

**ORGANISED
CRIME**
TASK FORCE

Annual Report and Threat Assessment **2006**

Organised Crime in Northern Ireland

www.octf.gov.uk

Introduction



I am pleased to introduce the sixth Annual Report by the Organised Crime Task Force (OCTF) and congratulate all of our law enforcement partners on the impressive successes they have had during 2005/06. They are providing a vital service to the people of Northern Ireland and I look forward to their continued success in 2006/07.

This has been a year of change and opportunity for the OCTF which began with the review commissioned by Paul Murphy in February 2005. The review provided an excellent opportunity to assess critically how we tackle organised crime in Northern Ireland and to ensure our structures are fit for purpose.

I am grateful to all those who contributed to the review. Your opinions and ideas have helped to shape the OCTF into an even more robust multi-agency partnership to face the challenges posed by organised crime to Northern Ireland society.

The Government is fully committed to tackling organised crime in Northern Ireland and the OCTF and its partner agencies will continue

to relentlessly pursue those who engage in organised criminal activity. Our message to them is clear – we will disrupt your activities, prevent you from inflicting harm on our communities, and seize your assets. The results of law enforcement activity against organised criminals in Northern Ireland during 2005/06 confirm that we are having significant success: over £7 million worth of drugs and almost £10 million worth of counterfeit goods have been taken off our streets, and over £30 million worth of criminal assets have been restrained, confiscated or seized.

I also very much welcome the interest which the Northern Ireland Affairs Committee is taking into the whole question of organised crime in Northern Ireland. Their review has been valuable both in focusing thinking about how to deal with the problems and in demonstrating very tangibly Parliamentary support for the law enforcement agencies in carrying out their important work.

An important development this year was the launch of the Serious Organised Crime Agency (SOCA) on 2 April 2006. OCTF forged links with SOCA during its creation and the new Agency is already a key member of OCTF at a number of levels. That partnership will continue to develop over the coming year.

I am also grateful to Shaun Woodward for his endeavours as Chair of the OCTF and I know that Paul Goggins will build on that work in the coming months and years.

A handwritten signature in black ink, appearing to read 'Peter Hain'.

RT HON PETER HAIN MP SECRETARY OF STATE FOR NORTHERN IRELAND

Foreword



I am pleased to be taking up the role of Chair of the Organised Crime Task Force (OCTF) in Northern Ireland and welcome the opportunity to work with OCTF members to tackle organised crime here. My former Ministerial responsibilities in the Home Office included serious and organised crime, drugs, the Assets Recovery Agency and the Security Industry Authority and I am fully aware of the problems we face nationally. I am also aware that organised crime in Northern Ireland differs from the rest of the United Kingdom because of its history of paramilitary involvement and the land border with the Republic of Ireland but I am confident that the OCTF and the links it has with agencies in these, and other, jurisdictions are effectively addressing these issues.

We should not exaggerate the scale of the problem posed by organised crime – Northern Ireland is not a mafia society - but nor should we shy away from the necessity

of dealing decisively with a problem that has the capacity to corrupt our society. Organised crime creates victims across the spectrum, from shop keepers robbed at gunpoint, to families destroyed by drugs, to citizens whose safety and livelihoods are jeopardised by counterfeit goods or extortionists.

The Secretary of State has already commented on the achievements by Law Enforcement Agencies (LEAs) over the last twelve months and further details of the impact made by OCTF partners against organised crime are provided in Chapter One. I am very grateful to these agencies for their commitment and efforts in the past year.

Every citizen can play their part in tackling organised crime in Northern Ireland and OCTF is committed to continually raising awareness of the dangers of and harms caused by organised crime and the ways in which public vigilance can help counter it. It is equally important that public confidence is sustained by demonstrating that the steps we are taking are successfully putting criminals out of business. To that end a new strategy to raise public awareness is being developed by OCTF.

Since joining the OCTF last year the Head of the Northern Ireland Civil Service (NICS) has formed a NICS interdepartmental group, whose aim is to promote awareness of the organised crime threat in Government Departments and the wider public sector. It is taking forward a range of initiatives, including considering how existing laws and regulations can best be exploited and enhanced to tackle organised criminality.

I have already mentioned the land border with the Republic of Ireland. In some areas of criminality, such as smuggling and money laundering, the border offers

criminal opportunities to avoid detection and conceal assets. That is why cross border co-operation at all levels across government and law enforcement is vital and I am pleased to report that it has never been better. This year we have seen a number of co-ordinated large-scale operations involving agencies from both jurisdictions against those engaged in cross border organised crime. These close working relations are further strengthened through an annual cross border co-operation seminar to improve our shared understanding of cross border organised crime and to review and evaluate our progress in tackling it.

Organised crime is not, of course, confined to Northern Ireland or the Republic and we are working with SOCA and law enforcement agencies in other jurisdictions to tackle organised criminals across the UK and further afield. It is encouraging - and revealing - to note that during 2005/06 12 law enforcement operations in the UK and 17 international operations impacted on organised crime networks in Northern Ireland.

It is clear from the Threat Assessment in Chapter Two that persons linked, now or previously, with paramilitary groups in Northern Ireland continue to be actively engaged in organised crime. It is not always clear if these activities are by individual members for their own gain or by members authorised by the organisation. PIRA's Easter message said that "The IRA has no responsibility for the tiny number of former republicans who have embraced criminal activity. They do so for self-gain. We repudiate this activity and denounce those involved." This is supported by the IMC's latest assessment of PIRA in its tenth report which, despite recognising that some PIRA members may still be involved in

crime, distinguishes between the activities of individual members and those of the organisation. The Government is clear that criminal activity will not be tolerated, from whatever source, and therefore welcomes this report of PIRA moving away from organised crime. It hopes and expects that these commitments will continue to be met and that other paramilitary groups will follow suit without delay.

There are no quick fixes to tackling organised crime. It needs to be tackled at a number of levels - operational, legislative and political. I firmly believe that by working in partnership - by combining effective enforcement with ongoing public support - we will succeed in our fight against organised crime.

I would like to thank OCTF partners and all those who have contributed to this report.



PAUL GOGGINS MP
SECURITY MINISTER AND CHAIR OF THE
ORGANISED CRIME TASK FORCE

Chapter 1

Prior Year Results - Assessing Our Impact

MISSION

- 1.1 The **mission** of the Organised Crime Task Force is to help secure a safe, just and prosperous society in Northern Ireland by confronting organised crime through a multi-agency partnership between central and NI Government Departments, law enforcement, the Policing Board, the business community and the community at large.

ASSESSING OUR IMPACT IN 2005/06

- 1.2 OCTF's Threat Assessment last year identified the range of organised criminality which poses the greatest threat to Northern Ireland as **extortion, blackmail and intimidation, drugs, excise and tax frauds, money laundering, intellectual property crime, armed robbery and cash-in-transit attacks, and illegal dumping** and agreed that these would be the key priorities for concerted action by OCTF during 2005/06.
- 1.3 This section of the report reflects the extent of law enforcement success in tackling these crimes. It is important to remember that the impact of their success is more than simply the numbers of gang disruptions, arrests and seizures. Successful law enforcement intervention against organised criminals, particularly those with paramilitary links, has important social and economic effects too. Disrupting and dismantling high level organised crime gangs frees communities from the sinister control

exercised by these gangs; stripping criminals of their assets and lavish lifestyles derived from ill gotten gains sends a powerful message that crime doesn't pay; and successfully tackling organised crime stimulates our economy and encourages inward investment.

- 1.4 Measuring the social and economic harm caused by organised crime and assessing the extent to which that harm is reduced by law enforcement intervention is difficult but it is also essential if we are to establish the scale of the problem we face, and whether (and which of) our strategies are working. The OCTF is putting additional resources into research in this area to establish firmer data to inform policy and operational decisions and priorities. Progress will be reported in future Annual Reports.
- 1.5 During 2005/06 OCTF partner agencies continued to direct their efforts against prolific criminal gangs posing the greatest threat to our society: details of their successes follow throughout this chapter. A number of these successes were the result of joint operations, some were co-ordinated with law enforcement from outside Northern Ireland. Their actions have removed large quantities of illegal and harmful commodities from our streets and have prevented organised criminals from profiting from their crimes. The results are encouraging: over £7 million worth of drugs, almost £10 million worth of counterfeit goods and over 35 million cigarettes have been seized by law enforcement. In

In addition, over £30 million of assets have been restrained, confiscated or seized. PSNI has also taken successful action against a wide range of lower level organised crime gangs at District and Regional level. Without being in any way complacent this clearly demonstrates that we have robust and effective proceeds of crime powers which take the profit out of crime and prevent organised criminals from reinvesting in their illegal enterprise and OCTF's intention is to build on these successes in the coming year.

2005/06 OBJECTIVES

1.6 The objectives of the OCTF in 2005/06 were:

- a. To confront the activities of the organised crime networks in Northern Ireland, concentrating on serious illegal activities and the major criminal networks.**
- b. To develop co-operation between law enforcement and other operational agencies in the planning and conducting of operations.**
- c. To develop intelligence gathering capabilities against organised crime networks and improve understanding of the activities of those networks.**
- d. To develop cross-community support and work, where appropriate, with the private and public sector.**

1.7 We have assessed progress against each objective using impact and activity indicators that reflect the levels of operational activity as well as how the seizures, arrests and convictions undermine organised criminal enterprises in Northern Ireland. Figures shown for Her Majesty's Revenue and Customs cover the period April 2004 – March 2005, unless otherwise stated, as published in the Annual Report 2004-05 and Autumn Performance Report 2005 dated 19 December 2005.

OBJECTIVE 1

To confront the activities of the organised crime networks in Northern Ireland, concentrating on serious illegal activities and the major criminal networks.

1.8 The key headline successes are:

- **Over £7m worth of drugs were seized by PSNI.**
- **Over £30m of assets were either restrained or confiscated by PSNI, HMRC and ARA.**
- **Almost £10m worth of counterfeit goods were seized by PSNI; and**
- **over 35 million cigarettes were seized in NI by HMRC.**

(a) Drugs

1.9 During 2005/06 there were 2,767 seizures of illegal drugs by PSNI, and 1,440 arrests for drug related offences. The drugs seized were worth more than **£7m**. Cannabis and ecstasy remain the most commonly abused drugs and account for the majority of seizures in Northern Ireland.

1.10 The PSNI Drugs Squad has a strategic focus on Level 2 and 3 organised crime gangs, in particular those trafficking Class A drugs such as cocaine and heroin. By focusing resources proactively against the top level gangs involved in drug trafficking, the Drugs Squad has enjoyed considerable success and has disrupted a number of major importation routes and arrested some of the most significant drug traffickers. PSNI has also had significant success at Regional and District level to tackle local drugs markets. Intelligence from the PSNI Drugs Squad has also led to some significant arrests and seizures outside the jurisdiction but which do not get recorded as Northern Ireland successes.

DRUGS SEIZURES BY PSNI AND ESTIMATED STREET VALUE: 2005/06

CLASS	DRUG	SEIZURES	QUANTITY
A	Cocaine: Powder (gms)	168	27,123.8
	Cocaine: Wraps	11	38
	Cocaine: "Crack" (gms)	0	0.0
	Ecstasy: Tablets	256	92,107
	Ecstasy: Powder (gms)	13	391.7
	Ecstasy: Capsules	1	10
	LSD: Doses	14	306
	LSD: Microdots	1	2
	Opiates: Powder (gms)	30	321.8
	Opiates: Tablets	0	0
	Opiates: Ampoules	1	35
	Opiates: MIs	11	385.1
	Opiates: Wraps	0	0
B	Amphetamine: Powder (kgs)	138	73.7
	Amphetamine: Wraps	11	32
	Amphetamine: Tablets	5	258
C	Cannabis: Resin (kgs)	2,086	426.2
	Cannabis: Herbal (kgs)	180	68.6
	Cannabis: Plants	45	1,503
	Cannabis: Oil (gms)	0	0.0
	Cannabis: Joints	197	267

TOTAL ESTIMATED STREET VALUE: £7,157,566

1.11 The following are some examples of the type, quantities and location of drug seizures in NI during 2005/06:

- 6 kilos of cocaine with an estimated street value of £360k seized in Dungannon DCU in April 2005. One person was arrested.
- 61 kilos of cannabis resin and 43 kilos of cannabis herbal with an estimated street value of £735k seized in Lisburn DCU in May 2005. Three persons were arrested.
- 10 kilos of cannabis herbal with an estimated street value of £100k seized in East Belfast DCU in June 2005. One person was arrested.
- 5.5 kilos of cocaine with an estimated street value of £330k seized along with a substantial amount of cash across a number of DCU's in August 2005. One person was arrested.
- 6 kilos of cannabis herbal with an estimated street value of £60k seized in East Belfast in September 2005.
- Over 300 cannabis plants with an estimated street value of £150k seized in Newry DCU in October 2005. One person was arrested.
- 66 kilos of cannabis resin with an estimated street value of £330k seized in North Belfast in November 2005. Three persons were arrested.

- 2 kilos of Amphetamine with an estimated street value of £20k seized in Magherafelt DCU in December 2005. One person was arrested.
- 2.5 kilos of cocaine with an estimated street value of £500k seized in Foyle DCU in February 2005. One person arrested.
- 2 kilos of Amphetamine with an estimated street value of £20k seized in North Belfast in March 2006.

(b) Intellectual Property Crime (IPC)

1.12 During 2005/06 PSNI, working closely with HMRC and representatives from the trademark holders and brand owners, seized almost £10 million worth of counterfeit goods and production equipment such as computers and CD burners.

1.13 The goods seized covered a broad spectrum and included items used for entertainment purposes as well as consumables: DVDs, CDs and computer games, cigarettes, alcohol and perfumes. The range of seizures illustrates the growing sophistication of the counterfeiter and the disregard for the health and safety of those purchasing their goods. The principal offence in respect of counterfeit cigarettes is one of evasion of excise duty and their treatment is similar to legitimately produced cigarettes and as such form part of the HMRC PSA target to reduce illicit market penetration to 13% by 2007/08.

1.14 Throughout the year the OCTF has continued to work closely with representatives of industry and brand owners to combat this form of criminality. In November 2005 the OCTF's IPC Expert Group hosted a training event for prosecutors from the Public Prosecution Service on trademark and copyright legislation. The IPC Expert Group comprises representatives from PSNI, HMRC, SOCA, ARA, the NIO, the Federation Against Copyright Theft (FACT), the British Phonographic Industry (BPI), the Entertainment and Leisure Software Publishers Association (ELSPA), the UK Patent Office, and Diageo. The group also has links to other national anti-piracy bodies such as the Anti-Counterfeiting Group and the Alliance Against Counterfeiting and Piracy. The Expert Group enables a coordinated approach to the problem and provides a forum for exchanging ideas and good practice as well as identifying potential risks and barriers to investigation. Taking the work of this group as an example of good practice, the Patent Office has established a national working party on IP Crime and has developed a national strategy to tackle it.

STREET VALUE OF COUNTERFEIT GOODS SEIZED BY PSNI

	2003/04	2004/05	2005/06
Value (£million)	£7.6	£7.0	£9.9

1.15 The following are some examples of the types, quantities and locations of seizures by the police in 2005/06:

- £75k worth of counterfeit CDs & DVDs were seized in Clogher in April 2005. Three persons were arrested and charged.
- £390k worth of counterfeit goods were seized following searches in the south of the province in June 2005. Five persons were arrested and charged.
- 15 million cigarettes, a proportion of which were counterfeit (10%), were seized in a PSNI operation in November 2005. Three persons were arrested and subsequently charged with revenue offences and money laundering.
- As part of an ongoing initiative to tackle the sale of counterfeit goods at markets, PSNI Organised Crime Squad working with local police ran a series of operations in late 2005 in and around Jonesborough Market in South Armagh. This operation resulted in the seizure of £1.5 million worth of counterfeit goods at the market and a further £700k worth of goods in follow up searches and operations, and the prosecution of 15 individuals.
- PSNI's Intellectual Property Crime Unit made four arrests in Scotland in February 2006 of individuals involved in the manufacture of counterfeit goods in Northern Ireland. The goods were being shipped to Scotland for onward distribution throughout the rest of the UK and into Europe.

(c) Oils Fraud

1.16 The UK Oils Strategy was introduced in 2002 to tackle misuse of rebated fuels such as red diesel and kerosene throughout the UK, including Northern Ireland. The lead responsibility for its implementation lies with HM Revenue and Customs.

1.17 The main revenue loss in the UK continues to be from the misuse of rebated fuels, including laundering to remove chemical markers and dyes. In Northern Ireland the main loss is derived from fuel smuggling across the Irish Land Boundary. Results of HMRC operations and intelligence confirm that the strategy and interventions are helping to reduce the fraud by making it more difficult for criminals to acquire rebated fuels and by using intelligence to detect those who misuse it in road vehicles. The continued effort of officers from HMRC in tackling Oils Fraud in Northern Ireland is evidenced by the results achieved in the tax year 2004/05.

Laundering plants disrupted	18
Seizures of illicit oils (Million litres)	1.78
Vehicles Seized	812

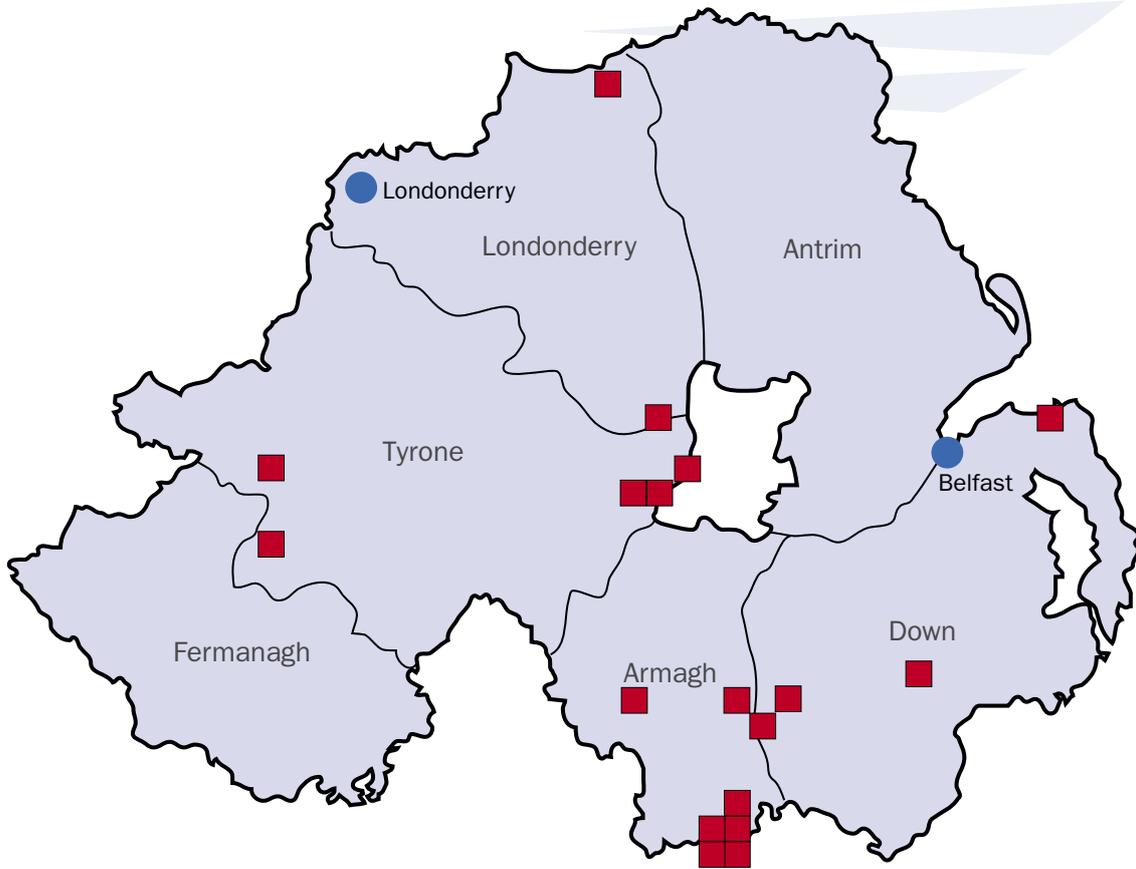
Figures for 2005/06 will be published in the HMRC Annual Report in December 2006.

1.18 The following highlight specific examples of successful operations during 2005/06:

- In May 2005, two fuel laundering plants were dismantled at premises in South Armagh in a joint operation with PSNI. It was estimated that the plants had the ability to produce 3 million litres of laundered fuel with an estimated annual revenue loss of £1.5 million. Over 3,000 litres of highly toxic acid waste was also removed.
- In June 2005, two fuel laundering plants were dismantled in Coalisland in a joint operation with PSNI. Various items of equipment, two vehicles and 8,000 litres of laundered fuel were seized during the operation and a number of further searches resulted in the detention of a further 23,000 litres of fuel.
- In July 2005, a fuel laundering plant was dismantled in Co. Armagh in a joint operation with PSNI. Various items of equipment, two vehicles and 17,000 litres of laundered fuel were seized. Four tonnes of highly toxic acid waste was also removed from the premises. It was estimated that the plant had the capacity to process 40,000 litres of diesel per week, with a potential annual revenue loss of £1 million.

- In February 2006, three fuel laundering plants were dismantled in South Armagh in a joint operation with PSNI. Various items of equipment, a fuel tanker and 30,000 litres of contaminated fuel were seized. In addition 5,000 litres of sulphuric acid and 7,000 litres of toxic contaminated sludge were removed from the sites. It was estimated that the plants had a combined capacity to produce 80,000 litres of laundered fuel per week with an estimated annual loss of revenue of £2.25 million. Co-ordinated searches by law enforcement in the Republic were conducted at the same time.
- In March 2006, a fuel laundering plant was dismantled in Co. Londonderry. Various items of equipment, a lorry, forklift truck and over 10,000 litres of laundered fuel were seized. In addition 4 tonnes of toxic contaminated sludge were cleared from the site. It was estimated that the plant had the capacity to produce 30,000 litres of fuel per week, with an estimated annual revenue loss of £750k. A man was arrested in connection with the plant.

Map of Northern Ireland with county boundaries showing locations of Laundering Plants detected by H.M. Customs & Excise , from 1st April 2004 to 31st March 2005



1.19 Between April 2000 and March 2005, HMRC in Northern Ireland:

- Seized over **9.94 million litres** of illicit fuel.
- Dismantled **83** fuel laundering plants.
- Seized **4,285** vehicles from oils fraudsters.
- Disrupted **17** criminal gangs involved in oils fraud.
- Secured **27** convictions for oils fraud offences.

1.22 Tobacco smuggling continues to be one of the highest priority areas for HMRC criminal investigations in Northern Ireland. In the past year officers of HMRC seized more than **35** million cigarettes in Northern Ireland. This figure represents an increase from the previous year, but should be read in the context that a high proportion of the cigarettes seized in Northern Ireland would not necessarily be destined for the local market.

1.23 Notable successes in the fight against tobacco smuggling during 2005 /06 include:

(d) Tobacco

1.20 The “Tackling Tobacco Smuggling Strategy” announced by HMRC in March 2000 aims to reduce the illicit market share of smuggled cigarettes. Between 2000/01 and 2003/04 the illicit market was reduced from 21% to 16% across the UK, saving a £5.8 billion in revenue that would otherwise have been evaded.

1.21 HMRC is not yet able to publish an estimate for the 2004/05 illicit cigarette market because estimates rely on data from both the General Household (GHS) and Omnibus Survey period and the GHS only becomes available around 18 months after the survey period. However, in 2004/05, for the first time since the introduction of the strategy, more cigarettes were seized overseas (1,060 million) than in the UK (960 million) and a total of 68 gangs involved in tobacco smuggling were disrupted.

- In May 2005, over 6 million cigarettes were seized in Co. Down. The cargo had arrived from Malaysia, with contents described as flat-pack furniture.
- In October 2005, in connection with the seizure of over 7 million cigarettes in Co. Down, one man was sentenced to 2 years and three others received conditional discharges.
- In November 2005, 15 million cigarettes were seized in Armagh, during a multi-agency planned operation.
- In December 2005, over 3 million cigarettes were seized at Belfast Docks from a container that had arrived from China. The cigarettes were concealed within crates of plate glass, and represented a potential revenue loss to the exchequer of over £500k.

(e) Large– Scale Robbery

- 1.24 The number of armed robberies in NI attributed to organised criminals continues to decline. During 2005/06, there were 58 armed robberies in Northern Ireland, including 7 tiger kidnaps. This represents a 10% decrease in armed robbery attacks compared to the previous year. The 2005/06 figure also represented a decrease of almost 50% on the 113 armed robberies that took place in 2002/03.
- 1.25 The OCTF Armed Robbery Expert Group continues to work closely with the banks, cash-in-transit companies, other private sector partners and the PSNI to develop initiatives to tackle the problem. These include the development of a risk matrix to identify high risk delivery locations and the creation of a joint control room involving PSNI and the cash-in-transit companies.
- 1.26 The following are examples of PSNI successes against armed robbers during 2005/06:

- An extensive police operation resulted in two arrests in Newry in April 2005 and thwarted a robbery of £1.2million from a cash-in-transit vehicle.
- A police operation in Belfast led to four arrests in December 2005 of a key armed robbery and tiger kidnap gang. They were later charged with possession of firearms with intent and conspiracy to rob.

- Three individuals have been charged in connection with the Northern Bank robbery. The charges flow from the PSNI investigation and the police continue to work closely with their colleagues in An Garda Síochána in respect of the robbery, the laundering of the proceeds and the recovery of monies in Cork and Dublin.

(f) Money Laundering and Asset Recovery

- 1.27 Traditionally criminals have sought to cover their money trail by transferring funds between accounts into different jurisdictions in the belief that this makes detection and confiscation more difficult but PSNI, HMRC and ARA work together closely, as well as with law enforcement in other jurisdictions, to trace and seize criminal assets. This year we saw a number of multi-agency operations against money laundering, including one that involved ARA, the Criminal Assets Bureau (CAB), PSNI and the Metropolitan and Manchester police services.

Criminal Recovery

- 1.28 Prosecuting money laundering offences and confiscating assets acquired through criminal activity are pursued by PSNI and HMRC using criminal recovery procedures set out in proceeds of crime legislation. Only if criminal recovery is not possible, for whatever reason, can the police or customs refer the case to ARA for civil recovery or tax action.

- 1.29 This hierarchy of asset recovery ensures that criminal recovery (with potential for conviction, confiscation and sentence) is pursued as the first option and during 2005/06 PSNI and HMRC have used the powers available to them to excellent effect.
- 1.30 Our system of asset recovery, with separate criminal and civil recovery components, differs from the system that operates in the Republic where CAB has responsibility for criminal and civil recovery and taxation but a number of cases this year have confirmed that our structure facilitates effective and productive co-operation between agencies in other jurisdictions, including the Republic of Ireland.
- 1.31 During 2005/06 the OCTF Criminal Finance Expert Group has been working with the private sector and the Financial Services Authority (FSA) to introduce a number of initiatives to tackle financial crime. For example, since Spring 2006, all the major NI banks have introduced the “account payee only” crossing on their chequebooks to ensure that only the payee of the cheque can receive value for it. The change brings Northern Ireland into line with practice in the rest of the UK, will mitigate against the risk of third parties using cheques as a means of money laundering, and has been fully endorsed by the FSA.
- 1.32 In addition to the number and value of confiscation and restraint orders outlined below, a number of cash seizures were made during the year – PSNI made 36 such seizures involving £677k and HMRC made 3 cash seizures involving over £74k.

NUMBER OF CONFISCATION & RESTRAINT ORDERS OBTAINED BY POLICE AND HM REVENUE CUSTOMS

	2003/04	2004/05	2005/06
Confiscation Orders	7	12	11
Restraint Orders	26	32	22

AMOUNTS OF CRIMINAL ASSETS RESTRAINED, CONFISCATED OR SEIZED BY POLICE AND HM REVENUE CUSTOMS

	2003/04	2004/05	2005/06
Restrained (million)	£10.2	£6.4	£13.5
Confiscated (million)	£1.03	£1.4	£1.04

1.33 These are some examples of successful assets recovery operations during 2005/06:

- Searches in July 2005 in the Ballyclare area resulted in police seizing more than £10k of cash, vehicles worth £100k and a large amount of records. Four individuals were arrested for money laundering.
- In July 2005, PSNI charged an individual in the Carrickfergus area with drugs offences, and restrained property worth £350k.
- In September 2005 PSNI was granted a certificate of realisation for £259k and an Order for immediate payment of £26k following the prosecution of a drugs dealer in East Belfast.
- In September 2005 HMRC searched a number of properties in the Tyrone area. Two individuals were arrested on suspicion of money-laundering. A substantial sum of cash was seized in the course of the operation, in excess of £500k.
- In November 2005, PSNI seized £125k and charged two individuals with money laundering in the Armagh area.

- Following a major PSNI operation into the financial dealings of a Ballyclare businessman, seven persons were charged in January 2006 with money laundering, deception and conspiracy to pervert the course of justice offences.

Civil Recovery

1.34 As explained at paragraph 1.28, PSNI and HMRC can refer cases to ARA to pursue civil recovery of assets if criminal recovery is not possible. ARA is a vital part of the process and since the introduction of the Proceeds of Crime Act in 2002, PSNI and HMRC have made almost 200 referrals to ARA, detailed in the following table. Figures for the Metropolitan Police, Greater Manchester Police, the West Midlands Police and the National Crime Squad are included by way of comparison¹:

1.35 The Assets Recovery Agency in Northern Ireland has also had a very successful year. In total, the Agency disrupted 21 criminal enterprises by early restraint or taxation in respect of £15.9 million of assets, against a target of £6 million. Progress in some cases was delayed pending legal challenges to ARA's powers and authority during the year. These were

	HMRC	PSNI	MPS	GMP	WMS	NCS
2003/04	30	24	14	1	4	15
2004/05	16	30	8	0	1	9
2005/06	46	36	12	3	3	12
Total	92	90	34	4	8	36

¹ Figures supplied by the Assets Recovery Agency

important tests of the legislation and it is encouraging to note that the Court of Appeal ruled in favour of the Agency in each case.

AMOUNT OF CRIMINAL ASSETS RESTRAINED OR SEIZED BY ARA 2005/06

	NUMBER	VALUE (million)
Referred	49	£10.1
Adopted	22	£6.6
Mareva/IRO/Tax Assessments	21	£15.9

1.36 ARA's successes during 2005/06 include:

- In April 2005, ARA lodged an application for a Civil Recovery Order over assets estimated to be worth £180k from the estate of an alleged drug dealer who was shot and killed in Belfast in May 2001.
- In June 2005, ARA froze £1.4 million of assets held by an illegal street trader from Belfast who was selling smuggled tobacco.
- In September 2005, ARA froze property in Belfast worth around £3million in a case involving Social Security benefit fraud.
- Also in September 2005, ARA froze assets worth in excess of £750k held by two brothers from Newry alleged to be involved in fuel smuggling and laundering.

- In November 2005, ARA was granted an Interim Receiving Order on assets estimated to be worth £387k from the estate of a murdered drug dealer from Newry.
- In December 2005, ARA was granted an Interim Receiving Order on assets estimated to be worth £406k held by an alleged paramilitary loan shark and extortionist from Kells, Co Antrim.
- In February 2006, ARA froze assets valued at around £700k in two cases involving alleged fuel smuggling in South Armagh.
- In five separate cases during March 2006, ARA froze assets worth around £8.28 million. The cases included drug smuggling and dealing, fuel smuggling and laundering and construction industry fraud.

(g) Extortion

- 1.37 Extortion, intimidation and blackmail within the private and public sectors means that, ultimately, we all pay more for the services that are affected. For example, extortion within the construction industry may mean higher costs in the housing sector, or lower standards of finish. So called “protection” money demanded from a local business may be passed on to customers through increased prices. Extortion also deters others from investing in our economy and prevents Northern Ireland from realising its full economic potential. And there is also the human cost of fear for those who are threatened at the hands of those demanding money.
- 1.38 According to reported incidents, the construction industry is subjected to a significant level of extortion demands and, to assist police efforts, OCTF is exploring additional ways of dealing with the problem. A pilot project to test the Independent Private Sector Inspector General (IPSIG) concept was introduced to public sector building contracts by the Central Procurement Directorate (CPD) of the Department of Finance and Personnel earlier this year. A Steering Group, comprising representatives from CPD, PSNI, HMRC, NI Housing Executive, Environment and Heritage Service and NIO, monitored the project and commissioned an evaluation to assess its potential broader application. The IPSIG concept has potential to deter and detect extortion within public sector building contracts but our understanding and practical application of the concept

need further testing. The IPSIG model has been reconfigured and applied to a further six to eight public sector building contracts. That will provide a clearer assessment of how IPSIG can be applied effectively in Northern Ireland.

- 1.39 The PSNI, who have lead responsibility for investigating blackmail demands, have had significant success this year in tackling those engaged in extortion and intimidation and have developed a range of techniques to aide their investigations. During 2005/06, PSNI’s operations against extortionists included:

- In May 2005, a PSNI investigation into extortion of a business led to four individuals in North Belfast being arrested and charged. Firearms and ammunition were found in follow-up searches.
- In May 2005, following a proactive operation into UVF extortion, three males in East Belfast were arrested and charged with blackmail, intimidation, possession of firearms, threats to kill and money laundering.
- In December 2005, PSNI arrested five persons in North Belfast and charged them with blackmail, intimidation, possession of firearms, threats to kill and money laundering.
- In March 2006, PSNI arrested six persons in Bangor and charged four with offences of blackmail, threats to kill and obtaining property by deception. Reports have been made to the Public Prosecution Service for similar

offences in respect of the other two.

(h) Alcohol

1.40 Most alcohol fraud is perpetrated by organised criminal gangs through the illegal removal of non-duty paid products from the EU warehousing system into the UK market. Illicit alcohol is sold mainly through licensed outlets at full (or close to) retail price. Neither the consumer nor the honest trader can distinguish illicit from legitimate goods.

1.41 The latest available estimate indicates that illicit spirits accounted for 7% of the legitimate UK market in 2003/04. In 2004 the Government announced its strategy to tackle spirits fraud as it was becoming clear that a co-ordinated approach, encompassing a number of measures, would be necessary in order to drive down the illicit market. The strategy was launched across HMRC in June 2005 and is designed to reduce the profitability of fraud and increase the risks associated with engaging in illicit activity. The measures central to the strategy are:

- the introduction of duty stamps for spirits (from 2006) along with changes to the regulatory framework that governs the holding and movement of duty suspended alcohol within the UK that fraudsters currently exploit;
- enhancing operational activity to focus resources on high risk owners, warehouses, transporters and their supply

chains, using the sanctions and powers available to the maximum effect; and

- working closely with the legitimate industry through memoranda of understanding so that all available information is used to minimise opportunities for fraud.

(i) Illegal Dumping

1.42 Illegal dumping was identified as an OCTF priority for the first time in 2005/06. The main regulatory responsibility lies with the Environment and Heritage Service (EHS) of the Department of the Environment which has a dedicated waste enforcement team to tackle the problem in Northern Ireland. The remit of the enforcement team includes illegal dumping, serious breaches of licensing conditions and unauthorised waste movement. The team investigates incidents of illegal dumping and prepares cases for the Public Prosecution Service.

1.43 Since EHS became the regulatory authority for waste management in late 2002 it has successfully taken 103 prosecutions against illegal waste offenders. An increasing number of cases are being sent for trial at the Crown Court – this recognises the severity of the offence, and has potential for unlimited fines for those convicted. During 2005/06:

- 57 prosecutions were taken in 2005 and a further 23 to the end of March 2006. 131 cases have been submitted to the PPS to await direction. An increasing

number of cases are being sent for trial at the Crown Court by the PPS, in recognition of the severity of the offence and because of the possibility of unlimited fines as a deterrent.

- EHS has referred a number of these cases to the Assets Recovery Agency who are investigating possible seizure of assets in the event that a conviction is obtained by EHS. If successful this may enable the cost of remediation of sites to be funded by the perpetrator.
- At present EHS's Environmental Crime Team is involved in **236** investigations into illegal waste management.

be a more common method. Similarly, some waste is being hidden under development works. Officers are discovering increasing amounts of shredded material, treated in this way to mask its point of origin. The Environmental Crime Team is taking a very proactive role in developing new investigative techniques to address these issues. New legislation, to be introduced later this year, will increase the Department of the Environment's power to stop, search and seize vehicles believed to be involved in illegal waste activities. The new provisions will also significantly increase the levels of fines and penalties that can be imposed by the courts on conviction of an offence.

- 1.44 EHS works with PSNI on specific investigations, and routinely where the situation requires. EHS also works with a range of other regulatory agencies to ensure that best use is made of the collective range of measures to deter those engaging in illegal dumping. Liaison with authorities in the Republic of Ireland has enabled EHS to co-ordinate responses to illegal waste movement into Northern Ireland and improved communications and shared intelligence have enabled effective action to be taken.
- 1.45 EHS's enforcement work has disrupted those engaged in the illegal waste trade, and caused them to modify their activities. As a result, large illegal dump sites are being discovered less frequently. Small sites, where waste is buried at night for a short period of time, appear to

OBJECTIVE 2

To develop co-operation between law enforcement and other operational agencies in the planning and conducting of operations.

1.46 From its inception, the OCTF has recognised the need to tackle organised crime through multi-agency partnership and has forged strong links with law enforcement as well as private and public sector agencies through the Expert Group network. The broader membership of OCTF and the new structure, described in more detail in Chapter Three, will build on the achievements of OCTF since 2000.

1.47 The OCTF Expert Group network continues to provide a valuable forum for law enforcement and the private sector to work together to combat specific types of organised crime. For example, the OCTF Armed Robbery Expert Group has developed effective measures against cash-in-transit attacks and the Intellectual Property Crime Expert Group mounts joint operations with industry representatives, where appropriate, against the counterfeit goods trade.

1.48 The partner agencies have conducted:

- 219 joint operations in Northern Ireland.
- 13 joint operations resulting from the work of the multi-agency Expert Groups.
- 12 operations within the UK which impacted on organised crime networks in NI.
- A further 17 international operations that impacted on organised crime networks in NI.

OBJECTIVE 3

To develop intelligence gathering capabilities against organised crime networks and improve understanding of the activities of those networks.

1.49 The PSNI Crime Operations Department was created in 2003 to integrate all elements of tackling serious and organised crime including intelligence gathering, investigation, surveillance and technical support and analytical and forensic support. The Organised Crime Branch (C1) within Crime Operations, headed by a Detective Chief Superintendent, has responsibility for tackling high-level organised crime gangs operating in Northern Ireland. The Branch consists of the Organised Crime Squad, the Drugs Squad and the Economic Crime Bureau, each headed by a Detective Superintendent. Crime Operations Department also comprises C2 Serious Crime Branch, C3 Intelligence Branch, C4 Special Operations Branch, C5 Analysis Centre, C6 Scientific Support and C7 Serious Crime Review, all of which have a significant role to play in the collective work against organised crime. Operations against lower level organised crime are also undertaken at Regional and District Command Unit level.

1.50 Considerable work has been undertaken to establish a National Intelligence Model-compliant framework to manage work against organised crime gangs to ensure that resources are focused against the gangs which have potential to cause the most significant harm to the community. This framework uses the nationally accredited SARA (Scanning, Analysis, Response, Assessment) problem-solving model to examine the attributes of organised crime gangs and uses these to prioritise investigations and operations.

1.51 The collection plan for the annual OCTF Threat Assessment, contained in Chapter Two of this Report, has evolved since the inception of OCTF in 2000 and the number of sources from which information and data are gathered has increased significantly. Each year we have sought to enhance our methodology, and good practice and ideas from other jurisdictions have helped to develop our approach.

OBJECTIVE 4

To develop cross-community support and work, where appropriate, with the private and public sector

1.52 Tackling organised crime is not just the domain of law enforcement but is a shared responsibility with law enforcement, government, the private sector and the community as a whole and the OCTF revised structure reflects the role that others have to play. The OCTF now comprises representatives of the PSNI, HMRC, ARA, SOCA (the new Serious Organised Crime Agency), the Home Office, the NIO, the NI Departments, representatives of the business community and the Policing Board.

Expert Groups

1.53 The OCTF sub and expert groups examine particular aspects of the organised crime problem. Both private and public sector partners are involved in this work, including trade representatives who accompany PSNI on some IPC operations, and the banking and cash-in-transit sector who work closely with the Armed Robbery Expert Group.

Global Economic Crime Survey

1.54 In January 2006, Shaun Woodward, then Security Minister and Chair of the OCTF, launched Price Waterhouse Cooper's Global Economic Crime Survey which highlighted the vulnerability of big business to

financial fraud. The event provided an opportunity to raise awareness and to communicate to a wider audience on how the OCTF is working with the private and public sectors to reduce the problems of money laundering and fraud related crimes.

Research Project on Intellectual Property Crime

1.55 Tackling counterfeit goods means tackling both demand and supply. Understanding why people buy counterfeit goods is a key element. In 2004 the OCTF commissioned innovative independent research into consumer attitudes towards counterfeit goods. The resulting report: "Fake Nation - A study into an everyday crime" was launched last June and is being used to inform policy on tackling IPC across the UK and help industry to create anti-piracy messages.

Media Briefings

1.56 As in previous years the Minister and representatives of the OCTF gave a number of speeches or special briefing sessions to journalists and interest groups about organised crime in Northern Ireland. These included briefings for the Northern Ireland Affairs Committee and delegations from China and Russia. Throughout the year 17 notices to the press were released by the Minister providing details of law enforcement action; in excess of 200 media interviews were given and over 1,000 stories were carried in local press.

Omnibus Survey

1.57 The Chair of the OCTF publicly endorses operational successes by law enforcement, when appropriate, and promotes the collective efforts of the Task Force. A new strategy to raise awareness is being developed for the OCTF, that will take into account its new structures and membership. The OCTF endeavours to gauge the level of public awareness and to measure the success of its publicity initiatives by placing questions in the Northern Ireland Omnibus Survey. This is a useful measurement for us, and others, of how effective we are at getting our message across. The latest survey, published in March 2006 found:

- of those surveyed, almost all (96%) thought that there was a problem with organised crime in Northern Ireland, of which almost two thirds (60%) thought that the problem was very serious.
- over three quarters (77%) of those surveyed thought that paramilitary organisations were mainly responsible for committing offences related to organised crime in Northern Ireland.
- over three quarters (81%) of those surveyed said that they associated drug dealing with organised crime in Northern Ireland, 52% said armed robbery and 42% said money laundering.
- almost three quarters (70%) of respondents thought that the individual victim suffered as a result of organised crime.

- almost three quarters (73%) of those taking part in the survey thought that organised crime could lead to fear in the community.
- over half (53%) of those surveyed said that they would report someone if they knew they were associated with organised crime. Over two thirds of respondents (67%) said they would report this information to the police.
- the majority of people surveyed (91%) thought that the police had the main role in managing organised crime.
- almost half (45%) of those surveyed thought that they had a role in tackling organised crime themselves. Of this proportion, 74% thought that they should report this information to the police or customs while 56% were of the opinion that they should refuse to buy counterfeit or illicit goods.
- three tenths (30%) of those surveyed had heard of the Organised Crime Task Force. Half these respondents (50%) thought that it was effective or very effective in raising awareness about organised crime.

1.58 While some of these results are disappointing compared to previous years overall they show that a good level of support for the Task Force, and partner agencies, has been maintained. A solid platform exists and our challenge is to develop and implement the new awareness strategy (see Chapter Three) so that

we improve public awareness and knowledge of organised crime in Northern Ireland.

Chapter 2

Threat Assessment

OVERVIEW

- 2.1 It is clear from this year's Threat Assessment that criminal gangs based in and operating from Northern Ireland are continuing to make significant sums of money from organised crime. This also has the effect of depriving both the government and ultimately the public and legitimate private businesses of income. The sums of money involved run into hundreds of millions of pounds: intellectual property theft is estimated at £200 million; drugs worth over £7 million were seized by PSNI in 2005/06; some 35 million cigarettes were seized during the year, amounting to almost £7 million in terms of revenue; environmental crimes such as illegal dumping is worth at least £25 million and extortion probably generates in excess of £10 million criminal profit. The revenue loss from fuel smuggling and legitimate cross border shopping is estimated at £245 million (though it should be stressed that the majority of this sum is not the result of criminal activity).
- 2.2 Certain types of organised crime are viewed by some as 'victimless', this is not the case. Laundering fuel produces hazardous waste products which are dumped in unregulated sites causing damage to the environment and wildlife and allowing dangerous chemicals to leak into watercourses; illicit fuel is frequently transported in unsuitable containers and vehicles, causing a severe risk to the motoring public and laundered fuel can also cause major damage to a vehicle's engine. The production facilities and ingredients used to produce counterfeit alcohol and tobacco pay little heed to health and safety, and the end product is often potentially lethal. The harm caused by the counterfeiting of clothing, electronic media and other goods is both to legitimate manufacturers and traders and to customers who may be buying something of shoddy quality or which may actually be dangerous – the potential hazards of counterfeit goods are evident in some of the items recovered in Northern Ireland in recent years including power tools, batteries, children's toys, condoms and veterinary drugs. Counterfeit cigarettes, for example, have been found to contain 160% more tar, 80% more nicotine, 133% more carbon monoxide and five times the level of cadmium (a carcinogen linked to lung, kidney and digestive tract damage) than their genuine counterparts.
- 2.3 While the scale of the illegal drugs market in Northern Ireland may not be as great as that in the rest of the UK or the Republic of Ireland, there are indications of a growing demand for, and availability of, cocaine. In 2005/06, PSNI seized 27 kilos of cocaine, an 800% increase on 2002/03. However, while increase in cocaine use is often associated with an emerging crack market, this is not yet the case in Northern Ireland.
- 2.4 Intellectual property theft continues to be a major local problem and remains a focus for law enforcement. In the last three years, much has been achieved in tackling this area of criminality: nearly £25 million worth of counterfeit goods have been seized and numerous production facilities

and outlets for such goods have been disrupted.

- 2.5 Although much of the organised crime in Northern Ireland is locally based and controlled, there is increasing evidence of overseas links and involvement of people from outside Northern Ireland. Connections have been identified as far afield as the Far East, North and South America, and West Africa as well as across Europe. Northern Ireland based criminals also have influence elsewhere; HM Revenue and Customs assess that nearly all of their investigations into fuel on mainland GB involve individuals from Northern Ireland.
- 2.6 This chapter provides further information on:

- Paramilitary involvement in organised crime;
- Public sector fraud – expenditure programmes;
- Public sector fraud – excise and tax;
- Fraud and money laundering
- Drugs;
- Intellectual Property Crime;
- Counterfeit Currency;
- Armed Robbery;
- Extortion;
- Immigration Crime;
- Public Sector Response to Organised Crime.

(a) Paramilitary Involvement in Organised Crime

2.7 The extent, sophistication and impact of organised crime are significantly influenced by the involvement of persons linked, or previously linked, to paramilitary organisations. The IMC's tenth report² noted that paramilitaries bring to organised crime networks of associations familiar with operating clandestinely, experience and a readiness to resort to violence and threats. The disciplined structures which were already in place in the paramilitary organisations have allowed them to evolve from effective terrorist organisations into lucrative criminal enterprises, combining the two objectives when required. Organised crime is used by paramilitaries as a means of raising finance both for their organisations and for personal gain. They also use their paramilitary associations to exert control over communities.

2.8 **Loyalist groups** remain involved in drugs supply, intellectual property crime, importation and distribution of contraband goods, extortion, money lending and armed robbery. They are also known to use legitimate businesses, notably pubs, clubs and taxi firms as cover for their illegal operations. Ongoing feuding between the various loyalist factions has also led to a series of violent assaults and murders, attempts to intimidate individuals and businesses and civil disorder all of which increase fear and distrust within the community.

² Published 26 April 2006

- 2.9 The **Provisional IRA** (PIRA) has long been involved in a range of criminal enterprises, including organised crime. However evidence suggests that since their statement of 28 July 2005 announcing a cessation of all illegal activities, the leadership has actively sought to prevent criminal activities being carried out by its members. While it appears that some members, including senior ones, are still involved in fuel laundering, money laundering, extortion, fraud and smuggling the IMC has made a **clear distinction** between the activities of members and those of PIRA as an organisation. The IMC 's tenth report stated *"We have found signs that PIRA continues to seek to stop criminal activity by its members and to prevent them from engaging in it. We believe that some senior PIRA members may be playing a key role in this. We believe that volunteers who had previously engaged in illegal fundraising have been told to refrain from doing so. That said, there are indications that some members, including some senior ones (as distinct from the organisation itself), are still involved in crime, including offences such as fuel laundering, money laundering, extortion, tax evasion and smuggling. Some of these activities are deeply embedded in the culture of a number of communities, not least in the border areas, and increasing proportions of the proceeds may now be going to individuals rather than to the organisation."*
- 2.10 The dissident republican groups (**Continuity IRA** (CIRA) and **Real IRA** (RIRA)) are heavily involved in robberies, smuggling contraband goods and intellectual property crime. Proceeds from their organised crime activities have been used to fund attacks and threats against members of the police and army, Prison Service, Policing Board, District Policing Partnerships and locally elected representatives of the community. The **Irish National Liberation Army** (INLA) continues to engage in robbery, intellectual property crime and extortion.

(b) Public Sector Fraud – Expenditure Programmes

Construction Industry Fraud

2.11 Historically, Northern Ireland has had a high level of fraud within the Construction Industry. This is mainly centred around the misuse of subcontractor's vouchers used to exempt work from tax deduction status, within the Construction Industry Scheme (CIS).

2.12 Fraudulent attacks on the scheme facilitate a number of tax loss avenues, including:

- a. Covering withdrawals of cash by contractors and facilitating labour payments free of tax
- b. Suppression of a contractor's own business profits
- c. Covering tax free payments to unregistered workers
- d. Supplementing further tax free pay to a contractors' own workforce
- e. Covering payments of "protection" money
- f. Disguising the proprietor's own personal drawings.

There is evidence of organised criminal involvement in the supply of misused CIS documents; invoices; laundering of money; Income Tax / PAYE / Corporation Tax / VAT / CIS deductions; benefit and identity frauds.

2.13 The fraudsters react quickly to enforcement investigation tactics. Recent trends have seen more developed frauds involving the organised supply of labour to large scale building projects. In the past year HMRC have obtained evidence of the movement of criminals, with no previous Construction Industry experience, into this sphere. This trend is believed to be a direct consequence of HMRC action taken against main contractors, who are now seeking alternative sources of labour. Becoming a labour provider can provide a veneer of legitimacy, with the business being used for money laundering and other frauds as detailed above.

2.14. With the creation of HM Revenue and Customs, there are further opportunities to adopt a joined up approach with all of the Investigation streams working together, sharing information and tactics.

(c) Public Sector Fraud – Excise and Tax

Oils Fraud

2.15 As noted above, HMRC estimate an annual loss of revenue in Northern Ireland in the region of £245 million, representing about 30% of the market, a decrease from 40% of the market four years ago. While cross-border fuel shopping accounts for a significant proportion of this revenue loss, there is a large element of loss through organised fraud. This is perpetuated by both the misuse of rebated oils such as red diesel, kerosene and tied oils, and the smuggling of fuel across the land boundary with the Republic of Ireland. This fraud also brings the harms already described: the undermining of legitimate business, the damage to the environment and to vehicles and the risk to the public posed by unsafe fuel being transported unsafely.

2.16 To combat this threat HMRC have around 160 officers dedicated to oils activity in Northern Ireland. As a fiscal authority with a law enforcement arm HMRC have a number of sanctions available other than criminal justice tools. For example, they can seize fuel and vehicles, impose tax assessments, and to a certain extent control the supply chains of products like red diesel and kerosene, making it more difficult for criminals to source rebated fuels. This activity all contributes to the fight against oil fraudsters. This dedicated resource coupled with the multi – agency co-operation championed by the OCTF has led to a series of recent successes against oil fraudsters, detailed in Chapter One.



Tobacco Fraud

2.17 Tobacco smuggling continues to be one of the highest priority areas for HMRC criminal investigations in Northern Ireland. Organised criminals in Northern Ireland operate at the higher levels of UK cigarette smuggling and are known to smuggle cigarettes into Northern Ireland, before onward transhipment to the rest of the UK and to the Republic of Ireland. Additionally, cigarettes seized outside Northern Ireland, both in the UK mainland and internationally, may have been destined for the Northern Ireland market. While it is not possible to be sure what percentage of the amount seized in Northern Ireland is directly attributable to organised criminality, significant seizures in the past year which are believed to be directly linked to organised criminality, have totalled over 33 million cigarettes.

The main source area for these commercial quantities of cigarettes is the Far East, with increasing quantities of the smuggled cigarettes being counterfeit as opposed to genuine products. Counterfeit cigarettes do not comply with the manufacturers specifications and are known to contain significantly higher levels of harmful chemicals.



(d) FRAUD and MONEY LAUNDERING

2.18 The effect of strong law enforcement has led to organised criminals developing more sophisticated methods to generate and conceal their criminal profit and to make it appear legal. Some of the methods they use are outlined below.

(i) Fraud

2.19 Fraud covers a wide variety of criminal enterprises, which for the most part seek to exploit weaknesses in controls and systems to generate money. The true level of fraud is difficult to estimate because a significant amount of it remains unreported – the business sector, for example, is often reluctant to report frauds because of concerns about reputation, customer confidence and impact on share values. With these caveats in mind, the most recent comprehensive study by the National Economic Research Associates has estimated the economic cost of fraud to the UK at £14 billion in 2000.

PSNI's Fraud Unit has encountered a broad range of cases in recent years. The following are examples of the cases they have found:

- **Long Firm Fraud:** Fraudsters set up or take over a business and place orders with suppliers. Initially, the fraudsters pay promptly to establish their credit worthiness and then place a large order for goods, which are sold

immediately. They then vanish without paying the supplier for the goods. Serious and organised criminals have used this type of fraud in Northern Ireland to raise capital for other criminal ventures.

- **Lottery prize fraud:** Letters and emails are sent to people stating that they have won a large lottery prize and are asked to send a fee to an address, usually abroad, to secure it. The letters are relatively sophisticated and often include certificates and other material to give them an air of authenticity and credibility. There is, of course, no prize and the fraudsters keep the money.
- **Criminal Cash back:** A new fraud dubbed 'criminal cash back' has recently made an appearance in Northern Ireland. This scam targets people who are selling goods advertised on the Internet or in the local or national press. When goods are advertised for sale a "buyer" will send a UK cheque or bankers draft for an amount significantly above the amount of the sale and enters into an agreement with the vendor that goods will be shipped to an overseas address and that the overpayment will be returned to them once the amount 'clears' into the vendors account. The victim does not realise there is risk involved but is, in effect, being duped into sending his or her own cash to the fraudster by irreversible money transfer, on top of losing the goods. For example:

- Car dealer advertises car parts on the Internet
 - “Buyer” contacts by email and agrees sale, sends a fraudulent cheque/draft (normally counterfeit or altered) as payment for the goods, with instructions on where to send the over paid amount
 - Car dealer lodges the cheque/draft
 - Bank ‘clears’ the cheque and funds become available for the vendor to draw on
 - The goods are dispatched and the overpayment is forwarded, as agreed, to the buyer
 - Bank then discovers that the cheque/draft is fraudulent and it is returned ‘unpaid’ to the car dealer’s bank account and the bank recoups the amount
- business fraud : takes a number of forms, including fraud perpetrated by individuals inside the organisation and most often carried out by staff with access to assets, such as cash or stocks. Businesses are also vulnerable to external fraud from individuals outside the organisation and includes theft, deception and computer hacking, and to collusive fraud involving two or more parties working together which can be difficult to detect, as control measures may appear to be working satisfactorily.

(ii) Money Laundering

- 2.20 Organised criminals constantly seek to increase their profit and turning the proceeds into apparently legitimate assets is a key supporting activity for all aspects of organised crime. This is often done by purchasing property (here or abroad), or spreading their money across numerous bank accounts, sometimes in other jurisdictions. They often combine their organised criminal activity with other frauds to make, and launder, money by making false declarations for the purpose of obtaining mortgages; or providing false income statements to obtain benefits or to evade tax and VAT.
- 2.21 Significant numbers of criminals also use the border with the Republic of Ireland to cover their money trail and to make detection by law enforcement more difficult. The international horizons of Northern Ireland organised criminals are expanding and there is evidence of properties being bought overseas and offshore trusts being used.
- 2.22 Criminals are becoming more aware of law enforcement powers to restrain, confiscate and seize their assets and they have been forced to use more sophisticated means of hiding their profits and some use the services of professionals such as accountants, solicitors or financial advisers. These, and other, professions are required to comply with money laundering regulations and face prosecution and severe penalties for failing to disclose their clients’ financial activities.

- 2.23 There have been a small number of cases where professional advisers appear to have assisted and advised criminals to conceal assets and avoid attention. Others may have unwittingly assisted criminals out of ignorance in circumstances where they ought to have known better.

(e) Drugs

- 2.24 The scale of the drugs market in Northern Ireland does not reflect national levels in either the UK or the Republic of Ireland, but there are indicators and emerging trends which suggest that this is changing. In April 2006, the DHSSPS published a report³ finding that there are some 3,300 problem opiate and / or cocaine users in Northern Ireland. This represents a rate of just over three users per 1,000 head of population; comparable figures are 5.58 for the Republic of Ireland, 8.91 in England and 15.39 for Scotland. While direct comparisons with previous figures are not readily available, it is possible this represents an increase in the number of problem drug users in Northern Ireland of as much as 68% since 2001.
- 2.25 There is clear evidence of increasing demand for and availability of cocaine and the number of multi-kilo seizures made by PSNI in the last three years reflects this (e.g. 9 kilos seized in West Belfast in May 2004, 6 kilos seized in Lisburn in July 2004, 6 kilos in Dungannon in July 2005 and 4 kilos in Magherafelt in December 2005). There are clear indicators that major traffickers are shifting their focus towards cocaine; this is largely market driven as demand is increasing and the profit margins involved in cocaine are higher than for cannabis or ecstasy. Relatively small quantities of high purity cocaine can be imported and processed locally. This is reflected in national trends in both the Republic of Ireland, where cocaine seizures have increased 16-
- fold in the last five years, and in the UK, where cocaine offences increased 16% in 2005. Cocaine seizures in Northern Ireland increased from 21 kilos to over 27 kilos in 2005/06 compared with 2004/05.
- 2.26 An emerging cocaine market is often closely associated with the presence of 'crack' cocaine. Although there are some indicators of low-level crack usage, it is not currently assessed that this problem is widespread in Northern Ireland.
- 2.27 The comparatively small size of heroin seizures in Northern Ireland indicate that the drug is more commonly brought into the country by users in small quantities for personal use. Heroin use in Northern Ireland has been associated with a small community in Ballymena for some time and this community is well known to the treatment services that are available. It is estimated that 74% of opiate users in the Ballymena area are known to treatment providers, compared with a UK average of around 40% and a Northern Ireland average of just 32%. Intelligence also indicates growing 'pockets' of abuse across Northern Ireland in areas such as South Belfast and North Down. Heroin seizures increased from 5 grams to 321 grams in 2005/06 compared with the previous year.

³ Estimating the Prevalence of Problem Opiate and Problem Cocaine Use in Northern Ireland; The Centre for Drug Misuse Research, University of Glasgow; April 2006

- 2.28 Cannabis and ecstasy remain the most commonly abused drugs and account for the majority of seizures in Northern Ireland.
- 2.29 There is an established market for amphetamine in Northern Ireland. The largest ever seizure of amphetamine in Northern Ireland was made in December 2004 when 50 kilos were recovered in the Ballymena area.
- 2.30 The PSNI Drugs Squad has a strategic focus on Level 2 and 3 organised crime gangs, in particular those trafficking Class A drugs such as cocaine and heroin. By focusing resources proactively against the top level gangs involved in drug trafficking, the Drugs Squad has had some considerable successes and has disrupted some major importation routes and arrested some of the most significant drug traffickers. Intelligence from the PSNI Drugs Squad has also led to some significant arrests and seizures outside the jurisdiction.



(f) Intellectual Property Crime (Counterfeiting)

2.31 Intellectual Property Theft is an increasing global phenomenon. In 2005, the British Phonographic Industry⁴ reported that commercial music piracy in the UK had increased by 37% in value, 31% in volume in 2004, representing a growth rate ten times that for legitimate product. The BPI estimates that commercial music piracy in the UK was worth £76.9 million (at pirate prices) in 2004. The UK has one of the lowest rates of music piracy in the world, but the value of the commercial piracy rate here has nevertheless almost quadrupled since 2000. 34% of all music discs sold worldwide are assessed to be counterfeit, creating a US\$4.6 billion music pirate market.

2.32 Intellectual property theft is a major local problem. Counterfeit goods are widely distributed via local markets and are a multi-million pound business in Northern Ireland. It is a crime that is seen as victimless by many but, as previously noted, it is in fact a destructive and potentially deadly criminal activity. There is a growth in the use of the internet to sell and distribute counterfeit goods. Some of these are clearly identified as counterfeit and there is no intention to deceive the public, merely to capitalise on the popularity of a trademark or copyrighted item. Other sites sell the counterfeit version with every assurance that the item for sale is genuine. Criminals based in Northern Ireland have been using the Internet to reach a wider audience

for their illegal merchandise. While some counterfeit goods such as clothing and cigarettes are imported into Northern Ireland, others such as electronic multimedia are manufactured locally. In February 2005 a mobile DVD counterfeiting unit was discovered in a field in South Armagh. This consisted of a van, portable generator, a number of DVD burners and a significant quantity of blank discs. In the past year, PSNI seized over £2.2 million worth of computers and other equipment used to manufacture counterfeit CDs, DVDs and computer software.

2.33 In contrast to the legitimate market, organised crime has two types of potential customer: the knowing and the unwitting. This provides additional criminal opportunities depending on outlet, commodity and price. For example, some people are prepared to buy fake goods, knowing they may be of inferior quality, as they are cheaper than the genuine article; most do not consider that they are breaking the law due to the perceived victimless nature of the crime. These customers are usually looking for the latest 'must-have' items and will only expect the goods to last until the next fad. Other better quality products selling at just below actual retail prices may appeal to the unwitting customer who genuinely believes they have bought a legitimate item at a good price.

⁴ www.bpi.co.uk

(g) Counterfeit Currency

2.34 There are over 50 bank notes in common circulation in Northern Ireland, including Euros, which makes it difficult to be sufficiently familiar with their appearance and security features to identify counterfeits. The majority of counterfeit notes are identified by sorting machines rather than recovered in circulation by shops. The face value of counterfeit currency recovered in Northern Ireland increased significantly (by 137%) to over £520,000 in 2005. In addition, over €11,000 in counterfeit notes was recovered.

2.35 In recent years there has been a shift from importation of counterfeit currency to local production. Several counterfeit currency production and distribution facilities have been disrupted by PSNI, most recently in Loughgall, Cookstown and Newry. The quality of counterfeit notes produced in Northern Ireland continues to improve, with more security features being replicated, due to the increased access and ability to use high quality computer and reprographic technology.

As well as sterling, increasing quantities of counterfeit Euro notes are being produced and Euro notes manufactured in Northern Ireland have been recovered throughout Europe. More recently a significant number of counterfeit £1 coins have been discovered in circulation; these are of very good quality, indicating sophisticated production techniques requiring specialist equipment and knowledge.

2.36 Counterfeit notes and coins are in the main distributed by criminals with links to drug trafficking and both republican and loyalist paramilitary organisations. They are passed in shops and businesses throughout Northern Ireland, often small, family-run outlets which are more vulnerable to this type of crime.



(h) Armed Robbery

2.37 Organised crime has been responsible for a number of high-profile robberies which have netted millions of pounds in cash and high-value goods. Some have included the use of 'tiger' kidnaps in which family members have been taken hostage to compel an employee to facilitate a robbery from their place of work. Nationally⁵, the number of cash-in-transit attacks has been rising over the last three years, with London, Manchester, Merseyside and the West Midlands being the four hardest-hit areas; Northern Ireland currently ranks fifth in national terms accounting for some 8% of all CIT attacks in the UK in 2005.

2.38 Cash-in-transit robberies have been a significant feature of organised crime since the late 1990s. There was a sharp increase in the number of incidents in 2001 and the problem was adopted as a priority by the OCTF. Working in close partnership with partners in the security and banking sectors in the relevant Expert Group, strategies have been developed and implemented to tackle the problem. Key initiatives have included the development of a risk matrix to identify high risk delivery locations and the creation of a joint control room involving PSNI and cash-in-transit companies.

2.39 Although the levels of violence used in such attacks in Northern Ireland tends to be lower than in the rest of the UK, there are indications that levels of violence may be increasing. The OCTF is monitoring this carefully.



⁵ Data supplied by the British Security Industry Association

(i) Extortion

- 2.40 As well as being a means of raising finance for terrorist operations, extortion has also been used effectively since the early 1970s to exercise paramilitary control over the community. Extortion probably generates millions of pounds per annum for paramilitary organisations. Although the activity is assessed to be carried out predominantly by loyalist groups, members of dissident Republicans have been convicted of such offences during 2005. Detailed analysis suggests that the true extent of Northern Ireland's extortion problem is not reflected in the number of cases successfully prosecuted; it is likely that less than 10% of extortion is reported to police although the number of businesses coming forward to ask for PSNI assistance is increasing.
- 2.41 Demands are usually made in person, mostly in the form of a visit from two or three individuals to collect payment. This is most often done as an 'invitation' to purchase security services from the organisation which they represent – it is rarely explicitly stated which organisation it is, but the victim will be left under no illusions. For new businesses, a one-off payment will often be demanded with subsequent monthly or weekly sums to be paid in addition once the business has started trading. For existing businesses, demands for regular monthly or weekly payment will be made. The size of the demand will usually be tailored to reflect the size and probable turnover of the business – i.e. what the business or

individual can 'realistically afford'. It is in the extortionists' interest to make it easier for the victim to pay the demand, as this will reduce the chances of the crime being reported to the police.

- 2.42 The building trade is worst affected though fast food outlets, restaurants and licensed premises, car dealerships and other retail outlets have also been affected. Extortion threatens inward investment and increases the cost of doing business. This may be reflected in higher prices for the consumer and additional costs to the taxpayer. Extortion destroys families and relationships and businesses – particularly in witness intimidation cases. Extortionists drive people out of business and out of their homes and police are forced to devote scarce resources to the protection of vulnerable individuals. In a UK context, extortion as described here is almost unique to Northern Ireland.
- 2.43 The PSNI Extortion Unit mounts proactive and reactive operations to tackle extortion. It is often a difficult crime to investigate due to the victim's fear of reprisal and the threatening nature of the crime itself and often involves the use of undercover officers in order to obtain the necessary evidence while protecting the victim. In approximately 85% of cases reported, the victim declines to work with PSNI to conduct an investigation. Where PSNI has been able to conduct an investigation, every case has resulted in the extortionists being convicted. In 2005, the Unit arrested and charged 24 people with extortion offences.

(j) Immigration Crime

2.44 Northern Ireland continues to attract people from a wide variety of countries. During 2005/06 over 10,200 individuals from the Accession States registered under the Accession States Workers Registration Scheme to work in Northern Ireland and a further 2,550 work permits were granted. This is in addition to nationals of the pre-existing EU states who were already entitled to live and work in Northern Ireland.

2.45 These individuals are legally resident in Northern Ireland, but the increase in legal migrants is believed to be accompanied by an increase in the number of immigration offenders who are living and working here. A multi-agency, cross border operation headed by the United Kingdom Immigration Service (UKIS) and the Garda National Immigration Bureau (GNIB), Operation Gull, was conducted last year. Failed asylum seekers and other immigration offenders were detected, some of whom used forged or counterfeit documentation. Most of these persons use Northern Ireland as a transit route in both directions between Great Britain and the Republic of Ireland.

2.46 The lead agency for dealing with immigration is UKIS which is in the process of establishing a dedicated enforcement unit in Northern Ireland. Recruitment and training are underway and in the meantime, operations in Northern Ireland continue to be covered by immigration officers in Liverpool.

2.47 There are two areas of crime which are linked with immigration crime:

- **People Smuggling** – where the migrants are willing participants and the criminal profits from facilitating their movement from one jurisdiction to another.
- **Human Trafficking** – where the intention behind the facilitation is to exploit the migrant once they reach their destination.

The links between the latter and the vice trade are well documented. The UK passed the Sexual Offences Act 2003 which strengthens the case against those who are involved in this area of criminality and introduced an offence of trafficking for the purposes of sexual exploitation within the UK.

2.48 There are a number of female foreign nationals working as prostitutes in Northern Ireland, and their presence appears to have facilitated an increase in the number of brothels in Belfast, particularly South Belfast, as well as the appearance of several establishments in areas where none existed before. The latter tend to be in locations where there are a number of foreign national workers and it is likely that these are controlled by members of that community. PSNI is aware of the possibility of trafficked women being forced to work as prostitutes but none of the women interviewed has indicated this to be the case, though some are in the UK illegally.

- 2.49 Foreign nationals legally resident in the Republic of Ireland have been detected coming north to commit distraction burglaries, shoplifting and begging for funds in the streets. Criminality by those legally resident in Northern Ireland includes shoplifting, road traffic offences and violent crime. There is a likelihood that intimidation and extortion are also occurring within migrant communities; PSNI is working to build confidence and trust within these communities to encourage reporting of such activity.
- 2.50 Later this year the Gangmasters Licensing Act 2004 comes into force across the UK, including in Northern Ireland. From October 2006 it will be an offence for a labour provider to provide labour to the agriculture and shellfish sectors without a licence. Applications for licences have been accepted since April 2006, since when 5 organisations based in Northern Ireland have applied for or received a licence from the Gangmaster Licensing Authority.

(k) The Public Sector Response to Organised Crime

2.51 The size and wide range of activities carried out by the Public Sector in Northern Ireland make it an obvious target for abuse, both by individual and organised groups. Priority is therefore placed by Departments on protecting expenditure and revenue schemes from fraud and on building co-operation with law enforcement and regulatory bodies. There have been a number of notable successes particularly in the Social Security field and new arrangements have been put in place with the Northern Ireland Civil Service to ensure greater co-ordination of effort, promote enhanced awareness of the threat from organised crime, and to further encourage inter-agency co-operation. Significant areas of current attention are detailed below.

Social Security Benefits

2.52 The Social Security Agency is responsible for benefit expenditure totalling approximately £3.5 billion. The Agency has a robust strategy for tackling fraud. It is estimated that almost £30 million was lost through fraud, a small proportion of which would have been in the organised crime category. This has been reduced from an estimated £60m in 2001/02.

2.53 Benefit fraud is caused by people who deliberately misrepresent their circumstances in order to gain Benefit, or who fail to report relevant changes of circumstances

when Benefit is in payment. The principal Benefits subject to abuse are Incapacity Benefit, Income Support, Jobseekers Allowance, Housing Benefit and Disability Living Allowance. The Agency's belief is that organised Benefit fraud may occur in the following areas:

- The manipulation of instruments of payments (organised fraud activity in this area has significantly reduced with the ending of order book payments).
- The use of false or hi-jacked identities.
- National Insurance Number Fraud.

2.54 The Agency's counter-fraud strategy seeks to prevent fraud at the outset and target existing problems in a structured way to reduce losses. Through a risk assessment process the Agency monitors those claims that are most at risk from abuse. As well as deploying fully trained investigators in the detection and investigation of fraud the Agency's benefit security processes include secure National Insurance number allocation, a Post Office Rewards Scheme, matching of Social Security records against other systems, a fraud hotline to encourage fraud referrals from the public.

2.55 Benefit fraud absorbs substantial and scarce resources which could be better used for other public services. Recently the Agency has run a publicity campaign on television and in the press to raise awareness of social security fraud and make it a socially unacceptable crime. The

success of this campaign is reflected in comments by magistrates when convicting and sentencing social security fraudsters to jail sentences in recent months. The BBC also ran a series of news articles on benefit fraud with which the Agency co-operated. One other notable case of positive publicity and which demonstrates the Agency's determination to tackle serious crime relates to an ongoing ARA investigation. This case was originally identified by the Agency and referred to ARA following a protracted and complex benefit investigation. An interim receiver has taken control of assets of around £3m which includes 42 properties.

Charities

2.56 There are three distinct charity law regimes in the UK, each with its own legislation. At present England and Wales has a Charity Commission and a full Register of Charities. Scotland has established the Office of the Scottish Charities Regulator (OSCR) and has just set up a register of charities operating in Scotland. In the Republic of Ireland draft legislative proposals to establish a charities regulator and register have been published. Northern Ireland currently does not have a register of charities or a charity commissioner/regulator. Concerns about the regulation of charities in Northern Ireland have been expressed in Independent Monitoring Commission reports, and there is evidence of sham charities being established here to avoid the regulatory framework that exists elsewhere.

2.57 HM Revenue & Customs have, in discussions with the Department for Social Development (DSD), indicated that they may have encountered a small number of NI charities that appear to have been set up as vehicles for sophisticated tax avoidance. Sums involved can be substantial. Some sham charities established in NI were used to avoid Stamp Duty before new legislation was enacted, with an estimated tax loss of approximately £2m. One NI charity appears to have been set up to receive large gifts of shares thereby attracting tax relief at 40% for the donor. Tax at risk in this case is estimated at £14m and an enquiry is underway.

2.58 Certain organisations associated with current and former paramilitary groups or individuals have charitable purposes that would be recognised under current NI legislative provisions and all deliver against these purposes, to varying degrees. Anecdotal evidence, however, suggests that some of the resources are used to fund expenditure not wholly compliant with charitable purposes and the proceeds of informal collections do not, in fact, reach the named recipient.

2.59 DSD is responsible for charities legislation and its existing statutory powers in relation to charities are already available for use in appropriate cases, if evidence of wrongdoing is available. The Department has no existing power to require charities to register, however, or to investigate charities in the absence of evidence of wrongdoing. DSD is proposing to introduce new charities legislation

in NI bringing it broadly into line with England, Wales and Scotland, with a Charity Commission for Northern Ireland and a NI Register of Charities. This will ensure consistency with the other devolved administrations and the Republic of Ireland which either already have or are about to establish a charities regulator. The opportunity for abuse by criminal elements of charitable benefits or mock charities will be restricted through greater scrutiny and controls. Structures will be put in place providing for greater exchange of information between the other regulators across the UK and the Republic of Ireland and with the PSNI and Revenue & Customs regarding charities.

Illegal Dumping of Waste

- 2.60 Illegal disposal of waste in Northern Ireland is a serious issue in terms of its potential to damage the environment and local economy, as well as from the involvement of organised criminals.
- 2.61 Illegal importation of waste into Northern Ireland displays a number of patterns, the most lucrative operation being the illegal disposal of waste (mainly household and municipal waste) from the Republic of Ireland in illegal dump sites in Northern Ireland. Waste is also transported from the Republic of Ireland into Northern Ireland under the guise of recycling. Instead of recycling, the waste is landfilled, either in legal or illegal sites in Northern Ireland.
- 2.62 The Environment and Heritage Service (EHS) of the Department of the Environment (DOE) has formed a dedicated Environmental Crime Team which uses a multi-strand approach to tackle illegal waste management in Northern Ireland. When instances of illegal waste management are detected and sufficient evidence can be gathered, EHS submits the cases to the Public Prosecution Service (PPS). The Department investigated 1256 cases of illegal dumping in 2004 and 1167 cases in 2005. Up to March 2006, a further 202 investigations were being conducted.



Chapter 3

Way Forward

Introduction

- 3.1 Tackling organised crime at a number of different levels and by all available means – through effective law enforcement, appropriate regulation, political pressure and public awareness – is a key priority for the Government, for the OCTF and for our colleagues in Great Britain, Ireland and overseas. Chapter Two demonstrates the extent of the threat that still exists and confirms that it continues to evolve: organised criminals are sophisticated and cunning as well as ruthless. Since its inception in 2000 the OCTF has worked to develop a joined up, collaborative approach to confronting organised criminality in NI. Today's challenge is to ensure that the wealth of knowledge, expertise and commitment that exists is built on and deployed effectively to establish the kind of normal society that the people of NI deserve.
- 3.2 We recognise that we must stay ahead of the game and adapt to meet the challenge of organised criminal gangs who diversify with ease into other areas of business. We also know that the fight against organised crime will be fully effective only when it has the support of the whole community.
- 3.3 The following paragraphs describe some of the measures that are being taken collectively to ensure that we are in a position to meet the challenge.

OCTF Review

- 3.4 Last year's review of the OCTF provided an opportunity to critically assess how we tackle organised crime in Northern Ireland and to ensure that our structures and membership are fit for purpose. One recommendation was the creation of a Ministerially-chaired OCTF Stakeholder Group with broader membership than the previous OCTF, and this has been implemented.
- 3.5 Another recommendation led to the creation of the Strategy Group which brings together senior representatives of law enforcement to consider how the overall strategy endorsed by the OCTF Stakeholder Group can best be implemented, how operational co-ordination between the Task Force partners can be strengthened, and how complementary priorities can most appropriately be developed. One significant development, for example, is the adoption of a standard methodology by all the partner agencies to identify and target the main organised crime gangs in Northern Ireland.

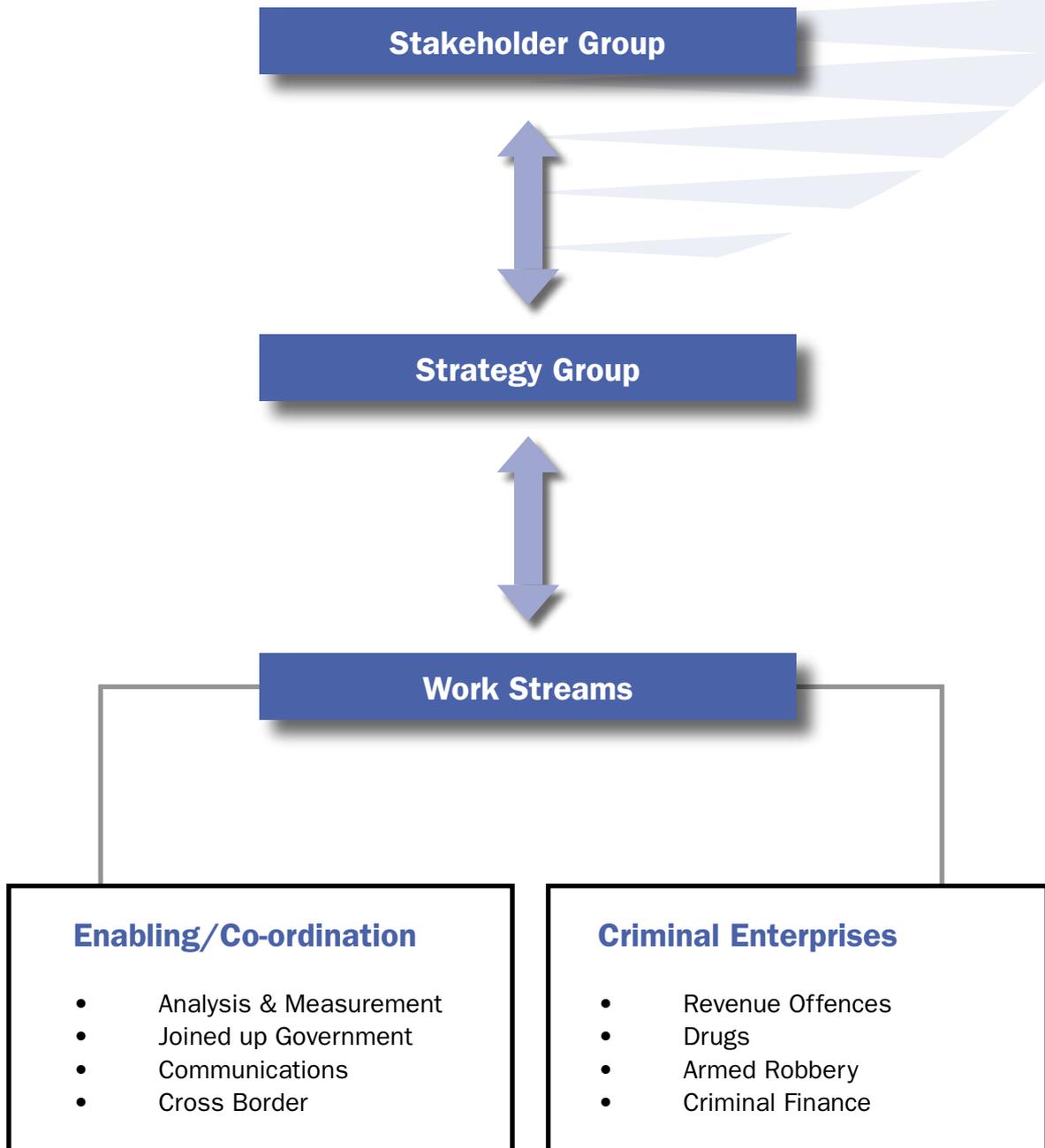
Structures

- 3.6 The new structure, shown diagrammatically below, is intended, building on the significant progress made by its predecessor, to clarify reporting lines, improve operational co-operation, and strengthen the analytical focus on which the Task Force's work is based.
- 3.7 The functions of the **Stakeholder Group** are to advise on and monitor progress in achieving cross-cutting objectives to combat organised crime in Northern Ireland and to support the law enforcement agencies in carrying out their statutory duties by creating a climate, politically and presentationally, to enhance their effectiveness. The **Strategy Group's** role is to establish a shared understanding of the nature of organised crime in Northern Ireland, identify barriers to tackling the problem and develop strategies to overcome them.
- 3.8 Eight **workstreams** focus on **Enabling and Co-ordination**, and **Criminal Enterprises**. The **Enabling and Co-ordination** workstream looks to identify and implement changes to legislation, policy and procedures, improve public awareness and confidence, facilitate international co-operation and enhance analysis and measurement. The **Criminal Enterprises** workstream focuses on specific organised crime threats such as revenue offences, drugs, armed robbery and criminal finance. The work streams are supported by further sub and expert groups examining particular aspects of the

organised crime problem and both private and public sector partners are involved in this work.

Extended Membership

- 3.9 We have broadened membership to include the business community and the Policing Board, reflecting the fact that organised crime is not just the domain of law enforcement and that others have important roles to play. They have joined the PSNI, HMRC, ARA, SOCA, Home Office, NI Departments and NIO on the Stakeholder Group.
- 3.10 Our new structures will be effective only if they can adapt to changing circumstances and we will change OCTF again in future if necessary to respond to a different environment.

OCTF Structure

Raising Awareness

- 3.11 It is essential that the general public realise the dangers that organised crime does to our society either directly, through peddling drugs to our young people or trading in dangerous counterfeit goods, or indirectly, through revenue loss that denies our schools and hospitals valuable funding.
- 3.12 It is also important that the general public understand that tackling organised crime is not just a matter for law enforcement, but that we all have a responsibility to rid Northern Ireland of the predators who stifle our communities and economy to line their own pockets.
- 3.13 The OCTF is developing a strategy to raise awareness on three levels: firstly in terms of what the Task Force's response is and what everyone else needs to do; secondly in terms of encouraging the general public to be more proactive in reporting crime to law enforcement; and thirdly to target specific audiences with our messages through a series of roadshows across Northern Ireland. The strategy will take account of our new structures and membership utilising our business representatives to develop a communications strategy that will take account of issues specific to the business community.
- 3.14 We will also continue to utilise other mediums to get our message across, including publishing our annual OCTF Report, placing supplements in leading local newspapers, issuing press statements & providing

briefings, publishing the OCTF quarterly magazine and maintaining the OCTF website www.octf.gov.uk

Measuring Impact

- 3.15 We know that organised crime is neither victimless nor discriminatory – it impacts upon all of the citizens of NI, whether as individuals, businesses or the community in general but we do not currently have reliable qualitative and quantitative measures of the economic and social harms it causes. It is important that we gather as much information as possible on organised criminality and the OCTF is exploring ways to develop reliable, quantitative and qualitative measures of the size of criminal markets and the economic and social harms. As part of that work we will monitor Home Office research to measure the harms caused and develop a performance regime based on outcomes rather than just outputs. This will help to assess how such harms are being reduced through the activities of the UK law enforcement agencies. We will review the outcomes of this research and implement those measures that are relevant and beneficial to our circumstances in Northern Ireland.

Prioritising Gangs

3.16 The Strategy Group is developing a different approach and is moving away from targeting commodity types such as oils fraud or armed robbery to identifying and targeting the main criminal gangs who move between commodity types to make greatest profit and to protect themselves from being caught. OCTF partner agencies have agreed a framework for identifying, prioritising and managing work against criminal gangs. This allows us to maintain a common understanding of the criminal networks which present the greatest threat to the Northern Ireland community. It will also provide a clear picture of the impact which law enforcement activity has on the scale and scope of organised crime, enabling us to review and adapt our techniques on an ongoing basis. OCTF's partnership approach to using this method of prioritisation means that intelligence can be improved, duplication can be avoided and chances of success can be increased.

Licensing Regimes

3.17 OCTF is taking steps to strengthen licensing regimes and regulatory frameworks to prevent legitimate businesses being used by organised criminals to launder the proceeds of crime. Measures are being introduced to protect licensed premises, taxis, security firms, the fuel trade and charities:

- **Charities** - legislation is planned for the end of 2006 to introduce a full statutory regime, including a NI Charities Register regulated by a newly appointed Charities Commission.
- **Taxi Licensing** - Revised taxi licensing legislation should be in effect in 2007; to provide for operator licensing and enhanced enforcement powers.
- **Liquor Licensing** – consultation ended in January 2006. Responses are being considered and a Ministerial statement is due in the summer. The paper included proposals in relation to new licensing objectives, powers of enforcement, simplified registered club accounting processes, surrender of licenses, transfer of responsibility from courts to district councils and the abolishment of the 12 categories of licence.
- **Petrol Licensing** - it is proposed that responsibility for petroleum licensing across Northern Ireland will transfer to the Health and Safety Executive, which will allow for a more consistent and robust approach to enforcement as well as a more targeted approach to inspection.

Illegal Dumping

3.18 A dedicated Environmental Crime Team has been formed by the Environment and Heritage Service of the Department of the Environment and enhanced powers to stop, search and seize vehicles being used for illegal dumping and higher levels of fines and penalties are planned.

Private Security Industry

3.19 A review of the existing provisions for this is underway. Consultation will take place during Summer 2006 with a view to introducing specific legislation to regulate the NI Private Security Industry within the next two years.

Immigration

3.20 A new, multi-agency, immigration enforcement office will be established in Belfast, by late 2006. It will liaise directly with PSNI and the Garda National Immigration Bureau in the Republic of Ireland.

Assets Recovery

3.21 An incentivisation scheme to rebate half of the monies received back to the LEAs came into effect in April 2006. This together with the introduction of new Financial Reporting Orders from April 2006, which require offenders convicted of specific fraud and organised crime offences to provide full detailed records of their financial

affairs for a period up to 20 years after conviction will further enhance our overall capacity to seize criminal assets in NI.

3.22 The OCTF Criminal Finance Expert Group is currently developing an Assets Recovery Strategy specifically tailored to NI to increase the amount of criminal assets removed from criminals and the criminal economy in Northern Ireland, and to increase the proportion of cases in which the proceeds of crime are pursued.

Extortion

3.23 Extortion remains a significantly under-reported crime but PSNI have successful techniques and a proven record in tackling extortionists. Where PSNI is able to investigate, all cases have resulted in the extortionist being convicted. A pilot project to deter and detect extortion in the construction industry has been evaluated. The project has been reconfigured to reflect lessons learnt and will be tested on another six public sector building contracts. PSNI has set up a special telephone helpline for blackmail victims to make it as easy as possible for those who are targeted to get help. The telephone number is 028 90922 267 and is staffed Monday to Friday, 8am to 4pm.

Tobacco Fraud

3.24 In March 2006, the Reinforcing the Tackling Tobacco Smuggling Strategy was published by HMRC. This demonstrated HMRC's success in driving down fraud but also the challenges in the future. Building on the resources and controls already in place to tackle tobacco smuggling the Government introduced a range of measures to reinforce the tobacco strategy. The new measures are in four main areas:

- working with tobacco manufacturers to improve the targeting of counterfeit product and further restrict the supply of hand rolled tobacco (HRT) and genuine cigarettes through revised MOUs;
- enhancing HMRC's operational response to strengthen enforcement at all the key points along the supply and distribution chain;
- using technology to increase HMRC's ability to detect illicit goods and target resources effectively; and
- utilising publicity to increase awareness of HMRC enforcement action and to undermine the appeal of smuggled product to current and potential customers.

SOCA

3.25 The creation of SOCA, the new Serious Organised Crime Agency which became operational on 1 April 2006, is another clear indication of the Government's commitment to enhancing law enforcement's response to organised crime. The Agency, already a key partner on the OCTF, is working closely with us to ensure that it fits with our existing structures and responsibilities. In addition, SOCA will give us an insight into national and international developments in organised crime. The Agency will operate in Northern Ireland in a supportive and enabling role and will work in partnership with PSNI to broaden operational capability here. Work is ongoing to develop a working agreement between SOCA and NI.

Cross Border Seminar

3.26 The excellent relationships between individual law enforcement agencies on both sides of the border are further enhanced through the annual Cross Border Organised Crime seminars which bring together the full range of agencies, North and South, with responsibility for tackling cross border organised crime. The seminars are organised and funded by the two Governments. Last year's event produced action plans to improve co-operation across the whole spectrum of cross border organised crime. Progress will be reported at this year's event which will take place during Autumn 2006.

NIAC Inquiry

3.27 The Northern Ireland Affairs Committee is currently conducting an inquiry into organised crime here and is examining the **nature of organised crime** in Northern Ireland, the **impact of organised crime** on society and the economy in Northern Ireland, and the **effectiveness of measures taken by the Government and relevant agencies** to counter organised crime. The Committee has taken written and oral evidence from a broad range of organisations, including OCTF partners. OCTF welcomes the Committee's interest in the matter and looks forward to seeing the Committee's recommendations following its detailed consideration of the range of evidence.

Suspicious Activity Reports (SARS)

3.28 The SARS regime, the process whereby suspicious financial activity that might indicate money laundering is reported to law enforcement, is a valuable resource for law enforcement to detect and investigate financial crime. The regime was reviewed earlier this year and during 2006/07 the OCTF will be working with the regulated sector, principally the financial and legal sectors, to raise awareness and compliance.

Key Threats

3.29 Chapter Two highlights the continuing threat from organised crime in NI and the range of crimes in which organised criminals are involved. The OCTF assesses the principal threats for 2006/07 as follows:

- **Money Laundering;**
- **Armed Robbery & Cash-In-Transit attacks;**
- **Drugs;**
- **Excise & tax frauds (including oils fraud);**
- **Extortion, blackmail & intimidation;**
- **Intellectual Property Crime;**
- **Illegal Dumping.**

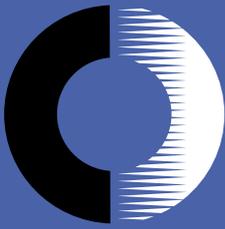
This list is not in order of priority. The Task Force will monitor the threat from organised crime during the coming year and reassess the principal threats if necessary.

MISSION STATEMENT

To help secure a safe, just and prosperous society in Northern Ireland, by confronting organised crime through a multi-agency partnership between central and NI Government Departments, law enforcement and the community at large.

OBJECTIVES

1. To confront the activities of the organised crime networks in Northern Ireland, concentrating on serious illegal activities and the major criminal networks.
2. To develop co-operation between law enforcement and other operational agencies in the planning and conducting of operations.
3. To develop intelligence gathering capabilities against organised crime networks and improve understanding of the activities of those networks.
4. To develop cross-community support and work, where appropriate, with the private and public sector.



**ORGANISED
CRIME
TASK FORCE**

EVERYONE'S HELP IS NEEDED TO
COMBAT ORGANISED CRIME ...

ARE **YOU** CONTENT TO ALLOW THE
CRIMINALS TO CONTINUE TO ENJOY
THEIR LAVISH LIFESTYLES WITH **YOUR**
MONEY?

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PSNI'S EXTORTION HELPLINE OR
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PSNI Helpline: 028 9092 2267

Crimestoppers: 0800 555 111

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