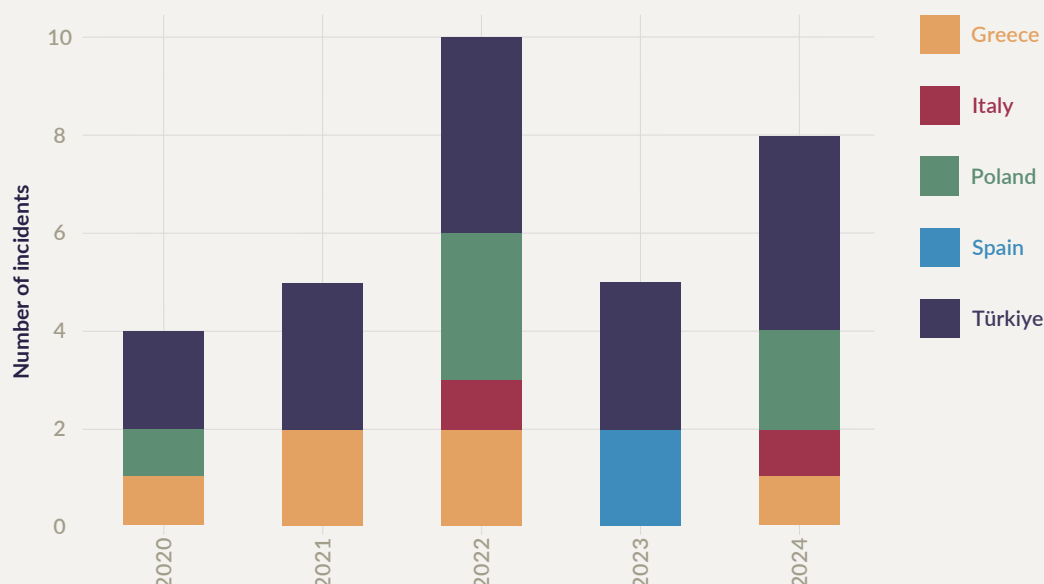


FIGURE 4 European countries most commonly associated with the activities of thieves-in-law, according to number of incidents (2020–2024).

NOTE: The website Prime Crime, from which the data for this chart is drawn, provides information on criminal figures, including aliases, the year they were recognized as thieves-in-law and details of their activities. Governments use this website as a resource for identifying and verifying the status of individuals within the thieves-in-law hierarchy.

SOURCE: Analysis of Prime Crime articles from 2020–2024

Armenian, Georgian and Azerbaijani groups have developed distinct international specializations:

- Armenian networks, with a strong presence in the US, France, Panama and Lebanon, focus on loan sharking, money laundering and human trafficking,¹¹⁰ including trafficking undocumented migrants across US-Mexico border.¹¹¹ Armenian criminal groups are much more internationalized, partly owing to their large diaspora.
- Azerbaijani networks are primarily engaged in human trafficking, smuggling of Caspian caviar, drug smuggling and, increasingly, assassinations.
- Georgian groups have established a significant presence across European cities, where they dominate burglaries of homes and businesses.¹¹² Georgian criminal networks have been deeply involved in a range of trafficking and smuggling activities, most notably migrant smuggling from Türkiye to Greece,¹¹³ and from Ireland to the UK.¹¹⁴ These groups have also exploited the opportunities created by EU visa liberalization for Georgian citizens, establishing lucrative schemes to supply forged Georgian identity documents to non-EU migrants seeking entry into the EU.¹¹⁵ Georgian organized crime has emerged as a significant problem in Poland since 2024,¹¹⁶ with Polish police reporting intensified efforts to combat foreign criminal groups. While Ukrainian nationals top the list of offenders, Georgians rank second, which is striking given the relatively small size of the Georgian community in Poland.¹¹⁷ Georgian criminal groups tend to operate in an organized manner under the leadership of thieves-in-law, engaging in high-profile and brazen crimes, such as the daylight robbery of a currency exchange in Poznań and the armed ambush of a van transporting diamonds in Warsaw.¹¹⁸ These groups function as mobile criminal enterprises, frequently shifting operations across countries to evade law enforcement and flying in specialists from abroad as needed. Often, suspects manage to leave Poland before they can be arrested, relying on well-established logistical networks to swiftly move stolen goods out of the country.¹¹⁹

There is considerable overlap between Georgian, Armenian and Azerbaijani organized crime groups in Russia and the EU. This mostly takes the form of collaboration, but there are occasional outbursts of violent competition. For example, Georgian-Azerbaijani criminal networks have long dominated Moscow's retail and agricultural produce sectors, a collaboration that occasionally erupts in violent clashes over the distribution of profits and control.¹²⁰ A criminal network arrested in Spain in 2018 during a murder inquiry had connections to both Georgia and Armenia. Members of the same gang were apprehended in Belgium and charged with fixing tennis matches.¹²¹ Another Georgian-Armenian group uncovered in Lyon, France, in 2022 was in possession of large amounts of cash and 2.5 tonnes of counterfeit cigarettes destined for the French market.¹²² Other arrests in 2019 and 2021 in France indicated that thieves at the top of this network managed large groups involved in robberies, as well as trade in illicit cigarettes and other consumer goods.¹²³ Joint Georgian-Armenian and Georgian-Azerbaijani networks primarily stem from their shared presence within overarching Russian organized crime structures, rather than direct interaction between criminals in Georgia and Armenia.

Eurasian organized crime in the United States

In the US, Armenian organized crime is more conspicuous than that of its Caucasian neighbours, although Georgian groups are also present.¹²⁴ In 2023, a Georgian thief-in-law, together with his accomplices, illegally crossed the US–Mexico border and attempted to establish extortion rackets in New York.¹²⁵

Armenian groups, by contrast, have more often hit the headlines over the past decade. In 2010–2011 the Mirzoyan-Terdjanian Organization orchestrated a US\$163 million Medicare scam, setting up 118 fake clinics and billing for treatments that were never provided. The proceeds were laundered through layered accounts, cashed out or transferred to Armenia, where they funded businesses and other assets.¹²⁶

Another group, Armenian Power (AP), established good working relations with the Mexican mafia (La eMe). AP supported its activities, including credit card and bank fraud using stolen identities, as well as extortion, drug distribution and violence.¹²⁷ In return, the mafia gave AP members protection inside US prisons, a distinct advantage that Georgian crime groups lacked. For example, US media outlets reported that Georgian thief-in-law Razhden Shulaya and his accomplice, Avtandil Khurtsidze, faced escalating disputes with Latin American criminal leaders, ultimately resulting in them being stabbed while incarcerated in a New York jail.¹²⁸

Pure Armenian Blood (PAB) was a sophisticated criminal network with operations within the US and internationally. The organization operated under the protection and direction of a thief-in-law. Members of PAB were involved in a wide range of racketeering activities, including identity theft, credit card fraud and financial manipulation. The group was highly organized, employing overlapping teams dedicated to specific tasks, and used a network of front businesses to process fake charges and launder dirty money. According to press releases issued by the Office of the New York Attorney General, leaders, such as Narek Marutyan and Saro Mouradian, played central roles in orchestrating these schemes. Marutyan, a key leader in New York, directed many of the group's activities, including the use of fraudulent credit cards and sham charges.¹²⁹

KavKaz Nation, another violent Eurasian crime syndicate, was based in Brooklyn, New York, operating primarily in the Manhattan Beach and Brighton Beach neighbourhoods. Drawing on cultural and regional ties to the Caucasus, including Armenia, Uzbekistan, parts of southern Russia and Azerbaijan, KavKaz was known for its brutality and had a diversified criminal portfolio that included drug distribution, extortion and violent crimes. According to US authorities, high-ranking member Roman Nikoghosyan used physical threats to extort thousands of dollars from victims before he was arrested in 2021. He allegedly enforced demands with the assistance of a network of co-conspirators, including some serving sentences in the US prison system.¹³⁰ ■

These criminal networks maintain a complex relationship with their homelands, at times even playing an active role in domestic politics, as is the case in Georgia. However, Georgian, Armenian and Azerbaijani organized crime groups appear to be more prominent abroad than within their respective countries. Indeed, the defining feature of South Caucasian networks is their transnational nature.



THE IMPACT OF THE WAR IN UKRAINE

The biggest impact of Russia's invasion of Ukraine in 2022 on South Caucasian crime so far has been the proliferation of sanctions evasion across the region, as well as an increase in smuggling operations by Russian, Ukrainian and Belarusian nationals through Georgia and Armenia.

The Black Sea and Ukrainian corridors once served as critical transit routes for a wide range of illicit goods, including drugs, weapons and counterfeit products. However, with these pathways now effectively closed, traffickers seem to have shifted to alternative routes through the South Caucasus.

Drug trafficking in the region has been on the rise, with substances coming from Iran and shipments from Latin America being routed through Armenia. In 2023, in a seizure described as 'highly alarming' by the Armenian president, Italian police confiscated 2.7 tonnes of high purity cocaine (valued at US\$880 million) at Gioia Tauro port in Calabria. The shipment, which originated in Ecuador, was destined for Armenia via a Georgian seaport.¹³¹

Russia's attempts to evade Western sanctions has seen it forge new trade corridors with its immediate southern neighbours. As a result, the Caucasus has emerged as a critical hub for illicit trade between Russia, Türkiye and Iran. These corridors rely on networks of enablers – typically centred around Russian oligarchs of Georgian, Azerbaijani and Armenian origin, who have accumulated their wealth in Russia and can leverage their cross-border connections to facilitate evasion schemes. These oligarchs maintain personal and business partnerships with political elites in Russia as well as the three South Caucasus nations. In addition to these major enablers, smaller shadow networks also thrive.

Since 2022, each of the three countries has cultivated a specific expertise in evading sanctions. Georgia has become a pivotal hub for automobile trade, exporting a total of US\$2.4 billion worth of motor vehicles in 2024.¹³² Cars are imported from the US, EU and Japan, before being sent on to Russia. In many instances, cars declared as exports to Kyrgyzstan transit through Russia but remain there, never reaching their stated destination.¹³³ Alternatively, they are exported directly to Kyrgyzstan or Kazakhstan, where customs duties are paid, before being re-exported to Russia.¹³⁴ In 2024, Kyrgyzstan became Georgia's top trading partner, primarily due to the surge in trade involving sanctioned automobiles.



Azerbaijan's recently constructed port in Alat on the Caspian Sea is a hub for trade between Russia and Iran. © Resul Rehimov/ Anadolu Agency via Getty Images

Armenia has become an illegal re-export hub for Russian gold and jewellery. According to mirror export data – which compares countries' reported trade to identify discrepancies and misreporting – Armenia's gold and jewellery exports have quintupled in two years. In 2022, it was exporting jewellery to the value of US\$258 179. This figure more than doubled in 2023, reaching US\$534 443, and surged again in 2024 to a total of US\$1.46 million.¹³⁵ To evade sanctions, gold bars smuggled from Russia to Armenia are melted down and made into coarse gold chains (each typically weighing around 2 kilograms), effectively masking their original form and value. The chains are frequently exported to Türkiye and the UAE.¹³⁶ An independent investigation found that Armenia has become a transshipment point for Russian gold heading to the UAE and other countries.¹³⁷

Armenia and Georgia have both emerged as major facilitators of parallel trade flows to and from Russia. Armenia's role is shaped not only by its membership of the Eurasian Economic Union and close economic integration with Russia, but also by its long-standing involvement in sanctions evasion on behalf of Iran – ranging from the use of Armenian banks to bypass US financial restrictions to the diversion of weaponry.¹³⁸ Georgia, meanwhile, plays a crucial role due to its strategic geographic location, free trade agreements with the EU and China, and deeply embedded regional trade networks, enabling the transshipment of Western-produced goods into Russia and the re-export of Russian goods abroad.

However, Azerbaijan plays a more important role in connecting Russia with Iran, since it occupies a key position on the North–South transport corridor. Azerbaijan's new Caspian seaport, Alat, which opened in 2018, is a major intermediary hub for Russo-Iranian trade. Although Alat is equipped with modern facilities, its maximum capacity when the port is completed will be some 25 million tonnes of cargo and 1 million containers annually.¹³⁹

All three of the South Caucasus republics also have the potential to play a significant role in licit and illicit trade between China and the West, driven by China's strategic interests in Azerbaijan, as well as its investments in Georgia's Anaklia deep-sea port and an airport near Tbilisi.¹⁴⁰



FUTURE TRENDS AND RECOMMENDATIONS

The geopolitical landscape of the South Caucasus is undergoing a transformation, with potentially profound implications for organized crime dynamics in the region – the ongoing war in Ukraine, the growing activation and expansion of the Middle Corridor (the trade route that connects Europe and China through Central Asia), the development of the North–South Corridor linking Russia and Iran, and the evolving situation in Afghanistan under Taliban rule. These shifting dynamics are likely to reshape criminal networks, patterns of illicit trade and cross-border crime in the region.

The use of criminal networks is now part of the hybrid warfare toolkit used by authoritarian regimes, including Russia and Iran. The invasion of Ukraine has accelerated Russia's weaponization of organized crime in Europe to facilitate sanctions evasion and destabilize its adversaries through corruption and illicit finance. Russia's security services and affiliated oligarchs have used criminal intermediaries in regions like the South Caucasus to maintain access to restricted and regulated goods, move capital and foment political dissent through its diaspora communities abroad.

Major international trade and infrastructure projects, such as China's Belt and Road Initiative and the Lapis Lazuli corridor (linking Afghanistan to Türkiye via Azerbaijan and Georgia), boost legal trade flows but also benefit illicit trafficking by reducing the transaction costs of smuggling and sanctions evasion. The infiltration of legitimate supply chains, shipping routes and seaports by organized crime is becoming a substantial problem in the region.¹⁴¹ Afghanistan's 2022 opium ban under the Taliban has caused short-term disruption in heroin trafficking through the South Caucasus, although the long-term impact on supply routes remains uncertain. Criminal networks may turn to synthetic opioids and diversify into transporting methamphetamine and precursor chemicals through the South Caucasus.

New trade routes emerging from efforts to unblock corridors in the South Caucasus, following the end of the Armenia-Azerbaijan war in 2023, may have mixed implications. While providing a much-needed boost to the regional economy, they also risk benefiting shadow and illegal trade networks. The Kazbegi border crossing between Georgia and Russia; the Sarpi crossing between Georgia and Türkiye; and the Poti, Batumi (Georgia) and Alat (Azerbaijan) seaports are becoming critical nodes in Eurasian trade networks. If regional transport routes are reopened, this list could be expanded to include Meghri in Armenia and Julfa in the Nakhchivan exclave of Azerbaijan, which once served as main points on

the railway line connecting the Soviet Union with Iran. These cities, railway hubs and seaports may also become focal points for organized criminal activity, particularly given the region's history of smuggling and the strong presence of transnational criminal groups.

Türkiye's deepening economic and trade ties with Azerbaijan and Georgia, coupled with the mooted reopening of its border with Armenia, will enhance regional integration but also introduce new vulnerabilities. Turkish criminal groups have been pivotal in the trafficking of cocaine and synthetic drugs to Europe and Russia, with routes now passing through the South Caucasus. Turkish ports and trucking companies have been implicated in illegal supply chains, and cooperation between Turkish and South Caucasian organized crime groups is already evident in areas such as drugs and human smuggling. Given Türkiye's role as a major node in Eurasian trade – and its ambiguous diplomatic position between Europe, Russia and the Middle East – Turkish organized crime connections will be a vital strategic variable to monitor.

In parallel, cyber-enabled organized crime is an ever more prominent feature of the region's criminal landscape. The proliferation of scam call centres targeting European citizens, the expansion of online gambling and gaming, and the use of digital payment systems for laundering illicit proceeds are early warning signs. These developments are closely tied to the region's growing digital capacity. Cybercrime intersects with other illicit markets, including human trafficking and the use of cryptocurrencies for money laundering and financial scams, all coordinated across borders through encrypted messaging apps and social media platforms. Law enforcement officials in Georgia and Armenia are already concerned about the rise in drug trafficking on the dark web – with transactions conducted through Telegram, and further complicated by payments in cryptocurrency – making investigations more challenging.¹⁴² The convergence of organized crime and cyber capabilities will shape how South Caucasian criminal actors operate transnationally.

To counter organized crime in the South Caucasus effectively, it is essential to strengthen state capacity where vulnerabilities are most acute, particularly around infrastructure, governance, cyber-enabled crime and civic accountability. First, oversight of key infrastructure nodes such as seaports, free trade zones and border crossings must be substantially enhanced. As the region becomes more integrated through initiatives like the Middle Corridor, governments must take proactive steps to ensure this increased connectivity does not become a conduit for organized crime.

Equally important is the protection and empowerment of civil society and investigative journalism, which constitute among the most effective checks on organized criminal networks and their enablers in positions of power. These actors must have sustainable international support to continue exposing corruption and criminal collusion.

Finally, the growing threat of cyber-enabled organized crime must be addressed, but this requires more than technical upgrades or institutional capacity-building. It demands genuine political commitment to dismantle the protection networks that allow such activities to thrive. In the South Caucasus, illegal activities like call centre scams and cryptocurrency-based laundering are not simply the result of weak regulation or enforcement, but are often enabled by collusion between criminal networks and state-embedded actors. As long as senior officials shield or profit from these schemes, efforts to counter them will remain superficial. Addressing the issue requires not only training and forensic tools, but also independent oversight and international pressure to hold complicit actors accountable. Without confronting the political enablers, even the best-resourced cybercrime units will fail.



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