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ORGANIZED CRIME

TIME OF TROUBLES

The Russian underworld
since the Ukraine invasion

MARK GALEOTTI

DECEMBER 2023



FROM VISION TO ACTION: A DECADE OF ANALYSIS, DISRUPTION AND RESILIENCE

The Global Initiative Against Transnational Organized Crime was founded in 2013. Its vision was to mobilize a global strategic approach to tackling organized crime by strengthening political commitment to address the challenge, building the analytical evidence base on organized crime, disrupting criminal economies and developing networks of resilience in affected communities. Ten years on, the threat of organized crime is greater than ever before and it is critical that we continue to take action by building a coordinated global response to meet the challenge.



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This report is an output of the Observatory of Illicit Markets and the Conflict in Ukraine.

ABOUT THE AUTHOR

Dr Mark Galeotti is the executive director of the Mayak Intelligence consultancy and an expert on Russian crime, politics and security. A member of the Global Initiative Against Transnational Organized Crime's Network of Experts, he is an honorary professor at University College London, senior associate fellow with the Royal United Services Institute and senior non-resident fellow with the Institute of International Relations Prague. His recent books include *The Vory: Russia's Super Mafia* (2018), *We Need to Talk About Putin* (2019) and *Putin's Wars: From Chechnya to Ukraine* (2022).

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Please direct inquiries to:
The Global Initiative Against Transnational Organized Crime
Avenue de France 23
Geneva, CH-1202
Switzerland

www.globalinitiative.net

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GLOSSARY

<i>Avtoritety</i>	'Authorities' – senior criminal-business figures
DNR	Donetsk People's Republic
EU	European Union
FSB	Federal Security Service
GI-TOC	Global Initiative Against Transnational Organized Crime
GPO	General Prosecutor's Office
IFFs	Illicit financial flows
LNR	Luhansk People's Republic
MVD	Ministry of Internal Affairs
SK	Investigative Committee
<i>Vorovskoi mir</i>	'Thieves' world' – traditional Russian criminal subculture
<i>Vory</i>	'Thieves' – members of the traditional Russian criminal fraternity
<i>Vory v zakone</i>	'Thieves within the code' – leaders within the 'Thieves' world'




Tens of thousands of Russian criminals have been recruited to fight in Ukraine, lured by the prospect of early parole.

© Jonas Petrovas/Shutterstock



EXECUTIVE SUMMARY

Drone strikes target the city of Lviv, amid Russia's military invasion of Ukraine. The war has led to transformations in Russia's own criminal landscape. © Yuriy Dyachyshyn/AFP via Getty Images



On 19 May 2019, two Mercedes cars boxed in an armoured cash-transfer van on Ivan Babushkin Street in Moscow that was being used to transport rubles intended for exchange to dollars. Brandishing pistols, in uniform and claiming to be on official business, a gang made up largely of current and former security officers, including members of the Federal Security Service (FSB)'s elite Al'fa and Vypel special forces teams, seized the money and, on learning that part of the consignment had yet to be loaded, headed into the nearby Metallurg Bank. Their credentials were even good enough to ensure that two rapid-response squads from the paramilitary National Guard, summoned when one security man triggered an alarm, stood down and moved their vehicles to allow the robbers to leave.¹ They fled with a hostage – the businessmen who had organized the deal – and his money, 136.5 million rubles (worth more than US\$2 million at the time). Despite their professional experience, the criminals were all arrested and in 2022 sentenced by the Moscow Garrison Military Court to terms of up to 10 years in prison.²

This case caused something of a storm in Russian law enforcement circles for a number of reasons. It was, of course, deeply embarrassing, especially when it emerged that the ringleader of the gang was the grandson of a general in the security apparatus.³ However, it also represented a revival of what had largely been considered a feature of the 1990s, when the state and nation were in crisis following the collapse of the USSR: the so-called 'werewolves in epaulettes' (*oborotni v pogonakh*), also sometimes known as 'werewolves in uniform'. This was a term used for gangs drawn from current and former police and security officers willing not only to corruptly facilitate the crimes of others, and even to use their positions to extort money, but also to commit outright violent organized crime.⁴ For many, including serving officers, it was a sign that after years of improvement, the situation was getting worse. 'If something isn't done to reverse the trend,' one colonel at the Ministry of Internal Affairs (MVD) Academy wrote at the time of the arrests, 'then we will again face a new Time of Troubles, as in the 90s. All it will take is a hard enough blow.'⁵

The invasion of Ukraine in February 2022 and the subsequent sanctions, economic constrictions and political repressions appear to have delivered just such a blow. Vladimir Putin is fond of paralleling himself with historical figures, but he has not yet drawn a



Russian President Vladimir Putin can be compared to 16th-century Tsar Ivan IV, 'Ivan the Terrible', whose increasingly erratic reign led Muscovy into costly and unwinnable wars. © Ramil Sitdikov/POOL/AFP via Getty Images

comparison with the sixteenth-century Tsar Ivan IV, known as Ivan the Terrible,⁶ for rather obvious reasons. Nonetheless, the parallel is instructive.⁷ In his early years, Ivan was a reformer and state-builder, but his increasingly erratic rule saw him neglect the stewardship of the realm and embroil Muscovy in expensive and unwinnable wars. His death in 1584, with no viable heir, ushered in the Time of Troubles, a period of dynastic, political, social and military crisis. The war in Ukraine, its human and economic costs and the political retrenchment of a regime feeling itself under growing pressure, are all transforming illegal markets and organized crime in Russia, with potentially destabilizing effects.


The annexation of Crimea in 2014, and the subsequent undeclared conflict in Ukraine's south-eastern Donbas region, had already begun to reshape the Russian underworld. Nonetheless, connections between Russian and Ukrainian gangs had remained strong and law enforcement had made some real gains in controlling what was still a powerful domestic underworld. The 2022 invasion, however, brought dramatic changes. An almost complete split between Ukrainian and Russian gangs has had a significant negative impact on the major networks in particular, not least because of their dominance over transnational narcotics flows. On the other hand, new opportunities to smuggle sanctioned luxury goods for the rich and critical components for the defence-industrial complex have enriched and elevated other gangs, especially those able to exploit and control routes through Belarus, Armenia and Central Asia. All this is putting pressure on the underworld status quo – and the state's capacity to manage and maintain it – and even reshaping the relationship between Russian networks and their partners and subsidiaries abroad.

The war is unlikely to end soon, and even when it does end, some form of sanctions or trade and investment controls will almost certainly remain in place. Meanwhile, the Kremlin will find it difficult to integrate large numbers of traumatized, impoverished and disillusioned veterans, many of whom, like their counterparts from the Soviet war in Afghanistan (1979–1988), risk drifting into organized and disorganized crime. Indeed, even the state, condemned to pariah status and looking for alternative ways to support itself and operate abroad, may turn its existing ad hoc relations with the underworld into something much more focused and institutionalized, creating new dangers for its neighbours and the global order as a whole. The stakes could hardly be higher.



AN EVOLVING UNDERWORLD

Russian special forces team Vypel practises an anti-terrorist exercise in 1994. The war in Ukraine has seen a revival of the 'werewolves in uniform' that characterized the 1990s – gangs drawn from police and security officers willing to commit violent crime. © Vladimir Velengurin/AFP via Getty Images



We are now facing the possibility of a third Time of Troubles, which, quite obviously, has already begun ... And what fruits this troubled time will reap, we do not know. But it is clear that they will be more than during the civil war a hundred years ago.

HISTORIAN ANDREI ZUBOV, 2023⁸

Is a new criminal Time of Troubles approaching? There seems to be a paradox in Russia. The official crime rate has been decreasing in recent years. It fell by 1.2% in 2021, by a further 1.9% in 2022 and by 1% in the first six months of 2023.⁹ Indeed, 2022 saw a particular reduction in such serious offences as crimes against the person (-5.5%) and attempted rape (-4.2%), even if this was overshadowed by more considerable decreases in robbery (-10.5%) and criminal hooliganism (-13%).¹⁰ (Although the first half of 2023 saw a 27.5% increase in telephone fraud and online crimes.¹¹) All this would seem quite a turnaround from 2020, when 50 of Russia's 85 regions and federal units reported an increase in crime, according to the General Prosecutor's Office (GPO) and the overall crime rate was up 1.2%.¹²

To some extent, this reflects a genuine improvement, and is the result of a range of factors, most importantly improved relations between the police and society, which is always a prerequisite for real and lasting progress. However, it can also be explained by changing definitions of crime and the political imperative to appear to be making progress on the law and order front, leading to deliberate under-reporting, either by refusing to record crimes or by recording them as lesser administrative offences. After all, public perceptions of criminality have not fallen, and while this can be written off as a lagging indicator – it can take time for people to notice change – if anything, unpublished MVD surveys have shown rising public concern since at least 2019.¹³ It may just be a coincidence that a period of steady GDP growth ended in 2018, but in the words of an MVD analyst working on these statistics, 'This is the year people really started to notice what was happening around them.'¹⁴ The official data is thus not entirely unreliable, but demands careful examination to identify the true situation.

The rest of the answer is that the nature of criminality has changed. While the police have indeed had success in combating disorganized crime, organized crime has enjoyed something of a resurgence since perhaps around 2015, in response to both the economic impact of the first Western sanctions imposed in 2014 and the Kremlin's distraction as it has focused on geopolitics rather than domestic affairs. The operation of organized crime has often been difficult for the police to identify and has frequently not made it into the statistics (not least because of the ongoing problem of corruption), but it has been felt in society, with a rise in protection racketeering and a range of illicit businesses. This shift has taken on particular significance since Putin's full-scale invasion of Ukraine in February 2022 and the subsequent imposition of sanctions on Russia by the West, closing transport routes, freezing assets and denying legal access to a wide range of goods and services. This is reshaping the Russian underworld, or perhaps more accurately, distorting the existing frameworks to the point of risking their collapse. Although the chances of a systemic crisis and a nationwide series of gang wars like those of the so-called 'wild 90s' are low, there is much more potential for localized explosions of violence. These will not only challenge the regime's claims to be the guarantor of order, but will also have direct effects on the political system because of the links between organized crime and the state.

The 'wild 90s'

It is a sign of the growing public awareness of the resurgence of crime that there are increasing parallels being drawn with the era known as the *likhiye devyanostye*, or the 'wild 90s'. The USSR was already experiencing a significant rise in criminality in its final years, but after its dissolution at the end of 1991, Russia – like many of the successor states – saw crime rates worsen dramatically. At a time when capitalism was still essentially uncontrolled (the law on 'speculation' – which was, in effect, a law prohibiting capitalism – was only formally revoked in 1993), the political system divided and the police underpaid, understaffed and overwhelmed, this was perhaps inevitable. The crime rate rose by 27% in 1992 alone, and for much of the decade organized crime appeared virtually unchecked. Car bombs and drive-by shootings were commonplace, as gangs competed over turf and resources, and murder was a common business tactic. This decade has since become a shared trauma that remains powerful in Russian culture, a cautionary tale, a prop for Putin's personal authority (for although violence was in decline before he came to power, he has managed to associate his presidency with a return to some measure of order and social peace) and a shorthand for the state's failure to control dangerous tendencies in society.¹⁵

‘Mafia state’?

The boundaries between the underworld and the ‘upperworld’ in modern Russia – between the realms of business, crime and politics – are permeable and mobile, but neither invisible nor irrelevant. Easy journalistic clichés about a ‘mafia state’ fail to capture the complexity of this system. Organized crime does not control the Kremlin any more than Putin can be simplistically characterized as the godfather of a single, integrated, nationwide gang. If anything, a better parallel is the medieval court, where rival boyars and barons competed for the monarch’s favour, and the letter of the law meant far less than pragmatic alliances. In this context, the state is undoubtedly the dominant force, able to set the boundaries of ‘acceptable criminality’ and, increasingly, to go further and encourage certain behaviours and activities by Russian-based criminal organizations. However, there are limits to its capacity, and it often cannot force compliance so much as make deals: the Russian word *ponyatiya*, ‘understandings’, is both widely used in this context and best captures the relationship between the state and the underworld.

Corruption and complicity ensure that there are connections and *ponyatiya* at every level, from the Kremlin down to local administrations. As a result, pressures on the upperworld have especially rapid and strong effects on the underworld, and vice versa, and there is a precedent for economic shocks and political uncertainties driving fundamental, often violent, changes in the Russian underworld.

The early to mid-1990s, in particular, was a period of almost constant instability, with ongoing attempts to establish turfs and pecking orders between gangs periodically reset by environmental factors, from the 1993 ‘October Coup’ when President Boris Yeltsin



Riot police clash with anti-government demonstrators in Moscow on 3 October 1993 during Russia’s constitutional crisis. The early to mid-1990s were a turbulent period in Russia’s history. © Yuri Lezunov/AFP via Getty Images

forcibly dissolved the Supreme Soviet, the legislature he had inherited from the USSR (which led to a winnowing of the ranks of the MVD and political turf wars with the security apparatus that undermined policing efforts), to the crash privatization of state assets in the 1990s (which allowed cash-rich gangs to buy into strategic industries).¹⁶

The 'Great Recession' of 2008/9 saw more than US\$1 trillion wiped off the value of the Russian stock market and the ruble plummet on international markets. A by-product of the ensuing crisis was a rationalization of the underworld, as smaller gangs less able to weather the crisis were assimilated into larger and more resilient networks.

The annexation of Crimea in 2014, with the subsequent covert conflict in the Donbas and the onset of international sanctions, led to a series of adaptations.¹⁷ Some of these were instigated by the Kremlin, which established major smuggling schemes to support the rebellious Donetsk and Luhansk People's Republics (DNR and LNR, respectively); others were opportunistic ventures to take exploit the new, near-lawless regions for a range of criminal activities.

Before the storm

Despite the emergence of new opportunities since 2014 with the annexation of Crimea, the undeclared conflict in the Donbas and the rise of the criminalized pseudo-states of the DNR and LNR,¹⁸ and the early imposition of sanctions, organized crime was arguably still largely under control. The police and other law enforcement agencies were demonstrating greater competence than in the past, helped by the appointment in 2012 of a career police officer as Minister of Internal Affairs, Vladimir Kolokoltsev, replacing a former general from the FSB.¹⁹ As one European police liaison officer in Moscow noted, 'Kolokoltsev is essentially a cop, and while he has to accept the Kremlin's line, his instincts are to focus on fighting crime, not political policing.'²⁰ Corruption, while still very evident at the top of this kleptocratic system, was being addressed to some extent at the lower levels. Organized crime was losing its distinctively violent and insular nature and coming to resemble the gangs of other advanced nations, shaped by market opportunities rather than the experiences of the Gulag labour camps.²¹

As for the traditional subculture of the *vorovskoi mir* ('thieves' world'), it had been in terminal decline since the 1980s. Although there are still criminal leaders, especially from the North and South Caucasus, who use the old title of *vor v zakone* ('thief in law' or 'thief within the code'), the rigid criminal code is now generally something to which no more than lip service is paid. More entrepreneurial leaders, known as *avtoritety* ('authorities'), who are willing to engage in both legitimate and illegitimate business and have no problem breaking the ultimate taboo of the *vorovskoi mir*, cooperation with agents of the state, have become dominant.

This process has been accelerated by the introduction of a new article to the Criminal Code in 2019. Article 210.1 makes 'occupation of the highest position in the criminal hierarchy' a crime in its own right, with a maximum penalty of 15 years in prison. This was first applied and tested in 2020 with the conviction of the Georgian-born Shalva Ozmanov (who went by the underworld nickname Kuso), whose distinctive tattoos such as eight-pointed stars and 'hussar epaulettes', long known as the marks



Confiscated narcotic drugs ahead of their destruction at a disposal centre. Russian and Russian-based gangs control an increasing share of the Latin American cocaine trade and domestically produced methamphetamine. © Reuters/Tatyana Makeyeva

of the *vor v zakone*, became part of the evidence against him, and he was sentenced to 11 years in prison.²²

The new world of the *avtoritety* was defined less by violent and predatory racketeering and more by illicit markets and the smooth integration of legal and illegal operations. As one European police liaison officer based in Moscow framed it in 2019, 'There are still the thugs, the gangsters, but they tend to operate at the lower end of the food chain and stand a good chance of being arrested and convicted. The major operators now are now businesspeople, looking for quiet, long-term profit.'²³

Much of this involves embezzlement through state contracts, in partnership with corrupt officials: 'Some estimates put the value of public procurement corruption at 6.6 trillion rubles, or \$93 billion, which is equivalent to about a third of the federal budget of Russia. On average, according to calculations, bribes cost 22.5 percent of a government contract for bidding companies.'²⁴ And this is not declining. According to Prosecutor General Igor Krasnov, the damage caused to Russia by corruption alone in 2021/22 exceeded 100 billion rubles (US\$1.11 billion), which is more than the annual budget of the Tver region.²⁵

Another key area was the smuggling of all kinds of illicit commodities, often simply exploiting the combination of relatively weak border controls and good global connectivity to make Russia a turntable for illegal goods. Although in recent years the proportion of Afghan heroin reaching Europe through the so-called 'northern route' rather than via Iran had begun to decline, Russian and Russian-based gangs still retained a significant

role in the trade, as well as an increasing share of Latin American cocaine and domestically produced methamphetamine.²⁶ Trafficked migrants from China or South and Central Asia, illegally logged timber or rare wildlife to China, stolen cars from Europe or counterfeit goods heading west – the Russians were happy to handle it all, at scale and often with unexpected efficiency.

The Russians also had a reputation for involvement in cybercrime. The 2022 iteration of Harvard's Belfer Center for Science and International Affairs's National Cyber Power Index saw Russia in third place after the US and China, but its cyber criminals were also, in the words of a UK National Crime Agency analyst, 'used to punching well above their weight in the global underworld'.²⁷ That said, the electronic crimes they were involved in went far beyond what is conventionally understood as 'hacking'. In July 2023, for example, the FSB broke up an organized crime group in Kabardino-Balkaria that specialized in falsified electronic ski passes for the mountainous republic's resorts.²⁸

All this meant that there was a great deal of money in circulation, and while Russia was no longer the financial 'black hole' of the 1990s, it was still a crucial source of – and, to a lesser extent, destination for – criminal funds in need of laundering. This wealth also created a relatively stable underworld in which, as a former Russian police officer put it, 'There was enough money to keep everyone happy.'²⁹ There were still tensions and occasional threats to the status quo, but the corollary was that there was enough money to buy off the discontented – and enough force to deter or destroy them otherwise.

But then, on 24 February 2022, Putin unleashed some 150 000 troops in what was apparently envisaged as a brief, limited 'special military operation' intended to topple President Volodymyr Zelensky's administration and install a puppet government in its place. Instead, it triggered the largest land war in Europe since the Second World War and the biggest conflict post-Soviet Russia has ever fought. It has led – and, at the time of writing, continues to lead – to massive loss of life, the gradual delegitimization of the Putin regime, and severe economic dislocation caused by international sanctions and an increasing transition to a wartime economy. All of this has had a significant impact on the Russian underworld.



CRIME OF TROUBLES: DIRECT AND INDIRECT IMPACTS OF THE WAR

Graffiti depicting ultra-nationalist Igor Girkin, the former military commander of the self-proclaimed Donetsk People's Republic, who was arrested in July 2023 for incitement to extremism. The war has seen a crackdown on 'extremism' in Russia, with those critical of Putin particularly at risk. © Natalia Kolesnikova/AFP via Getty Images

The effects? Honestly, I don't know for sure, but if past examples are anything to go by, the 'special military operation' will have disastrous crimogenic effects on Russia, but it's impossible to know its limits and contours for sure.

RUSSIAN SOCIOLOGIST, NOW IN EXILE³⁰

For all the simmering tensions and political disputes, until the full-scale invasion, the Russian and Ukrainian underworlds had remained largely united in an essentially integrated criminal market.³¹ The fracturing of this virtual union and the disruption of numerous cross-border illicit flows was only one of the immediate impacts of the war. While it is inevitably difficult to separate cause and effect, and some of the influences and changes may be temporary, this section will outline in broad terms the ways in which the war and its repercussions have affected the Russian underworld, before moving on to examine the changes they have brought about.

Denial and disinformation

Greater media censorship and less willingness to acknowledge real problems are already affecting our ability to accurately assess the situation, such that even Russian scholars are beginning to admit that 'there is now no good data'.³² As already noted, for the best part of two decades, with all kinds of temporary reversals, false starts and troubling idiosyncrasies, Russia had slowly begun to address its endemic problem of organized crime and become more open and honest in its reporting of data and discussing trends.³³ In the increasingly authoritarian political environment that has followed the invasion, however, it is striking how quickly old habits have reasserted themselves, creating a number of challenges in interpreting more recent official data.

First of all, the evolving political environment has generated its own anomalies in crime statistics, through changes in the way certain offences are categorized and prosecuted. Figures from the Rostov region, for example, show that cases of 'extremism' rose by 28.5% in the first half of 20122.³⁴ However, whereas once the term was used to describe such activities as spreading information in support of terrorist movements, new laws passed since the invasion have meant that even someone referring publicly to the 'special military operation' as a 'war' could, and sometimes would, be prosecuted for 'extremism'.

Head of Russia's Investigative Committee Alexander Bastrykin has accused migrants and guest workers of being responsible for the increase in organized criminality in Russia.

© Contributor/Getty Images



Second, in an effort by some leaders and institutions to protect their positions in a time of uncertainty, there has been a degree of scapegoating and political grandstanding. In what has been interpreted as a way of staying in the public eye without having to comment on the course of the war, Alexander Bastrykin, the head of the Investigative Committee (SK), has taken to portraying migrants and temporary guest workers as a key source of social tension and organized criminality. According to him, 4 231 criminal cases were opened against migrants in 2022, a 300% increase on 2021, while their involvement in serious crimes increased by 500%.³⁵ However, MVD statistics show that in the first quarter of 2023, foreigners and stateless persons accounted for only 2.2% of all crimes, an increase of 6.3% over the previous year. While not insignificant, this is far from the picture painted by Bastrykin, especially as the bulk of the increase was accounted for by minor offences. In fact, according to data from the GPO, while 0.6% of Russians have committed a crime, the same could be said of only 0.2%–0.3% of migrants.³⁶

Most importantly, with so much bad news already inadequately suppressed, the authorities are particularly reluctant to admit openly that Russia is once again facing a problem of growing organized crime and rising tensions within the underworld. This message is very clearly being transmitted from the top of the system, and by local officials. For example, according to General Roman Plugin, police chief for St Petersburg, violent crime fell by 15% in 2022, with the city's overall crime rate for that year 13% below the national average.³⁷ This appears to be true, but it is also misleading: looking specifically at murders, there were 1 078 cases in 2022 compared to 881 in 2021, an increase of 22.4%, the first such rise since 2016.³⁸ Indeed, investigative media outlet Bumaga dug into the data to show that while it is true that St Petersburg has experienced a distinct and long-term drop in crime rates overall, more than half of all reported offences are drug-related, crimes involving the use of weapons doubled in 2022, and the distribution of serious to minor cases is skewed disproportionately towards the former.³⁹ In the

words of a recently retired St Petersburg police officer, 'Hidden in the data is a picture of a pretty safe city experiencing a serious rise in crimes related to organized criminal groups.⁴⁰ This was, at least, less blatant than the claim by police in the Kurgan district of the Ural Federal District that in the first six months of 2023 they had solved every single case of murder, grievous bodily harm, rape, robbery and hooliganism in their district.⁴¹ This was met with scepticism, bordering on derision, by most observers outside the Kurgan district, but it reflects the new, or rather renewed, political climate in which it is crucial to appear successful, regardless of reality.

Breaking the union

One of the fundamental realities that Russian sources are now largely unwilling to acknowledge is precisely the degree to which the underworlds of Ukraine and Russia were connected, and the sudden and forced rupture brought about by the war not only has significant economic effects for organized crime but it also challenges the existing gangland order. As the GI-TOC report 'New front lines: Organized criminal economies in Ukraine in 2022' notes:

Before February 2022, Russian and Ukrainian organized crime formed the strongest criminal ecosystem in Europe [...]. Russian and Ukrainian criminal groups and networks controlled a lucrative transnational smuggling highway between Russia and Western Europe [...]. [But] the Russian invasion has inflicted a profound shock to this ecosystem. With the war, collaboration between Russian and Ukrainian organized crime interests became impossible due to the political situation (which led many criminals to break such ties) and the pragmatic challenge of smuggling across what was now a violently contested and dynamic front line.⁴²

In particular, many of the largest and most powerful Russian organized crime networks, such as Moscow's Solntsevo (also known as Solntsevskaya) and St Petersburg's Tambovskaya, were the most committed to this cross-border economy. For the most part, they did not directly handle the various illicit commodities, such as drugs, people and untaxed or counterfeit goods, but typically stood behind the smaller gangs involved, whether as investors, patrons or suppliers. Many gangs, both in both LNR/DNR territories and unoccupied Ukraine, were *filialy* or local branches, of these networks. Others had deep and long-standing connections. For example, the Luzhniki organization (so called because one of its leaders was the *vor z zakone* known as Misha Luzhnetskii) suffered a serious blow in November 2022 when the Pechersk District Court of Kyiv allowed the confiscation of five energy infrastructure enterprises within the VS Energy group, allegedly controlled by this criminal structure.⁴³ This was followed by the blocking of the title transfer for seven luxury hotels also owned by VS Energy.⁴⁴ Prosecutors say that, among a range of other crimes and in support of Russia's claims on Ukrainian territory, VS Energy was used to launder and legalize criminal earnings in Russia. According to a journalist with access to case materials, this included funds belonging to other Russian-based criminal networks.⁴⁵



Gennady Petrov, suspected head of the Tambovskaya-Malyshevskaya Russian criminal network, is taken to court in Mallorca in 2008. Large transnational criminal networks are losing out in Russia's reconfigured underworld. © AFP/Stringer via Getty Images

The almost total severing of criminal connections between Russia and Ukraine (at least for the time being), has not only forced a redirection and sometimes a reduction in these international illicit flows but has also had a direct and serious impact on the existing architecture of the Russian underworld, undermining those networks that have the most to gain from the orderly status quo.

Economic incentives

At the same time, the various effects of the war and the Western response to Putin's invasion are combining to not only to put pressure on some illicit markets but, more importantly, to create new ones and expand others. This may not be a good war for all Russia's gangsters, but it is hard to argue that it is not for most of them.

The economy as a whole is in decline. Although the IMF predicts that Russia's GDP will grow by 2% in 2023, this is essentially the result of 'military Keynesianism', massive spending on the military. Defence factories are running triple shifts and, where possible, dual-use capacities are being switched from civilian to military production. This is allowing the country to maintain its war effort, to a certain extent, but at the expense of the civilian economy. Here, enterprises' profit margins are under pressure, with real disposable incomes falling by 1% and retail sales by 6.7% in 2022.⁴⁶

On one hand, this has caused problems for gangs dependent on preying on increasingly cash-strapped consumers and businesses, such as through small-scale protection racketeering and discretionary sales of illicit goods. However, early indications suggest a compensatory shift in consumption patterns towards cheaper counterfeit and untaxed goods, from cigarettes to designer clothing. There has also been an upsurge in loan-sharking and illegal gambling, with desperation driving consumers into the criminals' arms.⁴⁷

Corruption resurgent

The extent to which corruption nurtures criminality of all kinds is a theme throughout this report. Not only have the economic hardships caused by the war led to an overall increase in corruption, not least among police officers, but the circumstances have also led to systemic police backsliding and political backtracking.

In the name of wartime security, Russia, like Ukraine,⁴⁸ has suspended or abolished many of the transparency initiatives that had been helping to address the challenge of corruption. In March 2023, for example, amendments to the law 'On Personal Data' came into force in Russia, ending open access to the Rosreestr Unified State Real Estate Register and limiting it to official and professional users.⁴⁹ Russia has also repudiated the Council of Europe's convention on fighting corruption, which it signed in 1999. As Elena Panfilova, chair of the Russian chapter of Transparency International put it, 'For corrupt officials who have not fled [the country], this is a signal that the authorities treat corruption with sovereignty: If I want to catch you, I'll catch you; if I don't want, I won't.'⁵⁰

Indeed, the conflict has allowed some who believed this anti-corruption regime was becoming too onerous and intrusive to try to roll it back, further complicating the task of accurately assessing the criminal situation. For example, Valentina Matvienko, the powerful speaker of the Federation Council (the upper chamber of parliament), has even proposed the suspension of Law 44-FZ on Public Procurement 'for the duration of the special military operation'. This is one of the main instruments in the fight against corruption, but she would like to see the necessary due diligence it requires waived in the interests of speed, arguing that 'it is impossible to stop the whole machine for the development of federal funds because of theoretical suspicions'.⁵¹ Considering that even within the defence-industrial sector, corruption and embezzlement remain widespread, it can be argued that the needs of the war effort would seem to demand more, not fewer, controls.⁵²

Guns and gunmen

Members of Russian organized crime groups have been swept up into the shooting war in Ukraine, along with tens of thousands of other criminals recruited first into the Wagner mercenary force and then the regular military's own Storm-Z detachments.⁵³ In some cases this was through mobilization, but more often it was through volunteering, whether out of patriotism or the prospect of early release from prison. Many who have since been demobilized (32 000 by mid-June 2023, according to former Wagner head Yevgeny Prigozhin⁵⁴) have returned to crime, but there is the wider danger of a whole 'criminalized generation' of former soldiers.⁵⁵ Trained to kill, socialized into hierarchies and often feeling cut adrift by a mainstream society that does not understand them, former soldiers are especially vulnerable to drifting into criminality. This risk is all the greater when the war is regarded as a defeat and lacks widespread popular legitimacy. This was, for example, very much the experience of the Soviet war in Afghanistan, 1979-1988, as will be discussed later.



A makeshift memorial in Moscow pays tribute to the late head of Wagner paramilitary group, Yevgeny Prigozhin. Many who fought and died in the war under Wagner's banner were established figures in Russian organized crime.
© Natalia Kolesnikova/AFP via Getty Images

Whether criminals or not, when soldiers return home, they often bring their guns back with them. The illicit flow of weapons out of the conflict zone, already a problem since before the invasion,⁵⁶ appears to have increased, especially as both mercenaries and mobilized reservists are released from service. Anecdotal evidence, including former soldiers' own comments on social media, speaks of a system in which government-issued weapons are relatively well inventoried and have to be returned, but battlefield trophies are relatively easy to smuggle back. Many – and probably most – of these weapons are sold into an already saturated black market, and the ease with which they can be acquired is presumably one of the factors behind the steady rise in crimes involving firearms, which, according to the MVD, rose by around 30% over the course of 2022. Indeed, it is worth noting that the two regions with the most dramatic increases, Kursk (+675%) and Belgorod (+213.3%), border Ukraine. Crimea also recorded a sharp rise of +133.3%.⁵⁷ While some crime data may be manipulated, the usual under-reporting or re-coding of offences as less serious administrative offences is much harder to carry out and justify in the case of armed crimes, and thus these figures are generally regarded as credible by most independent observers.

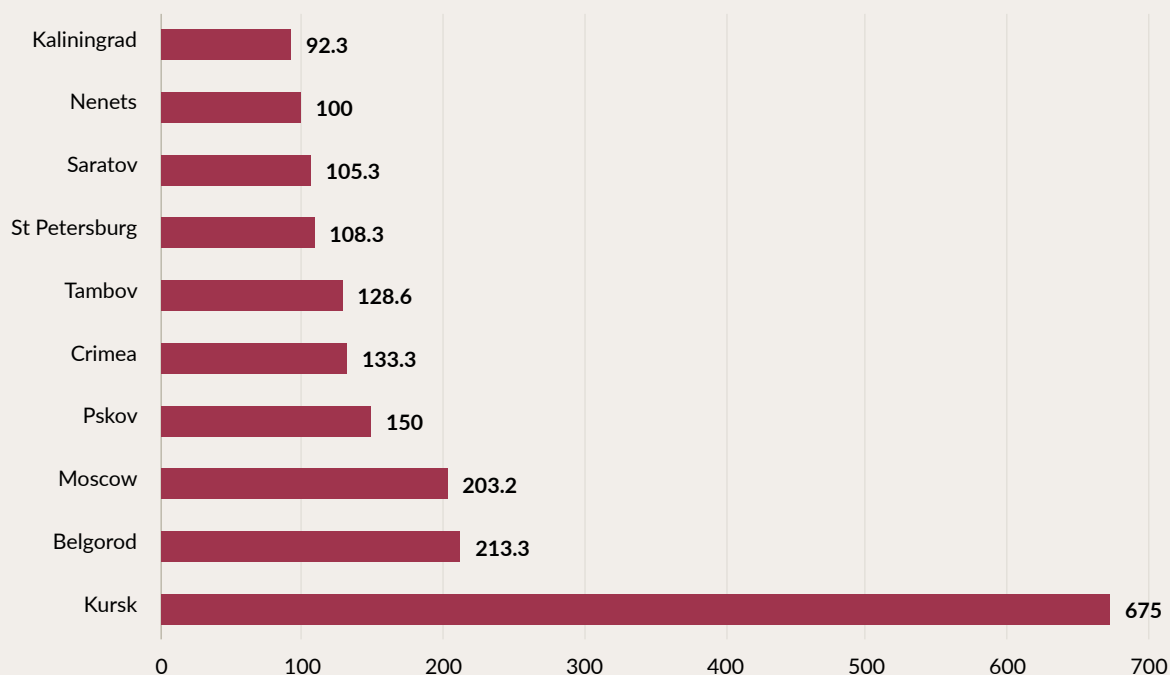


FIGURE 1 10 regions with the highest increases in armed crime (shown in percentage), 2022.

SOURCE: MVD annual returns

Law enforcement under pressure

All these factors are also leading to rising tensions within the underworld, as rivalries between gangs and criminalized business and political blocs intensify over shrinking resources, from ownership of legitimate businesses to control of territory that can be 'taxed' through protection rackets. Furthermore, this is happening at a time when law enforcement is under heightened pressure. Although Russia has a substantial law enforcement apparatus (see box: Russia's law enforcers), long-standing issues of corruption, bureaucratism, politicization, institutional rivalries and resource scarcity, which in many cases had begun to be addressed, are again coming to the fore.

Russia's law enforcers

Front-line policing and much investigative work are the responsibility of the police service, which comes under the MVD and its local and republican commands. Investigations of serious crimes tend to fall instead to the Second Service of the FSB, named the Service for the Protection of the Constitutional Order and Combating Terrorism (SZKSBT), or the Fourth, the Economic Security Service (SEB). Alternatively, they are handled by the GPO or the SK. The National Guard (*Rosgvardiya*) is not an investigative agency but essentially a heavily armed paramilitary public order force, although it does conduct arrests and provides armed support for some police missions.

Law enforcement operations are facing disruption for a number of reasons. The use of the paramilitary National Guard in the war⁵⁸ (and the extensive casualties it has suffered) has meant that it is less able to provide the kind of support needed by the police. In other cases, MVD personnel have been called up as part of the mobilization campaigns, and resources have been diverted from front-line policing to the persecution of critics of the war or those involved in sabotage. During the September/October 2022 mobilization wave, for example, the police were forced to deliver conscription notices, hunt down evaders and police mass protests that led to some 2 377 arrests in the first week.⁵⁹ Although, on 1 January 2023, Putin signed a decree that would increase the MVD's establishment strength to over 922 000, then by a further 12 000 in 2024 and 4 000 in 2025, Minister Kolokoltsev admitted in August that there was a 'critical' shortage of personnel, not least because, 'over the [previous] month, 5,000 staff [had] left the internal affairs bodies'.⁶⁰ Partly this shortage is due to uncompetitive salaries (especially compared to the military), but it is also the result of a new public mood critical of the police as a result of their use dispersing protests and enforcing mobilization. This growing sense of national disenchantment is also undermining long-standing efforts to repair relations between the police and the wider public.



Servicemen gather in Moscow's Sobornaya Square before Putin's address to troops from the defence and security agencies. The war has seen a resurgence of law enforcement corruption driven largely by economic hardship. © Sergei Guneyev/Sputnik/AFP via Getty Images

A particular problem is the aforementioned resurgence of corruption within the law enforcement community, driven largely by economic hardship. Although police officers were awarded a 10.5% pay increase from October 2023, their overall household incomes are under pressure, even as inflation – which briefly surged to over 17% in 2022 – threatens to not only breaking through the Central Bank’s 4% target in 2023 but remaining above that pay increase level.⁶¹ Besides, most police households are dual income, so any wage increase for the police officer would be generally offset by a squeeze on their spouse’s income. As a result, not only are the police once again more willing to accept or solicit bribes, but the ‘werewolves in epaulettes’ or ‘werewolves in uniform’ have become increasingly common.⁶² As one critical journalistic account put it:

Criminals have learned not only to look for accomplices among law enforcement officers, turning them into ‘werewolves in uniform,’ but also to introduce their people into government structures. They were joined by officials who, taking advantage of their official position, perfectly knew how to make money on laundering budget funds, give and accept bribes, and implement tenders in their own interests.⁶³


The presence of organized crime groups made up of security and police officers (rather than simply including a few such members, or involving paying them off) was somewhat commonplace in the 1990s and early 2000s, but had become much rarer since then. By the end of the first decade of the 2000s, they were being treated as something of a policing priority, and improved conditions for police officers as well as greater screening of new recruits had contributed to a culture of greater professionalism.⁶⁴ In the words of a European police liaison in Moscow, ‘Although there were still local groups using their official position to extort bribes and provide services to other criminals, by 2010 or so, it was pretty rare to find overt, violent gangs drawn from the police and security services.’⁶⁵ However, as noted at the beginning of this report, there is now a growing trend of ‘werewolf in uniform’ gangs re-emerging. For example, in April 2023, the Main Investigation Department of the North Caucasus SK brought criminal charges against a number of senior police officers under the deputy head of the public security police of the Rostov region for operating as an organized criminal gang, using their powers for large-scale protection racketeering.⁶⁶



ПОМЕЩЕНИЕ №9
ХРАНИЛИЩА
НАРКОТИЧЕСКИХ
СРЕДСТВ,
ПСИХОТРОПНЫХ
Веществ И ИХ
ПРЕКУРСОРОВ
КОНФИСКОВАННЫХ
ИЛИ ИЗЪЯТЫХ ИЗ
НЕЗАКОННОГО
ОБОРОТА

DRUGS: NEW ROUTES, CHANGING MARKETS

A Russian law enforcement officer guards confiscated narcotic and psychotropic substances. Russia has become a growing market for synthetic opioids, with the war accelerating the use of amphetamines in particular. © Reuters/
Tatyana Makeyeva



If we were honest, we would admit that we again have a growing and serious problem, and that the good work already done was not enough then and is certainly not enough now. But we can't be honest, especially as the veterans of the [war] are driving a whole new problem, and that just can't be said.

RUSSIAN SCHOLAR, MVD ACADEMY, 2023⁶⁷

The interruption of the major cross-Ukrainian illicit drug routes has heavily affected international narcotics trafficking by Russian-based gangs. As already mentioned, Afghan heroin destined for Europe is returning to older routes through the Middle East, particularly Iran, and even the South Caucasus. However, despite the stepping up of border controls by European enforcement, some of this heroin, along with cocaine and other narcotics, is now being smuggled through Belarus. In part this is a product of the increased influx of sanctioned goods, discussed below, which is helping to make the borders more porous and giving versatile 'polycriminal' gangs an incentive to maximize their existing routes into Belarus to also move illicit goods out of the country.

Russia is also witnessing an increase in cocaine imports from Latin America, both directly (hidden in consignments of everything from Ecuadorian bananas to frozen meat from Paraguay) and through Turkey (and some other third countries, especially in Africa and the Middle East), although again Belarus is also emerging as a crucial transit hub.⁶⁸ In April 2023, for example, the FSB seized 699 kilograms of cocaine in Moscow, destined primarily for the European market, the FSB reported. The month before, police in St Petersburg intercepted a consignment of fruit containing 200 kilograms of the drug.⁶⁹

Some of this is to satisfy growing domestic demand in what was, until recently, a very niche market concentrated in large cities such as Moscow, St Petersburg and Ekaterinburg. The first domestic cocaine processing facility was only uncovered in 2020, and seizures increased sixfold between 2016 and 2021, from 144 kilograms to 872 kilograms.⁷⁰ More, though, is being exported. Some of it is destined for Europe, moving by land, presumably to offset successes in efforts to control trafficking through more traditional entry points such as the ports of Antwerp and Rotterdam.⁷¹



Russia is witnessing an increase in cocaine imports from Latin America. Shown here is the Port of St Petersburg, where a consignment of fruit containing 200 kilograms of the drug was intercepted in March 2023. © Eshma/Alamy Stock Photo

Russia appears to be following Belarus, Moldova and Ukraine in experiencing a decline in heroin use and a growing market for synthetic opioids, perhaps because of the relatively low purity of heroin intended for domestic consumption and the relatively low price of alternative opioids such as ‘street methadone’.⁷² The war has certainly accelerated the growing use of synthetic amphetamines such as mephedrone (‘salt’ in Russian slang), not least because of its widespread consumption in cities such as Donetsk, where many soldiers are based or take their leave. Radio Free Europe/Radio Liberty studied the records of the military court in Krasnodar, for example, which handed down a single drug-possession conviction in 2020; three each in 2021 and 2022, and three in March 2023 alone.⁷³ Soldiers then bring their addictions home, and there has already been an upsurge in ‘salt’-related cases in Krasnodar, Moscow, Kostroma, Kurgan, Chelyabinsk, and Perm regions and Adygeya.⁷⁴ In July 2023, Kolokoltsev admitted at a meeting of the State Anti-Drug Committee that while supplies of synthetic drugs from abroad have diminished, this has been more than offset by domestic production.⁷⁵ After the Soviet war in Afghanistan, according to the Union of Veterans of Afghanistan, ‘at least 35% of its participants were in dire need of psychological assistance’ and ‘as of November 1989, 372,000 former “Afghan” soldiers suffered from alcoholism and drug addiction to one degree or another.’⁷⁶ Given the terrible conditions currently experienced by soldiers in Ukraine, including exposure to atrocities, it is likely that the ongoing war will lead to a comparable and sustained increase in the use of drugs for self-medication.⁷⁷

Although the official figures for drug use and addiction are falling, overdose levels have increased, by 16.1% in 2020 alone, leading to widespread scepticism about the government's upbeat assessment.⁷⁸ Overall, domestic demand for narcotics may be growing slightly – the data is inconclusive so far – but patterns of usage and supply are largely changing, reflecting new market conditions. Not least, the market is becoming more integrated into online platforms, with a growing share of retail sales made not through face-to-face transactions or even by post, but through 'treasure troves' or 'post boxes', essentially drop-offs. Buyers are given GPS coordinates on Telegram or similar social media apps that direct them to the drugs, which are typically hidden in bushes or in dark corners.⁷⁹

At the same time, while the move to online transactions and remote delivery is making retail sales more secure and cost effective, the war has challenged the degree to which Russia's organized crime networks can easily exploit international trade. New opportunities are emerging, such as online drug markets that cater to both domestic and international customers: as of 2023, almost half of all retail drug sales are being conducted online.⁸⁰ In 2022, the US and German authorities blocked Hydra, the dominant Russian dark net drug marketplace, which had a turnover of over US\$1.3 billion at the time of its closure.⁸¹ Many new sites have sprung up in its place, albeit perversely with less reliability and poorer quality control, arguably making life harder for addicts. One such successor, Solaris, was forcibly taken over by rival Kraken in February 2023, part of a new scramble for business that saw Kraken project an image of its logo, in the tentacles of its namesake, onto a Moscow business centre, and another, OMG, do the same with its logo on New Year's Eve.⁸²

This has direct connections to other forms of organized crime, which increasingly rely on these new dark net markets for a range of services beyond drug trafficking. The fragmentation of the dark web providers, as well as the diminishing opportunities for drug trafficking westwards because of the war, has contributed to the destabilization of the Russian underworld. Many of the larger networks had become comfortably dependent on the profits to be made from either trafficking drugs to Europe or taxing the smaller gangs that did; furthermore, the fact that this was a multi-currency business meant that they could effectively leverage fluctuating exchange rates to offset risks and maximize profits. These networks now appear to be facing lean times as their profit margins are eroded, especially by the need to develop new routes and corrupt a new set of officials, and the routes they used to tax are no longer valuable. Instead, in a pattern replicated in other illicit markets, more profits and thus more power are accruing to the gangs that dominate the new highways, especially along the border with Belarus, or have strong contacts in Central Asia and the South Caucasus. Synthetic drug laboratories run by Russians, or at least geared to supplying to Russian market, are springing up in Kazakhstan, for example, and access to these new suppliers will be a crucial criminal asset in the future.⁸³



SMUGGLING PAST SANCTIONS

The war in Ukraine has created a state-sanctioned market in Russia for items necessary to sustain it, including components that can be used in drone manufacture. © Reuters/Gleb Garanich TPX images of the day

[D]espite the war, sanctions and corporate boycotts, for those with the means to afford \$1,700 bottles of cognac, life in Russia continues uninterrupted.⁸⁴

Market constraints inevitably create opportunities for criminals. The sanctions regime and the extent to which the constriction of international transport and payment options has created further indirect limitations (for example, medicines are not sanctioned, but in practice are now very difficult to import into Russia⁸⁵). As a result, a range of commodities that would previously have been imported legally are now smuggled by organized crime networks for sale either to the state apparatus (in the case of microchips and the like) or to the still cash-rich kleptocrats and businesspeople who have the money to maintain their old quality of life and the luxury goods to go with it.

It is estimated that before the war, Russia accounted for 1%–3% of the global luxury goods market, worth up to US\$40 billion, and those who can afford to turn to alternative sources are fuelling a buoyant new industry.⁸⁶ According to a Europol analyst, the safest and most lucrative smuggling racket, on a rouble-for-weight basis, now appears to be the import of sanctioned Italian designer handbags and other accessories.⁸⁷ At the same time, there is a state-sanctioned or even state-facilitated market for items and components necessary for the national economy, and especially the defence–industrial complex. Grey market channels, which are not necessarily illegal but are at least not authorized by the original manufacturers or sellers, now account for thousands of used cars making their way into Russia from Armenia, for example, ‘from \$800,000 worth of vehicles in January 2022 to just over \$180mn worth of vehicles in the same month this year’, reflecting the way sanctions reduced the number of new cars sold in Russia by 60% in 2022.⁸⁸

While opportunistic commercial structures are the main players in these businesses, organized crime gangs are also moving aggressively into these smuggling businesses, aware of the advantages of their relative safety and potential earnings. After all, sanctions have also created unexpected new markets. For example, many Western manufacturers of agricultural machinery such as excavators, harvesters and GPS tracking systems (which help map fields and guide planting) suspended sales to Russia (and Belarus) after the invasion. This has starved the domestic market not only of the original products but also of spare parts. As a result, Russian forces even reportedly raided a dealership in the Ukrainian city of Melitopol, and US\$5 million worth of John Deere agricultural machinery later turned up in Chechnya.⁸⁹ The reverberations of this move have even reached

England and Wales, where rural crime soared by more than 300% in the first quarter of 2023. Increasingly, British law enforcement authorities suspect that this upsurge is driven by the market in Russia. According to Superintendent Andrew Huddleston, who heads the UK's National Rural Crime Unit, 'it's heading to Eastern Europe, without a doubt'.⁹⁰ While items such as combine harvesters are difficult to traffic, they can be dismantled for spare parts, which are much easier to smuggle and, according to an analyst with the UK National Crime Agency, 'in the current conditions can be more valuable as parts than a whole new machine'.⁹¹

Smuggling for the state

Grey market routes have also been used to move the large number of domestic appliances with microchips that can be repurposed for military use. Much – probably most – of this is smuggled not by conventional organized crime groups but by networks of brokers and intermediaries. While gangs tend to rely on overland routes through Belarus, using the Koroszczyn freight crossing with Poland, businesspeople use grey and parallel market channels to move goods through third countries, with existing business routes to Russia including Armenia, Kazakhstan, Turkey and the UAE. The latter, for instance, accounted for more than \$1.5 billion in 'grey market' electrical goods in 2022.⁹² Indeed, Armenia imported more washing machines from the EU in the first eight months of 2022 than in the previous two years, while sales of refrigerators to Kazakhstan have trebled.⁹³ In all cases, these were modern 'smart' appliances with the requisite microchips that the West is trying to deny Russia's defence industry,⁹⁴ and which are now beginning to turn up in Moscow's drones and missiles.⁹⁵

The state is especially eager to encourage the smuggling of military and dual-use technologies for its war effort, and even appears to be offering gangs incentives to engage in such activities, including a degree of impunity for their other transnational operations. One Europol analyst observed that 'if you can smuggle microchips in, the FSB will probably turn a blind eye to your smuggling drugs, people or whatever out'.⁹⁶

These are typically quite specialized and limited markets, but Russian-based organized crime groups, either able to operate abroad or with the necessary connections, have been involved in sourcing components vital to the Russian war effort. Before the war, sophisticated gangs operating in Europe, from Norway to the UK, targeted microlight aircraft for their Rotax 912 and Rotax 914 engines – which turned up in Iranian Mohajer-6 and Shahed-129 drones, as fielded by Russia, although Iran now seems to have reverse-engineered them to build its own.⁹⁷ Many other components are still harder to produce. Reports that as many as a hundred Swedish speed cameras were raided for optical components that ended up in Russian drones have since been denied by the Swedish authorities, although many security sources still believe that this happened.⁹⁸ There are also reports from the Balkans of a spate of thefts of high-end computer equipment of the sort now legally banned from export, and European intelligence sources have suggested that older games consoles are being bought up on second-hand sites such as eBay or in charity shops and then smuggled into Russia via Belarus (for larger consignments) or Turkey or Serbia (for small numbers being presented as 'personal possessions') because of their more easily reprogrammable chips.⁹⁹



Overland routes through Belarus, using the Koroszczyń crossing with Poland (pictured here), are popular channels for gangs involved in Russia's proliferating 'grey market' in electrical goods. © Agencja Fotograficzna Caro/Alamy Stock Photo

Such illicit flows generate an array of secondary criminal activities, concentrated in transit regions. As one Russian expert noted, 'most of the [criminal] "growth" leaders are transit regions, in which traditionally part of economic activity (legal and not very much so) is tied precisely to their external relations', as this generates secondary crimes related to everything from VAT refunds and the creation of fictitious 'paper companies' as fronts for the smuggling, to corruption of customs officers and disputes over control of revenue streams.¹⁰⁰

From the essentially state-orchestrated operations that have moved thousands of tonnes of stolen Ukrainian grain to markets around the world, using 'ghost ships' with fake or silenced identification beacons,¹⁰¹ to the small-scale import of sanctioned consumer goods, smuggling is increasingly central to both Russia's licit and illicit economies. In other words, the boundaries between the two are becoming less meaningful.

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MOBILIZING THE MOB

A recruitment advert for the Wagner Group in Moscow. The text reads: 'Private military company Wagner. Join the team of the winners. Together we will win.' © SOPA Images Limited/Alamy Live News



The enemy is trying to undermine Ukraine's defence capability with drug supply schemes.

UKRAINIAN STATE BUREAU OF INVESTIGATION, DECEMBER 2022¹⁰²

The belief that Russian drug smugglers are part of a nefarious plot to undermine Ukrainian youth is probably a far-fetched piece of propaganda, but it is true that criminals have been playing a role beyond fuelling Putin's industrial war machine. In 2022, the Wagner mercenary force – one of the main private military companies fighting for Moscow – was permitted to recruit from the labour camp system.¹⁰³ Recruitment was initially difficult, especially as a number of influential senior criminal figures opposed the idea, but this changed markedly when Zakhar Kalashov ('Shakro the Younger'), one of the most powerful *avtoritet*, encouraged convicts to sign up – in a statement broadcast on prison television in the Vladimir, Kostroma, Magadan and Novosibirsk regions immediately after Putin's New Year's address.¹⁰⁴

As many as 50 000 convicts were brought under arms (although more scholarly analysis suggests that this is a questionably high figure¹⁰⁵) and promised amnesty in return for six months' service.¹⁰⁶ Many, perhaps most, were killed in what seem to have been deliberately wasteful so-called 'meat wave' frontal assaults, although, as noted above, many returned home and began reoffending. In February, the businessman behind Wagner, Yevgeny Prigozhin, was blocked from recruiting further convicts at the initiative of the defence ministry. However, this appears to have been as much a move in the long-running feud between Prigozhin and Defence Minister Sergei Shoigu, as the ministry began recruiting from the labour camps instead to man its Storm-Z detachments.¹⁰⁷

Many of the criminals who fought and died under Wagner's banner were established figures in Russian organized crime. They included Stanislav Lobyanov of the Tsapkov gang from the Krasnodar Territory; Alexander Yenaleyev, leader of the Trassoviki gang from Naberezhnye Chelny in Tatarstan; the *avtoritet* Sherali Khatamov ('Sasha Uzbek') from the Altai; Sergei Gryaznov ('Fighter') from the Metsenatovskaya group, and Roman Kibirev from the Pivzavodsky group, both from the Trans-Baikal region.¹⁰⁸ However, these men were not only serving in the Wagner Group. For instance, the Belgorod *avtoritet* Nikolai Arshinov ('Kalbon') reportedly served in the Chechen-raised Akhmat Battalion until his death in May 2023.¹⁰⁹

Criminals have also long been used as an adjunct to the Kremlin's intelligence and covert operations, as the close relationship between the state and organized crime has long allowed the former to prevail on the latter for services from time to time.¹¹⁰ Before the invasion, gangsters were used for operations ranging from intelligence gathering in Estonia to the murder of Chechen fighter Zelimkhan Khangoshvili in Berlin in 2019 by an FSB-recruited contract killer.¹¹¹ The Kremlin is predictably enough stepping up its use of organized crime as a proxy in its political and economic struggle with the West, through both pressure and inducements. A number of criminal enterprises in Europe, for example, have been accused of being used to generate operational funds for Russian covert operations, including counterfeit cigarette factories in Lithuania and Belgium.¹¹² This relationship between the state and the underworld has been especially evident in the field of cybercrime, where 'patriotic hackers' – not always at their own initiative or of their own volition – have been pressed into service for the Kremlin's disinformation and disruption campaigns. On the whole, they do not conform to the usual patterns of organized crime, being better understood as loose and flexible collections of individuals operating across the spectrum of legal and illegal activity, and are therefore largely outside the scope of this report. However, Russia's hacker community has long been exploited as a source of power projection, from the amateur 'patriotic hackers' recruited to participate in mass distributed denial-of-service (DDoS) attacks against Estonia (2007), Georgia (2008) and Ukraine (2022), to more sophisticated threat actors used to penetrate or disrupt foreign target systems.¹¹³



Portraits of the late leader of the self-proclaimed Donetsk People's Republic, Alexander Zakharchenko, seen in Donetsk. Zakharchenko was implicated in lucrative protection rackets before his assassination in August 2018. © Oleksii Filippov/AFP via Getty Images

This is certainly evident in the current conflict. The latest report from the Czech Police and Criminal Investigation Service's National Organized Crime Centre, for example, notes that cyberattacks doubled in 2022, mainly attributable to groups based in or linked to Russia. The main targets were banks, media and state institutions such as the ČSOB bank, Czech TV, the interior ministry and the Prague city administration.¹¹⁴ The emphasis on disrupting media and government sites, with no attempt to monetize the attacks, is particularly suggestive of politically motivated action, even if the participants were largely criminal hackers rather than intelligence agencies. In the words of one Czech security officer, 'These look like attacks made to order, outsourcing from the Russian government.'¹¹⁵

The Czechs are by no means an outlier, as the attacks described above were only part of a wider pattern of destructive hacks and ransomware attacks targeting critical national infrastructure in the West in ways that appear to be driven in part, if at all, by purely economic considerations. Examples include a ransomware attack, allegedly launched by Russia, that significantly disrupted operations at a container terminal at Japan's Port of Nagoya, or the theft of personal data from British Airways and the BBC.¹¹⁶ The lines between private initiative and state action are blurred, often deliberately. The hacker group KillNet, for example, raised up to US\$280 000 for the Russian war effort through cryptocurrency and then launched an attack on the Starlink satellite communications system, a crucial element of Ukraine's command and control architecture.¹¹⁷

Finally, there is early evidence of the use of 'bandit governors' in the occupied Ukrainian territories. In the LNR and DNR, criminals became local proxy administrators (and arguably vice versa). Figures such as Alexander Zakharchenko and Alexander Timofeyev ('Tashkent'), the head of the DNR and his senior lieutenant respectively, were implicated in lucrative protection rackets,¹¹⁸ and while the former was assassinated, the latter ended up in a Russian prison on fraud charges.¹¹⁹ It is far more difficult to get a clear sense of the administrators appointed in the territories occupied since the 2022 invasion (especially as many of these territories have since returned to Ukrainian hands), but according to a Ukrainian diplomat, citing police sources, 'about half of them have criminal records'.¹²⁰ This is, of course, a partisan source, but there does appear to be a consensus among analysts that the need to find local representatives with enough stomach to act as their representatives and enough will to be useful has led Moscow to consider local gangsters as candidates.



ILLICIT FINANCIAL FLOWS

The control room at a cryptocurrency mining centre in Nadvoitsy, Russia. Cryptocurrency exchanges are increasingly being used in an attempt to circumvent money laundering controls. © Andrey Rudakov/Bloomberg via Getty Images

[A]s a result of Russia's war in Ukraine, this relationship between illicit finance, business and the state will become even closer, more opaque, and more of a threat to rules-based economies and political systems.

DAVID LEWIS AND TENA PRELEC, 2022¹²¹

As Russia is cut off from more of the global banking network through primary and secondary sanctions (which have led even Chinese banks to move to reduce their exposure and engagement with the Russian financial system¹²²), the geography of illicit financial flows (IFFs) has changed substantially. There are still many workarounds and havens for Russian criminal money, with a greater role for not only China (although this route is reportedly still not fully trusted compared to the traditional routes through Ukraine and Belarus¹²³), but also other Asian countries, particularly the UAE and countries in Central Asia. However, the days of the Russian banking system playing a role in international money-laundering chains for other criminals are all but over.

Faced with the prospect of even greater scrutiny, instead of being able to carry out simple fund transfers, Russian organized crime networks (as well as wealthy Russians seeking to move their assets out of the country) are increasingly turning to more complex, but also more cumbersome and expensive, means of moving money. These include:

- Buying property in jurisdictions that are still deemed 'friendly', or at least less punctilious, notably in the Middle East. The UAE, for example, has been warned by Brian Nelson, the US Department of the Treasury's Under Secretary for Terrorism and Financial Intelligence, about the risks of its 'financial connectivity with Russia, even via non-sanctioned banks', opening it up to money laundering activities.¹²⁴
- The illegal transfer of Russian antiquities and other objets d'art. According to an Italian Carabinieri working with the Command for the Protection of Cultural Heritage, 'since mid-2022, we are seeing suggestions that all kinds of Russian cultural artefacts are now available on the illegal market, but also that some high-value items are heading into Russia ... possibly as hedges against the future'.¹²⁵

- Cryptocurrency exchanges (particularly those promising to convert into other currencies¹²⁶), which were originally used primarily by ransomware gangs and the like, are increasingly being used more generally to try and circumvent money laundering controls. In January 2023, for example, the US Treasury's Financial Crimes Enforcement Network (FinCEN) identified the virtual currency exchange Bitzlatto as a 'primary money laundering concern' in connection with Russian illicit finance, including criminals connected with the Russian government.¹²⁷ Nonetheless, although the state may seem some merit in the using cryptocurrency to move and hide its own money (or that of state agencies) in an age of international sanctions and asset freezes, it is also concerned about the overall trend, given the degree to which it risks bypassing its own financial oversight body, Rosfinmonitoring. The overturning of an acquittal verdict by the Supreme Court in 2023 marked the first conviction in Russia for money laundering through cryptocurrency.¹²⁸

Of course, these sanctions are also affecting the capacity of transnational criminal networks to move assets in and out of Russia. Considering the degree to which Russian-based gangs were (and remain) embedded in a globalized underworld, and that they continue to trade illicit goods and services with their counterparts around the world, this has also created challenges relating to their interactions. Where possible, illicit goods



Russian organized crime networks and wealthy Russians seeking to move their assets out of the country are increasingly investing in jurisdictions still deemed 'friendly', notably in the Middle East. © Michael Kemp / Alamy Stock Photo

are transferred directly, or IFF payments are made in the form of small quantities of high-value commodities (notably, diamonds) transported by courier. What may also be emerging is a process that could almost be called a 'Russian *hawala*', mimicking existing informal money transfer systems that permit the exchange of assets without the actual movement of money. Within this system, members of the Russian diaspora would be set up as local representatives to handle honour-based exchanges.

Meanwhile, the potentially corrosive effect of IFFs on the governance of other countries continues. Indeed, those jurisdictions less willing or able to police IFFs risk experiencing an even greater impact, as other channels are denied to the Russian state, wealthy individuals, corporations and criminal networks alike. For example, as Vanya Petrova notes, in the first year of the war alone, Russian nationals 'registered more than 5 000 companies in Serbia, over 1 000 being limited liability companies and nearly 4 000 entrepreneurial businesses'.¹²⁹ Of course, most of these are likely to be entirely legitimate, the result of the exodus of Russians since the invasion, who are simply setting up new businesses in order to go on with their new lives. However, given that Serbia continues to keep a door open to much Russian money, both legitimate and illegitimate, as will be discussed later, the clear implication is that it has also been identified as a convenient location for money moved illegally from Russia and a hub for further inbound and outbound IFFs. In doing so, it would inevitably continue to undermine the integrity of Serbian state institutions and political probity.



NEW BALANCES AND IMBALANCES OF POWER

Patriotic graffiti reads 'We remember! We are proud!' on the second day of local elections in Rostov-on-Don, 9 September 2023. The Rostov region has experienced a sustained rise in violent crime, reflecting the inflow of weapons and desocialized fighters from the Donbas. © Olga Maltseva/AFP via Getty Images

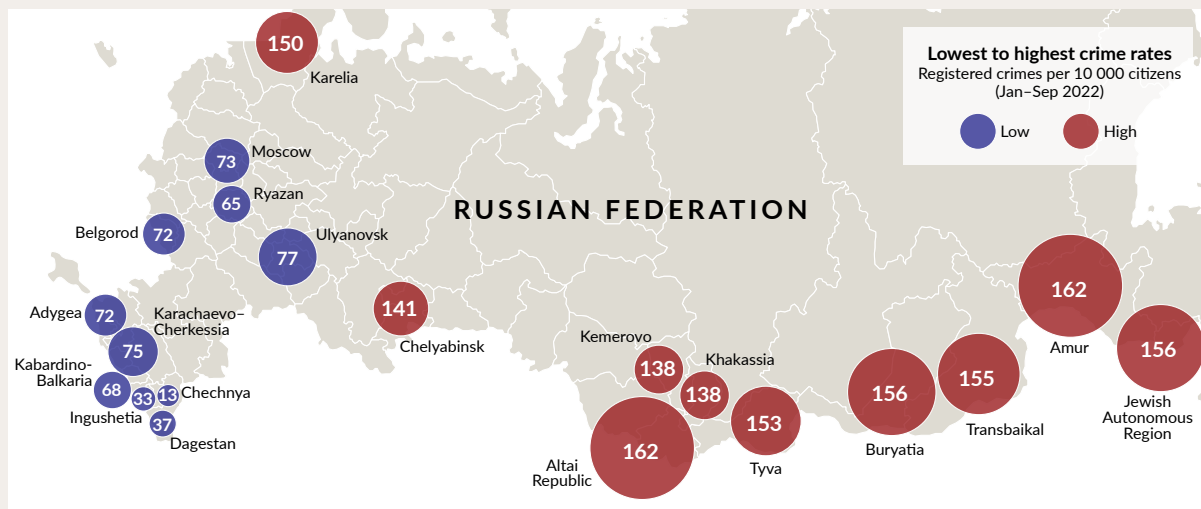
The 'wild 90s' have not gone away. Crime reports are full of news about the lawlessness associated with racketeering, robberies and contract killings. Organized criminal groups, killers and thieves in law continue to restore their order and establish rules in the shadow economy.

SOVERSHENNO SEKRETN, 2023¹³⁰

While some smuggling routes are closing or becoming attenuated, others are expanding. What were once considered relative backwaters in Russia, such as the border regions with Belarus, are now highly prized territories. Gangs with the strongest links to their counterparts in Central Asia and Armenia have a particular new advantage. Generally, the foundations of the criminal status quo, which has broadly held since the early 2000s, are under pressure, contributing to growing tensions in the underworld balance of power and geographical shifts away from the Ukrainian border and towards new routes for the illicit economy.

Crime hotspots

The increasingly erratic nature of Russian crime statistics, and the impossibility of independently verifying them, makes it difficult to speak with any precision about current trends. For example, according to one source citing MVD data, in the first half of 2022, the largest increases in crime rates were recorded in the Chelyabinsk region, the Jewish Autonomous Region and the Amur region, where increases ranged from 44% to 48.8%.¹³¹ However, another presentation of regional crime data for the first nine months of 2022 (see Figure 2), also described as reflecting MVD statistics, showed that all three regions had high but declining crime rates.¹³² In these circumstances, it is necessary to focus not so much on a specific data point but on overall trends and the collation of different perspectives.



HIGHEST	
Amur	161.8 (-11.6%)
Altai	161.6 (-4.2%)
Buryatia	156 (-4%)
Jewish Autonomous Region	155.8 (-5.8%)
Transbaikal	155.3 (-2.1%)
Tyva	153.1 (-22.7%)
Karelia	150.1 (-12.2%)
Chelyabinsk	141.2 (-0.4%)
Kemerovo	138 (-7.2%)
Khakassia	138 (-15.2%)

LOWEST	
Chechnya	12.5 (-24.1%)
Ingushetia	32.9 (+10%)
Dagestan	36.6 (-1%)
Ryazan	64.6 (+1.3%)
Kabardino-Balkaria	67.9 (-0.6%)
Belgorod	71.8 (+1.3%)
Adygea	72.2 (+2.1%)
Moscow Region	72.9 (+1.2%)
Karachaevo-Cherkessia	75.1 (+3.2%)
Ulyanovsk	77.4 (-0.6%)

Overall national figure: 102.9 (-1.5%)

FIGURE 2 Regions with the highest and lowest crime rates, 2022.

NOTE: Figures are of registered crimes per 10 000 citizens, January–September 2022. Table shows change in percentage compared to the same period in 2021.

SOURCE: Регионы с самой низкой и самой высокой преступностью. Инфографика, *Argumenty i Fakty*, 4 December 2022, https://aif.ru/society/safety/regiony_s_samoy_nizkoy_i_samoy_vysokoy_prestupnostyu_infografika

To this end, some broad conclusions can be drawn regarding changing crime rates in the Russian Federation. Setting aside the anomalous positions of Chechnya and other North Caucasus republics, with their combination of clannish traditions of ‘self-policing’ and local governments eager to counter the prevailing image of the region as wild and criminalized, there is largely a predictable correlation between economic deprivation and crime rates. Of course, the types of crimes committed and those that are becoming more common vary greatly from region to region. In the Moscow region, most of the increase in crime has been in relatively minor forms, such as theft from cars and small-scale fraud. In other cases, the changes have been much more disturbing. Rostov, for example, ‘only’ had the sixth highest increase in crime among Russia’s 85 regions and federal subjects. However, apart from a rapid increase in economic crime (38.4%), the region experienced a sustained rise in violent and armed crime, continuing a trend that began in 2014/15, reflecting the inflow of weapons and desocialized fighters from the Donbas conflict zone, just over the Ukrainian border. This has led to some particularly violent crimes that have caused disproportionate, if understandable, public consternation:

Residents have been seriously intimidated by the ghost of the 'wild 90s', claiming that any destabilization of the situation will lead to the return of this era of banditry. And now this threat, according to some experts, may become a reality due to the threat of unemployment and a rapidly impoverished population.¹³³

Rostov was always most closely integrated into the conflict, as the main base for recruiting and arming fighters for the undeclared struggle in the Donbas 2014–2022, as well as a key route for state-organized coal smuggling networks out of the sanctioned LNR and DNR.¹³⁴ As a result, this is a long-standing problem that has even led to the erection of additional frontier defences along the region's border with the Donbas. However, other border regions such as Belgorod, Kursk and Bryansk are now experiencing similar problems. This is also exacerbated by the profound asymmetries in recruitment, with impoverished regions such as Buryatia, Kalmykia, Tyva and Dagestan currently contributing far more than their share of soldiers.¹³⁵ Buryatia and Tyva were among the regions with the highest crime rates in 2022, and Dagestan witnessed the highest number of terrorist crimes,¹³⁶ although a Russian MVD researcher claimed that most of these were actually violent crimes committed by returning soldiers and were merely reclassified to avoid embarrassment.¹³⁷

Border business

Less dramatic, but equally important, has been the impact of the invasion on the exclave of Kaliningrad, between Poland and Lithuania, and on Karelia, which shares much of its border with Finland. Both once played a key role in European smuggling operations, but since February 2022 they have been largely isolated by increased and hostile scrutiny of people and vehicles crossing their borders, as well as the revocation of many visa rights for Russian nationals. 'Sanctions are in place and one can't even smuggle,' one Kaliningrad resident complained on social media, although small-scale smuggling, mainly of foodstuffs from Poland, appears to be continuing.¹³⁸ However, the exclave's shipping links were central to its major smuggling operations, and the port of Kaliningrad suffered a 59% decrease in outbound sailings in the third quarter of 2022 compared to the same period in 2021, following the imposition of further sanctions.¹³⁹ Organized crime networks in both regions appear as a result to be experiencing a dramatic drop in revenue, and as most were subordinated or connected to major networks based in St Petersburg, this is having a knock-on effect on them, too.

But one gang's crisis is another gang's opportunity. As mentioned, groups located along more porous borders and with the connections to exploit the expanded opportunities for smuggling are prospering. In addition to the goods mentioned above, some Russian men, fearing conscription, have turned to organized crime groups to smuggle them out of the country. Initially, this was particularly the case for men from the LNR and DNR, where forced conscription predated the war and only became more prevalent after the invasion.¹⁴⁰ Since the invasion, and especially with the first mobilization of reservists in September and October 2022, this has become a much more widespread issue across Russia as a whole. While most of these men simply travelled on their own to countries that retained direct travel links to Russia and did not require visas, such as Turkey, Armenia, Georgia and Serbia, others turned to people smugglers. Indeed, several turned up in Key West, Florida, in April 2023, having arrived by boat from Cuba.¹⁴¹

The Kazakh Syrym crossing point between Russia and Kazakhstan after Putin announced the mobilization of Russian men to bolster Moscow's army in Ukraine, sparking an exodus of men abroad. © *Stringer/AFP via Getty Images*



However, the main smuggling activities involve illegal and sanctioned commodities, which primarily move by land and sea. This is evident not only in the Pskov and Smolensk regions bordering Belarus, but also in those gangs with strong links to Armenia. The Caspian Sea is also increasingly used, with the ports of Astrakhan and Makhachkala being used for illicit flows to and from Azerbaijan, Iran and Turkmenistan. Indeed, Astrakhan has seen such an expansion of criminal activity that it is now sometimes likened to the former hub of Black Sea smuggling, dubbed 'the Odesa of the Caspian', and with this has come an upsurge in violent crime.¹⁴²

Further east, Kazakhstan has emerged as a particular hub for sanctions-related smuggling operations, in many cases more than making up for reduced flows of Afghan heroin.¹⁴³ In border regions such as Omsk, Chelyabinsk, Altai and Novosibirsk, gangs able to capitalize on this are thriving. Notably, as is discussed below, whereas these gangs used to work largely with their ethnic Russian Kazakh counterparts, ethnic Kazakhs have increasingly come to dominate the main illicit trades. As a result, gangs are scrambling to develop new connections with different partners.

The only border along which new smuggling opportunities do not seem to be dramatically affecting the criminal balance of power is the border with China. Russian gangs in the Maritime, Amur and Chita regions, and to a lesser degree in the Jewish Autonomous Region, already have strong links with Chinese counterparts, which appear to have both the ability to operate on a larger scale without problems and also the inclination to work with their existing partners. As one former police officer who had worked in Khabarovsk put it, 'The Chinese don't want trouble – and everyone wants to work with the Chinese, so no one wants to make trouble, either.'¹⁴⁴

A new underworld

All these shifts are beginning to disrupt the existing architecture of the Russian underworld, as some gangs gain and others lose. The main winners are those groups linked to Belarus. Armenia and Central Asia, while the main losers are large transnational networks such as Moscow's Solntsevskaya and St Petersburg's Tambovskaya.¹⁴⁵ One

result of this is renewed tensions and local turf wars, but a greater danger comes from the rise of more anarchic ‘insurgent gangs’, such as the myriad local gangs that loosely make up the criminal subculture known as the AUE (see box). These gangs are in many ways a throwback to the ‘wild 90s’ in that they tend to have fewer connections with upperworld authorities, less involvement in long-term illicit businesses and, as a result, less of a stake in the status quo. They tend towards predatory and violent criminal activities, often eschew the practice of the *skhodka* (a meeting of criminal authorities, often aimed at resolving a dispute without resorting to violence), and are less easy for the police to penetrate or control. For example, a series of arrests of AUE members in the first half of 2023, including many within the prison system, reflects a concern about the rise of these ‘insurgents’ and a desire to tame them lest they trigger wider inter-gang conflict.¹⁴⁶

The cracks in the existing status quo are also providing new opportunities for foreign and ethnically non-Russian gangs to carve out new businesses and territory. In the west, this often means Belarusians and transplanted Ukrainian gangsters who have fled the war. In the Sverdlovsk region, for example, local police chief Major General Alexander Meshkov reported that detentions of non-Russian organized crime figures trebled in 2022 alone.¹⁴⁷ Elsewhere, gangs made up of Central Asians or non-naturalized Armenians are acquiring a new status, as they are best placed to open up new opportunities for smuggling through their respective homelands. Although there is clearly a desire on the part of both the existing ‘great powers’ of the Russian underworld – including the diffuse Chechen *bratstvo* (‘brotherhood’) – and the state to maintain the status quo, or at least to control and deter potentially disruptive conflicts caused by the breakdown of the status quo, all these pressures are making this progressively harder.

The AUE: Reinventing the *vorovskoi mir*

As the traditional subculture of the *vorovskoi mir* has declined in importance, it has been revived – or at least a mythologized version of it – in the form of an admittedly possibly over-hyped youth prison subculture known as the AUE, which variously stands for ‘Unity of the Prisoner’s Way of Life’ or, borrowing a 1930s term for the *vory*, ‘Prisoner Urkagan Unity’.¹⁴⁸ Its roots were in 1980s young offenders’ camps, but the group really began to come into its own in the early 2000s, and emerged as a serious national problem in the 2010s. This led to the AUE being proscribed as an ‘extremist organization’ in 2020.¹⁴⁹ The AUE is less of a network than a coherent subculture of young offenders – unusually for Russia, both male and female – who promote a form of the old *vor* code.¹⁵⁰ They are prone to especially violent crimes and are in many ways closer in style to a youth street gang. As AUE members grow older, however, some are transforming their groups into more organized criminal structures, although they are still less likely to be involved in trafficking than in protection racketeering, burglary and assault. The resilience provided by their mutated criminal code, their willingness to use violence and their lack of stakes to lose make them an unpredictable and disruptive force in the underworld.

Russians abroad

A particular feature of Russian-based organized crime has been its global outlook since the 1990s, when international cooperation was considered a priority because no one knew whether the country would collapse into chaos or end up under a communist or military regime. Both for practical opportunities and also out of fear of what might happen at home, many of the more entrepreneurial gangs and criminals sought to quickly develop foreign operations, moving well beyond the boundaries of the former Soviet Union. In some cases in the 1990s, such as in Central Europe, this was envisaged as 'conquest' and typically failed, pushed back by a combination of local gangsters and law enforcement. By the early 2000s, however, the dominant model was that of a collaborative 'merchant adventurer', willing to work with local criminals and provide whatever illicit goods and services they might want.¹⁵¹

This remains the prevailing model, although certain 'colonies' such as those in Spain, Israel and the US had become essentially autonomous even before the war and sanctions. They retained collaborative links with their partners and parent organizations in the motherland, but the relationships were in many ways more closely modelled on that between the Sicilian Mafia and the Cosa Nostra in the US in their heyday, rather than the vertically integrated multinationals often presumed. The war has accelerated this division, with Russian criminals abroad often eager to avoid being seen as Kremlin proxies.

The war has also left those Russian-based gangsters looking for hubs and havens abroad unable to use many of their old bases, not least Spain. Instead, Turkey and the UAE appear to be increasingly favoured, especially given the ongoing crackdown on the *vory v zakone* in Russia. In 2020, a gathering of senior gangsters from the Volgograd region met in Turkish Antalya to elect a new overall godfather.¹⁵² This began a process that accelerated with the war, and it is now well known that certain glitzy restaurants in Istanbul and Antalya have become popular meeting places where Russian, Georgian and Azerbaijani kingpins, as well as locals, hammer out deals, settle disputes and even conduct the increasingly empty rituals of 'crowning' new *vory v zakone*. The Georgian *vor* Revaz Lordkipanidze ('Rezo Tblisskii'), who was gunned down in Trabzon in January 2023, had apparently been 'crowning' friends and cronies in the Turkish city for six years.¹⁵³ Such killings are relatively rare, however. Turkish journalist Cengiz Erdinc noted that 'the Russian-speaking mafia, in particular, sees Turkey as a safe haven ... They take a base here but do not carry out their activities here, which is why they [generally] remain untouched. And their score-settlings are not with the Turkish mafia.'¹⁵⁴ Serbia, with its strong political and cultural ties to Russia, has also become a haven for many ordinary Russian emigres: 200 000 by April 2023, according to the Serbian interior ministry.¹⁵⁵ Among them are, inevitably, organized crime figures who have set up shop in their new home. According to a Europol analyst with a particular interest in Balkan crime:

There are the small-fry, some of whom will use this as a chance to get out of the criminal life, others who will stay, but there are also some middle-ranking criminals for whom this is a real opportunity, a chance not to be someone's lieutenant, but to set themselves up as the boss. These are the kind of people who are likely to take silly chances, and maybe start wars.¹⁵⁶


Other Russian criminals have shifted their bases to Asia, with some moving to Thailand and Vietnam in particular.¹⁵⁷ Closer to home, though, they have had to accept a rather different status. In some ways mirroring a wider shift in the balance of power between Moscow and regimes that once to some extent accepted the Kremlin's claims to regional hegemony, Russian gangs in Central Asia are not only more active, seeing these countries as offering vital new illicit trade routes, but are also being forced into more equal or even subordinate relationships with their local partners. There are many ethnic Russian criminals in Central Asia, reflecting a long history of colonial rule and transnational integration. For example, ethnic Russians make up 15.5% of the population of Kazakhstan and 5% of the population of Kyrgyzstan. As a result, there are many ethnically diverse crime gangs, such as the Kazakh-Russian gang that was broken up in the city of Baikonur at the start of 2023.¹⁵⁸ Baikonur, in south-central Kazakhstan, is unusual in that it is leased to and administered by the Russian Federation as an enclave until 2050, as it is home to the Baikonur Cosmodrome, Moscow's main spaceport. As a result, there are strong links to the Russian mainland, and it required a joint operation between the FSB and Kazakhstan's National Security Committee to investigate and dismantle this gang, which was using Baikonur's unusual status as a turntable for smuggling operations to and from Russia.

Often, though, it is essentially Russian gangs that are seeking to expand their operations in Central Asia, and preliminary accounts suggest that they are under growing pressure to do so, with local partners or 'curators' who ensure that they can operate by paying off the relevant local state and criminal authorities. As one Russian journalist put it, 'Before 2022, the Russians were in the strongest position – people wanted to work with them, and would put up with their attitudes and accept their terms. Now, though, they have to be polite to the *churki* [a Russian derogatory term for Central Asians], even deferential, and accept the conditions they set.'¹⁵⁹



A WORRIED STATE

In Putin's wartime Russia, policing has become less of a priority than warfare, and criminals are seen as useful instruments of the state. © Contributor/AFP via Getty Images



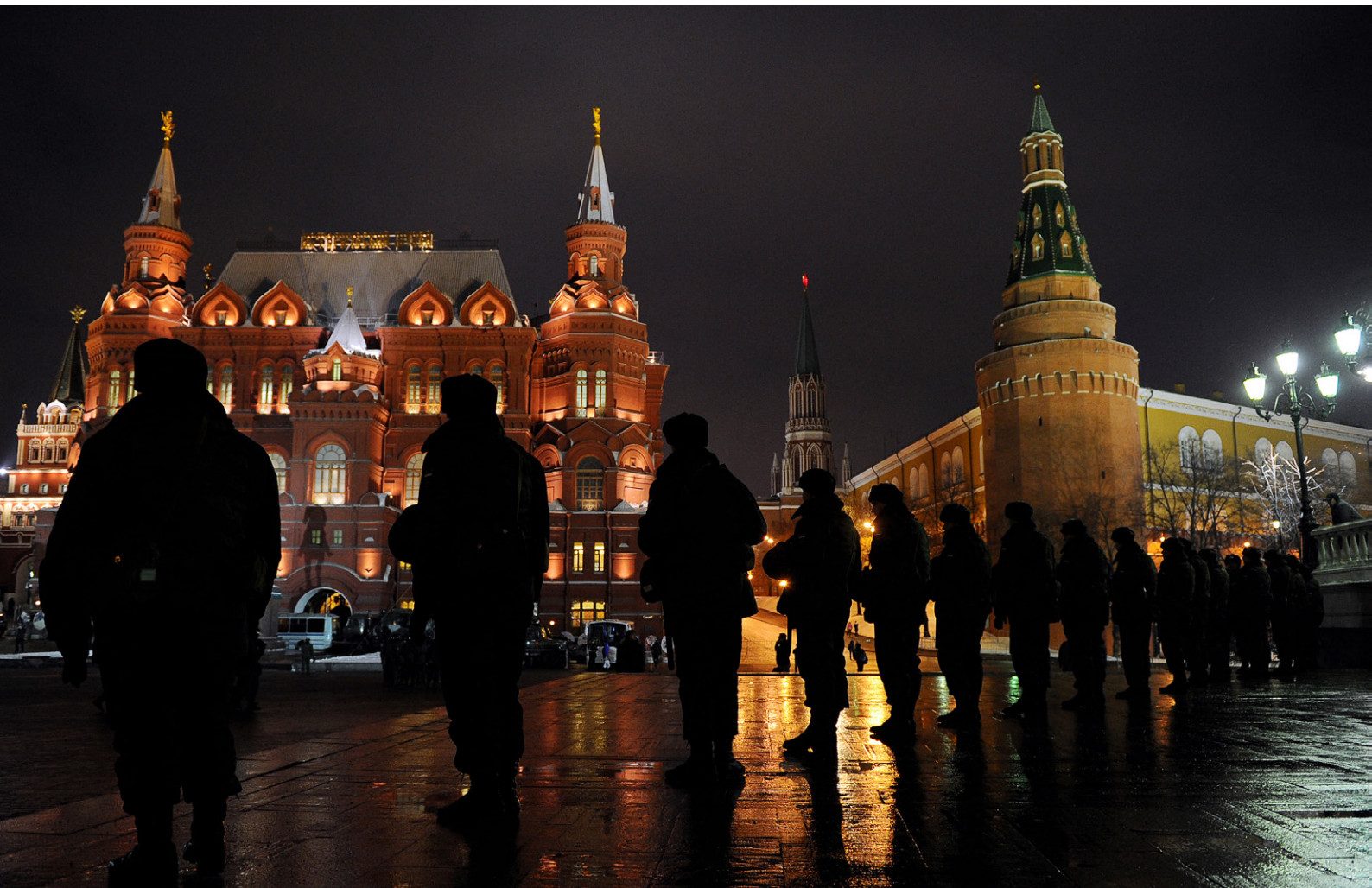
Putin has traditionally not appeared to regard organized crime as a serious security threat, preferring to reach his ‘understandings’ with criminals rather than attack them with the same vigour he has reserved for political critics, anti-corruption campaigners and anyone publicly discussing his private life. Nonetheless, the state machine had become increasingly competent and focused in its campaigns against organized crime before the invasion, driven by law-enforcement technocrats from Interior Minister General Kolokoltsev down rather than the Kremlin.

In the new environment, though, two contradictory pressures are growing. On the one hand, as already noted, policing is less of a priority than warfare, and criminals are seen as potentially useful proxies and instruments of the state. On the other hand, there is concern about new forms of crime that could challenge the military campaign and the risk of violent conflict within the underworld. However much some gangsters may feel genuine patriotism – witness those who volunteered to fight rather than being dragooned into it – most appear more interested in the potential profits. For some this means smuggling commodities the state needs, but for others it means engaging in activities that undermine the Kremlin’s priorities. The threat of mobilization, for example, has led to a surge in the business of acquiring fake exemptions from military service, whether ‘empty diplomas’ – corruptly arranging registration in a higher education course that carries with it deferments, without actually attending – or medical certificates of unfitness to serve.¹⁶⁰ When the state banned foreign travel for those who had been called up, organized crime networks began offering to smuggle reservists out of the country.¹⁶¹

Even more serious for the Kremlin is the growing awareness that it is facing an enemy that is willing to be just as ruthless in its fight for survival. Just as the Russian government has used gangsters as tools abroad – and also seems to have used them before the invasion to carry out bombings and other destabilizing actions in Ukraine – the fear is that Kyiv will return the favour. Ukrainian military intelligence, HUR (or GUR, depending on how it is transliterated), has proved imaginative, ruthless and effective.¹⁶² It has carried out assassinations and sabotage on Russian soil, sometimes using its own agents or sympathizers, but also duping or even blackmailing Russians.¹⁶³ A number of arson attacks on draft offices, for example, have been carried out by pensioners, who were either misled or else the victims of hackers who stole their savings, promising to return the money only after the firebombing had been completed.¹⁶⁴ In this context, there appears to be growing concern that some criminal gangs – especially those that used to have Ukrainian connections – may be forced or induced to commit the same kind of terrorist attacks for which the Russians themselves used to use gangsters.

Crime and 'extremism'

The authorities appear to be particularly concerned where organized crime, especially gangs drawn from minority ethnic communities, may overlap with political 'extremism'. Indeed, this was one of the specific priorities that Putin outlined in his address to mark Police Day in 2022.¹⁶⁵ Ethnic minorities remain disproportionately represented among the soldiers fighting and dying in Ukraine, not least because their regions are often poorer ones, and a military career seemed a viable escape route before the war. This has led to particular concerns about the risk that anti-government sentiment will allow ties to deepen between criminals and 'extremists', as the former begin to find common cause with the latter and present themselves as 'patriots'. There has been a recurring pattern of such alliances in the North Caucasus, for example (most notoriously, in 2004, insurgents raided the regional Federal Drug Control Service offices in Nalchik, Kabardino-Balkaria, and destroyed its records as part of a deal with local traffickers¹⁶⁶), and there is now something of a crackdown taking place in Dagestan.¹⁶⁷ Parliamentarian Biysultan Khamzayev, a Dagestani representative of the ruling United Russia bloc, even claimed that the 'provocations in Dagestan are cooked up by Dagestan Wahhabis [violent Islamist extremists] who have sold themselves to Kyiv'.¹⁶⁸



Russian police block Manezhnaya Square near the Kremlin in anticipation of a potential clash between Russian ultra-nationalists and gangs from the largely Muslim North Caucasus. © Natalia Kolesnikova/AFP via Getty Images

Meanwhile, at the time of writing, Artysh Dazhyvaa, an alleged *avtoritet* from the highly criminalized southern Siberian republic of Tyva, is still in custody in Moscow awaiting trial.¹⁶⁹ According to the SK, Dazhyvaa was both a *smotryashchy* ('watcher') or local representative of a powerful *vor v zakone*, but also – and more alarmingly for the authorities – the alleged leader of a local extremist organization known as the Kara Sherig ('Black Army'). This seems to be of particular concern to the authorities, as they fear that Dazhyvaa was not only encouraging young Tyvans to adopt criminal ways but also implicitly building a kind of Tyvan resistance to Moscow.¹⁷⁰

More broadly, there are fears that on the horizon lies a wider disruption of the underworld and a breakdown of the understandings between the Kremlin and criminals that have largely avoided the kind of overt and indiscriminate violence that can both destabilize the country and undermine the authority and credibility of the state. There have been some targeted campaigns against specific certain criminal leaders and groups considered to be especially problematic, but there is also an awareness that not only are law enforcement resources limited and primarily directed at the political opposition, but that too heavy-handed an approach could actually trigger the kind of disruption that the state is seeking to avoid.

The Kremlin strikes back


This helps to explain a series of high-profile court cases in which criminals who essentially made their names in the 'wild 90s' have finally been brought to book, after years in which the Kremlin seemed happy to let them be. The Orekhovskaya gang, for example, emerged in Moscow in that decade under the legendary (and notoriously violent) Sergei Timofeyev ('Sylvester'), and in its height had expanded its control through threats and violence to a swathe of businesses in Moscow, including the Tushinsky, Mitinsky, Pokrovsky and Prazhsky markets.¹⁷¹ The gang was implicated in more than 50 murders, most of them of rival criminals or entrepreneurs who had refused to pay protection money or allow their businesses to be taken over. Most of its surviving members are now behind bars, with a trial in May 2023 having convicted some of the last at large: Sergei Frolov ('Bolton') received a life term, Garnik Sargsyan 19 years in prison, and four other associates received sentences ranging between 13 and 18 years, for their roles in 14 murders and a range of other crimes.¹⁷² Similarly, the *vor v zakone* Yuri Pichugin ('Pichuga') and 15 members of his gang were convicted in the Komi republic on a range of charges largely dating back to the late 1990s and early 2000s.¹⁷³ He and his deputy, Khadis Azizov, were sentenced to life imprisonment in a special regime penal colony, which will be quite a step down from the luxurious estate in Moscow's exclusive Rublyovka suburb where the FSB arrested Pichugin in 2017.¹⁷⁴ Pichugin was also concurrently charged as a *vor* under Article 210.1 of the Russian Criminal Code.¹⁷⁵

The idea appears to be that such operations – which many in law enforcement feel are long overdue – demonstrate the authorities' will and capacity to crack down on criminality, but without engaging with today's major gangs and leaders. As a recently retired Russian police officer put it, 'These are big targets, but easy ones. They're hoping it will be enough to sober everyone up.' After a pause, he added: 'But I think they'll be disappointed.'¹⁷⁶



WIDER IMPLICATIONS

The covert conflict in the Donbas saw the emergence of new opportunities for Russian organized crime, which have only become more pronounced since the full-scale invasion in February 2022. © Narciso Contreras/Anadolu Agency via Getty Images



Today, a bomb of great destructive power is planted under European social stability. And this story is still very far from its end.

IGOR NADEZHGIN, LENTA.RU¹⁷⁷

The longer-term and more far-reaching criminal implications of the conflict extend well beyond Russia's borders and will continue long after the war has ended.¹⁷⁸ This is not simply because, even in the era of sanctions, Russia's criminal markets are connected to their foreign counterparts. It is also because this criminal transformation will shape the development of Russia, a country that spans both Europe and Asia, and may even become a key instrument or organizing principle of the Russian state itself.

A scarred society

The 1979–1988 war in Afghanistan involved some one million Soviet soldiers and civilians, over a decade and in a country of roughly 285 million people. Yet it scarred a generation and brought with it elevated problems of violent criminality, drug abuse and alienation.¹⁷⁹ Of course, most of these *afgantsy* managed to reintegrate into normal life, but a significant minority could not or did not: by the end of 1989, 3 700 had been convicted of murder or robbery.¹⁸⁰ Some drifted into petty crime or committed isolated acts of violence, but others provided a whole new source of recruits for the emerging organized crime gangs of the time, disproportionately as contract killers and enforcers.¹⁸¹ As Yevgenia Malyarenko notes, 'In the early 1990s, organized criminal groups, consisting of veterans of Afghanistan, appeared in Yekaterinburg, St Petersburg, Irkutsk, Krasnoyarsk and other cities. One of the most influential was the Kupeeuskaya organized crime group in Tolyatti.'¹⁸² Even the Union of Veterans of Afghanistan became a virtual smuggling operation, and the focus of murderous struggles for control of its revenue streams.¹⁸³

Roughly 0.35% of the Soviet population passed through the Afghan war in a decade. Provisional estimates of the war in Ukraine suggest that about half a million Russian troops and civilian workers are serving or have served there in just a year and a half,



When the war ends, the Kremlin will find it difficult to integrate large numbers of traumatized veterans, who, like their counterparts from the Soviet war in Afghanistan (commemorated here in 2019), risk drifting into crime.
© Reuters/Maxim Shemetov

from a population of 143 million. Again, this is roughly 0.35% of the total – and the war is still raging at the time of writing. The social impact could be devastating, especially as economic pressures mean that less is being spent on healthcare and rehabilitation. There are likely to be considerable challenges relating to drug dependence, post-traumatic stress and alienation from mainstream society. A doctor specializing in drug dependence in the Rostov region was forthright about the problem:

‘The Defence Ministry has a whole department for psychological rehabilitation, but no real work for the large-scale treatment of post-traumatic stress disorder (PTSD) is being done ... But when a person sees all the horrors and filth of war – limbs ripped off, open wounds, death – a lot of them will try to mute them with drink and drugs. Otherwise, they would just go mad.’¹⁸⁴

Of course, in practice, most soldiers will eventually return to normal civilian life in one way or another. However, the likelihood is not only that many will turn to illicit markets for narcotics in the future, but also that there will be a buoyant supply of combat-scarred and combat-trained former soldiers who find little economic opportunity or meaning in civilian life, and, who like the *afgantsy* before them, will either form their own criminal organizations or, more likely, be recruited by existing ones, especially given the mingling of convict-soldiers with regular ones.¹⁸⁵ The risk of another ‘lost generation’ being captured by the *vorovskoi mir* is thus considerable.

The criminal diaspora

Meanwhile, the trend is likely to continue for Russian-based organized crime groups operating abroad, especially across Europe (and the UK), to become increasingly autonomous as their 'parent' organizations are less able to punish and reward. If past patterns are anything to go by, this may make them more aggressive and entrepreneurial in the short term, and more willing to partner with, and even merge into, suitably receptive local organized crime networks.

In Belarus and Kazakhstan, countries with authoritarian regimes eager to prevent Russian-based groups from establishing too powerful a presence, the criminals who arrive and settle – rather than simply using these places as way stations – appear to be largely forced to operate within or under the patronage of local gangs. These groups, by definition, tend to be politically connected. Criminals in Kazakhstan, for example, were successfully mobilized by President Kassym-Jomart Tokayev as part of his virtual coup against his predecessor, Nursultan Nazarbayev, in January 2022.¹⁸⁶

Elsewhere, though, a migration of businesses and individuals to countries such as Armenia, Georgia, Israel and Turkey could create a new 'criminal diaspora' as well as tensions with domestic gangs. Turkey, as noted above, is already experiencing this to some degree. For example, the influx of Russian computer programmers following the invasion has galvanized the Turkish cybercrime scene, with the Russians partnering with local hackers 'to flood a once moribund online marketplace with tens of millions of newly stolen personal credentials, an evolution in the transnational nature of such fraud'.¹⁸⁷ The Russians provide the skills, while the Turks leverage their contacts in Europe, especially Germany, to best market the stolen personal data. In this way, the Russians provide new capabilities to local underworlds. They can also be a destabilizing force. In Israel, for example, there are particular fears of a repeat of the gang wars of the early 2000s, which were to a considerable extent precipitated by the influx of Russian criminals.¹⁸⁸ With the country's underworld already experiencing a series of gang conflicts since 2022,¹⁸⁹ one Israeli police analyst expressed concern that 'more Russians will mean more violence'.¹⁹⁰

Nationalizing crime

Russian organized crime abroad may be losing its links with the Motherland, but the domestic underworld risks being shackled there instead. If the war drags on, or at least if sanctions bite and become seemingly interminable, the Kremlin may reconcile itself with the idea that it has become an international pariah. With its intelligence services constrained and its economy under pressure, and feeling that it has nothing to lose, it may opt to turn all the more determinedly to using criminals as instruments of overseas statecraft. Whether it is smuggling technology, raising funds or harassing dissidents (all of which is already doing), the Kremlin may see no credible alternative. In the most extreme scenario, it may even institutionalize this with its own equivalent of North Korea's Bureau 39, the Hermit Kingdom's virtual 'ministry of organized crime', which helps preserve the regime by raising money through fraud and drug production and trafficking.¹⁹¹

In the words of one NATO official:

‘Nobody with access to intelligence would deny that all the previous restraints on Russian organised crime appear to have been lifted in an effort to raise money. There’s always been a lot but now we see them openly using the tools of the state. If Putin’s Russia was once a hybrid government-mafia, post Ukraine and sanctions, it’s transforming into a state controlled mafia and it’s only going to get worse as Putin looks for ways to interfere in Western Europe – attacking the economy and law and order – while also raising critical hard currency they can actually spend as dollars and euros.’¹⁹²

Criminal reconnections

Although the orthodoxy is that Russian and Ukrainian criminals are no longer cooperating, Europol’s executive director Catherine De Bolle has expressed a note of caution: ‘They look at the profits and even with the war, they continue their criminal business, and they look for the best opportunity ... We do not see at the moment a split between the Russian and Ukrainian mafia.’¹⁹³ Either way, there is a real risk that, even if the war continues, over time gangsters on both sides of the front line will see an advantage in cooperating again. This is especially likely to be the case for marginal criminal groups: those recently dispossessed of their main businesses or aspirant gangs with nothing to lose and everything to gain.



New York, Donbas region, seen on 28 July 2023. A war notionally intended to ‘defend’ the Donbas may end up simply replicating this criminalized pseudo-state throughout the Russian Federation. © Wojciech Grzedzinski/Anadolu Agency via Getty Images

A parallel could be drawn with Chechnya's on-and-off period as a rebellious subject of the Russian Federation, from 1991 to the reimposition of Moscow's control through the Kadyrov dynasty in the mid-2000s. During the periods of more or less open rebellion, the main Russian criminal networks refused to deal with their Chechen-based counterparts (although they continued to work with Chechen gangs that had left their home region), precisely because the risks outweighed any potential gains. There were, however, Russian organized crime groups willing to cooperate, even to the point of selling guns to rebels who would then use them against Russian troops. These gangs tended to be hungry contenders or those who had suffered recent setbacks at the hands of their rivals. One such gang, for example, led by a *vor* known as 'Jewish Lyosha', had been pushed out of lucrative drug markets in the Stavropol region. He allegedly 'reinvested' money from a series of deals with Chechen gangs (including buying stolen cars and realizing forged Central Bank avisos or proof of funds documents) in hiring contract killers to assassinate his rivals.¹⁹⁴ In the same way, losers and aspirants on both sides of the front line may feel that the rewards of reforging old criminal connections outweigh the evident risks.

The 'Donbasization' of the Federation

The LNR and DNR were essentially criminalized pseudo-states, deprived of international recognition and kept alive through criminal operations. In the process, the occupied Donbas was plundered, its people dispossessed and oppressed. It is certainly a very extreme and still unlikely scenario, but depending on the disruption of the institutions of the Russian state, and the spread of local alliances between organized crime and corrupt authorities (as happened in the 1970s), there is a risk of the 'Donbasization' of the country, as it comes to resemble the criminalized pseudo-states, leading to wider challenges of instability and proliferation. Although some talk of the risk of civil war or even the political fragmentation of the Russian Federation, the greater risk is of functional decay and political localization.

Russia may be able to bear the costs of its invasion for some time to come, albeit at the price of becoming a mobilization state with a war economy, regardless of the effects on society at large. However, it is difficult to see how this can coexist with the existing challenges of kleptocracy and criminality. In this context, a failure to properly address organized criminality – and there is no evidence of this having been attempted yet – will not only continue to drain the state's coffers but also encourage the rise of corrupt local cabals of criminals, officials and security officers, bent on personal enrichment and protecting their locality from the demands of the centre, whatever that may do to the country as a whole. A war notionally intended to 'defend' the unhappy Donbas may end up simply replicating it throughout the Russian Federation.

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