**Tackling Illegal Economy**

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Tutor:

Tonio Dell’Olio, Libera

Speakers:

– Claudio Clemente, director of the Ufficio di Informazione Finanziaria, Bank of Italy

– Giovanni Kessler, Director-General of the European Anti-Fraud Office - OLAF

Contributors:

– Monica Massari, Federico II University, Naples

– Pedro Paez, head of the Ecuador's Superintendence for the Control of Market Power

The methods for reinvesting the profits from criminal activities are increasingly sophisticated and global. The aim of the Tackling Illegal Economy project, financed under the EC's FINEC programme and coordinated by Libera, is to share knowledge and best practices on the struggle against economic and financial crime. The project was realised at round tables in London, Berlin, Stara Zagora and Brussels and was concluded in Rome.

**Tonio Dell'Olio,** manager of the international department at Libera, introduced and moderated the seminar. The introduction presented the Mexican situation, with a focus on the worrying phenomenon that plagues that country: the ordeal of missing people. Not to be missed, the mention of the recent news about the disappearance of 43 students in Iguala on October 26th, a recurrent call for attention in the several meetings of this event. Mexico is often trotted out, as, in a global approach to the fight against mafias, Mexico represents the head of the snake.

Dell'Olio highlights that today, organised crime is developing an unprecedented economic power, a process made easier by globalisation, as it can easily permeate the economic fabric. More and more, we see two opposed, yet integrated, demands overlap: on one side, the legal economy is increasingly denied access to credit, on the other, the illicit economy has plenty of cash available. The Mafia's cash is used in the legal world, as organised crime has shed its skin and financial flows are hard to track and detect.

Mr. **Claudio Clemente**, director of the Financial Information Unit for Italy, presents the Italian experience in the struggle to fight money laundering.

The Italian system to fight money laundering provides for close collaboration among Authorities and operators. On one side, the CSF (Committee on Financial Security) guides and coordinates with the UIF (Financial Information Unit for Italy), pivotal to the prevention mechanism. On the other, the parties responsible for providing information, such as stock market and bank brokers, should verify their clientele, record accounts and transactions, and detect and report anomalies.

The UIF, created within the Bank of Italy, has a specific function: it receives and records information contained in the reports of suspicious transactions. It carries out financial analysis and assesses their relevance to transfer information to competent investigating authorities. Established in 2007, it facilitates the sharing of information among the different stakeholders on the money laundering front.

Today, it reports important achievements. The data speaks for itself: from 12,500 reports in 2007 to 65,000 in 2013. Collaboration has increased. The real constraint is the lack of cooperation by the Public Administration.

**Giovanni Kessler**, Director-General of OLAF, the European Anti-Fraud Office, shifts the focus to Europe. The OLAF is the office established by the European Commission in 1999 to protect European citizens' resources. It allocates 150 billion every year to economic development. It is an investigating service and, as such, is independent. However, it has no power to investigate criminal cases. Any European Fund is at risk of fraud, Kessler emphasizes, from plain scams to corruption, conflicts of interest, abuse of authority and fund misappropriation. Investigation follows anonymous reports, compulsorily submitted by officials and private citizens. Close collaboration with national Police and Court authorities is provided for, but not all of them share equal will or power to investigate further.

**Monica Massari,** researcher in General Sociology at the Federico II University of Naples, offers reflections triggered by a different approach that focuses on social research. Internationally - she observes - it can seem simplistic to speak about Mafias. Perhaps we should refer to them as criminal systems, a definition that can better describe the complexity of the phenomenon. We face multi-body entities that no longer perform in a specific geographic area. Instead, their activity and strategy are increasingly interconnected. Even "outsiders" of criminal environments take part in the game, such as brokers and middlemen in economic or institutional environments. Today, fighting and prevention mean recognising great articulation. On one side, complex institutional processes take place, on the other, we see a polymorphism of social processes. It is not always possible to reach a unique interpretation of these. Shapes are increasingly blurred and lawfulness overlaps more and more patently with illegality. Legitimacy overlaps Illicitness. Legality overlaps Crime. Therefore, we must start from a macro-social perspective, analysing illegal systems by observing globalisation processes, as these have favoured the approach between actors that belong to separate worlds, in geographical contexts that, now more than ever, coordinate with each other. Massari closes her speech by drawing more attention to the importance of building responsible citizenship.

**Pedro Paez Perez**, head of Ecuador's new Superintendence for the Control of Market Power, offers the last speech. "Mafia is not a world apart, but part of the world," the Minister begins, quoting Don Luigi Ciotti. Criminal entourages are upturning the world and its values, quickly eroding them. We now face an organic merge between Mafia and Capitalism, and what is more concerning is that this is generally accepted. We must reject the passive acceptance of Mafia as an unavoidable presence. Hence, all our effort should head towards a demand for transparency. It is crucial to create a real demand for transparency. This is not a partisan issue, but one of citizenship.

The most serious problem is the disproportionate size of Finance, which is strangling production. We must deny the inevitability of shadow banking. Citizens must have the right to know where all the money flows. The methodology we must implement is to follow the money, stated the Minister.

The debate among the participants underlined several criticalities we face: the hard path of law enforcement, the lack of collaboration among the actors concerning information transfer, the considerable time taken by legal systems and the fragmented investigation approaches. Crime is now transnational, and the weapons against it are outdated. We still battle crime with a perspective of national sovereignty. We must create an instrument at European level, able to cope with the criminal threat. This instrument could be embodied by the European Prosecutor's Office.