

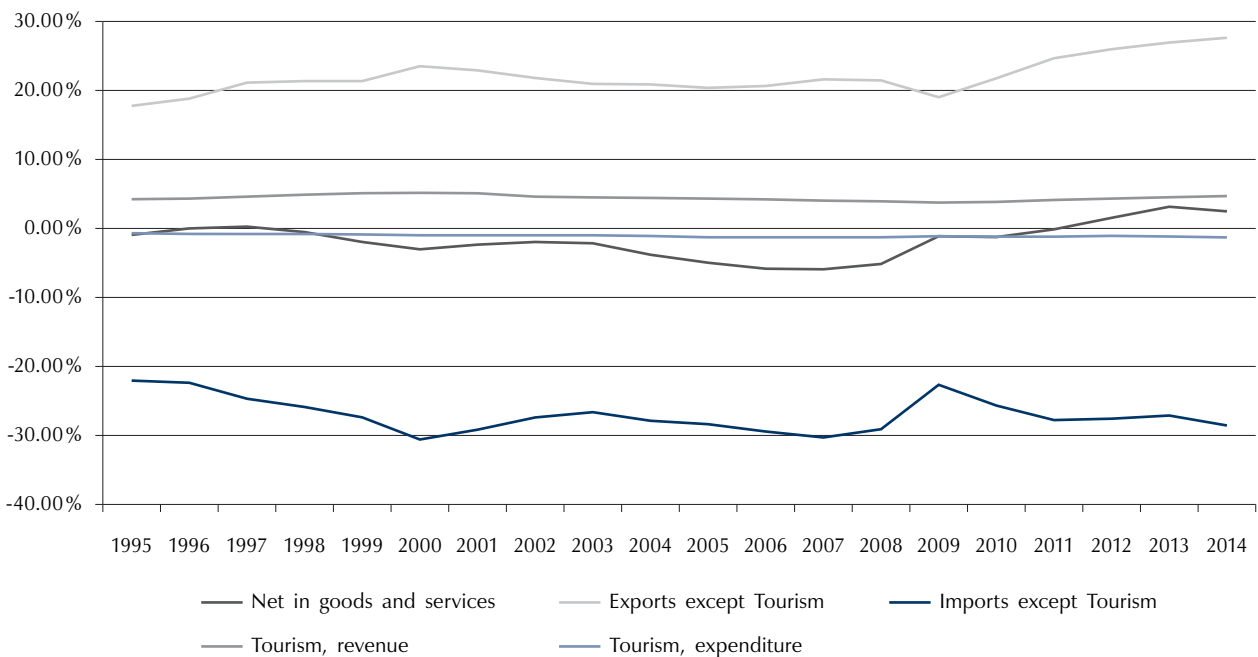
EXTORTION IN SPAIN

THE ECONOMIC CONTEXT

Spain's economy is the 14th largest in the world and 5th largest in the European Union in nominal GDP terms. The country is listed 23rd in the UN's Human Development Index and 30th in GDP (PPP) per capita as stated by the World Bank, making it a high income economy and situated among the countries of very high human development.

Spain has been suffering from an extended economic crisis from 2007 to 2014, which has had a great impact on the labour market as well as on the whole economy. The economic slump significantly reduced imports and increased, while the country kept attracting a growing number of foreign tourists. As a result, its trade balance in goods and services reached almost a 6 % deficit of GDP in 2007 and achieved a surplus in 2012 for the first time since 1997.

Figure 1. Tourism in the overall trade balance in goods and services (% GDP)



Source: *Statistic bulletin of Banco de España, 2015.*

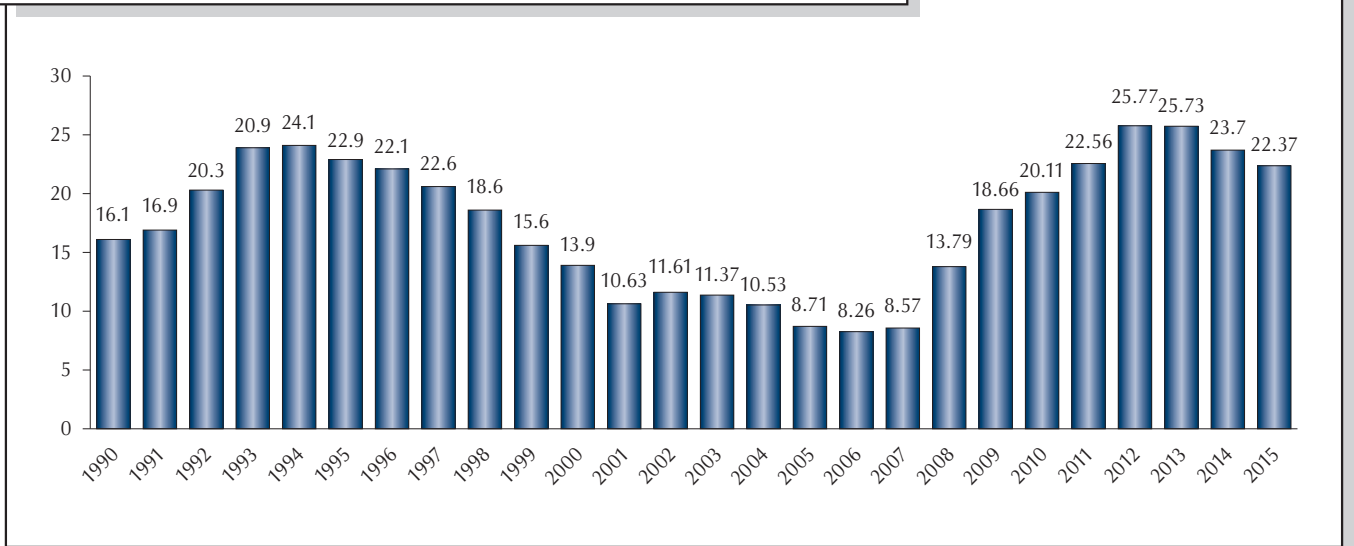
In November 2015, OECD's economic forecast stated:

"A robust economy recovery in Spain is projected to continue into 2016 and 2017, throughout a gradually slowing pace as the positive impact of the depreciation of the euro, and lower oil and other commodity prices, dissipate. Low borrowing rates of business and households will also continue to provide support together with the fiscal stance, which is expected to be mildly expansionary over the past two years. These factors, together with the implementation of significant structural reforms, are increasing business confidence" (OECD, 2015: 1).

Dynamics of unemployment

The unemployment rate in 2015 was 22 %, one of the highest figures in the European Union after Greece, EU's average being 9.3 %. As shown in Figure 2, the present unemployment rate is higher than it was in the 1990s (16 %). In 2007, the economic crisis began its impact on the labour market reaching the lowest level in 2012 with 25 % unemployment. After 2012, the situation started changing slowly and market opportunities increased.

Figure 2. Changes in the Spanish unemployment rate (%) (1990 – 2015)

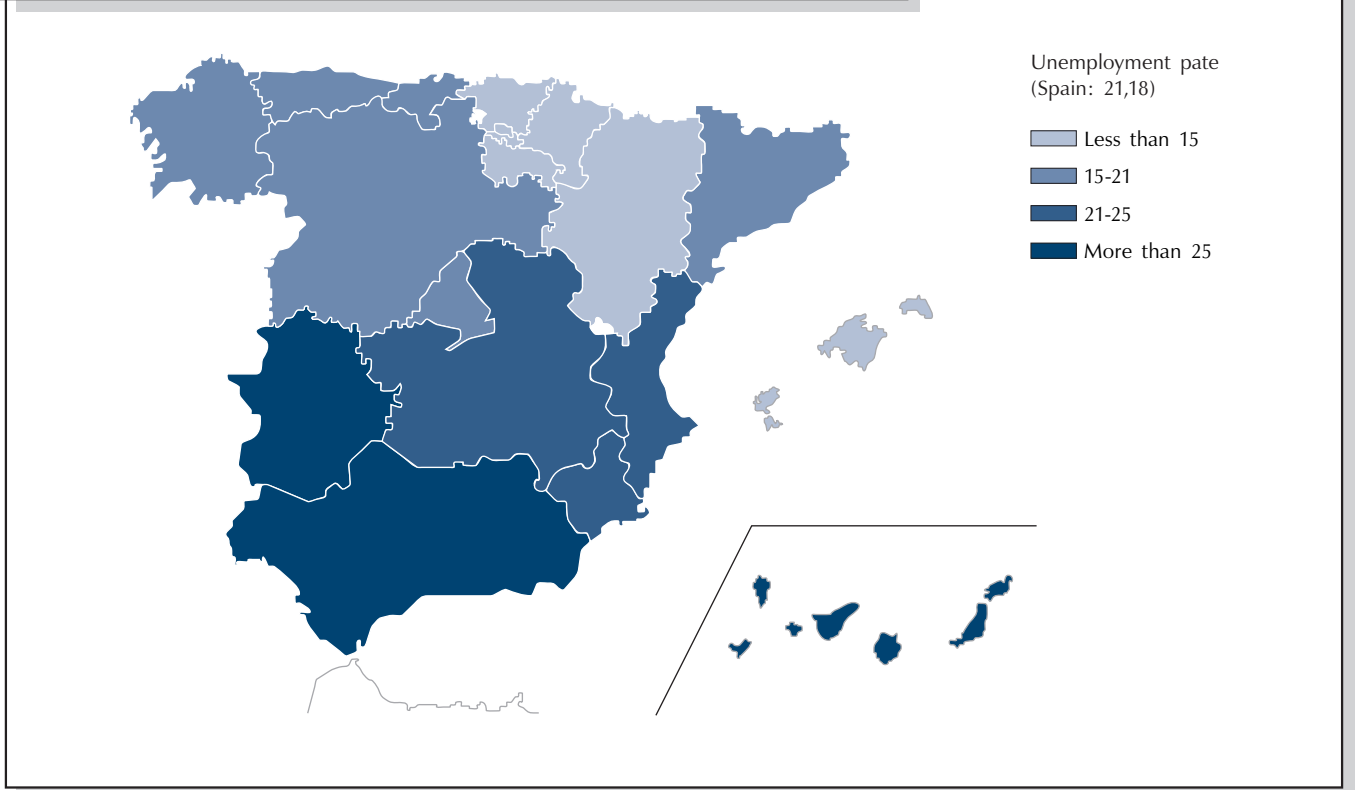


Source: INE, 2015.

There are considerable differences between Spanish regions in terms of unemployment: the autonomous regions with the highest rates of unemployment are Andalusia (34 %), the Canary Islands (32 %), the city of Ceuta (31 %), Extremadura (29 %) and Castilla-La Mancha (29 %).

The Spanish economy is a broadly developed economy, with the service sector representing more than 70 % of GDP. From the late sixties on it has developed a substantial comparative advantage in two economic sectors: construction

Figure 3. Unemployment rate by autonomous region



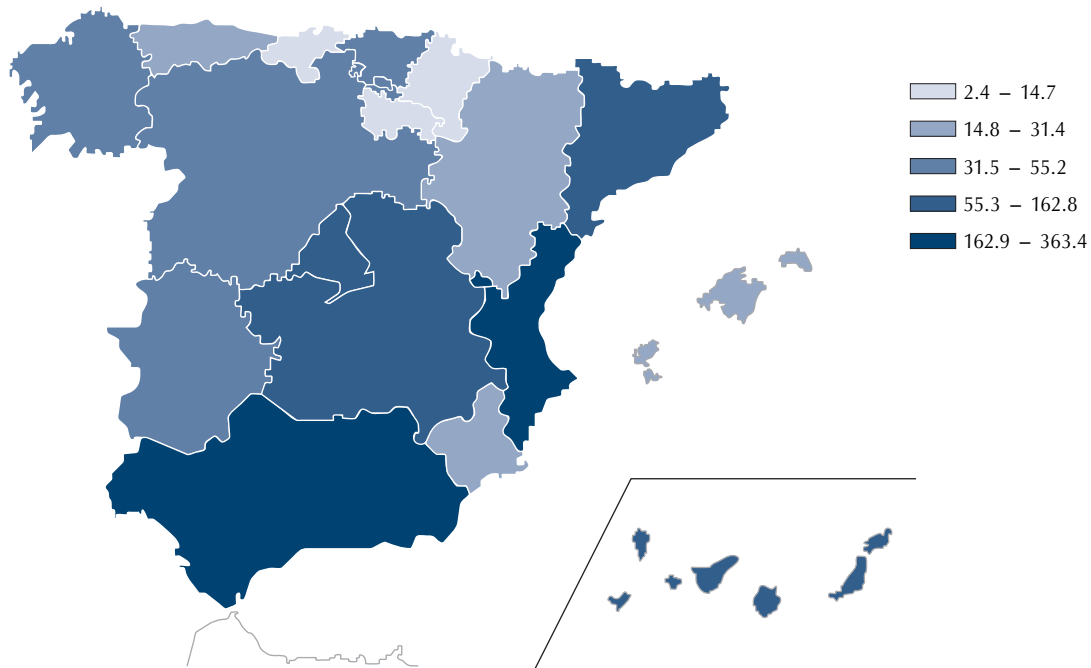
Source: INE, 2015.

and tourism. During the 1990s and early 2000, when the economic growth was fuelled by the economic opportunities provided by the integration in the Eurozone plus the easy financial conditions, those sectors were the leaders of growth in Spain. In 2007, the construction sector represented 11.2 % of the national GDP and 6.5 % of the GDP was represented by the hospitality sector. The hospitality sector is substantially dependent on strong international tourist demand, which in 2014 reached 4.6 % of the GDP (all tourist activities including internal tourism is estimated to induce around 10 % of the Spanish GDP). The crisis more than halved the value added by the construction sector, while nowadays international tourism has fully recovered and the hospitality sector has gained weight in the GDP.

The crisis had a huge impact on unemployment, affecting construction workers especially hard. An additional budget consolidation conducted by the government in order to face the fiscal consequences of the economic crisis has had an added impact on the private economy and on the standard of living. There has been an increase in the poverty rates, reaching 29.2 % of the people at risk of poverty and social exclusion¹ (INE, 2014). This rate has increased from 2011

¹ This has been measured by the AROPE Indicator, a combined indicator including: poverty risk, material deprivation and low employment, taken from INE (Encuesta de Condiciones de Vida, 2014).

Figure 4. Number of unemployed from the service sector in 2015 (thousands)



Source: INE, 2015.

(26.1 %) to 2013 (27.3 %). The average household income in 2014 also dropped to €26,154 – a 2.3 % fall compared to 2013, according to the Life Conditions Survey conducted by INE in 2014. In addition, the share of the population living in extreme poverty (earning annually 30 % of the average income, currently €3,650) has been growing and has reached 6.4 % (around 3 million people).

Figure 4 shows the number of unemployed citizens in the service sector, the distribution being similar to the average levels of unemployment in Spain.

Level of corruption and shadow economy

In terms of corruption, in 2015 Spain ranked 36 out of 175 countries, with a Corruption Perception Index of 58² (Transparency International, 2015). While this indicates that Spain does not have a systemic corruption problem like many other countries, there are multiple political corruption scandals mainly in the management of political parties and in local and autonomous governments. As a result of the economic crisis, there has been a decrease in Spain's ranking (from

² A country or territory's score indicates the perceived level of public sector corruption on a scale of 0 (highly corrupt) to 100 (very clean).

position 25 in 2007 to 36 in 2015) due to two main reasons: pressure from law enforcement which increased the number of corruption cases brought to the judicial system, and the increase of public indignation over corruption scandals; as a result, many cases have been reported and prosecuted due to a general intolerance towards corruption (Transparency International, 2015).

Transparency International conducts corruption surveys in local governments in Spain which highlight the differences between regions. As can be seen in Table 1, there are 6 autonomous regions with a low ranking (on a scale from 0 to 100): Andalusia, Extremadura, Galicia, Aragon, Andalusia, Canary Islands and Valencia. The most transparent regions in terms of corruption are Asturias, Cantabria, La Rioja and the Basque Country.

Table 1. Corruption rating of autonomous regions

Autonomous region	N. of councils	2014	AVG. Score 2012	AVG. Score 2010	AVG. Score 2009	AVG. Score 2008
Andalusia	21	77.5	56.7	62.8	56.7	45.6
Aragon	3	76.3	63.4	50.9	66.3	34.6
Asturias	3	98.8	98.8	95.0	95.0	74.6
Baleares	1	100.0	72.5	91.3	53.8	46.9
Canarias	5	78.8	61.5	63.0	57.0	50.0
Cantabria	1	97.5	82.5	73.8	83.8	34.4
Castilla La Mancha	6	87.7	48.8	64.2	58.1	54.2
Castilla Leon	10	91.0	76.5	63.0	50.6	47.7
Catalonia	16	92.9	84.1	82.7	78.8	60.1
Extremadura	2	51.3	32.5	35.7	40.6	22.5
Galicia	7	74.7	75.4	74.5	75.5	60.1
La Rioja	1	93.8	87.5	70.0	58.8	62.5
Madrid	15	90.1	76.1	73.0	64.0	52.1
Murcia	3	87.9	69.6	69.2	78.8	63.5
Navarra	1	90.0	93.8	66.3	76.3	62.5
Basque country	5	98.3	94.3	82.8	72.5	63.5
Valencia	10	78.7	66.0	70.5	52.8	42.0
Totals/Averages	110	85.2	70.9	70.2	64.0	52.1

Source: Transparency International, 2015.

Transparency International also indicates that Spain ranks as the 11th out of 28 countries in the Bribe Payers Index³ (BPI), with a ranking of 8 out of 10. From 2008, there has been a slight increase (from 7.9) but it remained in the average index (7.8 in 2008).

In 2013, the European Commission conducted a Special Eurobarometer⁴ about corruption. According to its results, 62 % of the people surveyed answered that they had been affected personally by corruption in their daily life (26 % is the average in the EU). Besides, 95 % of the people considered that corruption was a widespread problem in the country (76 % is the average in the EU) and 91 % stated that corruption is a fact in the local and regional institutions (77 % is the average in the EU). Nevertheless, in measuring actual victimisation only 2 % of respondents stated that they had been asked implicitly or explicitly to pay a bribe during the preceding year (4 % is the average in the EU). As regards corruption in the business sector, 52 % of Spaniards considered that success in the business sector is impossible without political patronage and 83 % believed that favouritism obstructed competition. Finally, 93 % of the people stated that favouritism and corruption are great obstacles to fair competition in the country (73 % is the average in the EU).

The estimated size of the Spanish shadow economy, which has been exacerbated by the economic crisis, is around 18.5 % of GDP (Schneider, 2015); there are also other estimates that show even higher shares. Table 2 shows estimates by different research studies at the national and international levels.

Table 2. Estimates of the shadow economy in Spain

Report	% of GDP
Doing Business Report, 2007	22.6%
Estudio de los Tecnicos de Hacienda, 2009	23.3%
Estudio Funcas, 2011	20.2%-23.7%
Closing The European Tax Gap, 2012	22.5%
Informe ATKearney/VISA, 2013	18.6%
Others	20-25%

Source: Ureta, 2013.

Furthermore, there is variation among the economic sectors, with construction, wholesaling and retailing, and hotels and restaurants having the highest shares

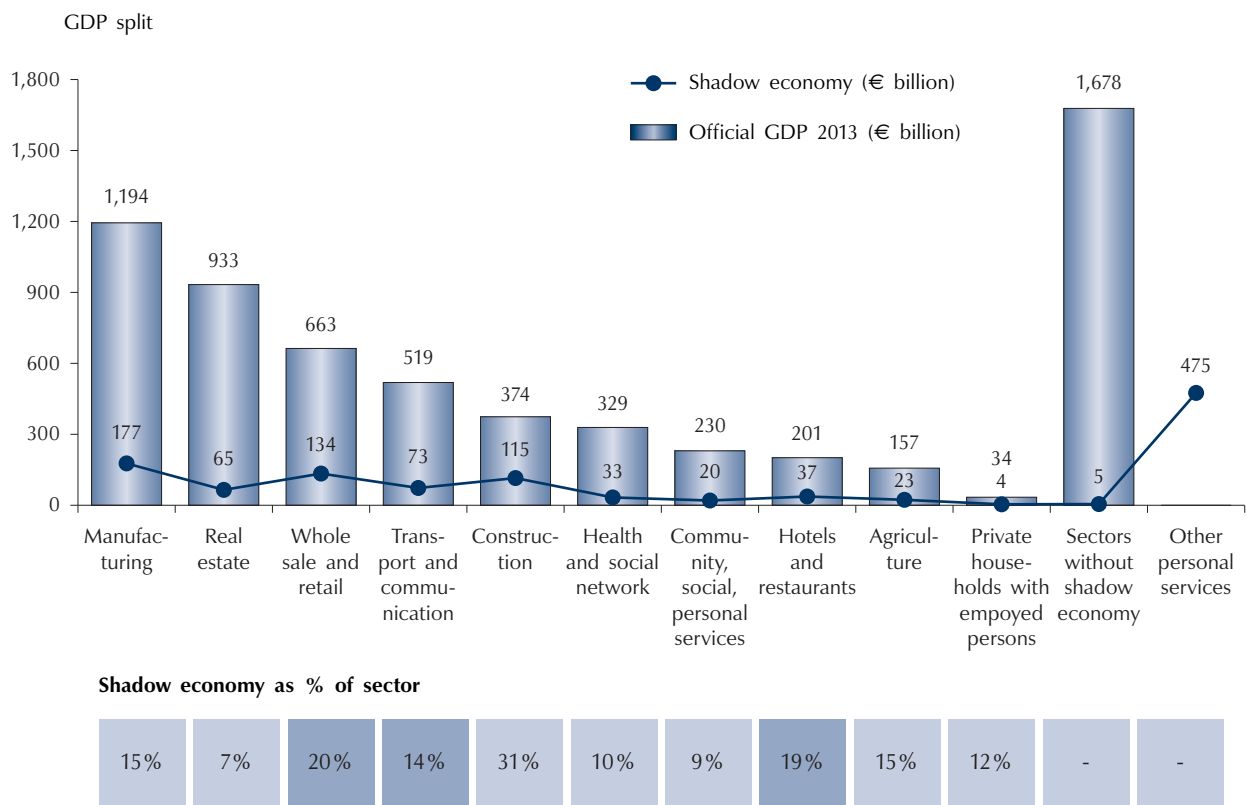
³ The BPI varies between zero and ten points, where the lower score indicates a tendency to commit bribery.

⁴ Special Eurobarometer 397. Available at the website: http://ec.europa.eu/public_opinion/archives/ebs/ebs_397_en.pdf

of shadow economy. In these sectors it consists of several main components: high level of underreporting (particularly in construction); undeclared labour (especially in construction and retailing); and the large number of small, cash-based transactions. Small and medium sized enterprises are prone to trade largely in cash and consequently evade taxation. Some studies conducted in the Spanish market concluded that Spain’s shadow economy is caused by five main reasons: a tax increase, the economic recession, and the lack of awareness in citizens concerning tax payment, the overregulation and the rigidity of the labour market (Ureta, 2013).

Across Europe, almost two-thirds of the shadow economy is concentrated in the five largest European economies: Germany, the United Kingdom, France, Spain and Italy (Schneider & Kearney, 2013). Figure 5 shows the distribution of the shadow economy in Europe by industry.

Figure 5. Share of the shadow economy in Europe by industry



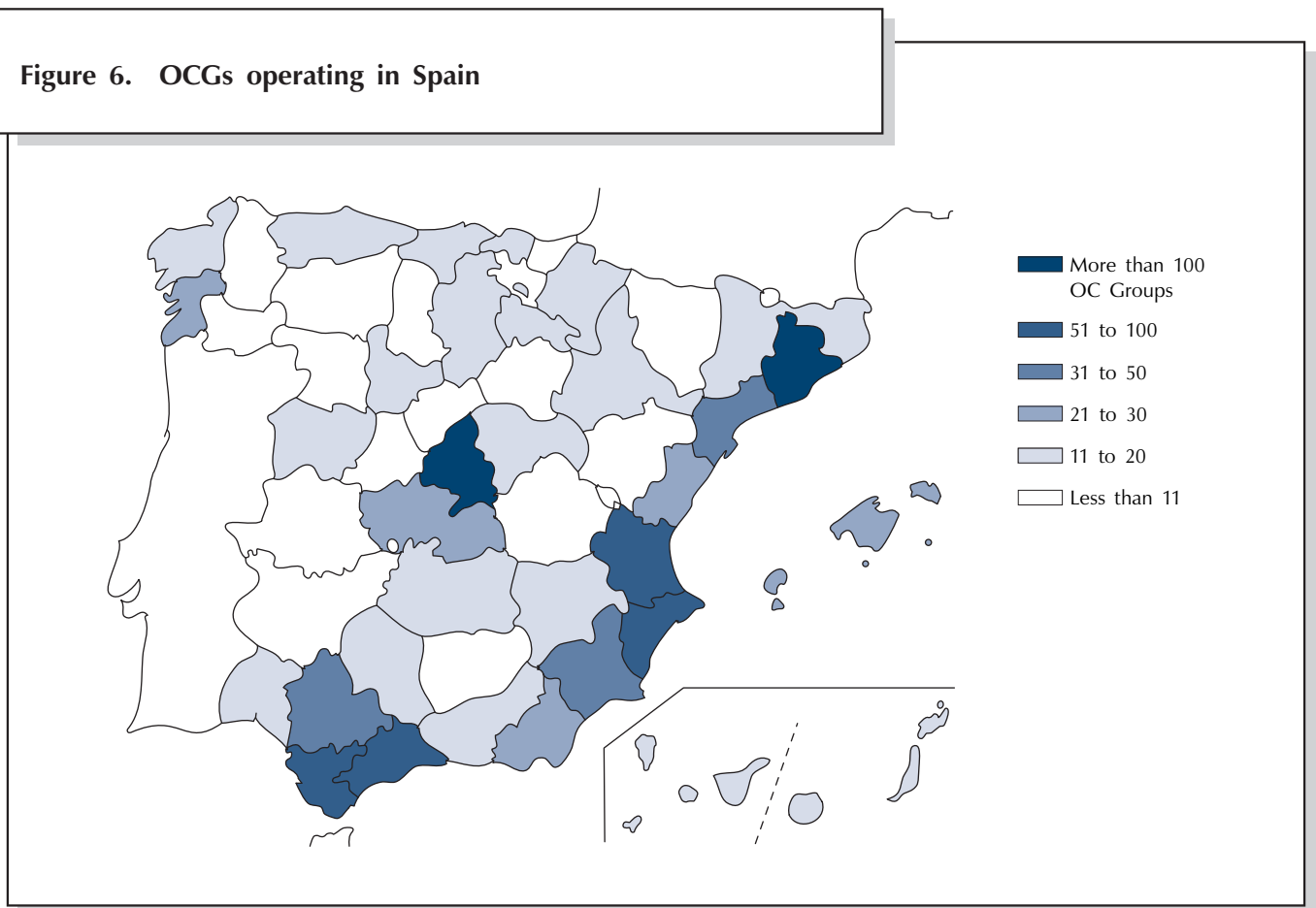
Source: Schneider & Kearney, 2013.

THE CRIMINAL CONTEXT

Extortion in Spain has been historically linked to Spanish terrorism, mainly by ETA.⁵ This terrorist organisation commonly extorted businesspersons to finance their illegal activities, using threats and fear as instruments to achieve their goal. Businesspersons in the Basque Country were forced to pay the so-called revolutionary tax. A study into ETA's financing carried out in 2009 revealed that the money collected by extorting businesspersons represented 13 % of ETA's income, all other income stemming from legitimate funds provided by the Basque government and private companies (Buesa, 2009).

This terrorism has decreased in Spain in the last decade due to the work of law enforcement and the organisation's gradual decline. Therefore, extorting businesspersons has also decreased, including because of changes in the victims' attitudes. Currently, businesspersons who do not support the cause refuse to pay, unlike previously when ETA represented a real and significant threat. Extortion in Spain is currently more linked to organised crime or individual and isolated terrorism cases.

Figure 6. OCGs operating in Spain



Source: Adapted from data by the Ministry of Interior, 2014.

⁵ ETA, which is the acronym for the Basque expression *Euskadi Ta Askatasuna* meaning "Basque Country and Freedom", is a terrorist organisation based in northern Spain.

Because of its geographical location and cultural similarities with supplier countries Spain is one of the most significant organised crime hubs in the European Union (Europol, 2013; De la Corte and Gimenez-Salinas, 2010). It is a main European entry point for many illicit markets such as cocaine trafficking from South America, hashish trafficking from Morocco and human trafficking for sexual exploitation from Eastern Europe (Russia, Romania and Poland), South America (Colombia, Brazil and Ecuador) and Africa (Nigeria and Somalia). Spain is also a main exit point of an important route for the trafficking of stolen vehicles towards northern Africa and a well-established money laundering zone for many criminal organisations that are permanently settled in Spain (Italian organised groups, Russian criminal organisations and more recently Chinese organised crime groups).

In 2014, 456 criminal organisations were identified and over 6,000 people were arrested and charged with organised crime. These activities are largely concentrated in Madrid, Barcelona and the southern and eastern coastal areas. Figure 6 shows the regional distribution of identified OCGs in Spain in 2014.

The main illegal markets controlled by the organised crime groups identified by the police in 2014 include: cocaine trafficking (29 %), hashish trafficking (20 %), robbery (27 %), trafficking of human beings mainly for sexual exploitation (7 %), fraud (7 %) and money laundering (6 %), others (4 %).

Extortion by organised crime in Spain

Organised crime-related extortion is an activity which has not been significantly studied in Spain. All the studies on the subject focus on terrorism by researching the characteristics and dimensions of extortion as a way of financing. The research presented in this report is based on 50 cases of extortion from open sources (media reports) and interviews with organised crime police units. These have shown that extortion by organised crime groups may be carried out as a main illegal activity (this characteristic was found to be true in 89 % of the cases analysed) or as an ancillary one to other illegal markets (11 %). OCGs involved in extortion as their main activity usually provide their services to other groups. However, when extortion is a secondary illegal activity (11 %), it is usually linked to other crimes such as money laundering, robbery and drug trafficking (especially cocaine).

The OCGs which choose extortion are mainly Spanish (24 %) who are involved in fraud and fictitious debts, and Chinese (24 %) who are involved in extorting small shops and loan sharking in casinos. 24 % of the groups have mixed nationalities: Spanish, Latin American and Eastern European. The other homogeneous groups include Italians (7 %) and Russians (5 %), who are involved in extortion as a supporting activity for money laundering; Romanians (10 %), who use extortion for protection; and Colombians (4 %), who extort in order to collect cocaine trafficking debts.

Measuring extortion in Spain

The description in this section is based on the collected from open sources which provided an insight into the profiles of victims and perpetrators, as well as the business sectors which are most vulnerable to this type of crime. Obtaining a realistic overview of extortion in Spain is difficult for several reasons: a) a common obstacle in this type of crime is the high dark figure; b) methodological issues regarding official data collection practices and c) some fact-finding problems benefiting from the under-prosecution of extortion.

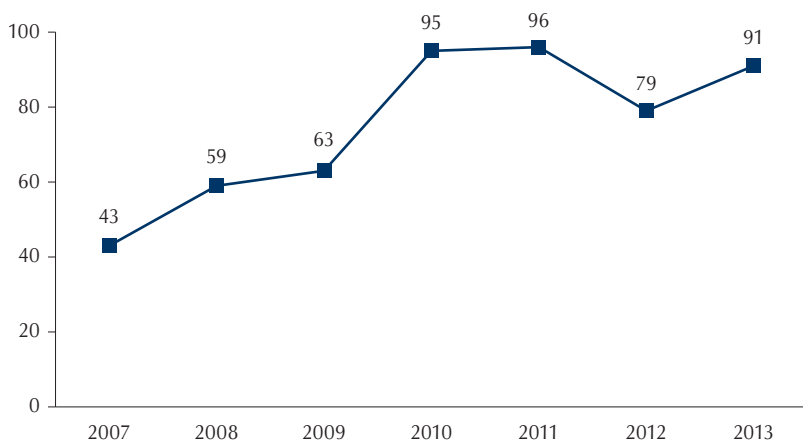
a) High dark figure

Extortion is an underreported occurrence because of the risks the victims assume. The extortion process implies violence and intimidation towards the victims, thus very few cases are reported to the police making the dark figure very high (Mugellini, 2013). Often, accepting to pay extortion money is less risky for the victim than filing a police report, which is why many victims accept the demands of the perpetrators and decide not to report the case to the public authorities. The dark figure is even higher when extortion occurs within an immigrant community due to unawareness of the local legal environment, to the threats made by the extortionists inside their community and to some cultural constraints that demand secrecy (Taylor, 2006; Wagstaff et al., 2006; Chin et al., 1992).

b) Methodological issues regarding official data

Official court and police data do not really provide a realistic overview of the dimensions and characteristics of extortion in Spain. Court data offer an incomplete picture because of the limited amount of prosecuted extortion cases and the absence of variables on record. Figure 7 shows the increase in the number of

Figure 7. Annual number of court cases on extortion (2007 – 2013)



Source: INE, 2015.

court cases from 2007 to 2013. Nevertheless, it is very difficult to acquire in-depth knowledge of the specific characteristics of a crime (e.g. organised crime related cases, businesspersons/individual victims, perpetrators, victims) due to the limited variables of information collected.

While police data offer a more realistic view of the extortion cases reported, the dark figure is still very high (Bezlov et al. 2006; Parkinson, 2004). Table 3 shows the number of extortions known to the police, the extortion victimisations and the arrests related to extortion made from 2011 to 2013. These figures show a decrease in the number of extortions known by police during this period while the victimisations remained more or less the same and the number of arrests increased. The data reveal that there were few crimes, which could be a sign that this is an underreported occurrence. Unfortunately, there are no victimisation surveys carried out in Spain to confirm this empirically.

Table 3. Police data on extortions, 2011 – 2013

	2011	2012	2013
Extortion cases identified by the police	243	246	336
Victimisations	281	276	283
Arrests	219	235	237

Source: Ministry of Interior, 2015.

Police data also provides an insight into the means used by perpetrators: intimidation, physical as well as psychological violence. The limiting factor in this case is the category “others” which includes over 50 % of the cases. Table 4 shows the methods used in extortion cases known by police.

Table 4. Means used in extortion cases known to the police

	2011	2012	2013
Intimidation	142	99	100
Physical violence	15	18	16
Psychological violence	20	16	34
Other	66	113	186
Total	243	246	336

Source: Ministry of Interior, 2015.

Other variables have been collected in relation to extortions including the means used. The variables chosen by the Ministry of the Interior may be useful for other types of crimes but they are useless for extortion. In addition, the categories are not mutually exclusive. For example, in order to classify the means used to extort, five options have been created: by telephone, over the internet, by email, online, using weapons and through the media (many cases fall under more than one option). Furthermore, the categories “other” or “unknown” are usually the most frequent.

c) Investigation problems lead to reported extortion being under-prosecuted

Criminal investigations of extortion cases are extremely complex mainly because they are difficult to prove. One of the main difficulties is to retain victims’ testimonies over a period of time. According to some experts interviewed,⁶ in order to avoid threats and coercion victims are not able to testify until the final trial. Criminal investigators say that these types of investigations are extremely long and complex, and with an uncertain trial outcome (many cases end up being dismissed). That is why many extortion cases are investigated by bundling them with collateral crimes (threats or injuries) in order to be more efficient in the trial. Those difficulties have a clear impact on official extortion figures.

Spanish concept of extortion racketeering

European countries take different approaches to combatting extortion. Some consider extortion as an individual practice, without taking into account its organised crime components. Most countries’ laws consider individuals as victims without referring to businesses as potential and separate victims.

Article no. 243 of the Spanish *Criminal Code* defines extortion as follows: “anyone who, for profit, using violence or intimidation forces another to act or to refrain from acting in a particular way or to carry out a transaction to the detriment of his or her own wealth or that of a third party, will be sentenced to imprisonment for one to five years, without prejudice to any other penalties applicable for violent acts”.

In addition, Spanish case law⁷ develops this definition, establishing that the following four main elements are required to this end:

- a) The act of forcing somebody to do or refrain from doing something;
- b) Using violence or intimidation as an instrument to force the victim to act or refrain from acting in a particular way;
- c) Financial loss to the victim or third party;
- d) The aim of making a profit, usually at the victim’s expense.

These elements are similar to those included in the common European concept developed by Savona (2010), which includes the common elements found in the

⁶ Interview with a police officer of the Policia Nacional investigating extortion in Colombian organised crime groups.

⁷ Decision of the First Section of the Provincial Court of Mallorca, 15.03.2010.

definitions of various European countries. Table 5 shows that the Spanish and European concepts of extortion share common elements.

Table 5. Comparison of the Spanish and European concepts of extortion

Spanish concept of extortion	European concept of extortion
Forceful behaviour	Coercion to act in a particular way
Violence or intimidation	Use of violence or threatening behaviour
Material damage or loss	Connected damage
Profit-making motive	Unlawful gain

Source: Compiled on the basis of Savona (2010) and the Spanish Criminal Code.

Spanish police units combating extortion

Extortion is combated by several specialised units of the two main Spanish police forces. The Specialised and Violent Crime Unit (UDEV, by its acronym in Spanish) of the Policia Nacional has a division dedicated to investigating kidnapping and extortion in collaboration with the Drugs and Organised Crime Unit (UDYCO, by its acronym in Spanish) which investigates organised crime. The Guardia Civil also has a specialised unit investigating extortion called the Crimes against Persons Division (Grupo de Delitos contra las Personas- GDP) and another for organised crime called the Central Operative Unit (Unidad Central Operativa-UCO). At a regional level, the Mossos d’Esquadra, the Policia Foral of Navarra and the Ertzaintza are autonomous police forces with independent authority in their respective autonomous communities (Catalonia, Navarra and the Basque Country).

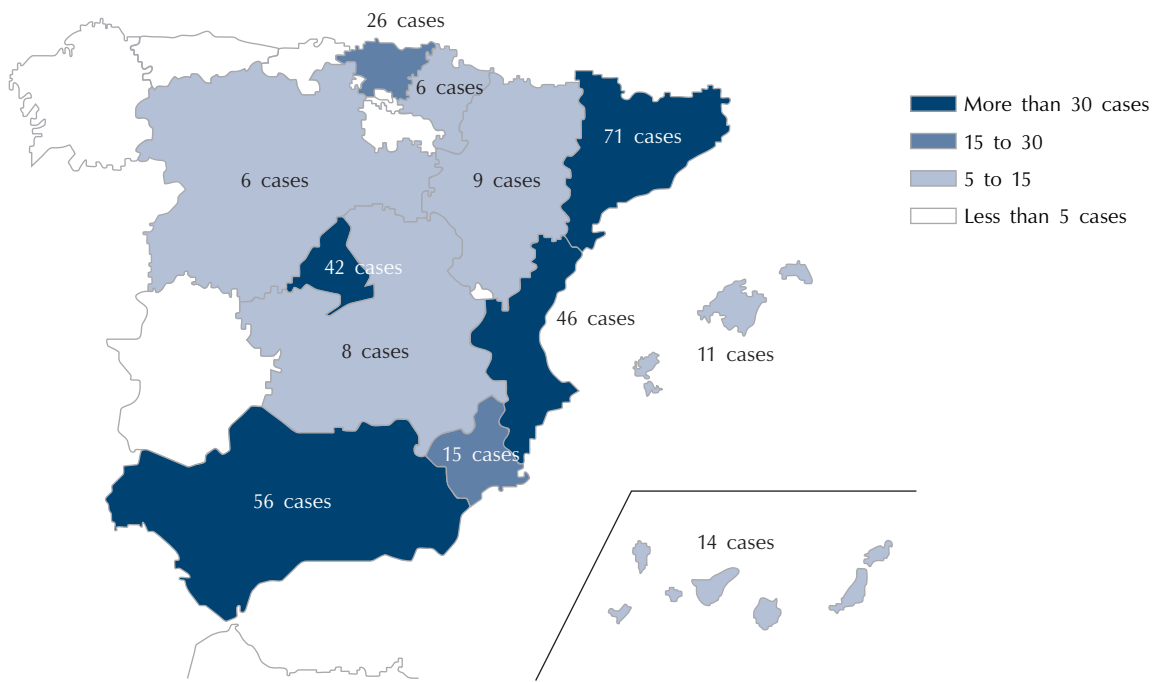
The Terrorism and Organised Crime Intelligence Centre (CITCO, by its acronym in Spanish), gathers data and information from the two main national police forces with investigation powers (the Policia Nacional and the Guardia Civil) and develops strategic intelligence on organised crime. The CITCO is also in charge of coordinating joint investigations between different police forces. No other institutions specifically combat extortion and no prevention strategies have been placed to counter extortion in Spain.

Extortion case distribution in Spain

According to official police data, the regions which are most affected by extortion are Madrid and some of the regions along the Mediterranean coast, mainly Catalonia, Valencia and Andalusia. The regions which are less affected by this activity are Murcia, the Balearic Islands, the Canary Islands and the Basque Country. This distribution is similar to that for organised crime, in relation to

which Madrid, Catalonia, Andalusia and Valencia are also the most affected regions. Figure 8 provides an overview of the main regions affected by extortion by organised crime in Spain.⁸

Figure 8. Regions affected by extortion according to police files



Source: Police data collected by the Ministry of Interior (2013).

Given that police data are at a regional level, in order to have a low level distribution of cases we will provide the results of our research of extortion cases in open sources of information. A high concentration of cases was found in three provinces: Madrid, Barcelona and Mallorca.

Madrid

- **Fuenlabarada, Usera, Parla and Leganés:** extortion cases in the Chinese community due to a great number of Chinese businesses, particularly in Cobo Calleja.
- **Torreldones:** Chinese extortion cases due to the concentration of casinos.
- **Rivas Vaciamadrid:** extortion cases related to prostitution.

⁸ The regions with more than 40 extortion cases are in black, and those with more than 10 cases are in grey.

Barcelona

- **Sant Roc**, Badalona: due to the multi-ethnic commercial area where criminal groups gather.
- **Sitges** and **Maresme**: extortion is present due to the large concentration of leisure clubs.
- **Valés, Sant Cugat, Bellaterra, Rubí** and **Palau-Solità**: extortion cases involving individuals and businesses, at times led by organised crime groups specialised in robbery.

Palma de Mallorca

- The village of **Calvia** where the **Palmanova** and **Magaluf** neighbourhoods are located with areas in which extortion in the leisure and tourism sectors has been investigated; it has usually been related to corruption.

The most affected economic sectors⁹

From the information collected in the press, 72 % of the extortion cases involved businesses and 28 % involved individuals. In relation to individuals, extortion is usually linked to prostitution or human trafficking for any type of exploitation.

When the victims of extortion are businesses, the following are the most common sectors:

- **Trade and retail** (36 %): small shops, neighbourhood stores and small and medium-sized businesses.
- **The leisure** (26 %) and **tourism** (8 %) sectors are breeding grounds for groups carrying out extortion, which involves offering protection. This is also common in bars and nightclubs, and corruption¹⁰ is usually a key element in the investigation.
- **Debt-collection companies** (19 %). The criminal groups involved in these activities often use legitimate companies that offer debt-collection services. The criminal groups assume the debt as a means of extorting the debtors while the risk of being reported is reduced by using violence.
- There are three marginal groups of businesses which show how criminal organisations infiltrate the legal economy. **Wholesalers** (e.g. in fruit markets) (4 %) are typically extorted for a price reduction. **Companies facing economic difficulties** (3 %) are used by foreign criminal groups to launder money and organised crime groups acquire them by extorting the owners. The purpose of extortion in **the construction sector** (4 %) is to force the victim to buy protection services, but as this sector has fallen behind in recent years due to the financial crisis, criminal groups have moved into more profitable industries such as tourism and debt collection.

⁹ Information obtained from open sources, mainly news and press releases.

¹⁰ Involving public officials such as police officers or politicians.

EXTORTION IN THE HOSPITALITY SECTOR

OVERVIEW OF THE SECTOR

The hospitality sector is considered a cluster of services and activities associated with the supply of food, drink and accommodation (Lashley and Morrison, 2013). In Spain, hospitality is an important economic sector because of both tourism and strong internal demand based on deeply ingrained cultural patterns. Tourism has been one of the main drivers of the Spanish economic growth since its opening to international trade in the 1960s and its competitiveness has grown being presently the first economy in the world in natural and cultural resources, infrastructures, tourism policy and the enabling environment (World Economic Forum, 2015). In the Travel & Tourism Competitiveness Index 2015, Spain leads the ranking for the first time, having ranked eighth in 2011, and fourth in 2013. It is the third most visited country in the world, with approximately 60.3 million arrivals, and this trend continues to increase thanks primarily to the visitors coming from developing markets such as China, Brazil and Mexico.

In 2013, the hospitality sector in Spain made up 6.7 % of the country GDP, only slightly increasing its share after the 2008 crisis (Table 6). Its share grew more tangibly in 2014 to 7.6 %.

Table 6. GDP by economic sector

Sector	2007	% GDP* in 2007	2013	% GDP* in 2013
Agriculture	26,376	2.71%	26.578	2.77%
Industry	176,305	18.18%	168603	17.59%
Construction	109,192	11.22%	55.070	5.75%
Services	663,382	67.88%	708,220	73.89%
Commerce	151,910	15.61%	158,635	17.07%
Hospitality	62,928	6.47%	64.593	6.74%
Information and communications	42,582	4.38%	39,726	4.14%
Financial, Real Estate and Professional Activity	208,106	21.39%	220.569	23.01%

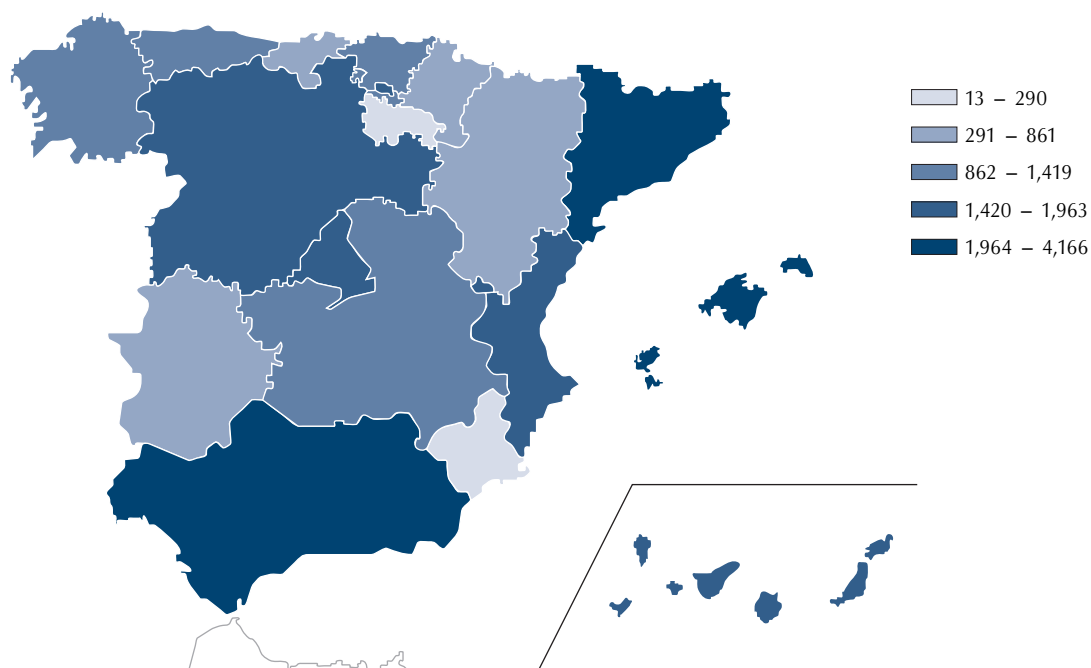
Table 6. GDP by economic sector (continued)

Sector	2007	% GDP* in 2007	2013	% GDP* in 2013
Public Administration. Education and Health	158,626	16.31%	178.677	18.64%
Other Services	36,230	3.72%	41,050	4.28%
Added value at market price	972,855	-	958,471	-
Indirect Taxes	107,952	-	30.710	-
Gross domestic product	1,080,807	-	1,049,181	-

* except indirect taxes

Source: INE, 2015.

Figure 9. Number of businesses in the hospitality sector in Spain



Source: INE, 2015.

The latest report from the Spanish Federation of Hospitality provided an overview of the hospitality sector in 2013, stating that bars represented 43 % of the sector, restaurants 34 % and hotels 14 % of overall businesses (Los sectores de Hostelería, 2013).

In terms of the geographical distribution (Figure 9), hospitality sector companies are mainly concentrated in Andalusia, Catalonia and the Balearic Islands (the most popular tourist areas in Spain), followed by Valencia, Alicante, Madrid, the Canary Islands and Castilla-Leon.

THE PERPETRATORS

The results presented in this section are based on the analysis of 15 cases of extortion perpetrated against hospitality sector businesses. The cases selected for the study involved a variety of organisations: some fit easily in the organised crime definition, while in other cases the extortion had been conducted by individuals with an organized crime group support.

Involvement of OCGs

Following the typology of Monzini (1993), three main types of criminal groups have been found: a) *extortion-protection* which consist in taxation on a regular basis imposed by violent means; b) *labour racketeering*, which consists in a violent negotiation for accessing the labour market and employment (usually the extortion come from ex-workers of the victims' businesses with the help of organized groups); and c) *monopolistic racketeering* which is a specific market strategy forced by violent means and aimed at the physical elimination of competitor, or the creation of monopolistic coalitions.

Table 7. Summary of cases by location, type of business, reasons for extortion, demand and prior perpetrator-victim relations

Case No.	Province	Victimised business	Reason	Demand	Prior relations
1	Balearic Islands	Night club	Monopoly	Payment for services or closure	Competitor
5	Alicante	Indian restaurant	Monopoly	Closure	Competitor
12	Alicante	Indian restaurant	Monopoly	Closure	Competitor
9	Almeria	Kebab	Labour racketeering	Labour contract	Ex-worker

Table 7. Summary of cases by location, type of business, reasons for extortion, demand and prior perpetrator-victim relations (continued)

Case No.	Province	Victimised business	Reason	Demand	Prior relations
13	Murcia	Night club	Labour racketeering	Labour contract	Ex-employees
2	Jaen	Restaurant	Extortion/Protection	Debt	Loansharking
3	Almeria	Street vendors and kebab employees	Extortion/Protection	Payment (€300 to €10,000)	Unknown
6	Castellon	Businessmen	Extortion/Protection	€10,000+other demands	Clients
7	Balearic Islands	Coffee shop	Extortion/Protection	€75,000	Unknown
8	Asturias	Restaurants	Extortion/Protection	€2,000 annually	known
10	Zaragoza	Indian restaurant	Extortion/Protection	Drink, food and money (more than €1,000)	Clients
14	La Coruña	Kebab	Extortion/Protection	Periodical payments (bajos)	Competitor
4	Almeria	Businessmen	Economic/Protection	€200,000	Unknown
11	Zaragoza	Kebab	Economic/Protection	€1,500 per month	Known by a previous job
15	Barcelona	Bars and night clubs	Economic/Protection	Periodical payments and protection contracts	Ex-workers and clients

Source: Case studies.

The **extortion-protection cases**¹¹ can be classified in four different groups:

- a) Large and well-known criminal organisations, having their criminal business in drug trafficking. These OCGs have hierarchical structures with a clear division of labour. In such cases, the usual strategy of these organisations is having a branch of the group in charge of violence or threats to force payments or recover debts (ES-H2, ES-H6, ES-H15). In case ES-H2, the OCG – specialised in debt collection and composed by Moroccans, Argentinians and Spaniards – used the victim's companies as drug selling points. They pretended to be a legal company (bank) offering loans with high interest rates given to restaurant owners in economic difficulties. Case ES-H6 involved Hell's Angels, a well-known OCG engaged in drug trafficking and prostitution, which carried out extortion for protection to businesses in the area. In addition, they demanded free food and drinks during the motorcycle fans events to several businesses. A mayor

¹¹ ES-H2, ES-H3, ES-H4, ES-H6, ES-H7, ES-H8, ES-H10, ES-H11, ES-H14 and ES-H15.

of a small town was the leader of the organised crime group in case ESH8, in collaboration with the police force in the area. It was a well-consolidated OCG imposing protection-extortion to bars and restaurants in order to have extended opening hours. Finally, case ESH15 was started by a big OCG, named Casuals, developing extortion for protection in Barcelona and controlling a great number of bars and night clubs, which were also used as drug selling points.

- b) Another type of criminal groups are mafia-linked groups from Malaysia and Romania (ES-H7, ES-H10). The OCGs are similar to those explained in point a) or branches of a criminal group engaged in other crimes (although evidence is not clear). Case ES-H7 is a Malaysian criminal group extorting shares in profitable restaurants and Case ES-H10 is a Romanian criminal group whose activities are not well known, although they try to get drink and food for free, as well as take periodically money from the cash registers of a restaurant. Both of these mafia-linked groups use their notorious reputation in order to intimidate the victims.
- c) OCGs for which extortion is the main illegal activity. In this type, there were two cases of extortion in the Pakistani community (ES-H3, ESH-11) and one case perpetrated by a Spanish OCG. Case ES-H3 concerned the Pakistani groups, where the OCG had a clear division of labour and a well-developed strategy extorting three types of victims: a) Pakistanis having an irregular resident status in Spain; b) Pakistanis residing legally in Spain and having a high standard of living; and c) street vendors. Case ES-H11 involved an individual who supposedly acted as a member of an OCG (the assumption of OCG association is based on the victim testimony, so we cannot establish an evidenced-based link). Nevertheless, author and victim knew each other from a previous business and the victim believed that he had been chosen in relation to their known business activity. In both cases, perpetrators used threats and deceit in order to force payments, with the added value of using professional and personal information about the victims to intimidate them. The Spanish OCG (ES-H4) had a clear division of labour and a well-developed strategy to select and mislead the business victims. They gathered information about the financial situation of powerful businessmen. They pretended to be CNI (National Intelligence Service) agents and involved some public officials. Finally, ES-H14 could be included in this category because the perpetrator was a competitor but also involved in an OCG extorting closed businesses (restaurants in the surrounding area).

Groups focused on monopolistic racketeering.¹² All the organizations located in this category were foreign criminal groups, and all victims resisted the demands to close their businesses. In these cases, the perpetrators and the victims were competitors in the same region:

- a) Italian mafia's members who extorted Spanish night clubs in Formentera (ES-H1);
- b) Extortion inside Indian community's restaurants (ES-H5);
- c) An English criminal group, which tried to close down some restaurants in Torrevieja (ES-H12).

¹² ES-H1, ES-H5 and ES-H12.

No physical violence was detected in this category, but threats and harassment were complemented with damages to property (ES-H1, ES-H12) or arson (ES-H5).

Labour racketeering.¹³ Two cases were found in this category, perpetrated by individuals with the help of OCGs. The extortion in case ES-H9 was perpetrated by three Pakistanis, two of them helping an ex-worker to force the business owner to renew a labour contract. Case ES-H13 is similar to the previous one: three ex-workers from Morocco extorted the owner of a new restaurant seeking to impose on him a labour contract. In those cases, the implication of an organised crime group is very weak.

Modus operandi

With the caveat that some of the 15 cases analysed contained more information than others, the modus operandi can be divided in two main categories: territorially based extortion (when the goal is to have control over the territory) and functionally based extortion (when the extortion tries to obtain a gain or an action from the victim).

In **territorially based extortion** (ES-H1, ES-H5, ES-H12), the intention was to close down the premises (restaurant/bar), so the extortionists began with verbal threats, sometimes including physical violence against the victim, harassment and arson. In **functionally based extortion** (the rest of the cases), the intention was to collect money or force the victim to perform some action. In these cases, the extortion strategies were more sophisticated and required some knowledge of the victims' economic capacity.

Cases ES-H3 and ES-H15 are clear examples of extortion-protection where the OCG controlled a certain area of business and demanded payment for protection. A Pakistani criminal organisation (ES-H3) extorted at least 30 businesses demanding regular payments. As they had a police officer as a member of the organisation, they could threaten the victims with expulsions and trumped up charges. There was a big organisation perpetrating three types of extortion inside the Pakistani community. They demanded payments from the Pakistanis arriving in Spain in order to get them legal permits, and demanded payments from Pakistanis who live in Spain with a high standard of living (using a loan as an excuse). Finally, they force street vendors to sell their products at a very low price.

In ES-H15, ES-H6 and ES-H8 the extortions were executed by a large criminal group that had control over a territory and could impose protection contracts on many restaurants, bars and nightclubs in the area. In case ES-H8, public officials were involved who abuse their official powers as a means of intimidation.

ES-H9 and ES-H13 are extortion with the intention to impose labour contracts. Those cases were similar to the ones suppressing competition. In case ES-H9, the extortionist wanted to force the sale of a business at a low price. ES-H4 and ES-H2 were extortions related to loansharking or frauds under the guise of CNI

¹³ ES-H9 and ES-H13.

agents. Finally, in ES-H11, the extortionists demanded high regular payments from a similar business but presumably unknown by the victim.

Table 8. Description of the groups, the means, the reasons, the main activities and the goals of the extortion

	Description of the group	Means	Reasons	Main activities	Goals
1	An Italian mafia-type group who covered: travel agencies, bars, restaurants, private security services, suppliers of Italian food, marketing, etc.	Verbal threats, damage to the property and boycott.	Geographical location and control.	Suppliers of Italian products, real estate, private security services, drug trafficking and extortion.	Force the transfer of management or close down the premise.
2	The group dealt in loan-sharking. They selected the victims in the casino, when they had difficulties paying and made the victim accept new abusive loan terms.	Harassment, death threats and violence.	Geographical location.	Extortion, loansharking and drug trafficking (cocaine and medicines).	The imposition of periodical payments (goods and money).
3	The Pakistani OCG extorted other Pakistanis in the region. They usually submitted false complaints against those businessmen who refused to pay.	Use of violence. Victims were beaten before being falsely accused.	Geographical location.	Extortion.	The imposition of periodical payments.
4	The OCG gathered financial and property information from businessmen. They acted as CNI agents.	They used aggressive means and verbal threats.	Economic capacity.	Extortion.	The imposition of one large payment in a brief period of time.
5	One of the members of the criminal group had an Indian restaurant.	Verbal threats and arson.	They wanted to control the small kebabs in the region.	Extortion and competition.	Avoid the opening of new Indian restaurants.
6	An OCG extorting businessmen in the area.	Verbal threats and physical violence.	Economic capacity/ Geographical location.	Extortion, prostitution and drug trafficking.	Payments of €10,000 for protection.
7	The main extortionist threatened to sell the stake of the business to the mafia in Malaysia if the victims refused to pay.	Damage to the victims' property and threats.	Geographical location and economic capacity.	Unknown.	A single payment of €75,000.

Table 8. Description of the groups, the means, the reasons, the main activities and the goals of the extortion (continued)

	Description of the group	Means	Reasons	Main activities	Goals
8	The criminal group was composed by councillors and local police, who demanded from restaurant owners extra payments when they had to work extra hours, during the local festivities.	The mere petition of a police chief was used as means of intimidation.	Geographical location and economic capacity.	Control of the village and the monopoly of the security services due to their jobs.	They required the payment of €2,000 per victim each year.
9	The Pakistani group using threats to enforce a labour contract in a kebab.	Beatings, insults and death threats.	Member of the same community with profitable businesses.	Unknown.	To renew the labour contract.
10	Romanian extortionists visited frequently the victim's restaurant and never paid their bills.	Harassment and threats.	Geographical location.	Unknown.	The OCG wanted free consumption and extra money from the restaurant. (debt €1,800).
11	A Pakistani extortionist, who claimed he was a member of a criminal group, begun to extort other Pakistanis.	Threats of death and threats of arson.	Economic capacity.	Unknown.	A monthly payment of €1,500.
12	An English group who ran a restaurant tried to avoid competition causing arson and using threats and boycotts against their competitors in the area.	Verbal threats, damage to the property and boycott.	Geographical location/control.	Hospitality.	The closure location of a business.
13	Two Moroccan extortionist had been working as musicians in the business targeted, but when they were dismissed they began to harass the owners and managers.	Threats of death, harassment, theft and arson.	To impose a labour contract.	The perpetrators were also musicians.	To impose a labour contract.

Table 8. Description of the groups, the means, the reasons, the main activities and the goals of the extortion (continued)

	Description of the group	Means	Reasons	Main activities	Goals
14	Spanish extortionists required several ad hoc payments to the victim under threats of death. When the victim refused, the level of violence and demands increased.	Verbal threats.	Geographical location.	Hospitality.	Payment of €500.
15	A Spanish OCG of more than 29 members, who controlled several nightlife locations in Barcelona.	Threats, assaults, beating, fights and harassment.	Geographical location.	Extortion, drug trafficking and protection services.	Payments from businessmen and forcing protection services contracts.

Source: Case studies.

Verbal threats and harassment were common strategies in all cases. Deceit, damages to property and arson were exceptional means employed by several criminal groups. In addition, there was minimum use of physical violence.

Deceit. ES-H4 involved a clear example of deceit used to exercise the extortion. The members of the OCG pretended to be intelligence agents. When the victim realized that they were fake, the perpetrators began the extortion process depending on the economic capacity of the victim.

Property damage. Damages to the victim's property (arson excluded) were an added element of intimidation to strengthen the criminal groups' aims in cases ES-H1, ES-H7, ES-H12, ES-H15. The most common were the following:

- To force the closure of the victims' premises. In the Italian mafia case (ES-H1) physical damages were accompanied by a number of intimidation means: boycotts to fend off the victim's consumers, threats to make the victim to close earlier at night, offers of protection and security services, and offers of financial help for the victim's family members such as college fees. In case ES-H12, the English OCG went to the victim's restaurant in order to intimidate the owner, his family, his employees and his clients with harassment, arson and death threats. The perpetrators admitted having caused arson in order to intimidate the nearby restaurants' owners and carrying out boycotts to fend off the victim's clients with the purpose of avoiding competitors in their area.
- Death threats or threats to cut off the victim's limbs. The victim was warned about the main extortionist's involvement with the Malaysian mafia, and at the end damages were caused to force his surrender (ES-H7). In another incident,

a Spanish OCG dealing in drugs and private security services caused damages to force the victims to hire their services, and imposed periodical payments and free drinks in night clubs and bars (ES-H15).

Arson and threats of arson. The intimidation can also be done by arson or threat of arson as additional measures. In the cases analysed those methods were not enough to force the acquiescence of the victims, so the extortionists finally did not achieve their purposes: the closing down of premises (ES-H5) and the renewal of a labour contract (ES-H13).

Threats of arson were also part of the extortion process in two other cases: in one of them the threats included setting the victim's car and restaurant on fire (ES-H2) with the aim of forcing the payment of a debt owed to a loansharking OCG. In another incident inside the Pakistani community, periodical payments were demanded (ES-H11).

Violent means or intimidation. The extortionists using the most violent means (ES-H4, ES-H6, ES-H14, ES-H15) tried to achieve their goals very quickly and had a great success. These were criminal organisations with many victims under control over a long period of time:

- Pakistani extortionists forced members of their community in Almeria to pay amounts of money set according to their incomes and their legal status (ES-H4).
- Hell's Angels was a violent international organisation that required payment in exchange for supplying security services, and demanding free drinks and food (ES-H6).
- An organisation acting in the nightclubs and bars in Barcelona has been extorted many victims more than ten years by extremely aggressive means, requiring long term payments for protection (ES-H15).
- An organisation composed of a mayor and police officers imposed periodical payments on the businesses during the municipal fairs in the city (ES-H14).

In addition to extortion, the most prevalent illegal activity of the perpetrators was drugs trafficking (ES-H2, ES-H6, ES-H15). Many organised crime groups have a legal activity in the hospitality sector, similar to the activity of the victims, especially in cases of monopolistic racketeering (ES-H1, ES-H5, ES-H12).

Involvement of public officials

The sample analysed in the hospitality sector include some cases (ES-H1, ES-H3, ES-H4, ES-H8), where public servants have been involved to facilitate the intimidation process and to ensure payments. Police officers were the most common type of public officials involved, but there was also a state attorney who engaged in deceit (ES-H4) in order to reinforce the credibility of the extortion strategy, and a mayor of a small town. The main functions fulfilled by the public officials are the following:

Police officers: a) periodical inspections to enforce the demanded payments (ES-H1, ES-H8); b) help with avoiding prosecutions or reports by the victim

(ES-H8); c) use of administrative powers to intimidate the victim (e.g. imposition of administrative fines; ES-H1);

Public officials: a) a mayor of a small town was the leader of an extortionist OCG; he was in charge of demanding money in exchange for allowing the victim to have extended opening hours (ES-H8); b) when inside an immigrant community, extortion may be related to illegal immigration (in ES-H3, the OCG which inflicted extortion on the immigrant victims provided assistance with entering Spain). It is thus common to have officials as accomplices to facilitate the stay permits and work permits in the country. In ES-H3, a policeman working in the immigration department was implicated in launching expulsion procedures when victims refused to pay. c) a State Attorney and a labour inspector were involved in ES-H4. They contacted potential victims by telling them that intelligent agents wanted to work with them. When the victims realised it was fake, the criminal group threatened and harassed the victims, demanding a great amount of money (ES-H4). The labour inspector was in charge of providing fake documents of Intelligence Service agents.

THE VICTIMS

Victims extorted in the analysed cases were mainly owners of restaurants or night-clubs in various Spanish provinces.

Table 9. Description of the 15 cases by type of victims, their reactions, previous relationship and place where the extortion took place

Case #	Victims	Reaction	Place
1	Owner of a night club	Resistance (refuse to comply)	Es Pujols, Formentera,
2	Spanish restaurant owners	Acquiescence	Castillo de Locubin, Jaen
3	Pakistani street vendors and businessmen	Acquiescence	El Ejido, Adra, Berja and Almeria
4	Businessmen with high standard of living	Acquiescence	Almeria, Malaga, Toledo and Madrid
5	Indian restaurants Kebabs, food and drinks shops	Resistance (the victim reported the case to the police)	Torrevieja, Alicante
6	Businessmen in the area	Initially complied with demands but later reported to the police	Castellon de la Plana
7	Hospitality businessmen	Resistance (the victim reported the case to the police)	Palma de Mallorca

Table 9. Description of the 15 cases by type of victims, their reactions, previous relationship and place where the extortion took place (continued)

Case #	Victims	Reaction	Place
8	Restaurant owners	Acquiescence	Cudillero Asturias
9	Owner of a kebab	Resistance, finally filed a report to the police	Roquetas de Mar, Almeria Andalusia
10	Owner of an Indian restaurant	Acquiescence. After 10 month, reported the case to the police	La Almunia Zaragoza
11	A Pakistani owner of a kebab	Refused to comply	Caspe, (Zaragoza)
12	Owner of an Indian restaurant	Refused to comply and reported the case to the police	Torre Vieja, (Alicante)
13	Owner of hospitality premises	Refused to comply and reported the case to the police	Balsicas, Torre-Pacheco (Murcia)
14	A Pakistani owner of the two kebabs	The victim complied with some demands, but finally reported the case to the police	Carballo, (La Coruña)
15	An owner of many night bars	He refused to comply with extortion demands and was seriously injured	Barcelona

Source: Case studies.

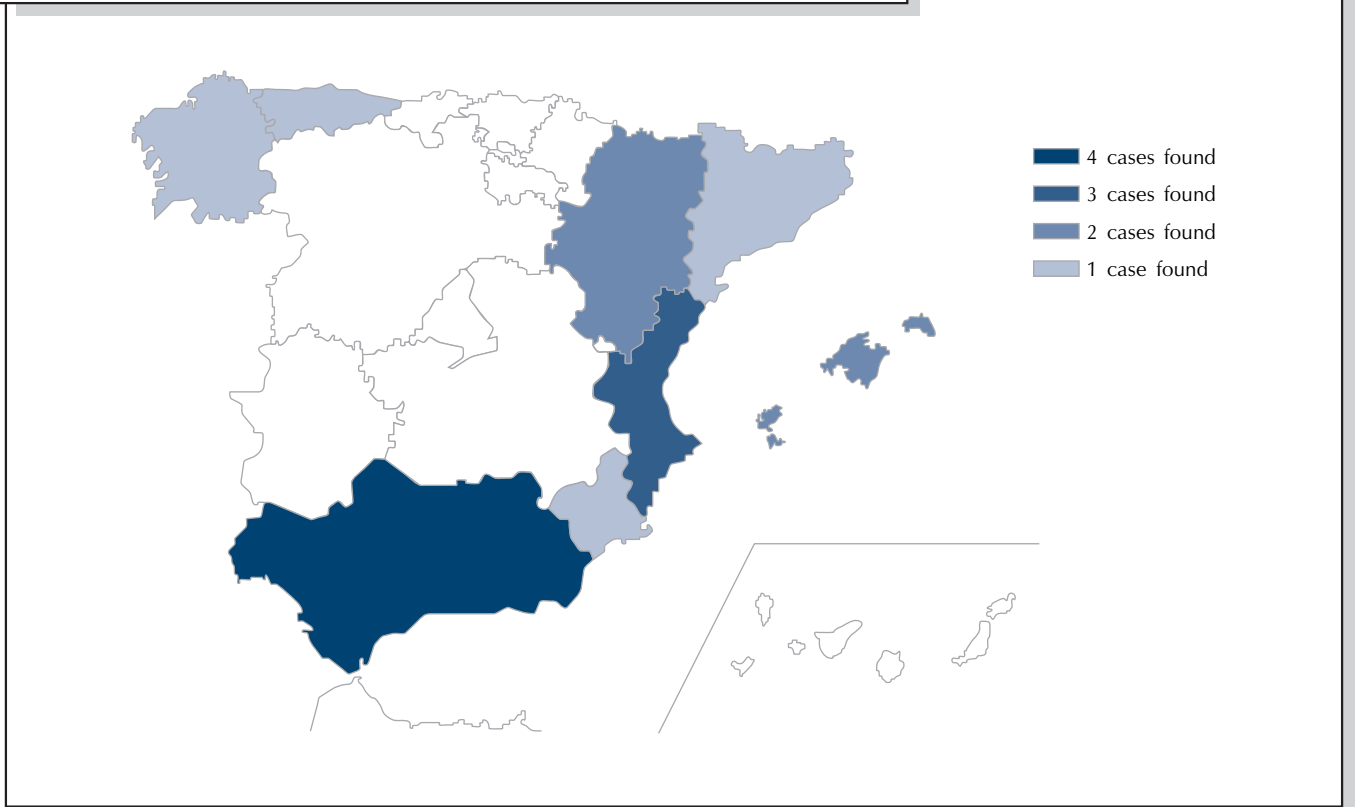
Demographic, social and economic characteristics of the affected regions

The South of Spain and the Mediterranean coast are the regions most affected by the extortion cases. The Eastern coast is affected to a lesser extent. Four of the 15 cases involved businesses located in tourist areas (ES-H1, ES-H6, ES-H7, ES-H15).

The extortion practices took place in sparsely populated small villages in Andalusia, the Mediterranean coast and the North of Spain, except for one case in Barcelona, which occurred in the city centre. Fourteen of the 15 victims were small restaurants and bars located in rural areas, where the economy is usually based on agriculture (ES-H2, ES-H3, ES-H4, ES-H8, ES-H9, ES-H10, ES-H11, ES-H13, ES-H14) and tourism (ES-H1, ES-H5, ES-H6, ES-H7, ES-H12, ES-H15).

Agriculture-based regions. Nine of the 15 cases took place in small villages where agriculture is the basis of the economy. Bars and restaurants are not very common in villages focused on agriculture, in provinces like Asturias (ES-H8), Zaragoza (ES-H10, ES-H11), Murcia (ES-H13) and La Coruña (ES-H14). However,

Figure 10. Distribution of the extortion cases of the sample (N = 15)



Source: Case studies.

Almeria (ES-H4, ES-H4, ES-H9) and Jaen (ES-H2), in Andalusia, have a great number of restaurants. Most of them have few, if any, business associations at the local level (except ES-H8). All these cases took place in provinces where the level of organised crime is medium or low and small local bars are easy to intimidate or deceive.

Tourist areas. Six out of the 15 cases took place in tourist areas – the Balearic Islands (ES-H1, ES-H7), Alicante (ES-H5, ES-H12), Castellon (ES-H6) and Barcelona (ES-H15). All of these locations have high numbers of hospitality businesses and a medium or high level of organised crime. Most of them have also local business associations (except ES-H6). The large number of bars and restaurants is apparently seen by the criminal organisations operating in the area as a funding opportunity.

Table 10 shows the level of organised crime in the provinces where the cases took place, the rate of companies and business associations inside the hospitality sector of the village affected, the features of the location, the number of victims in the main case and the other victims of the same criminal group.

Table 10. Characteristics of the locations affected by the extortion cases

Case IDs	Province	Level of organised crime*	Number of companies/business associations	Key features of the village	No. of case victims	No. of other victims**
ES-H1, ES-H7	Balearic Islands	Medium	High/High	Tourism and immigration	2	2+
ES-H2	Jaen	Low	High/Low	Agriculture	2	2+
ES-H3, ES-H4, ES-H9	Almeria	Medium	High/Low	Agriculture and immigration	7	7+
ES-H5, ES-H12	Alicante	High	High/High	Tourism and immigration	4	5+
ES-H6	Castellon	High	High/Low	Tourism and immigration	1	2+
ES-H8	Asturias	Low	Low/High	Agriculture and tourism	5	5+
ES-H10, ES-H11	Zaragoza	Low	Low/Low	Agriculture and immigration	1	N/A
ES-H13	Murcia	Medium	Low/Low	Agriculture and immigration	1	N/A
ES-H14	La Coruña	Low	Low/Low	Agriculture	1	N/A
ES-H15	Barcelona	High	High/High	Tourism and immigration	29	+29

* The levels of organized crime are taken from Figure 6.

** When the victim's testimony or the police documents show more victims affected.

Source: Case studies.

Behavioural patterns of the victims and protective measures

In the cases which involved Spanish victims as well as Spanish perpetrators (ES-H2, ES-H4, ES-H6, ES-H8, ES-H15) the victims accepted the demands and paid. This also happened in the only case with Spanish perpetrators but foreign victims (ES-H14). It can thus be assumed that Spanish criminal organisations are effective in their extortion demands.

Conversely, all the extortion demands to foreign victims or by foreign perpetrators (Pakistanis excluded) (ES-H1, ES-H7, ES-H12, ES-H13) have been rejected: Spanish, Indian and Moroccan victims refused payments and reported the incidents to the police.

The extortion responses from the Pakistani victims depended on the previous relationship between victims and perpetrators:

- When the perpetrators had been previously unknown to the victim, whether compatriots (ES-H3) or foreigners located in the same district (ES-H10, ES-H14), the extortion was accepted and paid.
- When the perpetrators were known (ES-H9, ES-H11), the extortion demands were refused by the victim and reported to the Spanish authorities.

Lack of knowledge of Spanish law, difficulties with the Spanish language and their legal situation in Spain are significant obstacles for immigrants to put up resistance.¹⁴ Harassment and threats are used as means of intimidation and, sometimes, the aim is to persuade victims to withdraw the criminal complaint when the incident is reported to the police. In the most violent cases beatings, insults and death threats using a kitchen knife were employed to force the payments and silence the victims (ES-H9).

Finally, in the only case identified inside the Indian community, with both Indian perpetrators and victims, the extortion was rejected and the incident reported to the police.

CONCLUSION

This section provides an overview of the main conclusions of the report, as well as the identified red flags and vulnerability factors.

Applying the Monzini's (1993) typologies to extortion in the hospitality sector in Spain, three main types of practices can be identified: a) *extortion-protection*, which is imposed by big organisations with a high capacity to force payments, or by ethnic criminal organisations towards victims from the same ethnic group; b) *labour racketeering*, which is mainly perpetrated when victims and perpetrators belong to the same nationality; c) *monopolistic racketeering*, encountered in three cases: two Indian businesses and one big organised crime group with a high input in the local economy.

Concerning the strategy used by the extortionists, it was established that when the intention was to close down the premises (territorially based), the extortion began with verbal threats, sometimes including physical violence against the victims, harassment and arson to force the closure of the restaurant/bar. Otherwise, when the intention was to gather money or make the victims do something against their will (functionally based), the extortion strategies were more sophisticated and required some knowledge about the victims' economic capacity. The modus operandi depended on the level of complexity of the OCGs.

Verbal threats and harassment were common intimidation strategies in all cases. Deceit, damages to property and arson were exceptional means employed just by

¹⁴ For example, four Pakistanis victims were jailed as a result of false complaints by an OCG (ES-H3).

a few criminal groups. In general, there was a minimum use of physical violence in the analysed cases.

The most prevalent illegal activity conducted by the extortionist groups, aside from extortion, was drug trafficking. Many of the OCGs had a legal business in the hospitality sector, similar to the victims' business, especially in cases of monopolistic racketeering.

The extortion practices took place in sparsely populated and small villages in Andalusia, the Mediterranean coast and the North of Spain, except one case in Barcelona, which occurred in the city centre. Fourteen out of the 15 victims were small restaurants and bars located in rural areas, most of them base their economy on agricultural and tourist activities.¹⁵

Two types of victim profiles were identified according to their geographical location. The victims in *agriculture based-regions* were settled in areas characterised by medium and low levels of organized crime, where small local bars were easy to intimidate. In these cases, deceit and intimidation were frequently used to force payments to OCGs, which had a high territorial control and could intimidate without needing to use extreme violence. Labour racketeering and extortion-protection were the most prevalent typologies.

Victimised businesses in *tourist areas* were located in regions with medium or high organised crime levels and a high concentration of similar businesses (bars and small restaurants). This high concentration of small businesses could be a funding opportunity for criminal organizations. Monopolistic and extortion-protection were the most frequent types of extortion.

Harassment and threats were the most common means of intimidation in all cases, and generally the aim was to persuade victims to pay, and when the incident was reported to the police to withdraw the criminal lawsuit. Deceit, damages to property and arson were exceptional tools, specifically employed against foreign victims. There was a low use of physical violence. In the most violent cases detected, the means employed to force payments as well as to force the victims' silence during the judicial process were the following: damages to property, injuries caused by beatings and stabbings, and one case of homicide.

The analysed sample included four cases where public officials had been involved with the intention of facilitating the intimidation process and ensuring periodical payments. Police forces were the most common public institutions involved, but we have found one case where a state attorney was involved in a deceit to reinforce the credibility of the extortion strategy and another case where a mayor of a small town was involved. In the cases involving public officials, the victims accepted the extortion demands and paid the requested amounts. This means that the involvement of public officials is a successful strategy for extortion by OCGs.

¹⁵ This can be a consequence of the selection of the sample – cases investigated by Guardia Civil, whose competences are mainly deployed in rural areas.

Regarding the victims’ reaction, their response to the extortion demands depended on the perpetrators’ nationality or ethnic group. The *Spanish criminal organisations* were totally effective in their extortion purposes: their demands to both foreign and national victims were fully and quickly accepted. In contrast, the *foreign criminal organisations’* demands were usually rejected, and immediately reported to the police. Pakistani victims only accepted the extortion when the perpetrators were unknown. Lack of knowledge of Spanish law, difficulties with the Spanish language and their legal situation in Spain are significant obstacles for immigrants to put up resistance.

Table 11. Summary of vulnerability factors of the victims

Same nationality	Different nationality
<ul style="list-style-type: none"> • Illegal immigrants (new arrivals) • Unknown victims • Opening of new business • Opening of business concerning the same community (kebabs, etc.). • Conflicts with employees 	<ul style="list-style-type: none"> • Concentration of businesses of the same type • Rural and isolated areas • No business associations • Involvement of public officials • Victims asking for loans • High concentration of criminal organisations • Spanish perpetrators

Source: Case studies.

EXTORTION IN THE CHINESE COMMUNITIES

SOCIO-DEMOGRAPHIC CONTEXT OF THE IMMIGRANT COMMUNITIES IN SPAIN

Spain has a population of 46,464,053 people, with a density of 92 inhabitants per km², which is below the European Union average. Spain's population is concentrated in its large cities – Madrid, Barcelona, Valencia, Alicante, Seville and Malaga; overall, 79 % of the population lives in urban areas (World Bank, 2015).

Due to its geographic and strategic location, Spain is a significant tourist attraction in Europe. In 2014, the country received 64,996,275 tourists,¹⁶ most of whom came from European countries. In addition, the immigration flow has increased over the last decade, despite there being a significant reduction in this respect from 2008 to 2015 due to the financial crisis. Immigrants in Spain represented 1.3 % of the population in 1991, 3.8 % in 2001, rising to the current level of 10 % (INE, 2015).

In 2014, the most prevalent nationalities of immigrants with a residence permit in Spain were Romanian, Moroccan, English, Italian, Ecuadorian and Chinese. Several nationalities have decreased in number over the last few years, probably because many residents have obtained Spanish nationality (i.e. residents from South America). In contrast, the numbers of Chinese and other European residents (Italians, British and Germans) have grown.

Table 12. Foreigners registered or with a residence permit

Country of origin	2014	Share	% variation on 2013
Romania	953,183	19.36 %	2.69
Morocco	770,745	15.65 %	-1.84
The UK	275,817	5.60 %	3.87
Italy	217,524	4.42 %	6.09
Ecuador	192,404	3.91 %	-13.94
China	191,078	3.88 %	3.74
Bulgaria	183,342	3.71 %	1.79

¹⁶ Data provided by the Ministry of Industry, Energy and Tourism.

Table 12. Foreigners registered or with a residence permit (continued)

Country of origin	2014	Share	% variation on 2013
Germany	148,644	3.02 %	3.74
Portugal	143,738	2.92 %	2.42
Colombia	139,952	2.84 %	-13.81
France	124,131	2.52 %	6.45
Bolivia	115,202	2.34 %	-12.27
Poland	90,835	1.84 %	2.52
Ukraine	82,067	1.67 %	2.13
Pakistan	71,152	1.45 %	1.56
Other countries	11,224,179	24.86 %	-1.10
Total	4,925,089	100 %	-

Source: The Ministry of Employment and Social Security, 2014.

THE CHINESE COMMUNITY IN SPAIN

The Chinese community is the sixth foreign community according to the number of residents living in Spain. It represents 3 % of the immigrant population in Spain. The influx of people of this nationality to Spain has been increasing ever since the turn of the century, but has slightly decreased in the last two years. In 2014, Spain had 181,701 Chinese residents, which represents a very high migratory flow with an average of 11,878 Chinese people per year since 2008.

As regards the distribution of Chinese residents by age, almost 50 % are aged between 20 and 35, and 29,593 (15 %) are students (INE, 2015).

Unemployment among the Chinese community is very low and self-employment is prevalent. Of all the Chinese residents registered in the Spanish Social Security (a public medical service compulsory for active workers), 50 % are self-employed (Union de Profesionales Autónomos, 2015). In addition, Chinese residents are third in terms of non-EU foreigners registered¹⁷ in the Social Security, behind Moroccan and Pakistani residents.¹⁸

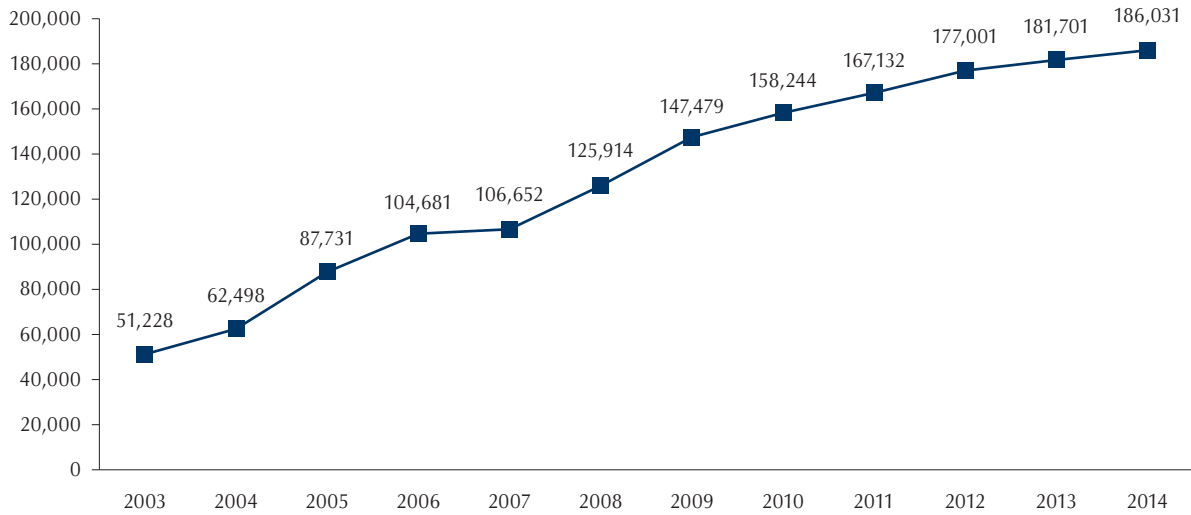
As Figure 12 shows,¹⁹ the number of Chinese residents in the two largest autonomous regions, Madrid and Catalonia, is 99,248.

¹⁷ Outside the EU.

¹⁸ Revista Social Activa, available at: <http://www1.seg-social.es/ActivaInternet/index.htm>

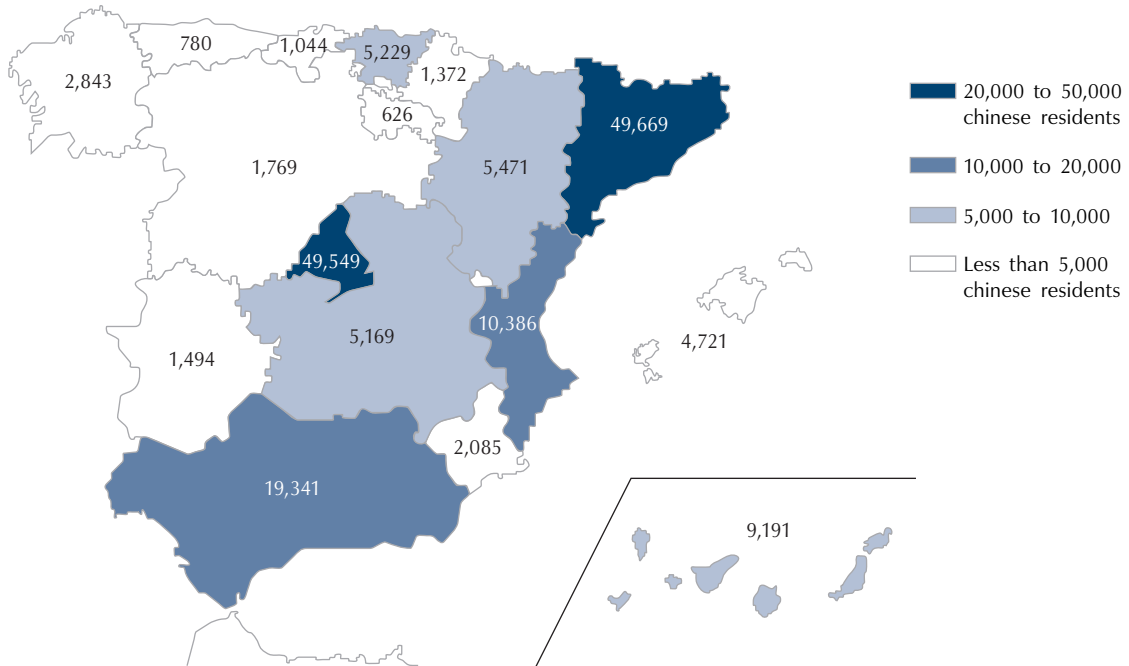
¹⁹ Differences between national and autonomous regions data may be due to their collection date: national number was taken in January 2015, while local numbers were taken in June 2015.

Figure 11. Chinese residents in Spain (2003 – 2014)



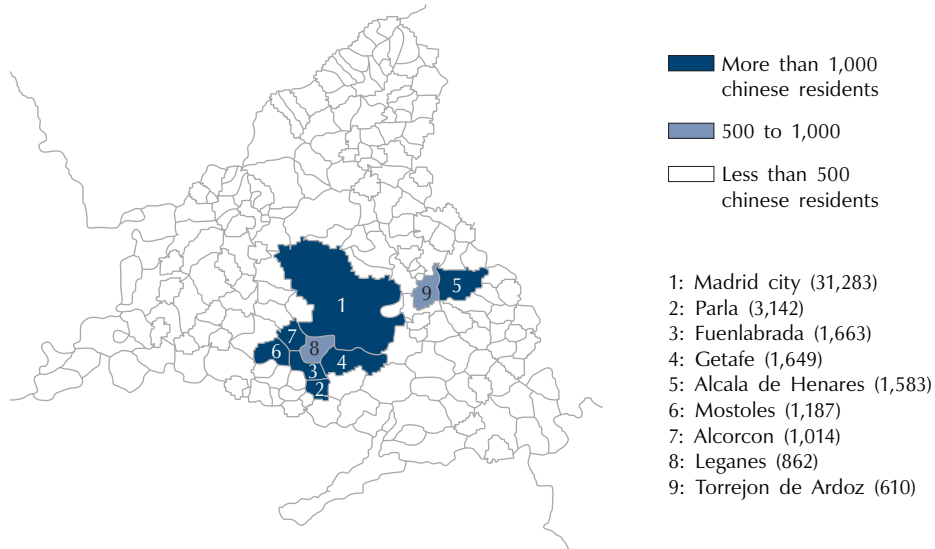
Source: INE, 2015.

Figure 12. Chinese population by autonomous region



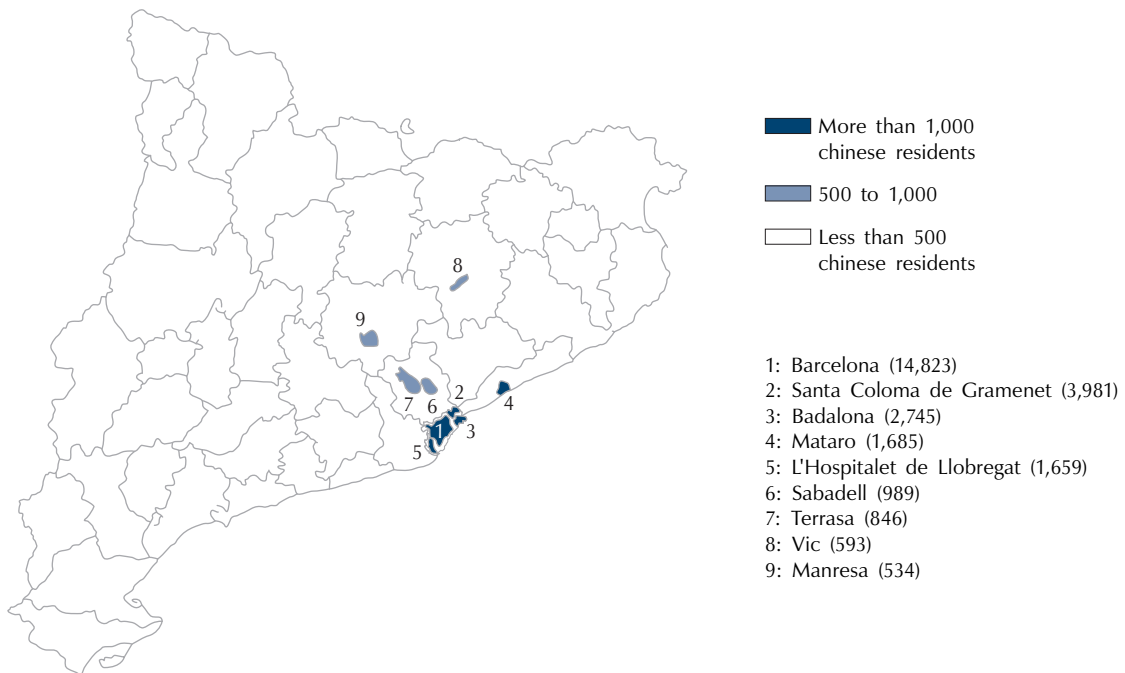
Source: Adapted from data by INE, 2015.

Figure 13. Municipalities with a high concentration of Chinese citizens in the Autonomous Community of Madrid



Source: Adapted data by INE, 2015.

Figure 14. Municipalities with a large Chinese population in the Autonomous Region of Catalonia



Source: Adapted from data by INE, 2015.

A significant percentage of Chinese residents are located in Madrid and Barcelona,²⁰ as well as in other nearby municipalities, and are concentrated in specific urban areas. Madrid is the most densely populated area in this respect, with two main focal points: Madrid city and the southeast: Alcorcon, Fuenlabrada, Parla and Getafe.

The Chinese population in Catalonia is located around three main areas: Barcelona, Sabadell and Mataró. This zone is an important textile hub which has proven to be a key economic sector for Chinese citizens over the last decade.

Chinese businesses in Spain

The first records of economic activity by Chinese immigrants in Spain dates back to 1920 and involved itinerant sales by citizens from Zhejiang. The migratory project for the first Chinese immigrants coming to Spain was to raise revenue to return to China and improve their economic position (Beltran, 2010). Before the 1990s, Chinese immigrants focused their businesses on the hospitality sector (especially Chinese restaurants), mainly as family businesses. At that time, Spaniards were opening up to international cuisine and Chinese food was well received as innovative and trendy. In the 1990s, Chinese residents, who had increased significantly in number, moved part of their economy to the textile sector to generate new business alternatives. At the beginning of 2000, the Chinese population progressively focused their activities in Madrid and Barcelona as the most significant Spanish economic areas. Textile manufacturing was mainly carried out in Lavapies and Fuenlabrada in Madrid and Santa Coloma de Gramanet in Barcelona (Saiz López, 2004).

The concentration of Chinese residents led to an increase in the number of bazaars and small shops to supply to Chinese population in Spain through businesses such as supermarkets, barbershops, call centres, consultancy firms, travel agencies, driving schools and real estate agencies. Nevertheless, the proliferation of these businesses was not enough to cover the employment demand of new immigrants, thus in 2001, the construction sector which was economically powerful absorbed much of this demand.

Currently, the expansion of the Chinese penetration in the Spanish market and the wide acquisition of premises that have become low-priced due to the financial crisis have led to the opening of huge amounts of new businesses such as clothes shops, large bazaars, beauty shops and hairdressers (Chao, 2015).

In order to supply this demand, some large industrial areas were created where the main suppliers were concentrated to import and export products from and to China. The largest industrial area is Cobo Calleja (which is also the largest of its kind in Europe), located in Fuenlabrada, 20 kilometres away the city of Madrid. It covers 162 hectares and includes around 500 small and medium-sized companies. It was created in the 1970s as a large industrial area but in 2011 a €43 million investment was approved to develop a large Chinese wholesaling zone.

²⁰ Madrid and Barcelona have approximately 6 and 5 million inhabitants, respectively.

Due to the financial crisis and the significant financial capacity of Chinese entrepreneurs, the number of large Chinese investments in Spain has increased, especially in the bigger cities. The director of ESADE China Europe Club (2014) underlines the sectors in which Chinese investment is most active in Spain: energy (companies such as Sinovel Wind, Sunford Light, Yingli Green Energy, Jinko Solar), telecommunications (Huawei, Lenovo, ZTE), transport and logistics (China Shipping, Kerry Logistics) and banking (Industrial and Commercial Bank of China).

Chinese criminal organisations in Spain

Chinese organised crime is an understudied phenomenon in Spain. The existing scientific literature on the Chinese community takes a sociological and anthropological stance with limited references to organised crime activities (Saiz López, 2004; Beltran, 2010; Betrisey, 2010; Bernardos et al. 2014). In recent years, large police operations against important Chinese organised crime groups were carried out shedding some light on the scope of their illegal activities in Spain, the amount of money made and laundered, and their economic and political impact. The information collected in these operations and the interviews carried out offer a unique insight into the illegal activities of Chinese organised crime groups in Spain.

Chinese communities have the following main features: the illegal immigration process is facilitated by the Chinese community; most migrant families are concentrated in homogeneous areas; the Chinese community helps immigrants settle in, and they remain culturally isolated and tend to solve conflicts within the community. Barriers between legal and illegal activities are blurred; there are large monopolies around supply services; the community is subject to high levels of internal control; the links with China as the country of origin are strong and cultural and family rules facilitate the violation of laws (De la Corte and Gimenez-Salinas, 2010). In this respect, the main illegal markets developed by the Chinese organised crime groups detected in Spain are: immigrant smuggling, human trafficking for labour and sexual exploitation, loansharking, counterfeiting of legal and illegal products (goods, tobacco and drugs), gambling, money laundering and VAT fraud.

This context opens the door to successful entrepreneurs offering services to the community and becoming monopolistic suppliers for the rest of the community, arranging for the immigrants to come to Spain, to find a job, to get funds to open a business, to obtain all the legal documents required to remain in the country, to buy the goods of the monopolistic supplier, etc.

The abovementioned factors make this community very vulnerable to abuse and exploitation by criminal organisations. Scientific literature²¹ notes that businesses run by minority ethnic communities are more likely to be victimised, thus Chinese settlements can be considered a vulnerable population group, in which a concentration of extortion incidents can be found.

²¹ Tilley and Hopkins (2008), Wagstaff et al. (2006), Perrone (2000) and Chin et al. (1992).

The following section summarises the main characteristics of organised crime involved in the extortion cases analysed in fifteen case studies. Due to the limited amount of information available in some of the cases regarding the perpetrators, we will complete the information with data collected from several large criminal investigations concerning Chinese organised crime groups (Emperador, Snake, Long, Pelicano, Sol Naciente and Ming) plus the interviews carried out by the research team with a police officer from the Guardia Civil and another from the Policia Nacional specialising in Chinese groups.

THE PERPETRATORS

The cases chosen for studying extortion in the Chinese communities contained limited information on the perpetrators. The sources are mostly police files in which the information on the perpetrators comes from the victims' testimonies, which is an important limitation. Court decisions also generally offer limited relevant information for the study. The victims are afraid and as they are known in the Chinese community, they are reluctant to provide information and details about the perpetrators.²²

Two types of criminal organisations can be identified on the basis of the information gathered in the interviews and in criminal investigations against Chinese criminal groups: a) large organisations exerting significant control over the Chinese community; b) small organisations or branches of the larger ones, which engage in extortion and violent actions. Both organised crime groups are exclusively made up of Chinese residents.

Organised crime groups

The large organisations identified have more than six members and have a hierarchical structure with a clear division of labour and some well-defined hierarchical positions. From the information obtained from these cases, we were able to identify the role of some organised crime group members although the global structure is unknown. These crime groups all have a clear leader assisted by coordinators, and some other members engage in intimidation and violent actions to demand payment.

Three of the 15 cases selected fall under this category. Two of the extortion cases (ES-C2 and ES-C15) derive from the main loansharking activity. Case ES-C2 shows a criminal group acting in a casino in Madrid. This group specialised in loansharking in casinos, where they could target clients who were losing money. ES-C15 relates to an organisation specialised in loansharking in the Chinese community which targeted immigrants arriving in Spain in need of capital to invest and other types of services.

The information obtained from large police operations in Spain involving Chinese organisations (Heijin, Cian Ba, Emperador, Snake, Long and Dragon) and two

²² Interview with an expert in Chinese organised crime from the Policia Nacional.

interviews indicates that the large organisations detected in Spain have similar patterns and are a significant economic threat to society and to Chinese victims. Some of the most significant operations (Emperador and Long) involved a Chinese businessperson arriving in Spain who firstly opened some small businesses (restaurants, bazaars, import-export business, etc.). Afterwards he decided to move on combining legal and illegal activities (smuggling tobacco, illegal immigration, etc.) and finally becoming a person of reference for the Chinese community. Those leaders become the community's main suppliers with a high level of monopolistic power in the market: they help other Chinese persons to come to Spain, offer them illegal work, legal permits to stay in Spain, provide loans for their investments, merchandise for their bazaars or small businesses, etc. For example, Gao Ping, head of a large organised crime group dismantled during operation Emperador, was the owner of many of the businesses in Cobo Calleja and was the supplier of 60 % of the Spanish bazaars, and many members of his gang collected regular payments from these small owners through his business association (Gao Ping paid them 1.2 % of the amount collected). Most of these owners had to pay to Chinese business associations to be part of the supply chain.²³ As a consequence of these activities, they had vast amounts of black money,²⁴ which they needed to launder in several different ways: by creating legal businesses, by sending the money back (in cash) to China for it to be laundered there, by wire transferring small amounts to European countries, by issuing fake invoices or through other underground banking methods (Hawala).²⁵

These organised crime groups have deep ties in economic and political circles, and often resort to civil servants to help them cross borders, obtain legal permits to stay in Spain, pay police officers to avoid being arrested and public authorities to be awarded public contracts or receive the required authorisation to invest in Spain.²⁶

One of the police officers interviewed²⁷ informed us that all these large criminal groups have a debt collection branch, whose tasks include extorting, collecting debts and inflicting violence.

Small criminal groups

The rest of the 12 cases analysed involved small criminal groups and some individuals supported by members of Chinese criminal groups. Four cases (ES-C6; ES-C8; ESC-10 and ES-C15) involved organised crime groups specialised in debt collection, extortion and violence, and two of them were involved in loansharking

²³ Interview with the police officer of the Policia Nacional specialised in Chinese criminal groups.

²⁴ In operation Long the organised groups laundered €40 million per year from smuggling tobacco.

²⁵ In operation Emperador, Gao Ping set up a large compensation system to help businesspersons recover their money from tax haven accounts. If a Spanish businessperson required a large amount of cash, the group provided that amount in Spain and the Spanish businessperson would transfer the amount from his or her tax haven account to a bank in China. This was a Europe-wide compensation system including brokers in many European countries.

²⁶ In operation Emperador, many police officers and the mayor of Fuenlabrada were implicated in the course of the criminal investigation.

²⁷ Criminal investigator in the Chinese Organised Crime Unit of the Policia Nacional.

within the Chinese community and in casinos. Four other cases involved members of a larger organised crime group. Case ES-C4 whose perpetrators were supported by suppliers in Madrid; case ES-C9 whose perpetrators belonged to a larger organised crime group located in several Spanish provinces. Case ES-C13 involved a businessman who had the support of a violent group carrying out extortion and violence. Finally, case ES-C3 presumably involved an organised crime group.²⁸ The other four cases involved more than one individual. In these cases the involvement of a criminal group is possible for several reasons: in some of the cases an individual threatened the victim with the support of a criminal group (e.g. ES-C7; ES-C11); other cases involved an owner whose brothers seemed to be part of a criminal group (although this is unclear; ES-C14). In another case (ES-C12), two perpetrators inflicted extreme violence while demanding money, although there is insufficient information to determine whether these individuals were members of a criminal group.

The interview with the police investigator revealed that some recent cases had been reported as extortion and they matched the profile of some individuals demanding money with a vague link to organised crime. There are groups made up of businesspersons' descendants (young Chinese people) that call on small shops to demand payments under the threat of damaging the premises. They demand money and even force some businesses to close down.

Motives and reasons for extortion

The data collected reveal the two main reasons for extortion: profit-oriented and monopolistic racketeering (see Table 13). There is a third category including two cases which we have labelled revenge or personal conflicts.

Profit-oriented: nine cases (ES-C1, ES-C2, ES-C3, ES-C4, ES-C8, ES-C10 and ES-C12) fall under this category and include three cases of OCGs specialised in extortion and violence (ES-C1, ES-C4 and ES-C8). Two cases involve criminal groups whose main illegal activity is loansharking and debt collection (within the Chinese community [ES-C10] and in casinos [ES-C2]); and two other cases in which the involvement of an OCG is difficult to prove and individual motivations are difficult to discern (ES-C3, 12). Case ES-C6 falls into this category but it is different from the others because although it was profit-oriented the extortionists demanded no single or periodic dues but a payment for unsolicited invoices. Finally, the reasons in case ES-C15 involved a previous debt.

Monopolistic racketeering: this is the second most predominant reason with four cases falling under this category (ES-C5, 9, 13 and 14). The main aim of the perpetrators was to force a business to close down; most of the perpetrators were unknown to the victim and in one case the victim's partner was also a perpetrator (ES-C14). The interview with the police investigators revealed that Chinese businesspersons have large monopolies in Spain and seek to prevent the opening of any business that does not belong to them. They have broad

²⁸ This information came from the victim not from the incomplete data available in police files so it wasn't enough to reach this conclusion.

control over the small businesses by supplying products, creating Chinese business associations, giving loans and other services provided for the community (residence permits, driving licences, etc.).

Revenge or personal conflicts. Two cases do not fall under either of the preceding categories: the extortion in ES-C4 was motivated by revenge from a former husband who was a member of the Chinese mafia and case ES-C8 involved extortion by a former partner. Even though we do not have sufficient information on the reasons for the extortion, these cases seem to involve settling scores coming from previous conflicts.

Table 13. Relationship between perpetrator and victim, reasons for extortion and OCGs involved

Case ID	Previous relationship	Reasons	Perpetrators/Organised crime group
ES-C1	Unknown	Profit-oriented (a large payment)	OCG (main activity extortion)
ES-C2	Client	Profit-oriented (loans in casinos)	OCG: loansharking in casinos
ES-C3	Former worker	Profit-oriented	OCG (based on victim's testimony)
ES-C4	Former partner	Profit-oriented (victim chosen for his/her economic capacity)	Branch of an OCG related to suppliers (victim's testimony)
ES-C6	Supplier	Profit-oriented (unsolicited invoices)	Debt collectors linked to another organised crime group
ES-C8	Former husband	Profit-oriented (robbery and payment of €60,000)	Criminal group specialising in extortion and violence
ES-C9	Unknown	Monopolistic racketeering	OCG
ES-C10	Same province	Profit-oriented	OCG (main activity extortion)
ES-C12	Unknown	Profit-oriented	Unclear relationship with a criminal group
ES-C5	Unknown	Monopolistic racketeering	OCG
ES-C9	Unknown	Monopolistic racketeering	OCG
ES-C15	Client/debtor	Profit-oriented (previous debt)	OCG (loansharking in casinos)
ES-C13	Unknown	Monopolistic racketeering	OCG
ES-C14	Unknown	Monopolistic racketeering	OCG

Source: Case studies.

Modus operandi

Territorial-based extortions are practices whose main purpose is to remove competitors by forcing victims to close down their businesses. The means used in these cases are similar and are summarised in Table 14.

Table 14. Means used to force business closure in the collected cases

Case ID	Means used to force closure of business
ES-C5	Death threats, damaging property and violence. Consequences: damage to property and injuries to the victim and to his or her family members.
ES-C9	Death threats, verbal threats and several visits to the premises. Using the Chinese mafia as a threat.
ES-C13	Arson as a consequence of the extortion. Serious damage to victims and property.
ES-C14	Death threats and threats to terminate the victim’s lease agreement.

Source: Case studies.

There are two cases of extortion related to loansharking, in which organised crime groups used extreme violence. The first case (ES-C2) took place in a casino, and the perpetrator offered the victim some money when he was losing it. Then, the loan was claimed by extremely violent methods: assaulting the victim’s mother and attempting to kidnap his father. The other case (ES-C15) also involved extorting a debtor whose son was kidnapped by the debt-collecting organised crime group. Three cases involved extortion to collect payment from Chinese businesses: ES-C1, ES-C2 and ES-C10. The method used in these cases was not extreme violence, but intimidation and threats. The other cases involved direct or indirect extortion by organised crime groups and the victim and the perpetrator were previously related in some way (e.g. former partner, former worker or tenant). In some cases, physical damage was inflicted, but more frequently intimidation and threats were used stating they were part of a mafia group (ES-C3, ES-C4, ES-C7 and ES-C11).

Involvement of public officials

Our sample of cases is based mainly on police investigations of extortion of Chinese businesses because the victim reported the case to the police. Consequently, all these cases represent extortion practices with a low degree of threat. No involvement by civil servants was detected in the cases analysed. However, police officers, local authorities’ officials and powerful businesspersons were involved in other large cases concerning investigations of important Chinese OCG leaders (e.g. operation Emperor). Recent operations against Chinese crime groups have revealed economically powerful organisations with economic and political connections that are a major threat to society (Sansó-Rubert and Gimenez-Salinas, 2014).

THE VICTIMS

This section analyses the profile of the victims of extortion racketeering in the cases collected. The main regions in which Chinese extortion is present, the socio-economic characteristics of the victims, the profile of the victimised businesses, the protective measures used by the victims and the role of business associations are all described.

Characteristics of the affected regions

The cases collected are not representative of the distribution of extortion in Spain due to the data sources used for the selection. We used Guardia Civil files, which means that all the cases or incidents occurred in rural areas (as this is where this law enforcement institution has authority to investigate). Consequently, our conclusions and results should apply to extortion in rural areas.

In this regard, the cases primarily relate to four main regions in Spain: Madrid (centre), Barcelona (northeast), Valencia (east coast) and Seville (south). There was an isolated case in Galicia (north east) and some cases in Leon and Caceres (in the centre). There is also a high concentration of organised crime in those areas (except in Caceres and Leon).

Most of the cases involved small towns with a reduced number of Chinese businesses (11 cases) and no nearby local business associations. Only four cases were detected in large cities, with a strong presence of Chinese businesses and Chinese associations created in the same area (AS-C10, 11, 14 and 15). These cases occurred in Barcelona, Madrid and Alicante.

Businesses extorted in small towns were located either in commercial venues (50 %) or industrial areas or more isolated areas (50 %). The businesses extorted in Madrid and Barcelona were located in small towns (commercial venues) and in industrial areas, next to the large Chinese supply area of Cobo Calleja (Fuenlabrada).

Profile of victimised businesses

All but one cases collected involved two types of victimised businesses: small and large bazaars (12) and restaurants (2). Only one case involved a call centre. The profile of those businesses is very similar: medium or small-sized businesses, mostly family owned and run. The payments demanded or the obligations imposed ranged from €4,000 to €5,000, except in one case: a restaurant owner who was asked to pay €1 million (ES-C1). In general, the amounts demanded which were reported to the police were single payments, not periodic payments. When the goal of the extortion was to monopolise the market, the extortionists usually demanded that the business close down, which is a substantial demand.

By analysing the relationship between the victims and perpetrators, two main strategies were identified:

Monopolistic racketeering. When the extortion aims to remove competitors, the perpetrators and victims either do not know each other or they do but only as competitors. Four cases fall under this category (ES-C5, 9, 13 and 14). In these cases, the victims were owners of bazaars and are visited by someone acting in the name of an organised crime group, who advises them to close down their business or face the consequences. The perpetrator and victim did not know each other in these cases and the extortionists' motivation was to close down a business that has opened in their area.

Profit-oriented extortion. In these cases, the perpetrators and victims usually know each other. Nine cases fall under this category, and in 7 out of 9 cases the victims and perpetrators knew each other:

- Two cases where loansharking extortions (ES-C2, 15 and 10);
- One case involved extortion by a supplier (ES-C6);
- Three cases involved extortion by a former worker (EXS-C3 and 7);
- One case involved a tenant of an industrial building extorting his or her landlord (ES-C11).

Only two cases (ES-C1 and 12) under this category involved extortions between victims and perpetrators that did not know each other.

From the information collected, three main methods were used in these particular cases:

- Loansharking (violent means, physical damage and kidnapping);
- False invoices (verbal threats and intimidation);
- Directly imposing compensation for past circumstances or because of the characteristics of the business (death threats, verbal threats and physical violence).

Two other cases, which do not fall under the above categories, have a similar motive, **revenge** of some kind **or settling an old score**, which is unknown because it was not in the police files. The cases involved a former worker who wished to make extra money after being on sick leave and decided to extort his boss (ES-C 4) and a woman who was presumably extorted by an organised group linked to her former husband (ES-C 8).

Victim response and protective measures

The victimised Chinese premises have not contracted private protection services, except for one case (ES-C9). All the victims reported the extortion to the police and refused to comply with the extortionists' demands (although there was information about the reasons for the extortion in the police report). Since the Chinese community solves any problems internally and reporting is uncommon, it is intriguing that the victims decided to report and refused to comply with demands despite the fear and the internal pressures imposed by their community.

Most of the cases involve no business associations, except for the extortions in large cities. From the information collected, there was no evidence of any

business association mediating or directly involved in the extortion process. The local authorities were aware of these practices and provided no prevention strategy to neutralise the situation or protect the business under threat.

CONCLUSION

From the limited sample of cases analysed it is difficult to draw reliable conclusions about risk and vulnerability factors. However, some results that may be helpful for preventive purposes can be identified.

Chinese criminal organisations are extremely powerful and have ample control over Chinese people who reside in Spain legally. New immigrants and residents living in Spain for a short period of time depend heavily on OCGs for several reasons: debts in exchange for helping the immigrants, labour exploitation to pay the debts, loans for living expenses and to start a family business, supply of goods and services, etc. This high level of dependency among Chinese residents make them more vulnerable towards extortion and intimidation practices.

Some Chinese entrepreneurs in Spain, especially those with ties to organised crime aim to monopolise the market, which increases the risk of victimisation and abuse of power by suppliers: OCGs try to impose their goods on small Chinese businesses.

As regards victims from the cases collected, two types of businesses are particularly prone to extortion: bazaars (small and large) and restaurants. These businesses are a small to medium-sized and most are family-owned and run. Therefore, these types of businesses could be considered more vulnerable because of their low level of protection and resistance.

Victims are at risk at different times depending on the type of extortion:

- When the business is just opening or starting, they are at risk because of other competitors who want to protect their territory and business.
- When businesses become prosperous and have a strong economic capacity (at least ostensibly).
- When businesses ask for a loan from a loan-sharking OCGs.
- When owners of businesses gamble at casinos.
- When suppliers have a monopoly over the products and goods in the area.
- In cases of prior conflicts with former partners, workers, etc., victimisation is a way of solving the dispute.

All the cases in the sample were reported to the police. Of the total 400 cases analysed, we only identified 15 cases which were relevant for this study. This rate of reporting is very low and needs to be increased to be able to carry out more protection to the victims.

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APPENDIX 1. LIST OF THE HOSPITALITY SECTOR CASE STUDIES

Case ID	Case name	Source
ES-H1	Es Pujols	Victim's testimony
ES-H2	Castelljaen	Police file, Jaen case 35/2011
ES-H3	Panyab	Police file, Almeria case 2436/2013
ES-H4	Tres Reyes	Police file, Almeria case 452/2015
ES-H5	Torre vieja II	Police file, Torre vieja case 4920/2014
ES-H6	Castellon	Provincial Court sentence, Castellon process 391/2010 (s2)
ES-H7	Palma Mallorca	Provincial Court sentence, Balearic Islands process 59/2012 (s1)
ES-H8	Cudillero	Provincial Court sentence, Asturias sentence 237/2012
ES-H9	Roquetas de Mar	Police file, R. Mar-Aguadulce case 265/2011
ES-H10	Almunia de doña Godina	Police file, La Almunia case 1205/2012
ES-H11	Caspe	Police file, Caspe case 648/2011
ES-H12	Torre vieja III	Police file, Torre vieja case 5446/2011
ES-H13	Torre-Pacheco	Police file, Torre-Pacheco case 204/2011
ES-H14	Carballo	Police file, Carballo case 37/2015
ES-H15	Barcelona	Provincial Court sentence, Barcelona sentence 12/2013 (s5)

APPENDIX 2. LIST OF CHINESE COMMUNITY CASE STUDIES

Case ID	Case name	Source
ES-C1	Alfajar	Police file, Catarroja case 12/2015
ES-C2	Collado Villalba	Police file, Collado Villalba case 161/2013
ES-C3	Loeches	Police file, Loeches case 768/2013
ES-C4	Valderas	Police file, Valderas case 37/2015
ES-C5	Mairena del Aljarafe	Police file, Mairena del Aljarafe case 1431/2013
ES-C6	Poio	Police file, Pontevedra case 83/2015
ES-C7	Mos	Police file, Mos case 194/2012
ES-C8	Talayuela	Police file, Talayuela case 402/2012
ES-C9	Hervas	Police file, Hervas case 145/2014
ES-C10	Aspe	Police file, Aspe case 1258/2012
ES-C11	Cobo Calleja	Police file, Rivas Vaciamadrid case 5355/2012
ES-C12	Tomares	Police file, San Juan Aznalfarache case 2052/2012
ES-C13	Palacios y Villafranca	Police file, Palacios y Villafranca case 1169/2011
ES-C14	Torre vieja	Police file, Torre vieja case 4774/2011
ES-C15	Barcelona	Decision of the Provincial Court of Barcelona (case no. 582/2012 (S22))