

EXTORTION IN ROMANIA

Extortion in Romania needs to be understood in the context of the general prevalence of corruption. In the post-communist period, corruption has been the primary instrument for individuals to maintain and improve their social status and accumulate capital under the new opportunities of the market economy. Under the new conditions, capital became a more robust source of power than the former communist bureaucratic elite exchanges. Using corruption, the former *nomenklatura* managed to transform their influence over administrative and legal decisions into economic capital. This transformation occurred in all social areas and economic domains by various corrupt methods: syphoning state companies (parasite companies, tax evasion and joint ventures), loans without proper collaterals (awarded by state-owned banks like Bancorex, Dacia Felix Agricultural Bank, etc.), rigged privatisation deals (protracted procedures in order to reduce the value of the companies), control over public utility companies (water, sewage, garbage, transport), favouritism in the use of the management and employee buyout method (Kaufmann and Siegelbaum (1997), embezzlement and market manipulation inside state-controlled investment funds (Romania Insider, 2014), extortion in the restitution of property and bribery (public procurement, health, justice, police services) (Nicolae, 2010: 239).

Currently, Romania has **high levels of estimated corruption**. According to the aggregate indicator control of corruption from the Worldwide Governance Indicators (World Bank),¹ Romania is the third most corrupt country in the EU after Bulgaria and Greece. In the last 10 years, the World Bank corruption indicator for Romania improved by only 7 %, from an initial value of 49.76 in 2005 to 53.4 in 2015.

Another measure of corruption in Romania is Transparency International's Corruption Perceptions Index (CPI).² In the last ten years, Romania's CPI slowly improved from an initial value of 3 in 2005 to 4.3 in 2015. Corruption continues to be a problem in Romania despite progress registered in the last years.

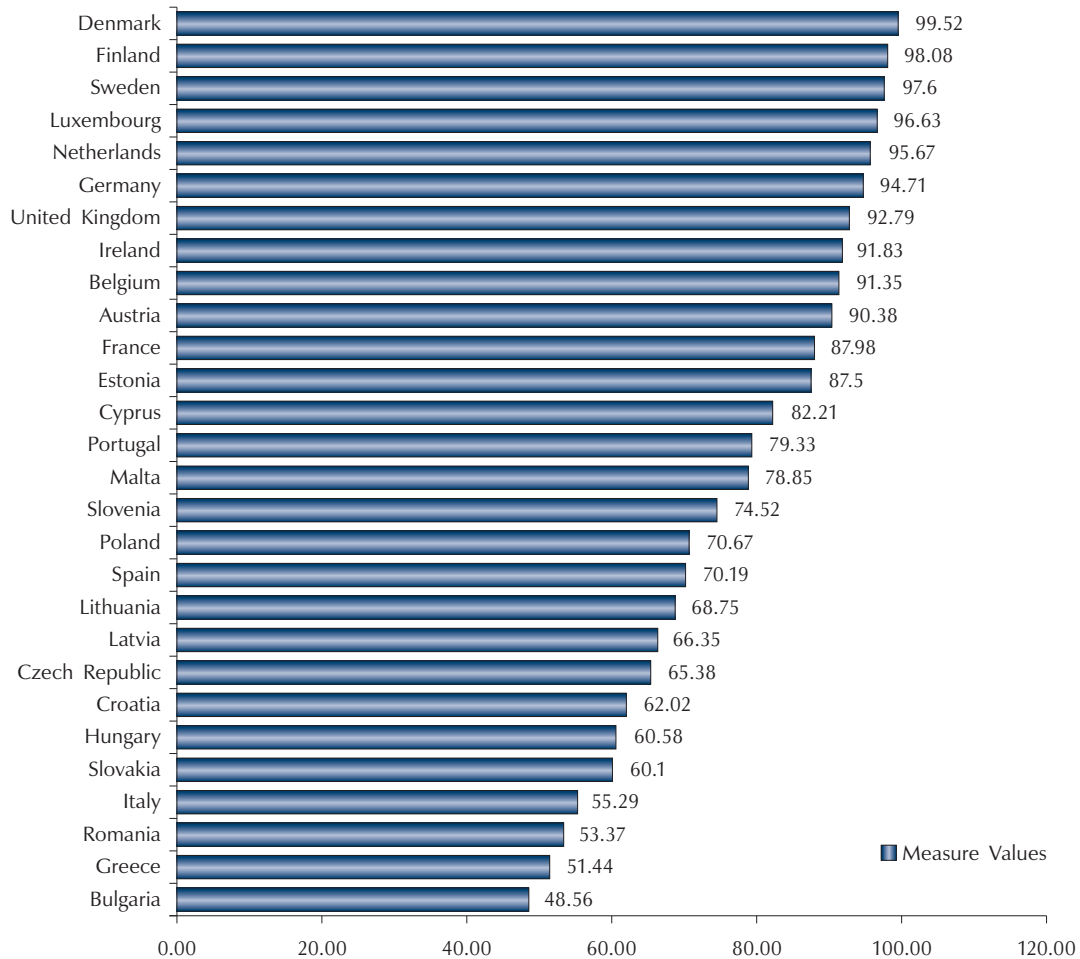
According to the latest Eurobarometer on corruption,³ the most corrupt institutions in Romania are perceived to be the police (67 %), healthcare (67 %) and politicians (52 %); the judiciary is also perceived to be highly corrupt (42 %). Police have the most impact against organised crime and extortion so the levels of corruption in the police and the justice system can influence the spread of extortion racketeering practices.

¹ <http://info.worldbank.org/governance/wgi/index.aspx#home>

² http://www.transparency.org.ro/politici_si_studii/indici/ipc/2014/CPI%202014_Regional%20with%20data%20source%20scores_RO.pdf

³ http://ec.europa.eu/public_opinion/archives/ebs/ebs_397_fact_ro_en.pdf

Figure 1. WGI control of corruption (EU member states)



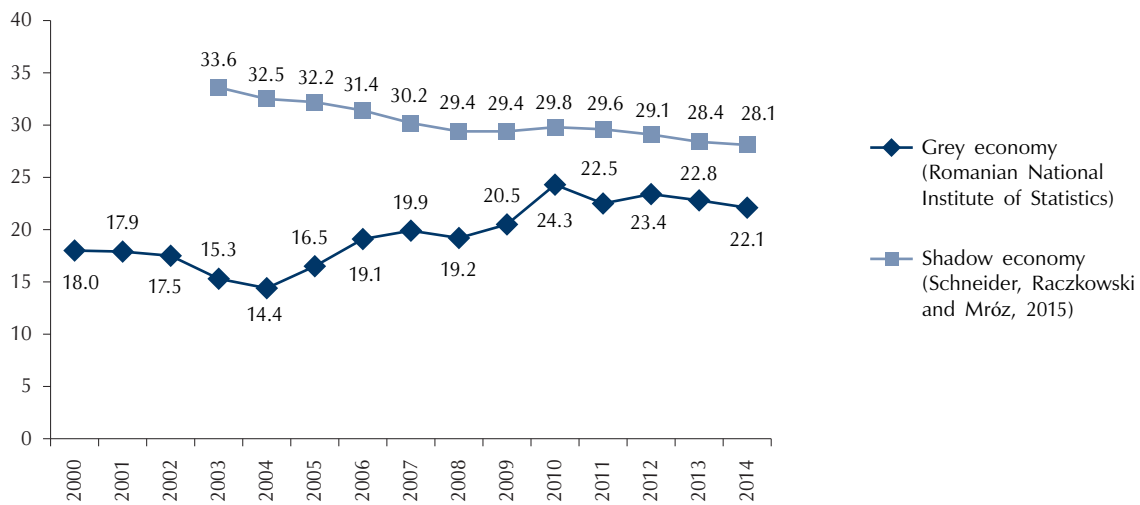
Source: World Bank, 2014.

Extortion racketeering in Romania is systemic, the relationship between the victims and the extortionists being either parasitic or symbiotic (Transcrime, 2009: 9). Extortion racketeering involves local clans, domestic and foreign organised crime groups, being closely connected with corruption. Romania is one of the EU countries with the highest rates of corruption and organised crime (Gounev and Bezlov, 2010: 150). Romanian entrepreneurs seek to evade government control by hiding some or all of their activities, with little prospect of sanctions, limiting their growth aspirations, or engaging in corruption as a means of furthering their objectives (Vorley and Williams, 2015). Thus, the level of tax evasion is very high, being a vulnerability of the businesses that are exploited by the organised crime groups.

The **shadow economy** continues to be a challenging problem in Romania as the Economic Council estimated that it represented 28 % of GDP in 2015 (Digi24.

ro, 2015b). The Ministry of Agriculture estimated that the tax gap due to evasion in the sectors of meat/livestock and fruits/vegetables amounts to approximately €400-600 million annually (Pavelescu, 2013). The farmers do not have access to markets for their agricultural produce and prefer to sell it to intermediaries that are involved in tax evasion (Gotiu, 2016).

Figure 2. Shadow economy as % of GDP in Romania



Source: Economic Council and Schneider, Raczkowski and Mróz, 2015.

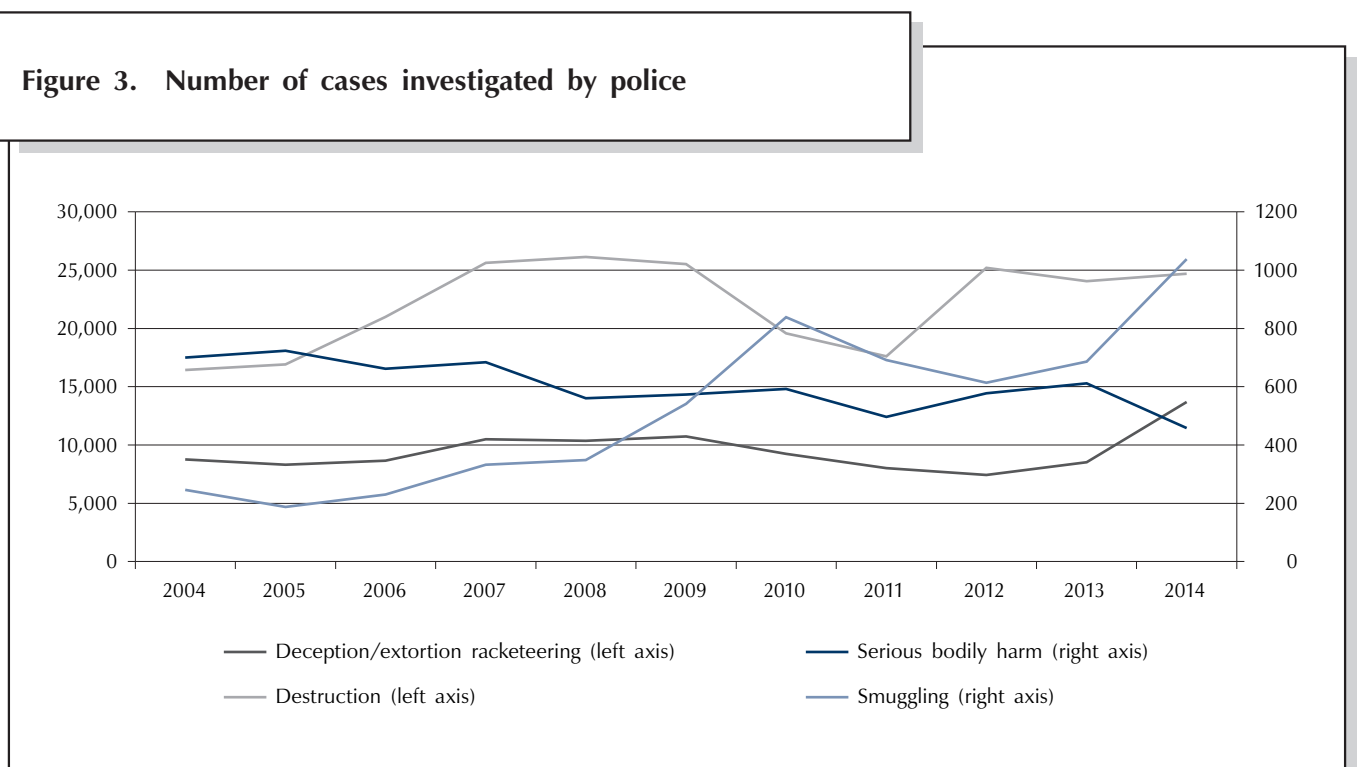
Extortion racketeering is not about isolated incidents (Transcrime, 2009: 195) but an instrument used by organised crime either in the form of protection fee, loan sharking or as a way to obtain valuable assets at below market prices. Along with extortion racketeering, organised crime groups tend to employ a wide range of instruments: physical violence, harassment, arson, shooting, corruption, and blackmail. Extortion racketeering is also an instrument in corruption schemes as public officials intimidate companies in order to extract rents. Beginning in 2010, the annual reports of the Directorate for Investigating Organised Crime and Terrorism (DIICOT) have included examples of cases of extortion racketeering by criminal groups: 2010 – *Corduneanu* group (DIICOT, 2010: 21) and a second group of 18 people involved in leasing machinery and special construction vehicles (Ibid.: 34); 2011 – *Costel Mafiotu* group (involved in loan sharking; DIICOT, 2011: 18), *Ghenosu* group involved in prostitution, loan sharking and protection fee (Ibid.: 21); other groups involved in computer fraud, in phishing confidential corporate data and extortion of corporate victims (phishing confidential client data from a clinic and threatening with publication of data, unless €300,000 is paid; DIICOT, 2011: 40-50); 2012 – a criminal group enslaved, intimidated and forced into labour 13 migrants from Honduras (DIICOT, 2012: 19); 2013 – *Cămătarii și sportivii* group specialised in loan sharking

(DIICOT, 2013: 19); 2014 – Kastro Charli group – specialised in kidnapping for ransom or forcing the victims to sign damaging contracts (DIICOT, 2014: 33). These are only few examples of the complex criminal activity that involves – at some point – extortion.

Historically, **serious criminal groups** emerged after 1990. These groups have been prosecuted and convicted, but some members of local clans managed, after serving their sentences, to regroup, move to other geographical areas and continue the criminal undertakings. At the same time, in the context of European integration and new technologies, crime groups expanded in new areas such as human beings trafficking, credit card/computer fraud, counterfeiting and across borders, joining international crime structures. The criminal groups are present across Romania, in urban and rural areas. There is no geographical or economic sector preference.

There is no generally accepted indicator in Romania of the rate of organised crime at national and regional level. DIICOT reports do not estimate the annual level of organised crime. Nevertheless, the National Institute of Statistics report annually the number of cases investigated by the police on several crimes. Some crimes may be used as a proxy indicator of the level of organised crime: deception, serious body harm, destruction and smuggling. In the period 2004 – 2015, the total number of cases investigated by the police seems to be growing slowly. Thus trend seems to account for a slow improvement in the law enforcing capacity rather than a consolidation of the criminal networks.

Figure 3. Number of cases investigated by police



Source: National Institute of Statistics.

The main institution having the legal mandate⁴ to investigate and prosecute the crime of extortion racketeering is DIICOT. The Directorate is an autonomous structure (having legal status and own budget) within the Prosecutor's Office attached to the High Court of Cassation and Justice (PICCJ). DIICOT has also a mandate to investigate criminal organisations, human beings trafficking, drug trafficking, deprivation of liberty, harassment, computer fraud, counterfeiting of coins, stamps or other valuables, and smuggling. Romania recently amended its legislation against organised crime and introduced a new *Criminal Code* and a new *Criminal Procedure Code*.⁵ In the Romanian legislation, an organised criminal group "is a structured group formed of three or more persons that exists for a period of time and acts in a coordinated manner for the purpose of committing one or more serious offences, in order to obtain directly or indirectly a financial benefit or another material benefit".⁶

DATA COLLECTION

The process of data collection in the hospitality sector focused on official investigations and criminal files regarding extortion racketeering. The cases were identified in the official records of the courts and relevant data was collected from court decisions, mostly final. Cases were reported also in media and the media reports regarding these cases were consulted.

With respect to agriculture, collected data focused on official investigations and criminal files regarding extortion racketeering in agriculture. The cases were identified in the official records of the courts and relevant data was collected from court decisions and mostly final instance decisions were taken into account. Nevertheless, extortion was only part of more complex criminal undertakings, which why two of the cases focus on the appropriation of agricultural state property. Cases were identified also in media and the media reports were consulted.

⁴ Law no. 508 of 17 November 2004 on the establishment, organization and functioning within the Public Ministry of the Directorate for Investigating Organized Crime and Terrorism, article 12. The mandate includes art. 207 of the *Criminal Code*: "Blackmail (1). Forcing someone to give, do, not do or suffer anything in order to gain unfairly benefit prerogatives for him or for another, shall be punished with imprisonment from one to 5 years. (2) The same punishment applies revelation threat of a real or imaginary, compromising the person threatened or to a family member of its intended purpose in par. (1)".

⁵ New *Criminal Code* and *Criminal Procedure Code* entered into force in 2014; Law no. 211/2004 on the protection of victims; Law no. 682/2002 on the protection of witnesses.

⁶ Art. 367, paragraph 6 of the new *Criminal Code*.

EXTORTION RACKETEERING IN THE AGRICULTURAL SECTOR

HISTORICAL BACKGROUND

Extortion in agriculture in Romania is related to the land restitution process of the post-communist period (RO-A4, RO-A6, RO-A11) and to European subsidies (RO-A15, RO-A12, RO-A1). Apart from these two types, organised crime groups, with aid from public officials, used extortion to acquire valuable agricultural property (RO-A2, RO-A3, RO-A5, RO-A7, RO-A8, RO-A9, RO-A10, RO-A14).

The restitution process generated intensive debates in Romanian society after the 1989 revolution which abolished the communist dictatorship (Socaciu, 2007). In 1948, a communist regime was established by force in Romania with the support of the Soviet Union. The communist regime immediately initiated the process of nationalization of all means of production. On 11 June 1948, 1,050 industrial enterprises, banking and insurance companies were nationalised as “assets of the people”. On 2 March 1949, collectivisation began violently by the expropriation of all properties larger than 50 hectares (Andrei, 2014). By 1962 the communist state had confiscated almost all private agricultural properties in the country and merged them into state-run agricultural enterprises. Most of the private buildings and homes were also moved into the state property beginning in 1950 (Știrile TVR, 2013).

This nationalisation process was reversed after 1989 and the former owners or their heirs have been granted the right to request their assets back. During the last 26 years, the Romanian Parliament adopted 12 laws (the latest one in 2013) regarding the restitution of properties confiscated by the communist regime. However, the restitution process generated severe abuses, corruption and extortion (Bian, 2008). In agriculture, local committees with discretionary powers for law enforcement were established and these committees practically divided the land at will, generating a long string of lawsuits (Medeanu and Iojă, 2005). Land restitution started in 1991 (*Law no. 18/1991*) and it has not been completed yet. The rightful owners were extorted in order to receive the ownership acts, false owners appropriated land, and powerful criminal groups forced the rightful owners to sell cheaply their lawful rights over the properties (Digi24.ro, 2015). Owners were continuously required to provide new documents until, in despair, they strike a deal with committee members: either pay bribes in cash or conclude preliminary contracts of sale at very low prices to buyers who are part of the local committees. Prosecutions against these groups are still at an early stage: one group was indicted in 2015 for gaining more than 43,000 hectares of forest in Bacău County, based on illegal decisions of judges, with the involvement of members of parliament (Anghel, 2015). Another group was under investigation at the end of 2015 for illegally appropriating a former farm of 170,000 square meters near Bucharest, the total damage being estimated at €135 million (ȘtirileProTV,

2015). All over the country restitution of real estate practically became a criminal market. Corrupt public officials at the highest levels of government, as well as local criminal groups in conjunction with local officials have been active in this market.

Another process in agriculture that generated the interest of criminal groups was the European Union funding under the Common Agricultural Policy programmes. Romanian Agency for Payments and Intervention in Agriculture (APIA) paid more than €7.6 billion from the European Agricultural Guarantee Fund (EAGF) in the period 2007 – 2013 (AgroInfo.ro, 2016). EAGF primarily finances direct payments to farmers and measures regulating or supporting agricultural markets.⁷ The subsidies are awarded in the form of direct payments per hectare managed by the Integrated Administration and Control System (IACS). APIA also manages the export-import certificates and guarantees for import and export of agricultural products. The implementation of the programme was plagued by various schemes for fraud and embezzlement; the most common criminal arrangement was to request and receive undue subsidies.⁸

A third pattern of extortion in agriculture is to use violence in order to acquire land from private individuals or develop complicated patterns to appropriate state property (good examples are cases RO-A13 and RO-A16). Criminal gangs as well as white collar groups compete to illegally gain agricultural properties from public organisations or businesses.

Demographic, social and economic context

Extortion racketeering in agriculture is prevalent not only in selected regions in Romania, but has been identified in all regions. The uncovered extortion cases in agriculture tend to be located in rural areas rather than urban ones, insofar as large cultivated lands are within the territory of rural communities. The sample of cases analysed for this report took place in 12 counties, 14 communities – 7 urban (Ploiesti, Craiova, Brasov, Sacele, Timișoara and Turceni) and 7 rural. Geographically, the communities can be grouped in five regions with agriculture potential: Modova (2 cases), Transilvania (6 cases), Oltenia (4 cases), Muntenia (1 case) and Dobrogea (1 case).

The main economic sector in all 7 rural communities affected by extortion is agriculture. Four communities (RO-A1, RO-A3, RO-A6 and RO-A9) cultivate cereals (corn, wheat, oatmeal and sunflower) and vegetables (potatoes, beans, unions and cabbage); others have fruits and vine (RO-A1, RO-A5 and RO-A12) or livestock (RO-A5 and RO-A15). Most of the companies involved in agriculture are family associations.

Most of the urban communities from the sample cases are large municipalities (Timisoara – 319,279 inhabitants; Brasov – 275,514 inhabitants; Craiova – 269,506 inhabitants, Ploiesti – 209,945 inhabitants). These large municipalities are located in counties with agriculture potential. There are also 2 small cities (Săcele, Brașov

⁷ http://ec.europa.eu/agriculture/cap-funding/index_en.htm

⁸ <http://www.agrinet.ro/content.jsp?page=1567&language=1>

Table 1. Demographic characteristics of the villages affected by extortion racketeering

Name of the rural community, county, case ID	No. of inhabitants	No. of companies involved in agriculture	Agricultural area	EU payments 2014 – EAGF and EAFRD (€)
Udesti, Suceava, RO-A1	7,566	93	5,258 ha	177,445 (568 beneficiaries)
Viile, Satu-Mare, RO-A12	3,514	40	6,797 ha	622,529.07 (338 beneficiaries)
Telciu, Bistrita-Nasaud, RO-A15	6,450	2	7,439 ha	1,709,597.44 (883 beneficiaries)
23-August, Constanta, RO-A3	5,289	11	6,534 ha	234,460.34 (79 beneficiaries)
Ocnele Mari, Vâlcea, RO-A5	3,309	1	2,505 ha	23,122.99 (75 beneficiaries)
Zărand, Arad County, RO-A9	2,677	7	6,910 ha	557,525.23 (363 beneficiaries)
Ion Neculce, Iasi County, RO-A6	5,445	36	6,411 ha	1,475,743.51 (475 beneficiaries)

Source: Agency for Financing Rural Investments.

County – 30,798 inhabitants; Turceni, Gorj County – 7,269 inhabitants). Dolj County is on the seventh place among 42 Romanian counties considering area suitable for agriculture, whereas Timiș County is at 11th place. Brasov County is at the 5th place regarding the area of pastures and hay fields, whereas Gorj County is 11th. Timiș County has the highest number of livestock (pigs and sheep) in Romania. The total utilised agricultural area in Romania is 13,298,000 ha (2010). 888,000 ha were not cultivated and 1,350,000 hectares were land lying fallow (2010).⁹

All the counties affected by extortion racketeering from the sample have important utilised agricultural areas. The structure of the economy involves animal breeding (developed in Timiș, Constanța and Brașov), and cultivating cereals and vegetables (Timiș, Dolj, Constanța, Arad, Brașov, Vâlcea), vine (Dolj, Constanța, Vâlcea). Industry also plays an important part in local economy of Timiș (transportation and manufacturing), Dolj (automotive, foods and beverages, textiles, chemicals and heavy equipment), Constanța (energy), Bistrița-Năsăud (electrical equipment and appliances, metallurgy, food and textiles), Satu-Mare (textiles, automotive,

⁹ General Agricultural Census 2010, pp. 7, 9, 12, http://www.fao.org/fileadmin/templates/ess/ess_test_folder/World_Census_Agriculture/Country_info_2010/Reports/Reports_4/ROM_ROU_PRE_REP_2010.pdf

food, timber and furniture), Gorj (mining) and Prahova (oil). Tourism is especially developed in Braşov, Constanţa, Timiş and Suceava.

Table 2. Regional structure of the agricultural sector

County	Total utilised agricultural area	No. of business entities in the agricultural sector
National	13,298,000 ha	132,862
Timis	660,103 ha	3,498
Dolj	534,392 ha	5,431
Constanţa	533,558 ha	3,441
Arad	452,273 ha	2,971
Iaşi	349,303 ha	4,685
Suceava	330,157 ha	3,316
Bistriţa-Năsăud	279,973 ha	6,510
Satu-Mare	277,357 ha	3,279
Prahova	250,309 ha	1,859
Brasov	225,942 ha	1,651
Gorj	219,050 ha	3,250
Vâlcea	189,308 ha	2,364

Source: General Agricultural Census 2010 and National Trade Register Office.

In 2015, there were 132,862 business entities in the agricultural sector.¹⁰ In every county there are several business associations, the most relevant at the national level being the Chamber for Commerce, Industry and Agriculture, Sheep and Goat Breeders Association, Farmers League Association, Beekeepers Association.

National and regional rates of unemployment

The official rate of unemployment in Romania is 4.88 %.¹¹ In the last ten years, its rate varied in the counties in which the documented cases of extortion took place. There does not seem to be a correlation between the level of unemployment in the year in which the extortion incident took place and the case, as there were years in every county with even worse unemployment rates and the level of unemployment was below the national average.

¹⁰ These business entities (including self-employed certified farmers) have their primary field of activity in the agriculture and animal breeding sector (excluding hunting, forestry and logging, fisheries and aquaculture).

¹¹ National Agency for Employment, data for October 2015, retrieved from: <http://www.anofm.ro/files/Comunicat%20de%20presa%20somaj%20octombrie%20%202015.pdf>

Table 3. Unemployment rate in affected counties (%)*

County/Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
National Average	6.3	5.9	5.2	4	4.4	7.8	7	5.2	5.4	5.7	5.4
Timiș	2.6	2.3	2	1.6	1.6	4.5	3.7	1.9	2	1.9	1.6
Dolj	5.8	6.3	6.8	4.9	8.1	11.3	9.8	8.9	9.4	9.7	9.4
Arad	3.6	3.6	3.3	2.3	3.1	6.8	5.2	3.5	3.6	3.2	2.8
Iași	7.1	7.2	6.5	5.6	5.4	7.4	7	5.4	5.1	5.2	5
Suceava	7.8	6	4.7	3.7	4.3	7.9	7.3	4.9	5.5	6.5	6.7
Constanța	5.9	5.6	4.3	3.5	3	6.4	5.8	4.3	4.5	4.4	4
Bistrița-Năsăud	6.4	4.3	3.2	2.4	2.7	8.2	6.4	4.9	4.8	4.9	4.5
Satu-Mare	2	3.4	3.4	2.6	3	6.5	6.1	4.6	4.8	4.6	4.4
Prahova	6.6	6.3	5.1	3.8	3.9	8.9	8.6	5.7	5.6	5.8	5.2
Brasov	10.7	8.7	6.1	5	4.3	8.7	7.2	5.1	4.9	4.7	4.3
Gorj	8	9.3	8.8	5.6	7.3	10.7	10.1	7.8	7.7	8.2	7.5
Vâlcea	7.6	6.6	4.8	3.4	4.7	7.9	7.7	5.2	6.1	6.8	5.6

* Counties affected by agriculture-related extortion cases. Shaded cells indicate the year in which the extortion incident took place.

Source: National Institute for Statistics.

Nevertheless, there are three counties that experienced extortion cases in their worst employment year comparing it with the entire decade and with the national average: Iași, Gorj and Arad in 2009.

THE PERPETRATORS

Types of organised crime groups

Two broad types of groups emerged from the analysis of the sample of cases: white-collar groups (10 cases) and criminal gangs (4 cases). Members of white-collar groups are public servants, legal professionals, politicians and businessmen. They are involved in cases related to the land restitution process and to European subsidies for agriculture. Typical for the white-collar groups are abuse of office, complicated legal schemes, corruption, long period of harassment and threats with administrative actions. The white-collar groups may be further analysed in two different subgroups: groups lead by public officials (RO-A1, RO-A3, RO-A6, RO-A11, RO-A12 and RO-A15) and groups lead by professionals – predator

networks (RO-A2, RO-A4, RO-A8 and RO-A9). While the public officials do not use violence at all, the predator networks resort to it.

The groups of public officials are involved mostly in cases of land restitution and European funds. In the case RO-A1, all the extortionists were public officials at the municipal administration. In the case RO-A3, there were three extortionists: a police agent and two partners at a trading company. The perpetrators met during the lawsuit the two partners had against the victim. The crime group was organised as a loose network, all three perpetrators planning the scheme and constantly intimidating the victim. In RO-A6, the group was composed by a mayor, his wife and a civil servant at the municipal administration, the mayor being the head of the group. In case RO-A11, 5 individuals were involved in extortion: the mayor (the head of the group), his brother-in-law, his advisor, the city manager¹² and a local councillor. In cases RO-A12 and RO-A15, the managers of APIA Satu-Mare and APIA Bistrița-Năsăud were helped by other local officials to extort large sums of money from farmers who received funding from APIA and to pay subventions for agricultural activities that were not executed.

The predator networks were involved in extortion of vulnerable businesses. In the case RO-A2, 6 individuals were involved in extortion: a former leader of a political party, his wife, a public notary and other accomplices (private friends). The group was organised as a network, its members working together according to well established criteria. First, they called the victim and proposed buying the land. They put pressure on the victim to accept the deal and then took him to a public notary (an accomplice) to sign the selling documents. The victim refused to sell the land at the low price proposed by the extortionists. They sequestered the victim for approximately 2 hours in the office of the public notary and forced him to sell. In the case RO-A4, the perpetrators convinced the victims that they can obtain for them favourable decisions in court by using their influence among magistrates and asked them for money or assets depending on the their economic profile.

In cases RO-A8 and RO-A9, the groups were hierarchical. The first group was led by a famous journalist and director of a national TV station, while the second was led by one of the shareholders of a popular Romanian football team, who was also stock-market investor and shareholder in several real estate companies. The first group threatened to use the TV station to orchestrate a smear campaign against the victim, if he did not comply with their demands.

The criminal gangs (RO-A5, RO-A7, RO-A10, and RO-A14) are hierarchical, territorial, have many members (some of them being linked by kinship) and internal specialisation, and employ violence. These kinds of groups are involved in various criminal activities, extortion racketeering being only one of them. Some of the members have previously been involved in other dismantled organised crime groups. For instance, in the RO-A7 case, two of the perpetrators previously committed crimes in Germany; two of them are husband and wife and the third is a family friend. The group convinced the victims to sell their land and accept signing the notarial papers without having received the total amount of money. In RO-A10 case, the extortionists were relatives (brothers and a wife).

¹² A high level civil servant at the municipal administration.

Considering the number of perpetrators, all the analysed groups were small, composed of 3 individuals, on average. There were two criminal gangs with more than three individuals involved in extortion (RO-A5 – 5 individuals and RO-A14 – 4 individuals) and two white-collar groups (RO-A2 – 6 individuals and RO-A11 with 5 individuals). All of those involved in extortion were Romanians.

Two more cases (RO-A13 and RO-A16) relate to state property. In RO-A13, during 2008 – 2009, two police officers threatened public officials who refused to comply with their demands. The police officers initiated criminal investigations in order to intimidate public officials and force them to approve different illegal requests of the clients of the wife's company. Thus, the police officers opened criminal files against public officials who refused to grant VAT refunds to certain fictitious economic transactions, remove restraints imposed on real estates of businesses with debts to the state budget or to pay subsidies for agricultural activities that were not conducted. In case RO-A16, a private company, part of a criminal group, using false documents and with the aid of a judge (that did not summon the parties involved and ruled knowing that the documents were false) succeeded to secure a final court decision acknowledging the property right over a land estate that was state property in the administration of the local council and mayor. Immediately after the sentence the estate was partitioned and illegally sold (without a tax certificate) for €21 million. At the beginning, the mayor and the local councillors denounced to the Prosecutors Office the false documents and the court decision and initiated a civil lawsuit against the private company that illegally appropriated the agricultural terrain (396,122 square meters, value of €60-100/m².). The Chief Prosecutor of Galati was part of the crime group and ignored the complaints. The mayor and local councillors were threatened with criminal investigations and civil actions by the crime group in order to force them to withdraw their lawsuit and issue a tax certificate (a document required in order to be able to sell a property in Romania). Several harassing civil actions for damages were opened by the crime group against the mayor and the councillors. As they did not comply, the Chief Prosecutor of Galati opened a criminal file (with fake charges) regarding the mayor and the local councillors and summoned them for interrogation. Threatened with jail time, the mayor and the councillors agreed to withdraw the civil lawsuit and complaints of criminal wrongdoing. After being intimidated, the victims complied with all the demands.

Modus operandi of the perpetrators

The groups of public officials operate without mediators. In the cases involving EU agricultural subsidies, they used their powers to approve payment claims, perform oversight and certify declarations on cultivated land in order to extort the beneficiaries of EAGF subsidies. Each group acted in their geographical area within which they had administrative competence. For instance, in case RO-A1, the perpetrators (a mayor, a municipality cashier, the president of a Breeding Association and a lawyer) forced the farmers (members of the Breeding Association) to sign false declarations and used these documents to claim EU subsidies in the name of the Association. Afterwards, the extortionist embezzled from the Association the illegally received EU subsidies and divided the money

among them. The victims were the members of the Association who have put their land and animals together to form this collective entity. They had the right to receive subsidies individually if the subsidies were not requested by the Association.

In the case RO-A12, the manager of APIA Satu-Mare and his accomplices periodically requested sums of money from victims in exchange for being negligent in monitoring the EU subsidies approved for the victims' agricultural businesses. The manager of APIA Satu-Mare requested €2,500 from a farmer – who had several agricultural activities that were monitored by APIA – and after the farmer paid, the manager requested another €5,000 for the same purpose and then another €3,000. In the case RO-A15, the perpetrators (a mayor, a manager of APIA and an employee of APIA) requested large amounts of money from the farmers whom they threatened to cancel lease contracts for pastures. The victims received EU subsidies in the form of direct payments for the pastures leased from the mayor's office.

In the cases involving land restitution, the public officials abused their powers to approve the requests on restoration of property rights. In case RO-A6, the mayor and his accomplices threatened the victim with administrative penalties and refusal to sign the restitution act for a 4.4 ha land estate, if the victim does not sell the land to the mayor at a low price. In case RO-A11, the white-collar group (a mayor and several employees at the city hall) refused to sign the restitution acts over the lands unless the farmers sell to the group their lands at a low price. The mayor bought the properties in order to resell to a private investor – a multinational company and producer of cement, concrete and aggregates. The group bought land for 10,000 lei¹³ per hectare and resold it to the private investor for 100,000 lei per hectare. The profit of the group was €1.5 million. A similar case is RO-A3, in which a police chief abused his power and threatened the victim – already under investigation – that he would bring additional criminal charges, if the victim would not sell him three land estates and an apartment, and give him money.

Predator networks identify vulnerable companies (companies that have valuable assets, companies involved in lawsuits, companies with financial problems, companies selling their assets) and often involve mediators to extort them. These perpetrators are also active in the land restitution process. For instance, in case RO-A4 the extortionists used a mediator to request money from an owner of a prosperous agricultural company. They promised the victim that they would exercise their influence over several judges so that he could obtain a favourable judgment in a lawsuit for restoration of property rights, which was under appeal, and would then facilitate enforcement of the court decision. The extortionists started demanding for money periodically and threatening the victim to pay up.

In case RO-A8, the crime group threatened the victim through a mediator in order to obtain a 10 ha land plot with a value of over €15 million. Instead, the extortionists assured the victim that he would become again the owner of

¹³ Approximately €2,200.

the local football team and he would get rid of his legal problems. During this period, the perpetrators talked almost 500 minutes on the phone to the victim and had 15 meetings. In case RO-A9, the extortionists were journalists who made investigations about different businessmen. Having obtained various documents and pictures they began to extort the victims through mediators. In the beginning, the perpetrators intimidated the victim by broadcasting on their TV station allegations of corruption regarding illicit operations of the victim in agriculture. Then, two accomplices approached the victim and demanded money on behalf of the perpetrators so that further allegations and evidence would not be broadcast. The extortion incident lasted 6 months.

Criminal gangs – the second type of perpetrators – have a different modus operandi: they operate within a certain territory with no mediators but with the support of corrupt public officials, and target vulnerable victims such as companies with financial problems, companies selling their assets, companies which have to comply with strict regulations. Moreover, these groups use violence to ensure compliance and are involved in multiple criminal activities.

In case RO-A5, the group was specialised in usury, fraud, money laundering and tax evasion. The extortionists loaned money to the victims with the intention to make them dependent. Moreover, victims were informed about the contacts that the group leader had in the local political circles, among the judiciary and administrative decision makers, thus creating an image of him as a person with considerable “patronage”. The extortionists demanded weekly payments from the victim, inducing in him a state of fear and making him feel vulnerable if he would not meet their demands. This group also used a second method: the members of the group identified businessmen and propose them different commercial deals/contracts with companies that were controlled by the perpetrators. In the end, the perpetrators would not pay and threat the victim not to complain.

In case RO-A7, a similar pattern was developed: the perpetrators searched for businesses selling their land and after signing the sale contract, the group paid less than the amount agreed. The groups threatened the victims into accepting the situation and losing money, caused a total prejudice of €1 million to four victims. Another method was used in case RO-A10: the group members bought meat products from various meat companies, tampered with the quality of the meat and dairy products and, then threatened the directors of the companies to report them to consumer protection authorities if they did not pay ransom. In case RO-A14, the crime group intended to control a local market of agricultural produce by demanding from other retailers in the area to raise the prices of the agricultural produce. Stores not complying were vandalised.

Both types of groups (white-collar and criminal gangs) are involved in other criminal activities: white-collar mostly in corruption (RO-A1, RO-A6, RO-A4, RO-A11), tax evasion (RO-A3), extortion (RO-A9, RO-A12, RO-A15) and real estate schemes (RO-A2, RO-A8 – buying litigious rights and illegally receiving damages from ANRP) while criminal gangs deal mostly in loan-sharking (RO-A5, RO-A14) and extortion by violent means (RO-A10 – extortion of restaurants and fast-foods outlets, RO-A7).

Involvement of public officials and use of violence and intimidation

The groups of public officials were composed almost only of civil servants and elected politicians, who initiate, plan and execute the extortion. In the sample cases, the groups were led by mayors (RO-A1, RO-A6, RO-A11) or local managers of APIA (RO-A12, RO-A15). In one case the leader of the group was the chief of the local police (RO-A3).

In the predator groups' cases there was no involvement of public officials (RO-A2, RO-A4, RO-A8 and RO-A9). In only one case from the criminal gangs sample there were public officials involved (RO-A5, the prefect of Vâlcea County and the deputy head of the Râmnicu Vâlcea Police).

When perpetrators are public officials they threaten to impose various administrative penalties (e.g. terminate the lease contracts in RO-A15, exclusion from the agricultural cooperative in RO-A1, impose additional criminal charges during investigations in RO-A3, refusal to sign the restitution acts in RO-A6 and RO-A11, inspections RO-A12) and red tape in order to ensure compliance.

Predator networks use low-level violence in order to ensure compliance. In the case RO-A2, the victim was verbally threatened, confined for 2 hours in the public notary's office, beaten and tied by his hands and legs. In the case RO-A4, the extortionists followed the victim at home or at work and intimidated him by using muscle force. In the case RO-A9, the extortionists threatened the victim mostly by phone, by broadcasting allegations and also used violence by sending two persons to beat the victim at home. In RO-A8, the mediator used only verbal threats to convince the victim think that the extortionist is a very powerful enemy: "there's no other enemy with such power like he has".

The criminal gangs are the most violent groups. While in this sample of cases the violence was not extreme, the potential for violence of these gangs is consistent (see below the section on extortion in the hospitality sector in Romania). In the case RO-A14, the gang members wrecked the victim's store and beat him up. In RO-A10, the gang members used a gas pistol to intimidate the victims. In the case RO-A7, they cut off the power and the gas supply of the victims' houses and threaten to beaten and even kill them. In the case RO-A7, the perpetrators threatened the victim that they would destroy his harvest and used insults to make the victim pay.

THE VICTIMS

The groups of public officials active in land restitution target individual farmers that are entitled to get their land back and extort them in the process of issuing the restitution acts. Officials dealing with EU funds target family cooperatives or individual farmers that are entitled to receive EU subsidies and extort a share of the subsidy (10 % to 30 %). The predators and the gangs target mostly economically viable companies in the agricultural sector. The targeted companies are small local businesses that cultivate cereals (RO-A1, RO-A2, RO-A3, RO-A4, RO-A6,

RO-A8, RO-A11) and vegetables (RO-A1), breed animals (RO-A1, RO-A9, RO-A15) or produce honey (RO-A7), meat and dairy products (RO-A10) and harvest fruits and vine (RO-A5, RO-A12). The organisational forms of the affected businesses include limited liability companies (5 cases), certified self-employed farmers (4 cases), family cooperatives (2 cases), joint-stock companies (2 cases) and an agriculture cooperative (1 case). These businesses have between 1 to 15 employees.

All victims were Romanians and most were owners of the land or owners of agricultural companies. Only in case RO-A10, the victims were the company's executives. Most of them were males aged between 40 and 60 years.

Most of the victims were not members of any business association and had no insurance against risks related to crime. Only one company was a member of an association – the Romanian Farmers Association (RO-A4). Only three companies had contracts with a private security company, but only as protection against theft (RO-A2, RO-A3, and RO-A10).

Behavioural patterns of the victims of extortion

Most of the victims complained to the law-enforcement authorities, but only after the extortion became unbearable (RO-A1, RO-A3, RO-A4, RO-A5, RO-A7, RO-A9, RO-A10, RO-A11, RO-A12). The initial behaviour was compliance. In case RO-A1, the farmers complied and signed the false documents but, after 7 months, when the scandal became public, they submitted a complaint to the police. In the time between the signing of the documents and the report to the police, the farmers were threatened constantly not to file a complaint to the police or talk to someone else about the situation. In case RO-A3, the victim paid €45,000 in 5 months of extortion. The chief of police told the victim he would make sure the victim's prison penalty would be longer than normal, if he did not comply. Nevertheless, as the extortion continued the victim complained to the police and the extortionists were caught red-handed.

In case RO-A4, the victim filed a report to the police when the extortionists continued to demand more money. At the beginning, he complied with the extortion demands, but when the perpetrators began to use physical force, he realised that only the authorities could stop them. After the extortion took place, the company still remained operational. In case RO-A5, at the beginning the victim paid almost €13,500, but then refused to comply. When the threats increased and he feared for his own life (the extortionists used intimidation such as damage of property and verbal threats), he reported the case to the police. The company became insolvent after the extortion.

In the case RO-A7, the victims were pressured by the members of a criminal group into selling their lands. The perpetrators offered the victims only part of the payment at the signing the land sale contract and promised to pay the rest of the money shortly afterwards. When the victims requested the money, the perpetrators threatened them with violence. After years of living in fear, the victims filed a report to the police. Following the extortion case the victims filed for bankruptcy, one of the victims having lost up to €700,000. In case RO-A9, at the beginning the owner of the farm accepted the demands of the extortion

journalists and paid €30,000 and 42,000 lei (approx. €10,000). Then, when he was asked for more and felt pressured he decided to let the authorities know about the situation. After the extortion the company remained operational.

In case RO-A10, having paid €8,000 over a 4 month period, one of the companies filed a report to the police after implementing a new safety system. Following the extortion case the companies remained operational. In the case RO-A11, the extortion began when a mayor found out that a private investor was going to build a factory in his town. The mayor refused to sign the victim's restitution acts unless they sold the land to the mayor. The victims accepted but when they discovered that the mayor sold their land to the private investor at 10 times the value, they complained to the police. In the case RO-A12, the farmer accepted to pay the amounts demanded by the APIA manager in order not to be inspected (the victim paid €5,500), but after 3 more demands he reported the extortion and the APIA manager was caught red-handed.

The second behavioural pattern of the victims is to refuse to comply and denounce the attempt at extortion (RO-A2, RO-A6, RO-A8, RO-A14, and RO-A15). In case RO-A2, the victim refused to comply with the demands and sign the documents and did complain to the police after being beaten and held captive for two hours in a public notary office. In case RO-A6, the victim was threatened over a 3 year period in order to agree to sell a plot of land. In this time he did not come in ownership of the land because the mayor refused to sign his restitution act. The victim turned for help only to a bailiff but the mayor still refused to sign the restitution act claiming that there were some mistakes in the restitution documents, although the restitution of the land was based on a court decision. As of the end of 2015, the victim still had not received the title deed over the land.

In case RO-A8, the owner did not give the land to the extortionists and he complained to the police. In case RO-A14, as the owner refused to sell the produce at a higher price the crime group assaulted him and his employees and destroyed the store. The owner complained to the police, the leader of the group was arrested but his brother threatened the victim with murder in order to withdraw his complaint. The victim complained once more. The business was operational after extortion incident. In case RO-A15, the farmer refused to pay the amount requested by the mayor and the APIA officials. He complained to the police and one of the APIA officials was caught in flagrante delicto while taking 600 lei (€150) from the farmer, as partial payment. After the extortion, the farmer died of a heart attack.

CONCLUSION

Extortion of agricultural businesses in Romania takes place in a broader context of corruption which criminal gangs and white collar groups use to illegally gain agricultural properties from public organisations. Extortion in agriculture is closely connected with corruption also because public officials are involved in most of the sample cases analysed. Extortion in agriculture is also related to the land

restitution process and to EU subsidies. Extortion in agriculture is also present when organised crime groups target vulnerable companies in order to acquire valuable agricultural properties.

Agricultural businesses are vulnerable to extortion because the level of tax evasion is high. For example, each year the tax evasion on meat/livestock and fruits/vegetables is around €600 million.

Three types of groups are involved in the extortion of private agricultural businesses: groups led by public officials (non-violent), predator networks (low-level violence) and criminal gangs (violent). Public officials are involved in cases related to the land restitution process and European subsidies for agriculture and use their powers (to approve requests, to oversee, to certify declarations) to extort the beneficiaries of EAGF subsidies. In the cases involving land restitution, the public officials abuse their powers to approve the requests on restoration of property rights. The predator networks' members are legal experts, politicians and businessmen. The predator groups are involved in the extortion of vulnerable business entities (companies that have valuable assets, companies involved in lawsuits, companies with financial problems, companies selling their assets) and often use mediators, complicated legal schemes and threats with legal action. The criminal gangs are hierarchical, territorial, have many members (some of them being linked by kinship) and internal specialisation, and employ violence. These kinds of groups are involved in various criminal activities (e.g. loan-sharking), extortion racketeering being only one of them.

Most of the victims complained to the law enforcement authorities, but only after the extortion became unbearable. The initial behaviour is compliance because the businesses do not trust law enforcement, have their own problems with law enforcement authorities (e.g. because of tax evasion, lack of compliance with safety measures or false declarations filed to avoid red tape). In one of the cases studied, a meat company did not implement fully quality control measures and thus – when the extortionists claimed the products had been infested – paid the requested sums when it was extorted. Only after a new safety and quality system was implemented and the extortion continued did the company officially report the incident.

The businesses targeted for extortion are SMEs and certified self-employed farmers. SMEs are vulnerable when they have to deal with litigations, red tape, cash-flow problems, or inspections and tend to comply with extortion hoping that the extortionists can solve their problems. Many businesses have a history of dodging regulations in order to preserve market share. The individual farmers are vulnerable when exposed to the new information technologies and have limited access to information, largely dependent on the local authorities for guidance and supervision. Also, among the targeted farmers there are those who do not have access to markets for their agriculture produce and prefer to sell it to intermediaries who are involved in tax evasion.

A positive aspect is the existence of producers associations. These associations can be involved by law enforcement authorities in mapping the phenomenon and identifying the hot spots.

Other measures to reduce extortion include increasing transparency of the public agencies involved in agriculture (open data, appointments of APIA manager on merit not politics, informing farmers through seminars and consultancy), reducing red-tape (e-government), and separating the payment and inspection functions.

The underlying measures to improve the system are agricultural cadastre and finalisation of the land restitution process.

EXTORTION RACKETEERING IN THE HOSPITALITY SECTOR

THE ECONOMIC CONTEXT

The exposed cases of extortion in the hospitality tend to be located in urban areas rather than rural ones. This is explained by the fact that economically viable bars, restaurants, hotels tend to be concentrated in large or middle-sized cities with a tourist potential or robust economy. The case studies analysed with respect the hospitality sector are from all regions: Bucharest (capital city, 3 cases), Modova (north-east, 2 cases: Iași and Rădăuți), Transilvania (west and centre of the country, 6 cases: Sibiu, Gheorgheni, Petrosani, Deva, Reșița, Cluj-Napoca), and Dobrogea (south-east, seaside, 3 cases: Constanța; Mangalia, Neptun).

At the national level, in 2014, according to doingbusiness.ro¹⁴ there were 6,126 companies that managed restaurants as their main activity, 7,676 companies that had as primary activity operating bars, 2,112 companies operating hotels, 961 companies in electronic gambling and casinos and 362 catering companies. Nevertheless, these numbers do not represent the whole picture of the industry, as many other companies operate bars, restaurants, etc., as their secondary business activity. According to the National Trade Register Office data for 2013, there were 24,400 companies in the hospitality sector with a total turnover of €1.5 billion. According to national statistical data, in 2014 there were 1,473 hotels, 1,665 rural tourism units and 1,323 boarding-houses (Ionescu, 2014) registered in Romania.

In Bucharest alone (Rosca, 2015), there are over 3,400 restaurants, bars and coffee shops¹⁵ with an annual turnover of over €570 million. The hospitality business in Bucharest represents a third of the total hospitality market in Romania. According to Euromonitor,¹⁶ 2.44 million tourists (of which 1.9 million foreigners) come annually to Bucharest for either business or leisure; they represent one third of the total number of visitors Romania annually receives. Bucharest is by far the biggest hospitality market in Romania, followed by Cluj-Napoca and Constanța.¹⁷ The hospitality companies tend to be concentrated in big cities: in Iași there are at least 464 companies and in Sibiu at least 456,¹⁸

¹⁴ NACE codes: Hotels and similar accommodation/Hoteluri si alte facilitati de cazare similare, Gambling and betting activities/Activitati de jocuri de noroc si pariuri, Beverage serving activities/Baruri si alte activitati de servire a bauturilor, Restaurants and mobile food service activities/Restaurante.

¹⁵ 3,102 restaurants and 329 bars and coffee shops, according to data provided by the National Sanitary Veterinary and Food Safety Authority (ANSVSA).

¹⁶ <http://www.euromonitor.com/romania>

¹⁷ Constanta County includes Constanța city, Mangalia city and Black Sea resorts like Neptun.

¹⁸ According to doingbusiness.ro: Iași (No. of companies: 33 casinos, 155 restaurants, 31 hotels, 236 bars, 9 catering), Sibiu (No. of companies: 15 casinos, 169 restaurants, 60 hotels, 199 bars, 13 catering).

while in 2014, there were at least 1,414 companies in the hospitality sector¹⁹ in Constanta and 903 in Cluj.

There are no reliable market studies because the hospitality industry has a high rate of tax evasion,²⁰ with only part of the operations being properly registered, accounted and taxed. This is a weakness that is exploited by criminals in the form of a protection fee.

The association of the businesses in the sector is called the Association of the Hotels and Restaurants from Romania.²¹ There are also numerous associations of companies from the hospitality sector at the national level: National Association of Travel Agencies, Romanian Tourism Employers' Federation, National Association of Rural, Ecological and Cultural Tourism, Romania Hotel Industry Federation. There are also local and regional associations; for example, in Constanța, the main business association of hospitality companies is the Danube Delta Association for seaside tourism.

With respect to unemployment, as with the counties affected by extortion in the agricultural sector (see Table 3 above), the rate of unemployment in the counties

Table 4. Level of unemployment in selected counties (%)*

County/Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
National Average	6.3	5.9	5.2	4.0	4.4	7.8	7.0	5.2	5.4	5.7	5.4
Cluj	5.1	4.4	3.4	3.0	2.9	6.3	4.9	3.8	3.8	3.5	2.8
Harghita	7.2	8.5	7.2	5.1	6.5	10.5	8.8	6.5	7.3	7	6.0
Sibiu	6.3	6.0	5.1	3.1	3.1	8.3	5.8	4.3	4.5	4.8	4.6
Iasi	7.1	7.2	6.5	5.6	5.4	7.4	7.0	5.4	5.1	5.2	5.0
Suceava	7.8	6.0	4.7	3.7	4.3	7.9	7.3	4.9	5.5	6.5	6.7
Constanta	5.9	5.6	4.3	3.5	3.0	6.4	5.8	4.3	4.5	4.4	4.0
Bucharest	2.6	2.4	2.2	1.7	1.6	2.4	2.3	2.0	2.0	2.0	2.0
Caras-Severin	9.0	7.9	6.4	6.8	6.0	10.2	9.0	5.6	5.5	5.7	4.5
Hunedoara	10.8	9.4	6.7	4.8	6.7	10.7	8.5	6.0	6.6	7.5	6.6

* Counties affected by hospitality-related extortion cases. Shadowed cells indicate the year in which the extortion incident took place.

Source: National Institute for Statistics

¹⁹ According to doingbusiness.ro: Constanta (No. of companies: 42 casinos, 620 restaurants, 308 hotels, 424 bars, 20 catering), Cluj (No. of companies: 49 casino, 316 restaurants, 102 hotels, 395 bars, 41 catering).

²⁰ Some sources claim that the rate of tax evasion in the sector is over 90 %.

²¹ <http://horaromania.org/home/>

where hospitality-related extortion has been registered varies considerably, the lowest being in the capital Bucharest.

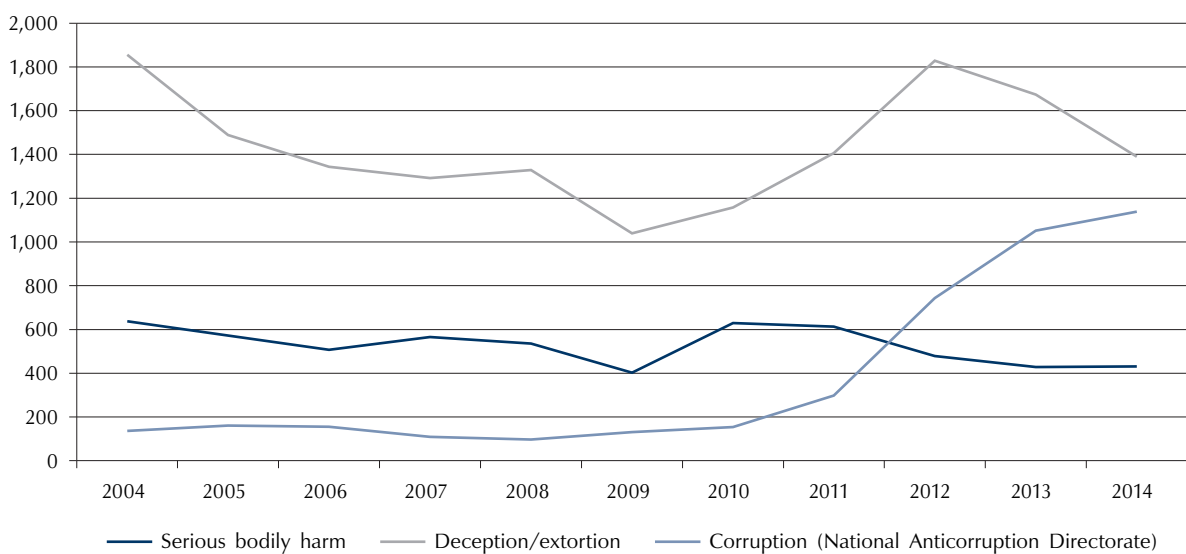
Also like in the agriculture extortion cases, there does not seem to be a correlation between the level of unemployment in the year in which the extortion incident took place and the case, as there were years in every county with even worse unemployment rates and the level of unemployment was below the national average. Nevertheless, there were two counties that experienced extortion cases in their worst employment year comparing it with the entire decade and with the national average: Caraş-Severin in 2009 and Hunedoara in 2004.

THE PERPETRATORS

The criminal context

In addition to the number of cases of relevant crimes investigated by the police (see Figure 3 above), a useful indicator for understanding the criminal context of extortion is the number of persons convicted for organised crime-related offences (final court decisions): deception/extortion, serious bodily harm, corruption. These data need to be analysed with precaution as they may reveal the efficiency of the judicial system rather the actual trends in criminal behaviour. In the last 10 years, the capacity of the National Anticorruption Directorate, the specialised anticorruption prosecutor, improved constantly and the courts have become less tolerant of corruption.

Figure 4. Persons convicted by final courts decisions



Source: National Institute of Statistics and National Anticorruption Directorate.

Another relevant indicator is the number of persons convicted annually in Romania and the distribution of the convicted persons by counties (the counties where cases of extortion racketeering in the hospitality sector have been taken into consideration). In all counties the number of persons convicted decreased.

All data analysed indicate a slow improvement of crime control in the period 2004 – 2014 and slow decrease of shadow economy and corruption. As the case studies will reveal, in this period the extortion racketeering mechanisms had been similar from year to year.

Type of organised crime groups involved in extortion racketeering

Two main types of organised-crime groups emerged from the case studies: criminal gangs (9 cases) and white-collar groups (4 cases). Both groups systematically extort businesses in the hospitality sector, with the relationships being mostly symbiotic and predatory.

As in agriculture-related extortion, the criminal gangs are hierarchical, territorial, have many members (some of them being linked by kinship) and internal specialisation, and employ violence. For instance, in case RO-H5, the group was composed of 12 individuals, between 19 to 41 years old, from the same geographical area – a city and nearby villages. The group had two leaders and they all lived off crime, with experience in assault and battering, physical violence towards women, goods and property damage, etc.

The same characteristics (i.e. many individuals and specialisation in assaults and theft) were shared also by the groups involved in cases RO-H11 and RO-H12. Another group, case RO-H6, was composed of 50 individuals aged between 19 to 52 years. Although the group operated locally, it included also persons from other parts of Romania and even from abroad. The crime group was a strictly hierarchical organisation, with specialised structures for assault (“intervention squads”), for extortion of legal and illegal businesses, etc. The group had cooperated with a legal private security company to launder money. It had its general headquarters in a night club. The criminal organisation was originally established by a violent 27 years old man who reorganised a previous crime group dismantled by the police after the group leader fled to Spain in order to avoid imprisonment. In case RO-H8 there were 7 individuals involved, who formed a criminal group specialising in usury. The crime group was hierarchically organised, having as its boss a notorious man who called the other six perpetrators “his lieutenants”. The victims were businessmen who were extorted for different amounts of money.

Abuse of office, complicated legal schemes, corruption, long periods of harassment and threats of administrative and criminal actions are the typical methods of white-collar groups. They tend to use only verbal threats. In the case RO-H1 the perpetrators were a director of a department in the municipal administration, a deputy director at the same department and a businessman. The perpetrators intimidated the owner of a grocery store and the owner of a restaurant into selling them the businesses at a much lower price than the market one. In another case (RO-H4), the group was organised hierarchically, with the mayor of

a village being the head of the group and having two other members (employees at the mayor's office). The latter, acting on behalf of the mayor, threatened the victim and also tried to hide evidence of misconduct (audio records from the Local Council meetings when the mayor tried to influence the council members to adopt a decision in favour of the perpetrators). In 2013, the mayor and his accomplices, acting on behalf of the municipality, illegally sold a plot of land to a private company. The plot was located near the shores of the Red Lake, a popular tourist site in Romania, and could not be sold because it had been leased for 49 years to another company, partially owned by the municipality. They did not have the right to sell the land without the majority shareholders' approval. The administrator of the company which had the lease, with the approval of the major shareholder, launched a legal procedure to get back the terrain. When the mayor and his accomplices found out they threatened him that they would use their powers of office and intimidated him with violence; the mayor summoned the administrator of the company to the City Hall and demanded that he resigned.

A third group, case RO-H7, was composed of a judge, an attorney and a businessman. The three were helped by other 2 accomplices and they all intimidated a businessman in order to force him to give them a hotel in the centre of the city. A fourth group, case ID RO-H14, was formed by a director in a public institution and two persons associated with him. The extortionists demanded money from the victim and 50 % of the shares in a centrally located building with a restaurant in it in order to withdraw a civil action. The extortionists also promised that in exchange for money and the restaurant the company of the victim will win the next procurement contracts of that public institution.

There are many instances of communication and cooperation between these two types of groups, insofar as the criminal gangs usually get support from public officials at the local and national level (by buying them, for instance) and the white-collar groups request services from the criminal gangs.

A third type of group was involved in case RO-H15, which shows that ad-hoc groups also emerge to exploit opportunities. The perpetrators were a man (32 years) and a woman (30 years), who were employees of a restaurant and threatened the owners of the restaurant with making public information and images regarding their personal life.

Regarding the nationality of the members of the criminal groups, most of them were Romanian citizens. Only in one case, RO-H6, there was a foreign citizen perpetrator, from Luxembourg.

Modus operandi of perpetrators

The criminal gangs are territorially based (operate locally), involve no mediators, extortion is in line with other criminal activities and payments imposed tend to be regular. The activities of this type of group fall into two broad categories: usury (RO-H3, RO-H8, RO-H11, RO-H12, and RO-H13) and protection racketeering (RO-H5, RO-H6, RO-H9, RO-H10).

In the **usury modus**, the group lends money, in particular to people owning local businesses that need cash urgently and afterwards threaten them to pay back much more than was initially agreed. For instance, in the case RO-H8, the criminal group targeted only businessmen who had considerable assets but needed money at a certain time and could not borrow it legally (e.g. from a bank). The victim in this case fitted this profile. The perpetrators targeted him because they knew the victim had financial capacity and if they threaten him he would pay. In the case RO-H11, the members of the group used to lend money at very high interest (sometime the victim was asked to pay 10 times the initial amount). If the victim refused, the members of the group started to intimidate him, threatening his family and even his children. When the victim firmly refused to pay, the perpetrators became violent, used firearms and injured the victim and threaten his family, until they convinced him to pay. The victim, in this case, was attacked in his night club and they cut off his hand with a sword. In the RO-H12 case, a businessman hired an organised crime group in order to help him recover a loan he had provided to another businessman. The purpose of the extortion, in this case, was to facilitate the payment of the debt.

Most of the extortion incidents by usury type groups proved to be successful for the perpetrators, at least initially. In RO-H3 case, the victim was deprived of a motel. In RO-H8 case, the perpetrators extorted €32,000 from the victim. In RO-H13, the victims complied and paid the amounts requested. The reason for targeting the companies/businessmen was their financial health and ability to pay. The perpetrators tend to have no jobs and live only off the money obtained from their illegal activities. They reinvested the criminal proceeds in other loan-sharking activities. They tend to request ad-hoc rather than regular payments, usually gauging the ability of the victim to pay. For example, in the case RO-H3, there was a demand for a single payment but at a very high value. In cases RO-H11 and RO-H13 there were monthly payment demands.

Protection racketeering type groups extorted hospitality companies located in the area controlled by the criminal group. These companies could not function without protection from the crime group and they have to contribute monthly in order to be able to operate. Protection fees were the primary source of financing of these organisations.

In the case RO-H5, in the first stage, the extortionists intimidated the owner of a club by not paying for entry tickets. The owner allowed this conduct and tolerated it, because they threatened him. Later on, the perpetrators demanded a protection fee. If the owner would not pay, they would continue to harass the clients, be involved in scandals, damaging the facilities of the club, etc. The same approach was adopted in the RO-H6 case. At the first stage, the extortionists intimidated the owner of the club by threatening him. When he refused to pay he was beaten twice by “intervention squads”.

If the owner refused to pay, the usual practice was to send an “intervention squad” to beat the owner, his/her family, setting his/her car on fire, etc. A pertinent example is RO-H10. In 2007 – 2009, several members of former organised crime groups released from prison after serving their sentences got together with other people known as belonging to the criminal world of Sibiu County and set up a

new, large criminal organisation (40-50 persons). The new group aimed to gain supremacy in the world of nightclubs, bars and gambling in Sibiu. To this end, they committed a variety of antisocial, violent actions, creating a feeling of fear, even terror among the owners of clubs, bars and gaming customers and the security agents of these companies. They extorted significant amounts of money as protection fees, and even committed burglaries, but were not charged by the police because of the fear induced in the city. Sometimes by means of violence the injured parties were pressured into withdrawing complaints or amending their statements. Characteristic of this group was its dynamism, both in terms of its members – new members were recruited and old ones were removed when they opposed or threatened the position of the leaders – and in respect of the offenses committed, in a continuous diversification (expansion), depending on the opportunities of obtaining income and on the social realities (e.g. loan-sharking, fraud scams through gambling and leasing companies, car theft, etc.).

In the case RO-H9, the extortionists succeeded in taking two real-estates (land) from the victim: one in 2000 and another in 2007. The victim gave away the first plot of land in 2000 without signing a property sale contract. This represented the protection fee and was demanded in order to allow the victim to operate his hotel and other businesses. The value of one of the plots was estimated at €15,000. For 9 years, the victim gave money, goods and land to the extortionists in order to run his businesses.

In cases involving **white-collar type groups**, the extorted companies had contacts with the public institution employing the public officials and the modus operandi included fake or real administrative and court actions, abuse of power, corruption, while the payments tended to be occasional. With the exception of RO-H7, in which a bailiff was used to pressure the victim, there were no mediators involved. These types of groups tend not to be as successful in the initial phase as the criminal groups. For example, in case RO-H1, the perpetrators had interest in obtaining the grocery store and the restaurant so they can open another business in that particular place, which had a great commercial potential. Because of their public office job, the perpetrators had inside information related to the economic potential of the venue. The extortion incident was attempted because the perpetrators did not succeed in obtaining the grocery store and the restaurant.

In the case RO-H4, the perpetrators illegally sold under the market price a plot of land in a tourist area with a booming hospitality sector, and warned the victim against pursuing a legal action. In the case RO-H7, the group of public officials, based on a preliminary sale contract signed by the victim, pressured him to give them ownership of a hotel. In case RO-H14, the public official used his discretionary power to initiate a civil action and use it to extort a company.

Thus, the main difference between criminal and white-collar groups is the way companies are selected for extortion and the means to ensure compliance: territoriality vs oversight, violence vs legal action.

In a case that does not fit into the two broad categories (RO-H15), the general modus operandi of the group was to collect information from inside the victim

company – the extortionists worked in the victim’s restaurant. The extortionists took advantage of the victims who gave them half of the sum of money they asked for, but didn’t succeed in taking the rest of the money and the other advantages they demanded. The extortionists targeted the company they worked for because they were aware of the assets of the owners and their willingness to do anything in order to keep the reputation of their chain of restaurants.

Other organised crime activities of the perpetrators

Both types of criminal groups were involved in various illegal activities. The criminal gangs tended to engage in multiple organised crime activities. For instance, the group from the RO-H3 case specialised in loan-sharking but was also involved in other criminal businesses such as theft, arson and drug trafficking. Other groups specialised in usury (RO-H11 and RO-H12 cases) were also involved in many other crimes, such as assault, battering, rape, damaging goods, theft, etc. In case RO-H13, besides loan-sharking, the group was also involved in tax evasion, extorting protection fees and assault. They were also participating in a so-called “intervention group” collecting debts through racketeering, threats and beatings. The same pattern applies to the groups extracting protection fees. The groups described in the cases RO-H5, RO-H6, RO-H9, RO-H10 were also involved in many types of criminal activity, such as assault, battering, rape, prostitution (human trafficking), damaging goods, car arson, drug trafficking, etc. The groups extorted protection fees not only from bars or restaurants (hospitality sector in general), but also from other small businesses (shops, gyms, foreign currency exchange agencies, etc.) or even individuals.

Besides extortion, the white-collar groups were mostly involved in corruption and embezzlement. In RO-H4, the mayor was also investigated in other criminal cases for corruption and embezzlement. The extortionists in RO-H7 were involved in other extortion incidents as well as corruption. The leader of the group from the RO-H14 case also had experience in using threats for extortion racketeering. Only in RO-H1 the group had no prior involvement in another type of criminal business.

Involvement of public officials

Regarding the involvement of public servants, two instances were common: the public servants were at the core of the criminal group (in the case of white-collar groups) and the public servants only support the crime group (in the case of criminal gangs). In 6 cases there were no public servants involved: gangs specialised in loan-sharking (RO-H3, RO-H8 and RO-H13), gangs specialised in protection racketeering (RO-H5 and RO-H10) and an ad-hoc group (RO-H15).

Nevertheless, there were 2 cases in which groups specialised in loan-sharking benefited from the support of public servants. In RO-H11, the chief of a City Police Department was involved in the crime group. His role was to persuade the victims not to press charges. In RO-H12, several law enforcement officials were involved with the group, their role being to convince the victims not to press charges.

There were also two cases in which criminal groups specialised in extracting protection fees benefited from the support of public servants. Six police officers – the chief of city police, his two drivers and three field agents – were involved with the group from the RO-H6 case. They were recruited by the crime organisation for ensuring protection against police actions. The police officers were paid large amounts of money, but they also benefited from other kind of services delivered by the crime group: providing prostitutes/sexual services, paying their checks in bars, restaurants and clubs, influence peddling for ensuring their promotion in the police hierarchy. The role of the police officers was to discourage the victims from pressing charges or initiate official criminal complaints against the perpetrators, especially when the victims were hospitalised.

Regarding the case RO-H9, the chief commissioner of a city police department who favoured the extortionists and committed the offense of abuse against the victim interests was involved with the group of extortionists. He committed these acts during the handling of the victims' files. He was in charge with the file since the first complaint of the victim, in 2009, but he received money from the extortionists and he did not take measures to solve the case and stop the victim's extortion.

Regarding the white-collar groups they were primarily formed and lead by public officials at the local level: a director and a deputy director of a municipal department (RO-H1), a mayor and two employees in his administration (RO-H4), a judge and a mayor (RO-H7), a director of a public institution (RO-H14).

Use of violence and intimidation

The cases reviewed in this report differ with respect to the use of violence and intimidation. The criminal gangs are very violent whereas the white-collar ones use only intimidation and verbal threats. The most violent groups were involved in cases RO-H3, RO-H5, RO-H6, RO-H9, RO-H10, and RO-H11. In the RO-H3 case, the perpetrators physically abused the victim after he complained to the police. The victim was beaten once by two extortionists and needed hospitalisation. In the RO-H5 case, the perpetrators used physical force to ensure compliance by the owner, by harassing the clients of his club, damaging goods and provoking scandals.

In the RO-H6 case, the perpetrators used physical force to ensure compliance by the owner, by assaulting him twice (he remained in the hospital for 3-4 days). Other victims stayed in hospital for up to 50-55 days. In total, the police documented 20 witnesses who have been beaten and needed medical treatment. The perpetrators also used intimidation (verbal threats) to force the owner of the club to pay the protection fee and damaged the property. In the RO-H9 case, the crime group used verbal violence (death threats, insults, public scandals) as well as violence (destruction of the renovation work at the victim's restaurant). In 2009, after the victim decided to complain to the police about the extortion, the extortionists sent several phone text messages to the victim's family members in which they were threatened by murder, if the victim did not pay the annual €15,000 protection fee. The victim was also threatened with arson of his commercial premises. The intimidation actions reached their peak in February

2010. The victim was renovating his restaurant, when the extortionists destroyed the place, causing a public scandal and addressing threats to the workers, telling them to inform the victim to pay the protection fee. Later the same month, the extortionists came back and destroyed the renovation work and injured workers.

In the case RO-H10, the perpetrators used violence to ensure compliance by assaulting one of the clients of the night club (he remained in a hospital for a week). The perpetrators also used verbal threats, and physical violence, including property damage to force the owner of the club to pay the protection fee. In the RO-H11 case, the perpetrators cut off the victim's hand with a sword in the victim's bar.

The other crime groups used only intimidation (RO-H8, RO-H12 and RO-H13). In the case RO-H8, the extortionists threatened the victim verbally and said that they would resort to violence if the victim did not comply with their demands. During three years of extortion, the victim and his family were living in constant fear for their lives, being emotionally terrorised by the extortionists. In the case RO-H12, the perpetrators used psychological pressure to ensure the compliance of the owner. They visited him several times, called him on the phone and threatened him. In the RO-H13 case, the criminals threatened the victims telling them they will damage their properties (arson or destruction of the goods inside) as a warning. They also used insults in need to make the victims pay.

The white-collar groups are using mostly verbal threats and intimidation with administrative actions. In the case RO-H1, the intimidation consisted in verbal threats and the extortionists threatening to hurt the victims' family. In the case RO-H4, the intimidation consisted in verbal threats and imposition of administrative penalties (demanding supplementary local taxes not required for that specific business to be paid and initiating excessive inspections). The perpetrators used their position of power (mayor, civil servants) to force the victim to comply with their demands (discontinue the lawsuit and withdraw the complaint to the police).

In the case RO-H7, there was also low-level violence involved. One of the perpetrators punched the victim in the face but the group mainly used their position of power (judge, attorney, mayor) and verbal threats to force the victim to transfer the ownership of the hotel. In the case RO-H14, the extortionists used their position of power to force the victim to comply with their demands and give away the restaurant and money. In RO-H15, there was also minor violence involved as one of the extortionists punched the victim and pushed him to the wall. The group also used verbal threats and insults.

THE VICTIMS

'Hot spots' and main regions or zones affected

The cases analysed for this report took place in 12 cities in four regions: Bucharest (capital of Romania, 3 cases), Modova (2 cases), Transilvania (6 cases) and Dobrogea (3 cases). Half of the cases (7) took place in large cities, with population over 100,000 inhabitants, according with the official data from 2011

census: Bucharest, Cluj-Napoca, Constanța, Iași, Sibiu. These cities are important industrial and tourist centres, benefiting from investments and economic growth, and the counties where they are located account for around 40 % (2015) of the country's GDP (contribution to GDP: Bucharest and Ilfov – 27.9 %, Cluj – 3.57 %, Constanta – 3.95 %, Iasi – 2.88 %, Sibiu – 2.33 %).

The rest of the cases took place in small towns, with populations below 100,000: Mangalia, Gheorgheni, Petroșani, Deva, Rădăuți, Reșița, and Neptun. These towns are either tourist destinations (Mangalia, Ghorghieni and Neptun) or industrial centers (Resita, Petrosani, Deva and Rădăuți). Nine extortion cases included in the sample took place in cities in which tourism is an important economic sector: Bucharest, Constanța, Mangalia, Neptun, Iași, Sibiu, Gheorgheni. The other cities have also some tourist potential, but their main economic sector is industry.

In the sample of extortion-racketeering cases, apart from cases from Bucharest, Cluj, Constanta, Iași and Sibiu counties, there are 5 more cases from other counties: two cases from Hunedoara county (Petroșani and Deva cases), one case from Suceava county (Rădăuți), one from Harghita (Gheorgheni) and one from Caraș-Severin (Reșița). The hospitality sector in these counties is equal or less developed than in other counties mentioned: 365 hospitality companies in Hunedoara, 488 in Suceava, 217 in Caras-Severin, 363 in Harghita.

Given this distribution, it can be concluded that there is no geographical “hot spot” as regards extortion in the hospitality sector. The only pattern was that the uncovered extortion cases tended to be located in urban areas rather than rural ones.

Table 5. Businesses targeted for extortion

Case ID	Type of company	Core business activity	No. of employees
RO-H1	limited liability company	restaurants	6
RO-H3	limited liability companies	motel/hotels	3
RO-H4	limited liability companies	travel agency	2
RO-H5	limited liability companies	pubs/bars/night clubs	10
RO-H6	limited liability companies	pubs/bars/night clubs	5
RO-H7	joint-stock company	restaurants and motel/hotels	22
RO-H8	limited liability companies	restaurants	12
RO-H9	joint-stock company	restaurants and motel/hotels	34
RO-H10	limited liability companies	pubs/bars/night clubs	7
RO-H11	limited liability companies	pubs/bars/night clubs	16
RO-H12	limited liability companies	restaurants	na

Table 5. Businesses targeted for extortion (continued)

Case ID	Type of company	Core business activity	No. of employees
RO-H13	limited liability companies	pubs/bars/night clubs	24
RO-H14	limited liability companies	restaurants	34
RO-H15	joint- stock company	restaurants	16

Source: Case studies.

Most of the companies did not have other business activities or auxiliary activities, except for two of the victim companies which had auxiliary renting activities: renting out commercial spaces or buildings that are in their property (RO-H7 and RO-H14).

None of the victimised companies were members of business associations and none had insurance against risks related to crime. Most of the analysed companies had a contract with a private security company, but only to prevent theft and propriety damage (RO-H1, RO-H3, RO-H4, RO-H7, RO-H8, RO-H9, RO-H11, RO-H13, and RO-H14).

Profile and behavioural patterns of the victims

Most of the victims were owners of businesses, males between 36 and 63 years old, ethnic Romanians. This profile is characteristic for the entrepreneurial sector in Romania. There was one woman, 41 years old, co-owner of a chain of restaurants was targeted for extortion (RO-H15). Also, an ethnic Hungarian was targeted for extortion (RO-H4). In most of the cases only one person was the target of extortion.

Most of the victims complained to the law enforcement authorities, but only after the extortion became unbearable (RO-H1, RO-H3, RO-H5, RO-H7, RO-H8, RO-H9, RO-H13, and RO-H15). The typical initial behaviour was compliance.

In RO-H1, the victim filed a report to the police only after being threatened and harassed with inspections for about 2 years in order to sell a grocery store. Soon after, another victim, an owner of a restaurant, filed a report against the same perpetrators. Two of the extortionists were directors of the municipal departments and both companies were subject to municipality oversight. The perpetrators threatened both the owner of the grocery store and the owner of the restaurant in order to buy the businesses at a below market price. The extortionists were not interested in the businesses, but wanted the land owned by the companies because of its commercial potential.

The same pattern of initial complying was in the case RO-H3. After taking a loan from the extortionists (loan-sharks), the victim could not afford to pay the

principal and the huge interest anymore and was forced to give up his business, a motel located at the seaside. The amount of money the victim had to give to the perpetrators was significantly smaller (€33,000) than the value of the victim's motel (€100,000). The victim was forced to transfer the motel to the extortionists and they agreed to pay him the difference (€67,000). In the end, the perpetrators did not respect the deal (the victim did not receive any money) and threatened him in multiple instances to abandon any claims. The victim complained to the police only after the perpetrators refused to pay the €67,000 difference.

Case RO-H8 also involved loan-sharking. The victim took a loan of €5,000 from a criminal group specialised in loan-sharking. After a year, the victim succeeded in paying back the total amount of money the extortionists requested (€9,000). After a few months, the perpetrators came back and asked the victim to pay more. The victim took a loan from a bank and paid the perpetrators another €23,000. Not long after, they came back asking for more money. Not being able to pay anymore, and fearing for him and his family safety, the victim filed a report to the police. The extortion began in 2009, when the victim took the first loan from the perpetrators and ended in 2012 when the victim filed a complaint to the police.

In case RO-H5, the initial behaviour was also compliance. Over a period of one year, the extortionists conducted an intimidation campaign by refusing to pay for entry tickets in the club of the victim, harassed the clients and intimidated him by placing a funerary wreath on his car. Only after they requested a protection fee did the owner file a report to the police, claiming compensation for the damages caused by them.

Initial acceptance of the demands was the pattern also in RO-H7. The extortionists were public officials who received various benefits during the extortion period: free food and alcohol and free vacations at the hotel owned by the company in Mamaia (a resort on the Romanian Black Sea coast). Nevertheless, the extortionists went further demanded ownership of the hotel. Only then the victim reported the case to the law enforcement authorities.

In the RO-H9 case, after 9 years of extortion, the victim decided to put an end to it, complained to the police and submitted a lawsuit requesting the extortionists to return the land they took from him. During this period, the victim paid €15,000 annually as protection fee. Despite this, the extortionists continued with their actions (death threats, violence), being supported by the head commissioner of the city police who did not take any measures.

In RO-H13, the extortion began in January 2005 when the perpetrators began to threaten the victims with destroying their businesses (bars they had in Cluj-Napoca) if they didn't pay regularly an amount of money. Initially, the three companies involved paid all that was demanded. The extortion ended in April 2005 when one after another, the victims reported to the police.

In the RO-H15 case, initially the victims complied with the extortion demands (the extortionists were the victim company's employees). The victims gave the extortionists half of the sum of money they asked for and raised their salaries. When the perpetrators asked for the company's profit, threatened with violence

against their family and used violence against them, the victims filed a report to the police. The perpetrators were caught red-handed.

In five cases (RO-H4, RO-H6, RO-H10, RO-H11, and RO-H14) the victims refused to comply and denounced the attempts at extortion. In the RO-H4 case, the victim refused to comply and took legal steps to get back a plot of land that was illegally sold by the mayor and his accomplices. After being threatened in order to withdraw the legal action, the victim filed a report to the police.

The same pattern was registered in the RO-H6 case. The owner refused to comply and pay the protection fee, and complained to the police. However, the chief of the local police was an accomplice of the criminal group, and stalled any investigation of the matter. The owner was threatened and harassed by the group (he was violently attacked twice and remained in a hospital for 3-4 days) in order to withdraw his charges. The victim also complained to the Prosecutor's Office at the Court of Appeal. In the case RO-H10, the owner also refused to pay the protection fee. The criminal group proposed to the victim to hire one of the group members as a bodyguard of the bar, on a hefty salary. After the victim refused, the perpetrators created incidents and scandals in the bar.

In the case RO-H11, the perpetrators started the intimidation process by demanding that the victim paid back a much bigger amount than initially borrowed. Since the victim of loan-sharking refused to pay, the group threatened his family and children, assaulted him in his night club and cut off his hand. The owner then filed a report to the police. In the case RO-H14, the extortionists demanded €180,000 from the victim (the value of the building according to the intimidated company accounting documents) in order to withdraw a civil action. The company owner made the extortionists think he would give them everything they asked for, but he notified the law enforcement agencies and the leader of the group was caught red-handed.

In one case (RO-H12) the victim committed suicide after being intimidated by the criminal group. The extortionists were hired by another businessman in order to recover a debt made by the victim. The extortionists visited the victim at home to demand paying the debt. After the victim refused, the extortionists pressured him psychologically, by visits and phone calls and threatened his family.

Most of the companies remained operational after the extortion (RO-H1, RO-H3, RO-H4, RO-H5, RO-H6, RO-H7, RO-H9, RO-H10, RO-H11, RO-H12, RO-H13, RO-H14, and RO-H15). In one case, after the extortion took place the victimised company filed for bankruptcy (RO-H8).

The duration of the extortion incidents was between several months and 9 years, depending on the attitude of the victim. Most of the victims who initially refused compliance suffered violent repercussions. The victims who initially accepted the extortion demands lost large sums of money.

CONCLUSION

Extortion racketeering is an instrument used by organised crime either in the form of a protection fee, loan-sharking or as a way to obtain valuable assets at below market prices. Along with extortion racketeering, organised crime groups tend to employ a wide range of instruments: violence, harassment, arson, firearms, corruption, and blackmail. Extortion racketeering is also an instrument in corruption schemes as public officials threaten companies in order to extract rents.

The exposed cases of extortion in the hospitality tend to be located in urban areas rather than rural ones. This is explained by the fact that economically viable bars, restaurants, hotels tend to be concentrated in large or middle-sized cities with a tourist potential or robust economy.

Romania has high levels of estimated corruption. According to the aggregate indicator “control of corruption” from the Worldwide Governance Indicators of the World Bank, Romania is the third most corrupt country in the EU after Bulgaria and Greece. All data analysed indicate slow improvement of crime control in the period 2004 – 2014 and slow decrease of the shadow economy and corruption.

Two main types of organised-crime groups emerged from the case studies: criminal gangs (9 cases) and white-collar groups (4 cases). Apart from these two types, ad-hoc criminal groups can emerge to exploit extortion opportunities. The criminal gangs are characterised by hierarchy, large number of members, internal specialisation, territorial approach and violent behaviour. These groups are involved in different kinds of criminal activities, extortion racketeering being only one of them. Some of the members had been previously involved in now defunct organised crime groups. The modus operandi of the criminal groups is to operate locally and employ no mediators; extortion is in line with their other criminal activities and payments imposed tended to be regular. The activities of these types of groups fall into two broad categories: loan-sharking and extraction of protection fee.

The white-collar groups are characterised by abuse of office, complicated legal schemes, corruption, long periods of harassment and threats with administrative action. The white-collar groups tend to use only verbal threats. Companies extorted by white-collar groups typically have some business with the public institution employing the public officials and the modus operandi includes fake or real civil actions, abuse of power, corruption, and ad hoc payments.

Regarding the involvement of public officials, two instances are common: officials are at the core of the criminal group (in the case of white-collar groups) or they only support the crime group (in the case of criminal gangs).

All of the victims were small companies, i.e. limited liability companies and joint-stock companies, with maximum of 36 employees. Most of the persons targeted

for extortion were the owners/managers of the companies. Most of them were men, between 36 and 63 years old. Most of the victims complained to the law enforcement authorities, but only after the extortion became unbearable. The initial behaviour was compliance with the extortionists' demands. The second behavioural pattern of the victims of extortion is to refuse to comply and denounce the attempt.

The main vulnerabilities of the victims of extortion stem from their tax evasion – the hospitality sector is characterised by high levels of tax evasion – and cash-flow problems. Also, weak compliance with safety and quality standards makes the hospitality businesses liable to penalties as a result of government inspections. Red-tape is another vulnerability factor that makes businesses compliant with extortion racket demands – the latter is perceived as a low-cost protection compared with the cost of complying with government regulations.

Small companies in the hospitality sector are vulnerable in areas where organised crime groups are active – they target and penetrate this type of vulnerable legitimate businesses. In this respect organised crime risks should be correlated with corruption risks and with the type of complaints submitted by the private sector. In the cases studied, because of the cosy relationships between organised crime and corrupt police officers, numerous complaints have been discarded without a proper risk analysis by senior management.

Policy measures to reduce extortion should include strengthening the partnership between law enforcement system and civil society, in particular business associations; tracing, freezing, and forfeiting the proceeds of extortion racketeering; and reducing red-tape.

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APPENDIX 1. LIST OF CASE STUDIES OF EXTORTION IN AGRICULTURE

Case ID	Case name	Source
RO-A1	Extortion related to European funds in Udești, Suceava county	Suceava Tribunal File no. 1319/86/2015, media reports
RO-A2	Extortion in Brașov	High Court of Cassation and Justice, File no. 602/64/2008, Decision no. 1705/2013.
RO-A3	Extortion in Constanta	Decision no. 574 from 02.08.2013 of the Constanța Court of Appeal, file no. 582/118/2013/a11
RO-A4	Extortion in Dolj County	Mediafax, 30.06.2015, <i>Fostul procuror Marius Vlădoianu, trimis în judecată pentru șantaj și trafic de influență</i> . Retrieved from: http://www.mediafax.ro/social/fostul-procuror-marius-vladoianu-trimis-in-judecata-pentru-santaj-si-trafic-de-influenta-14524398
RO-A5	Extortion in Râmnicu Vâlcea	media reports: Ziarul de Vâlcea, 13.01.2015, <i>Procurorii DIICOT cercetează o rețea specializată în șantaj. Adjunctul Poliției Râmnicu Vâlcea, Gabriel Popa, vizat de anchetă. Șeful rețelei: Mihai Obreja, zis Miță Lăbuș. Prefectul Dumitru Cornoiu a fost chemat la sediul DIICOT Vâlcea</i> . Retrieved from: http://ziaruldevalcea.ro/2015/01/13/procurorii-diicot-cerceteaza-o-retea-specializata-in-santaj-adjunctul-politiei-ramnicu-valcea-gabriel-popa-vizat-de-ancheta-seful-retelei-mihai-obreja-zis-mita-labus-prefectul-dumitru-c
RO-A6	Extortion related to land restitution in Ion Neculce commune, Iași County	media reports: BZI, 06.07.2011, <i>Santajat de primar pentru a-i lua terenul de sute de mii de euro</i> . Retrieved from: http://www.bzi.ro/santajat-de-primar-pentru-a-i-lua-terenul-de-sute-de-mii-de-euro-228115
RO-A7	Extortion in Timișoara	Decision no. 1895 from June 5 th 2012 of the High Court of Justice Romania, file no. 1883/30/2010
RO-A8	Extortion in Dolj County II	media reports: GDS, 24.07.2015, <i>Mititelu – patron la CSU, scenariu de șantaj cu terenuri?</i> Retrieved from: http://www.gds.ro/Local/2015-07-24/mititelu-patron-la-csu,-scenariu-de-santaj-cu-terenuri/
RO-A9	Extortion in Zărand, Arad County	media reports: Ziua de Vest, 23.06.2015, <i>Stenograme din dosarul lui Dan Diaconescu: Cum era șantajat primarul Zărandului</i> . Retrieved from: http://ziuadevest.ro/actualitate/54312-stenograme-din-dosarul-lui-dan-diaconescu-cum-era-santajat-primarul-zarandului
RO-A10	Extortion in Săcele municipality, Brasov city	media reports: ProTV, 08.06.2012, <i>Cum a fost demascata rețeaua de santajisti care cerea mii de euro ca sa nu faca plangeri la OPC</i> . Retrieved from: http://stirileprotv.ro/stiri/actualitate/santaj-alimente.html

Case ID	Case name	Source
RO-A11	Extortion in Turceni, Gorj County	media reports: Gazeta de Sud, 31.03.2014, <i>Primari olteni, în "vizorul" DNA</i> . Retrieved from: http://www.gds.ro/Actualitate/2014-03-31/Primari+olteni%2C+in+%E2%80%9Evizorul%E2%80%9C+DNA/
RO-A12	Extortion related to European funds in Satu-Mare	media reports: Hotnews, 04.06.2014, <i>Coruptie cu fonduri europene: Manastiri si parohii din Suceava fara activitati agricole au primit subventii/Ferme subventionate ilegal in Bucuresti, Suceava si Dambovita/Directorul general APIA, dus la audieri</i> . Retrieved from: http://anticoruptie.hotnews.ro/stiri-anticoruptie-17417343-perchezitii-dna-apia-central-suceava-vizate-nereguli-decontari-pentru-exploataii-agricole-surse.htm
RO-A13	Slatina group targeting the subsidy program	Decision no. 572/2013, File no. 244/54/2013 of the Romania High Court of Justice
RO-A14	Extortion in Ploiești, Prahova County	media reports: Observatorul Ph, 21.12.2010, <i>A fost reținut și Marin Tudoran, fratele cămătarului Liviu Tudoran din Bălțești – VIDEO Arestare Liviu Tudoran</i> . Retrieved from: http://www.observatorulph.ro/eveniment/exclusiv-a-fost-retinut-si-marin-tudoran-fratele-camatarului-liviu-tudoran-din-baltesti-video-arestare-liviu-tudoran
RO-A15	Extortion related to European funds Telciu Village, Bistrița-Năsăud county	File no. 2643/112/2014 of the Bistrița-Năsăud Court of Justice
RO-A16	Criminal group in Galați	Criminal file no. 185/P/2008 of the Galați territorial service, the National Anticorruption Department. Court file no. 1142/44/2013 (Court of Appeal Brasov).

APPENDIX 2. LIST OF CASE STUDIES OF EXTORTION IN THE HOSPITALITY SECTOR

Case ID	Case name	Source
RO-H1	Extortion by Constanta city hall's officials	High Court of Cassation and Justice file no. 331/36/2010, Decision no. 1496/2011
RO-H3	Local clan involved in extortion in Mangalia city	Media reports: Telegraf, 21.02.2014, <i>Membru al clanului Raim, reținut pentru șantaj și amenințare</i> . Retrieved from: http://www.telegrafonline.ro/1392933600/articol/260390/membru_al_clanului_raim_retinut_pentru_santaj_si_amenintare.html
RO-H4	Extortion by Gheorgheni municipal officials	Mureș Tribunal, File no. 171/102/2015 and media reports
RO-H5	Criminal group in Petroșani city	High Court of Cassation and Justice, Penal Section, File no. 15/57/2007, Decision no. 3770/19.10.2008
RO-H6	Criminal group in Deva city	Decision no. 925/2013, File no. 2175/109/2008 of the Romania High Court of Justice, the Criminal Ward.
RO-H7	Extortion in Rădăuți city	Media reports: Adevărul, 23.06.2014, <i>Șantaj orchestrat de un procuror, un judecător, avocați, un executor judecătoresc și un comisar. Un afacerist sucevean, terorizat pentru o clădire</i> . Retrieved from: http://adevarul.ro/locale/suceava/Santaj-orchestrat-procuror-judecator-avocati-executor-judecatoresc-comisar-afacerist-sucevean-terorizat-cladire-1_53a836d50d133766a8d4b62d/index.html
RO-H8	Criminal group in Resita City	Decision no. 312 from October 15th 2013 of the High Court of Justice Romania; File no. 1882/115/2013
RO-H9	Criminal group in Neptun beach resort	Prosecution file No. 326/P/2010, General Prosecutor Office
RO-H10	Criminal group in Sibiu City	Decision no. 17/2009 of the Alba-Iulia Court of Justice and media reports
RO-H11	Criminal group near Bucharest	File no. 974/98/2013 of the Ialomița Tribunal and media reports
RO-H12	Criminal group in Iasi city	Media reports: Adevărul, 19.02.2014, <i>Mafia cămătarilor din Moldova: om de afaceri terorizat de clanul Corduneanu, găsit spânzurat în pădure. Un milionar în euro este angajatorul interlopilor</i> . Retrieved from: http://adevarul.ro/locale/iasi/mafia-camatarilor-moldova-om-afaceri-terorizat-clanul-corduneanu-gasit-spanzurat-padure-milionar-euro-angajatorul-interlopilor-1_5303b144c7b855ff567563cd/index.html
RO-H13	Criminal group in Cluj-Napoca city	Media reports: AmosNews, 16.09.2005, <i>Trei bodyguarzi de cazino din Cluj, arestați pentru șantaj</i> . Retrieved from: http://www.amosnews.ro/arhiva/trei-bodyguarzi-cazino-din-cluj-arestati-pentru-santaj-16-09-2005

Case ID	Case name	Source
RO-H14	Extortion related to Polyvalent Hall from Bucharest	Media reports: Mediafax, 02.09.2015, <i>Înregistrări din dosarul directorului Sălii Polivalente. Octavian Bitu, către denunțator: "Cât îmi dai? Vreau mașină, mă!"</i> Retrieved from: http://www.mediafax.ro/social/inregistrari-din-dosarul-directorului-salii-polivalente-octavian-bitu-catre-denuntator-cat-imi-dai-vreau-masina-ma-14698278
RO-H15	Extorted by their employers in Bucharest	Media reports: B365, 09.09.2015, <i>Patroni de restaurant, șantajați de un cuplu. Suspecții au fost prinși în flagrant.</i> Retrieved from: http://www.b365.ro/patroni-de-restaurant-prinsi-in-flagrant-in-timp-ce-santajau-un-cuplu_236731.html