



**ORGANISED
CRIME**
TASK FORCE

2014

Annual Report & Threat Assessment

Organised Crime in Northern Ireland
www.octf.gov.uk



Introduction

I am pleased to introduce the thirteenth Organised Crime Task Force (OCTF) Annual Report and Threat Assessment which reports on the collective successes of OCTF partners and sets out the main threats looking ahead into 2014/15.

You will see from the results that it was a busy and successful year for OCTF partners and for our law enforcement agencies in particular. As a result of their investigations into organised crime, and subsequent operations against those involved, 38 potential victims of human trafficking were referred through the National Referral Mechanism, 38 laundering plants were closed with 574,239 litres of illegal fuel, with an estimated duty value of £366,497, being seized and there has been an almost 8% increase in drug seizures involving almost £10 million of drugs. Through this work Northern Ireland has undoubtedly been made a safer place. Naturally there is always more to do. In particular we need to be vigilant about the ongoing emergence of cyber enabled crime (crime committed through a computer) in our society.

Law enforcement agencies have also confiscated approximately £1.53 million worth of criminal assets. One half of the receipts has been utilised by law enforcement agencies and the other half has been devoted to community funding for crime prevention and projects that reduce the fear of crime.

I also want to highlight the ongoing position with the National Crime Agency which replaced the Serious Organised Crime Agency in October 2013. I had wanted to see it operating from then in the devolved arena (as well as on non devolved matters such as immigration and customs offences). To date, in spite of my efforts, and the endeavours of others, it is unable to provide us with a full range of support against those engaged in serious or organised crime. I regret that we have not yet reached political agreement on how it should operate here although I have secured significant changes to enhance accountability in Northern Ireland. I will continue to search for a way forward.



Finally, I would call again on the public to help us combat those criminal groups who prey on us.

Please be aware in your own life how your purchasing decisions could potentially support criminal activity and please report your suspicions immediately.

David Ford MLA
MINISTER OF JUSTICE

EVERYONE'S HELP IS NEEDED TO COMBAT ORGANISED CRIME

PLEASE DO NOT LET ORGANISED CRIMINALS PREY ON OUR SOCIETY.

HELP US PUT A STOP TO IT BY CALLING HMRC HOTLINE, PSNI OR CRIMESTOPPERS NOW!

TELEPHONE NUMBERS

PSNI	101
HMRC HOTLINE	0800 595 000
CRIMESTOPPERS	0800 555 111

WEBSITES

ORGANISED CRIME TASK FORCE	www.octf.gov.uk
POLICE SERVICE OF NORTHERN IRELAND	www.psni.police.uk
HER MAJESTY'S REVENUE & CUSTOMS	www.hmrc.gov.uk
NATIONAL CRIME AGENCY	www.nationalcrimeagency.gov.uk
HOME OFFICE IMMIGRATION ENFORCEMENT	www.gov.uk/report-immigration-crime
BORDER FORCE	www.gov.uk/government/organisations/border-force
DEPARTMENT OF JUSTICE	www.dojni.gov.uk

You can follow the OCTF on Facebook at www.facebook.com/pages/OCTF/136184833076303



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THREAT ASSESSMENT 2014**

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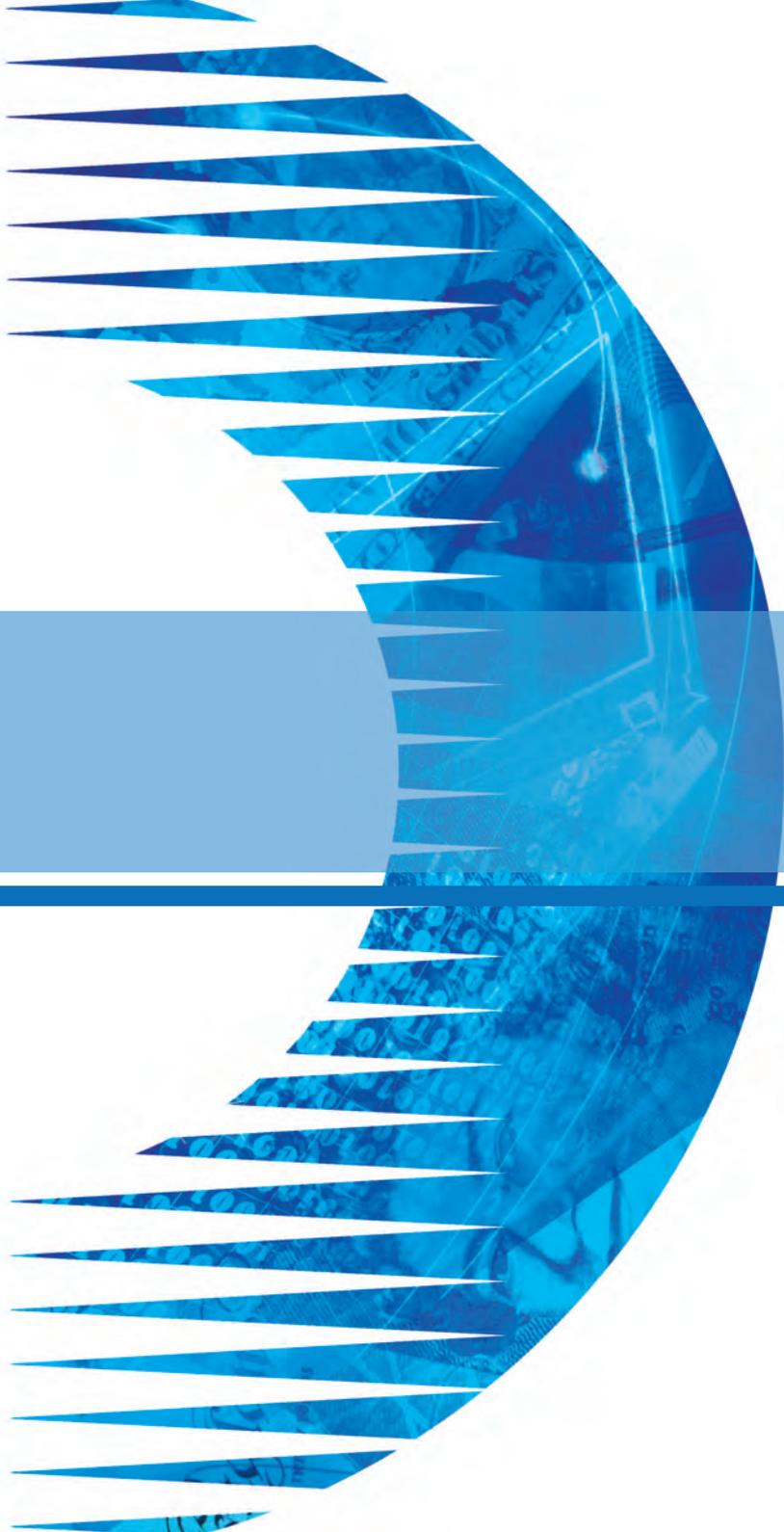
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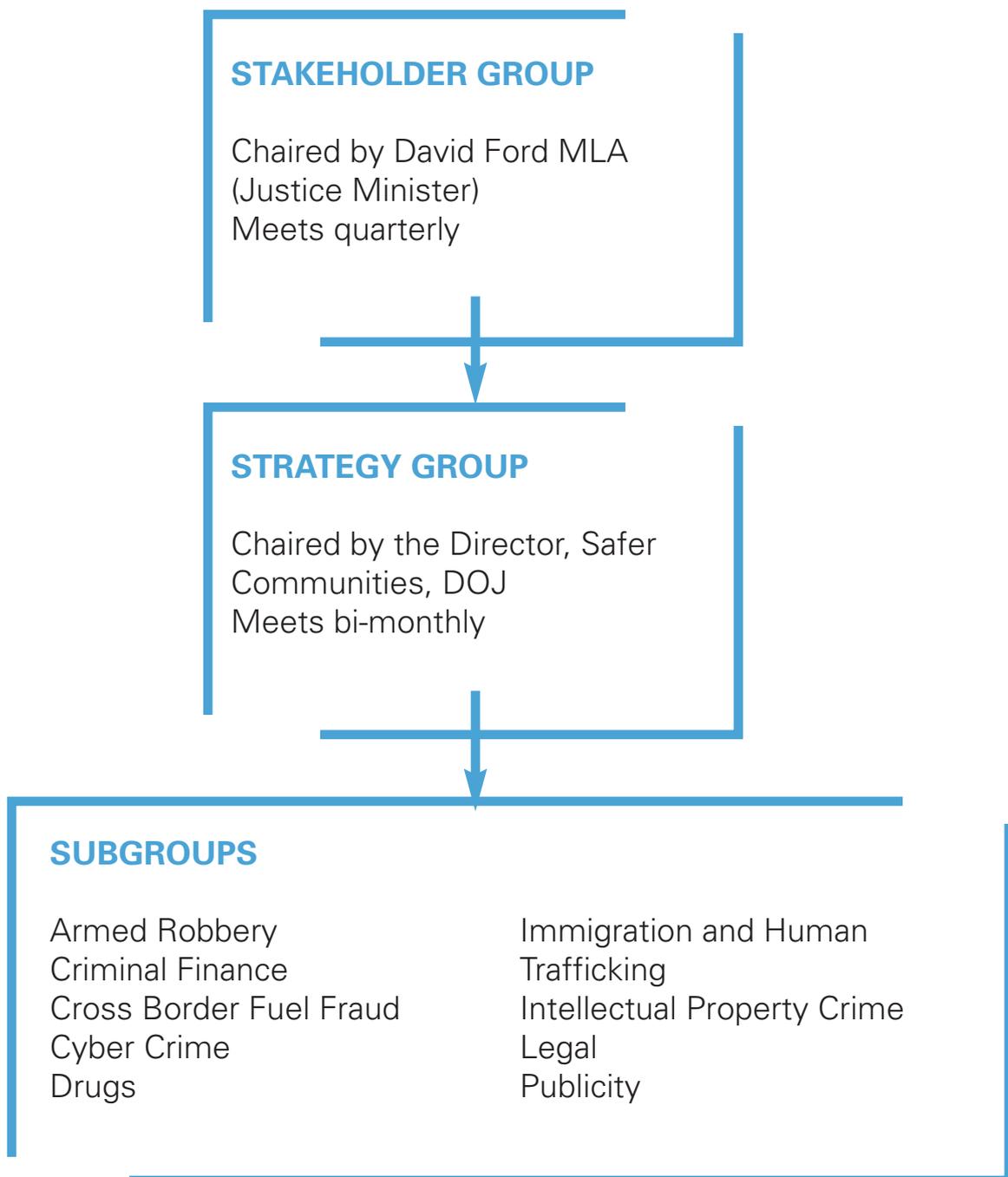


**CHAPTER
STRUCTURAL
OVERVIEW**

STRUCTURAL OVERVIEW

The Organised Crime Task Force (OCTF) was established in 2000 to provide strategic direction to tackling organised crime in Northern Ireland through multi-agency partnership.

The OCTF does not take any operational responsibility – that remains with the individual law enforcement agencies - but is supported by a structure of sub groups each dealing with specific operational and policy issues:



A list of OCTF partner organisations is at page 52, although contacts are maintained with others too.



**CHAPTER
RESULTS IN
2013/14**

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OCTF Mission

The **mission** of the OCTF is to help secure a safe, just and prosperous society in Northern Ireland by confronting organised crime through multi-agency partnership between Northern Ireland Government Departments, law enforcement, the Public Prosecution Service, Policing Board, business community and the community at large.

Key Priorities in 2013/14

Over the past twelve months the principal threats from organised crime were assessed to be:

- Drugs especially new psychoactive and synthetic drugs and the illicit supply of prescription drugs
- Public sector fraud - excise and tax
- Organised Immigration Crime including Human Trafficking
- Intellectual Property Crime
- Cyber crime including cyber enabled forms of other crime types
- Criminal Finance – fraud and money laundering

Key Successes in 2013/14

In this reporting year:

- 4,825 drug seizures with a value of almost £10 million
- 38 fuel laundering plants closed, up from 22 in the previous year
- £1.53m recovered through confiscation orders
- Legislation introduced regarding unduly lenient sentencing for excise evasion
- A contract awarded for a new marker for rebated diesel

The following are some examples of the law enforcement activity that led to these successes:

CASE STUDY

NCA Operation

NCA investigation identified a Dublin drugs smuggler who was coordinating the distribution of class B drugs from a Belfast city centre apartment.

The investigation began after intelligence from European law enforcement partners including An Garda Síochána, indicated that packages of drugs were being sent in 1kg parcels from Spain inside boxes labeled as “metal corrosion inhibitors.”

NCA and PSNI officers raided the Belfast apartment discovering a factory-style set up of weighing scales, coffee grinders, face masks, rubber gloves and a commercial mixer. A total of 23kgs of Class B drugs including Alpha PVP, with a potential street value of almost £500,000 and 17kg of cutting agents were seized.

The man was sentenced in Belfast Crown Court to two years imprisonment in December 2012 for importing class B drug Alpha-PVP with intent to supply.

i. Drugs

The number of drug seizure incidents in Northern Ireland increased by 7.8% from 4,474 in 2012/13 to 4,825 in 2013/14. The value of drugs seized was nearly £10 million.

In 2013/14, 2,867 persons were arrested for drug offences, 83 more than the 2,784 arrested in 2012/13 (an increase of 3.0%).

The drugs that accounted for the majority of seizure incidents in 2013/14 were cannabis (4,250 seizure incidents), benzodiazepines (471) and cocaine (424).

CASE STUDY

On Thursday 15th August 2013 PSNI officers arrested three men in the Newtownabbey area when they were found to be removing large quantities of controlled drugs from a lorry and placing them into another vehicle. Four large boxes containing approximately 31kg of herbal cannabis with an estimated street value of £600,000 were seized. All three men were charged with Possession of a Class B Controlled Drug and Possession of a Class B Controlled Drug with Intent to Supply.

ii. Excise and Tax Fraud

The priorities for Her Majesty's Revenue & Customs (HMRC) in Northern Ireland are tackling oils fraud, tobacco fraud and tax evasion.

CASE STUDY

In an operation in south Armagh, searches conducted with police assistance at domestic dwellings detected two illegal fuel laundering plants. A third plant was detected in an agricultural shed nearby. Between them, these plants had the potential to produce 26 million litres of illicit fuel per annum, evading £18 million in revenue. Over 50 tonnes of toxic waste was also removed from these sites. The main laundering agent now used at the majority of fuel laundering plants is 'bleaching earth'.

a. Oils fraud

During last year the Road Fuel Testing Unit detected and dismantled 38 illegal fuel laundering plants and seized a total of 574,239 litres of fuel which had an estimated duty value of £366,497.

b. Tobacco/Cigarettes

HMRC continues to run operations directed at disrupting the retail distribution of illicit tobacco products in the domestic marketplace. The major focus, however, is on tackling the organised criminal networks operating on a global scale and seizing illegal goods before they arrive on our shores.

Working collaboratively with intelligence and law enforcement agencies at home and abroad and with the co-operation of foreign Customs Authorities, significant successes have been achieved. This is reflected in the seizures and arrests made during the past year on one of our ongoing cases:

- Over 55 million cigarettes
- 808 kg hand rolling tobacco
- 3.5 tonnes raw leaf tobacco
- Over 15,000 litres of alcohol
- A cigarette "factory" detected and dismantled
- 16 arrests
- £240,000 and €743,000 cash
- Tobacco processing machine

The value of collaborative working across national frontiers is reflected in the fact that the seizures throughout the year have occurred in places as diverse as Lithuania, Belgium, Ireland and Holland, as well as at a number of locations within the United Kingdom.

Each success has the added benefit of providing further intelligence into the activities of the criminal groups involved. Additionally, whilst losing the goods hits the criminals in the pocket, by keeping them out of the domestic marketplace a revenue loss of approximately £16.5 million has been prevented.

c. Evasion of Tax

Tax fraud and attempts to launder the proceeds of crime are key priorities for HMRC. They continue to work with partners in the OCTF to pursue any individuals or crime groups believed to be attacking the public purse in this way.

iii. Immigration and Human Trafficking

During the 2013/14 financial year PSNI referred 38 potential victims of human trafficking through the National Referral Mechanism.

Of these potential victims, 17 were suspected to have been trafficked for the purpose of sexual exploitation and 10 for the purpose of labour exploitation. 11 of the potential victims were believed to have been trafficked for reasons unknown.

15 of the potential victims were British or Irish, 10 Romanian, 6 Chinese, 2 Filipino, 2 Vietnamese, 2 Nigerian and 1 Egyptian.

Home Office Immigration Enforcement

Immigration Enforcement is responsible for robust enforcement of the immigration law and for tackling the criminality behind illegal migration.

Immigration Enforcement in Northern Ireland continues to conduct enforcement operations against a range of immigration crime, including facilitation, document fraud, sham marriages, rogue employers and illegal workers.

In 2013/14 enforcement activities targeting rogue employers and illegal working, and sham marriage interventions were increased by almost 300%. Convictions and jail sentences were secured as were civil penalties running into hundreds of thousands of pounds. The crime groups behind some of these offences were also successfully tackled and disrupted.

ASE STUDIES

In November 2013 BR a Czech National pleaded guilty to human trafficking, controlling prostitution, brothel keeping, and money laundering offences. He was sentenced to two years imprisonment and BR has now been deported from Northern Ireland. A second male, LL, received six months imprisonment for brothel keeping. Another received a monetary fine for brothel keeping and money laundering offences.

In December 2013, a joint investigation team (JIT) led by the PSNI, resulted in a lengthy criminal trial in Stockholm, Sweden. A Romanian national who was arrested in Belfast on a European Arrest Warrant and extradited to Sweden was found guilty of trafficking human beings for sexual exploitation and aggravated procuring. A second Romanian national who was arrested in Bucharest on a European Arrest Warrant and extradited to Sweden was found guilty of complicity in trafficking human beings for sexual exploitation, aggravated procurement and the Swedish equivalent of witness intimidation. Both received a total of four years imprisonment and a large monetary fine. Deportation Orders were also directed on completion of sentence.

In Northern Ireland, Immigration Enforcement also has an important role to play in protecting our borders and working in partnership to strengthen the Common Travel Area (CTA) which is open to exploitation by illegal migrants. Immigration Enforcement and the Police Service of Northern Ireland work together under the heading of Operation Gull.

Operation Gull focuses on domestic United Kingdom flights into and out of Northern Ireland and on the domestic United Kingdom sea crossings between Northern Ireland and other United Kingdom sea ports as well as identifying and arresting illegal migrants going to and coming from the Republic of Ireland by way of the land border.

In 2013/14, some 400 illegal immigrants were intercepted by Operation Gull attempting to abuse, or facilitate abuse, of Northern Ireland ports as a means of illegal transit across the UK – a 32% increase on 2012/13.

Immigration Enforcement 2014/15

The coming year will see many challenges and opportunities for Immigration Enforcement. The changes and new powers conferred by the Immigration Act 2014 will support efforts to work with public and private sector partners to make it increasingly difficult to remain in the UK unlawfully.

New strategic relationships with other law enforcement agencies, other government departments, voluntary and community sector organisations, the business sector and other public sector delivery agencies will be built and developed to encourage greater compliance with immigration laws.

There will be a surge of activity over the next 12 months to respond to these threats. This work will also allow the testing of new types of interventions to help inform the future operating model.

iv. Border crime

Border Force is responsible for all Immigration and Customs functions at the United Kingdom Border.

CASE STUDIES

April 2013: a Chinese food outlet in Newry and another in Carrickfergus were fined a combined total of £100,000 after they were found to be employing illegal workers.

May 2013: two Polish women and a Pakistani male were sentenced to a total of 28 months for their parts in an attempted sham marriage in Dungannon. The would be groom will be deported at the end of sentence

June 2013: investigations into an Organised Crime Group suspected of being behind a number of sham marriages in Northern Ireland resulted in five arrests. At Antrim Crown Court, sentences totalling 28 months were given to three of the gang and a fourth member received a suspended sentence. A European Arrest Warrant has been issued for the gang leader.

July 2013: Operation Gull arrested a Vietnamese male caught using a false driving licence. He was found to have previous convictions for cannabis cultivation and was jailed for three months. He was deported at the end of his sentence.

September 2013: investigations into an organised crime group facilitating illegal working in Northern Ireland resulted in multiple arrests and the closure of a number of trading carts based in shopping centres across the country. The principals in the gang were also arrested and charged with a number of related offences.

September 2013: four Portuguese nationals were sentenced to a total of 54 months for taking part in a sham marriage in Larne.

ASE STUDIES

In January 2014 Border Force officers in Belfast identified a Portuguese national travelling on a fraudulently obtained Irish passport. The passenger was also the subject of a Deportation Order in the Republic of Ireland. Further enquiries revealed that the passenger was convicted and sentenced to 3 years imprisonment in the Netherlands in August 2009 for supplying controlled drugs and possessing prohibited weapons as well as receiving a 2 year 6 month sentence in January 2012 in the Republic of Ireland for controlling prostitution. He was prosecuted by Border Force for being in possession of a false document and given a 5 month suspended sentence. He was subsequently served with a Deportation Order and removed from the United Kingdom. Investigations are ongoing in the Republic of Ireland regarding the fraudulently obtained passport.

In November 2013 a shipment of toy cars from China travelled from Dublin to an Enhanced Remote Transit Shed (an authorised bonded warehouse) in Belfast. The goods were manifested as ride on toy cars. A full examination of the container was carried out and, at the very rear, additional undeclared boxes were identified and upon examination were found to contain robotic fish. Beneath the top layer of each box were individually wrapped foil packages containing 24kgs of mephedrone. Two premises were searched and one arrest was made. Further case enquiries are still ongoing.

ASE STUDIES

Again in November 2013 a 40 foot container from China was examined by Border Force officers and contained footwear in 676 boxes. The majority of these were unbranded items, however 157 boxes, each containing 12 pairs of trainers, had the brand "Air Max" on the side of the trainers. In addition, the label bar code on the inside tongue of the shoe had ceased to be used in 2011. In total 1884 pairs of trainers with an estimated retail value of £95,000 were confiscated by Border Force. The goods were referred to the Rights Holder, confirmed counterfeit and subsequently seized. In October a container of 8,350 bottles of imported counterfeit perfume was also seized. The estimated value of goods is in excess of £500,000.

On 20 November 2013 a Border Force officer challenged an interlining¹ passenger at Belfast City Airport. The passenger, a 61 year old Danish male, had travelled from Mozambique via Johannesburg, Abu Dhabi and Manchester en route to Belfast. On examination of the passenger's hold luggage, the officer detected 16Kgs of herbal cannabis. The passenger was given the bag at Johannesburg airport which he then interlined through to Belfast. Further checks revealed that the passenger had made one previous journey using the same route some months previously. The passenger is currently on remand awaiting a prosecution decision.

Border Force also took part in Op Pangea in June. This is an international operation tackling the online sale of counterfeit and illicit medicines and highlighting the dangers of buying medicines online. Border Force made 61 seizures of illegally imported or counterfeit medicines during the Operation.

¹Interlined baggage is collected and Customs cleared at the final destination in the UK.



CASE STUDY

NCA Operation

NCA investigation identified a UK wide ecstasy and amphetamine importation and distribution enterprise being run by a Newry man from his laptop.

The operation which began in November 2011, revealed the man was receiving drugs from Dutch suppliers with whom he had established a trusted online relationship.

The Newry man used multiple online aliases to market his drugs on internet forums, providing a next day delivery service across the UK via the postal system. He established a reputation for the business-like efficiency of his service and his national client-base spanned the whole of the UK from Stornoway to Dorset including over 140 repeat customers.

In January 2014 the man was sentenced to two and a half years in prison for trafficking ecstasy, amphetamine and other drugs into the UK and for their onward supply.

v Cyber Crime

In the period 1 October 2013 to 25 April 2014 the PSNI identified the following offences as being cyber enabled:

Offence Category	Offences recorded
Violence against the person	
Harassment	176
Threats to kill	32
Assaults with and without injury	13
Sexual Offences	
Sexual activity	21
All other sexual offences	6
Theft	
Blackmail	7
Other theft	3
Criminal damage	1
Other crimes against society	
Other offences against the state and public order (breach non molestation orders)	22
Obscene publications etc. and protected sexual material	24
All other crimes against society	11
Other fraud	
Fraud by false representation etc	113
Total*	429

**Figures provisional and subject to change*

An offence is flagged as cyber enabled where the reporting officer believes that, on the balance of probability, the offence was committed, in full or in part, through a computer, computer network or other computer-enabled device.

vi. Cash-in-Transit

During the 2013 calendar year there were 6 Cash-in-Transit (CIT) attacks recorded in Northern Ireland.

As of end of March 2014, thirteen people had been arrested and eleven charged in relation to three of the attacks in the 2013 calendar year.

ASE STUDY

In December 2013 four males were sentenced in relation to a CIT robbery in Portrush in February 2012. PC received four years imprisonment and four years on licence for robbery, and three years imprisonment to run concurrently for possession of an offensive weapon. PC received three and a half years imprisonment and three and a half years on licence for robbery. JS received four years imprisonment and four years on licence for robbery (to commence at the conclusion of his current sentence). AC received four years imprisonment and four years on licence for robbery.

vii. Extortion/Blackmail

During the 2013/14 financial year, PSNI Organised Crime Branch arrested 13 people as a result of blackmail investigations.

viii. Social Security Benefit Fraud

During 2013/2014 the Social Security Agency's (SSA) Single Investigation Service (SIS) carried out 5112 benefit fraud investigations. During the same period 453

ASE STUDIES

In November 2013 DMcA pleaded guilty in relation to the extortion of a South Armagh businessman. He was sentenced to three years and three months imprisonment.

In May 2013 four men were sentenced in relation to an LVF blackmail case. Four received five years imprisonment, one received two years and eight months.

In May and September 2013 RB (nine years), GB (eight years), AMcB (seven years), DW (five years) and MF (five years) were found guilty of charges in relation to a blackmail incident against a vulnerable victim in late 2009.

convictions were secured in court and a total of 679 Administrative Penalties (similar to a fine) imposed for benefit fraud.

Counter fraud activities within the SSA remain a high priority. The SSA remains vigilant, with the Organised Fraud Unit (OFU) investigating any incidence of potential organised criminality against the benefit system. During this period OFU received 177 potentially serious and complex fraud allegations for investigation and identified benefit overpayments totalling £225,783. There was no evidence of systematic organised criminal activity detected in any of the frauds investigated, nor evidence of organised or group related criminal activity.

OFU received an allegation of fraudulent activity on a number of Maternity Allowance claims. Investigations have established that this was an organised fraud linked to an ongoing Department for Work and Pensions

(DWP) fraud investigation. OFU has provided evidence to DWP. DWP are providing OFU with regular updates on this investigation.

CASE STUDY

The OFU received an allegation that an identity had been “hijacked”. Following an investigation, including periods of surveillance during which video footage was obtained, a meeting was held with PSNI. An individual was subsequently arrested and during the interview under caution admitted to hijacking two identities in order to claim benefit. A total overpayment of £13,449 was raised and the defendant received a 5 month custodial sentence in June 2013.

The SSA Document Examinations Teams continue to verify and validate the allocation of National Insurance Numbers (NINOs) and this remains an important deterrent to those criminals intent on committing identity fraud. The Teams work closely with the Department for Work and Pensions’ National Identity Fraud Unit to detect individuals applying for false NINO’s using counterfeit documentation.

Liaison and co-operation continues between SSA and other law enforcement agencies where there is a threat that could potentially impact on the Northern Ireland Social Security system.

The OFU maintains a close working relationship with colleagues from both the DWP and the Department of Social Protection in the Republic of Ireland with regard to possible cross border benefit frauds.

The SSA continues to participate in data matching exercises with HMRC and other government departments to look for

CASE STUDY

The Social Security Agency Investigation Unit obtained a Contiscation Order to the value of £7,725 against a 67 year old woman at Antrim Crown Court in November 2013.

The defendant had acted as appointee for an elderly aunt who had dementia and became incapable of managing her own financial affairs. Her aunt’s benefits were paid by order book and payments were collected by the defendant from November 1992.

Single Investigation Services undertook an investigation and established that the defendant’s aunt had in fact died in 1997. The defendant did not report her death to the Social Security Agency but rather continued to claim and receive her aunt’s social security benefits until March 2011.

When interviewed regarding the non-disclosure of her aunt’s death, she stated that she had not reported her passing as she was confused following her death. She failed, however, to provide a satisfactory explanation as to why she did not report the death at any stage during the 14 years prior to her wrong-doing being discovered.

In June 2013, the defendant pleaded guilty to failing to report the death of her aunt and wrongfully receiving Retirement Pension, Income Support, Pension Credit and Attendance Allowance. She was sentenced to 12 months imprisonment suspended for 18 months.

At the confiscation hearing, the Court agreed that the loss to the Department through the defendant’s criminal activity amounted to £46,123.36. It was also agreed that the defendant had assets available to her amounting to £7,725.41 and a confiscation order was granted for that amount.

inconsistencies in data provided that may point towards benefit fraud.

During 2013/2014 177 cases were referred to the SSA's Financial Investigation Unit (FIU) for consideration. The FIU secured 24 Confiscation Orders to the value of £318,111, 1 Compensation Order for £36,674 and 7 voluntary payments totalling £88,622. This gave a total recovery of £443,408.

ix. Illegal dumping of waste

Between 1 April 2013 and 31 March 2014, the Northern Ireland Environment Agency's (NIEA) Environmental Crime Unit (ECU) secured 30 convictions against individuals and businesses carrying out persistent, commercial-scale illegal waste activities. These convictions produced fines totalling £74,768, a number of suspended sentences and a conditional discharge.

Illegal waste offending on such a scale generates a considerable financial return for environmental offenders, through the avoidance of payment of the gate fee at a licensed landfill facility, landfill tax (now £80 per tonne) and VAT at 20%. As well as convictions, ECU's financial investigators pursue confiscation orders against such offenders.

In the past financial year, ECU's financial investigators secured 5 confiscation orders with a value of £482,844. Since 2003 when ECU assumed responsibility for enforcing waste legislation from the District Councils, ECU has secured £1,243,033 in fines against 516 convicted environmental offenders (averaging £2,409 per case). By contrast, since 2009 when ECU's financial investigators secured their first confiscation order (other than through the Assets Recovery Agency as was), ECU has secured £1,574,348 in confiscation orders in 21 confiscation cases (averaging £74,968 per case). This illustrates the strengths of the Proceeds of Crime Act.



The NIEA ECU and PSNI Strategic Partnership formed in 2012 has gone from strength to strength. The Partnership established a Single Point of Contact (SPOC) system between NIEA ECU and PSNI Districts. The Partnership has led to assistance in the form of resource and expertise to aid each other's investigations into the following crime types:

- Metal theft and illegal scrap metal sites
- Waste crime
- Protection of listed buildings
- Theft of artefacts
- Keeping of dangerous and wild animals
- Poaching
- Harming wild animals
- Releasing endangered species

CASE STUDY

Operation Sycamore

Operation Sycamore, which was the subject of a BBC Spotlight programme has presented challenges for NIEA. SOCA also committed experienced investigators to assist with key areas of the investigation including the financial investigation, the execution of search warrants and assisting with overseas enquiries. However, at the launch of the NCA, this support could no longer continue as the criminality fell within the devolved arena.

In March, ECU submitted a report and recommendation to the Public Prosecution Service recommending prosecution of two companies and each of its directors for waste crime on a commercial scale.

The two-year investigation revealed in excess of 600,000 tonnes of highly polluting waste, alleged to have been illegally placed into a site in County Londonderry spread over a distance of 1.3 kilometres. This is believed to be the largest illegal landfill discovered in the United Kingdom.

The landfill tax and VAT elements evaded in the lawful disposal of 600,000 tonnes of waste amounts to £57,600,000. Clear up, or remediation costs, present an even greater challenge and are likely to exceed this figure.

The environmental harm caused from the decomposition of waste is severe with releases of polluting liquid and landfill gas into the environment being inevitable. The site is adjacent to the River Faughan which is an Area of Special Scientific Interest (ASSI), a Special Area of Conservation (SAC) and renowned for salmon fishing and its otter population. The River Faughan serves as the main source of drinking water for the population of Derry.



CASE STUDY

Illegal scrap metal site in Coalisland

Officers from ECU, assisted by PSNI, investigated a site in Coalisland, where a substantial quantity of controlled wastes in the form of end of life vehicles (ELVs) and parts of ELVs were deposited at an illegal scrap metal site. The site did not have a waste management licence or a licence to operate as an authorised treatment facility for end of life vehicles. Hazardous waste in the form of oils and fluids present on site posed potential for pollution to the immediate environment or harm to human health.

The defendant pleaded guilty to a number of offences under the Waste and Contaminated Land (Northern Ireland) Order 1997 and was sentenced at Belfast Crown Court in February 2014 to six months imprisonment suspended for two years. Confiscation proceedings are pending.



ASE STUDY

Illegal scrap metal site in Jonesborough

On 16 October 2013 in Newry Crown Court, a limited company pleaded guilty to a number of offences under the Waste and Contaminated Land (NI) Order 1997.

NIEA ECU officers discovered a site of over 3 acres in size containing large piles of scrap metal including scrap cars, lorries, vehicle parts, hundreds of tyres, batteries, engine blocks and general scrap steel.

Some of the waste was piled up over seven metres high. The site had several oil spills and officers observed evidence of waste having been burnt on site. Repeat visits to the site demonstrated ongoing environmental offending. The site was not secured and the waste was mostly deposited on mud or soft permeable ground.

Sentence and confiscation proceedings are pending.



x. Criminal Finance & Assets Recovery

ASE STUDY

In April 2013 PSNI were granted a search warrant under the Misuse of Drugs Act 1971, in respect of a property in Glenavy. Police found an estimated £30,000 which was stored between a plastic bag and a shoebox in the main bedroom, and a quantity of Euros. Approximately 250g of suspected cocaine, 41g of cannabis resin, 1,250g of a cutting agent and Kamagra tablets were also found during the search. The suspect was unemployed, on benefits and the money was seized under the Proceeds of Crime Act as police at that time believed the cash to represent recoverable property (profit from selling controlled substances) or was intended for use in unlawful conduct, namely the purchase of controlled substances. The money was successfully forfeited in court in March 2014.

In 2012 a Banbridge woman pleaded guilty to 33 charges including money laundering, fraud, false accounting and theft to a value of £434,500. A confiscation hearing took place in September 2013 and a confiscation order was granted for the recoverable amount of £35,000. The defendant had already paid compensation totalling £230,476 and the £35,000 confiscated is also to be paid as compensation.

PSNI investigated the money laundering activities of a Chinese crime group with links to the Triads. In December 2013 two of the individuals involved were the subject of two confiscation orders totalling over £320,000.

xi. The Public Prosecution Service for Northern Ireland (PPS)

The Public Prosecution Service for Northern Ireland (PPS) is an independent prosecuting authority established under the Justice (Northern Ireland) Act 2002. The PPS is headed by the Director of Public Prosecutions for Northern Ireland. The statutory function of the PPS is to take prosecution decisions and conduct criminal proceedings which are instituted in Northern Ireland in relation to matters investigated by any police service in Northern Ireland, including PSNI, Ministry of Defence Police and Belfast Harbour Police. The PPS also takes decisions and conducts prosecutions in respect of files submitted by a range of other Government bodies such as the Department for Social Development, the Health and Safety Executive, Her Majesty's Revenue and Customs (HMRC) and the Northern Ireland Environment Agency (NIEA).

Each investigation file submitted to the PPS is considered by a legally qualified and experienced Prosecutor to determine if the Test for Prosecution is met. The test for Prosecution is met if:

- i. the evidence which can be adduced in court is sufficient to provide a reasonable prospect of conviction – the Evidential Test; and
- ii. prosecution is required in the public interest – the Public Interest Test.

Where the prosecution test is met, criminal proceedings will be brought by the PPS either in the Magistrates Court (summary prosecution) or the Crown Court (indictable prosecution).

The PPS is an integral member of the Organised Crime Task Force and is represented on the Strategy Group and several sub-groups. The PPS is responsible for applying to the Court for Restraint and Confiscation Orders, information in respect of the Orders made is set out on page 48.

Figures for the year 2013-14

The majority of these cases are received from the PSNI but some are received from other investigators.

Money laundering offences:

Suspects reported or charged	178
Decisions to prosecute	146

Controlling prostitution:

Suspects reported or charged	7
Decisions to prosecute	3

Of which there was one prosecution for controlling a child prostitute.

Possession of drugs (including producing or supplying and excluding simple possession):

Suspects reported or charged	925
Decisions to prosecute on indictment	288
Decisions to prosecute summarily	311

Human trafficking:

Suspects reported or charged	7
Decisions to prosecute	1



a. HMRC

HMRC submit investigation files to the PPS on a variety of fraud and tax evasion offences. There is the potential for organised criminals to be involved in these offences. The most commonly encountered criminal activities investigated by HMRC are fuel laundering and tobacco smuggling; which are forms of excise duty evasion.

Suspects reported or charged	59
Decisions to prosecute	46

b. NIEA

Although PSNI and Belfast Harbour Police submit files in relation to the illegal disposal of waste, the vast majority of such cases are received from NIEA. Where appropriate the PPS will seek confiscation of any proceeds of criminal benefit from illegal waste activities.

Suspects reported or charged	108
Decisions to prosecute	88





**CHAPTER
THREAT
ASSESSMENT
2014**

3

Overview

Organised crime causes serious harm to communities and individuals in Northern Ireland in many ways, including through drugs, illicit cigarettes or alcohol, laundered fuel, human trafficking and counterfeit goods. Research estimates the social and economic costs of organised crime in the United Kingdom to amount to many billions of pounds.²

Organised crime is defined as ‘...serious crime planned, co-ordinated and conducted by people working together on a continuing basis. Their motivation is often, but not always, financial gain. Organised criminals working together for a particular criminal activity or activities are called an organised crime group.’³

The Organised Crime Task Force (OCTF) provides a Northern Ireland based approach to increasing our understanding of the organised crime landscape locally, and allows law enforcement agencies to work alongside other government bodies and private industry in order to share knowledge and tackle organised crime in partnership. The annual OCTF Threat Assessment provides the opportunity to share publicly the key threats posed to Northern Ireland from organised crime. Growth areas and emerging issues over the past year have been seen in respect of cyber crime, the drugs market and organised crime affecting rural locations. The OCTF has also significantly increased knowledge in respect of cyber crime and human trafficking.

Summary of key findings

- Cash-in-transit attacks have seen a significant reduction in Northern Ireland, however there remains a threat of ATM thefts, including the potential emergence of new methodologies.

- Tiger kidnaps, kidnaps and aggravated burglaries remain a threat to anyone who has ready access to cash or valuable commodities.
- The range of frauds seen locally continues to grow and becomes more complex, with the involvement of both locally based criminals and organised crime groups based overseas.
- Money laundering methods are being increasingly influenced by the use of digital currencies and electronic transfer systems. This poses significant challenges to law enforcement, making investigations more protracted and complicated. It also poses a risk that current legislation provision may not be sufficient to prosecute said cases, with the result that some pieces may need to be updated if they are to remain relevant.
- ‘Pure’ cyber crime incidents remain somewhat unusual in Northern Ireland, however reports are increasing and this is likely to be an area of growth over the coming years.
- The areas of growth in the Northern Ireland drugs market can be seen in relation to the new psychoactive and synthetic drugs market and the illicit supply of prescription drugs. The increase in the number of deaths where heroin/morphine is mentioned on the death certificate is also of concern.
- There is an increase in extortion incidents being perpetrated online, as well as ‘bad on bad’ extortions where the individual targeted is involved in some form of criminality themselves, posing particular challenges to traditional enforcement and covert techniques.

²Home Office (2013). Understanding organised crime: estimating the scale and the social and economic costs. Research Report 73. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/246390/horr73.pdf

³National Crime Agency definition.

- The importation of counterfeit goods continues to open up new routes for the importation of other illicit items, including drugs and firearms. Those involved in supply are often linked to other types of organised crime.
- The OCTF has increased its knowledge of human trafficking in Northern Ireland, including the background of potential victims and the recruitment methods being used to lure them into the country. An increase in potential victims recovered is partially due to an increased understanding and identification of internal trafficking.
- There are a number of organised crime groups that have gained particular expertise in relation to oils and tobacco frauds. They are often linked to other types of organised crime, including drugs supply, and may have links to paramilitary groups.
 - There is an increasing threat from organised crime groups specialising in organised crime in rural locations, e.g. ATM thefts, fuel laundering, food fraud, waste crime and plant theft. These groups will often move from one crime type to another in order to maximise profits and try to evade law enforcement.

Paramilitary involvement in organised crime

The activities of Northern Ireland's paramilitary groups have significantly diminished since the signing of the Good Friday Agreement and the resulting increased political stability. However there remain both Loyalist and Republican paramilitary groups that will carry out organised criminal activities in order to fundraise, for personal gain and also to exert control over the communities in which they

operate. Whilst the landscape has changed dramatically, there are still some who remain intent on the use of violence. These groups' political intent is not always clear however a number pose a threat to national security and are also heavily engaged in organised crime.

Despite publicly denouncing organised criminality, dissident republican groups remain largely dependent on organised crime to fund their terrorist activities. Some dissident republicans are generating significant sums of money from fuel laundering and tobacco smuggling. In addition there has been suspected dissident republican involvement in a range of other organised criminality in the past year, including armed robbery, extortion, counterfeit currency, money laundering, drugs supply, burglary and intimidation. Dissident republican groups remain heavily involved in 'civil administration' and extortion against those they suspect of being involved in organised crime, in particular drugs supply.

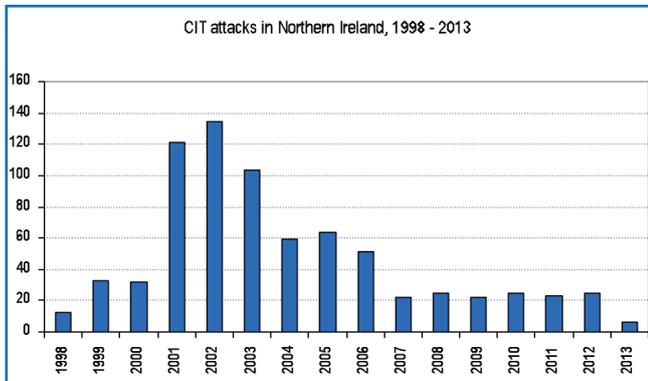
There is also involvement in organised crime by some members of the loyalist paramilitary groups the Ulster Defence Association (UDA) and Ulster Volunteer Force (UVF). It is often unclear how much of this activity has been sanctioned by leadership. It is clear, however, that some members (including some at a senior level) are involved in extortion, money lending, robbery, contraband, drugs, burglary, thefts from the rural community and money laundering for extensive personal gain.

Armed robbery

Cash-in-transit (CIT) attacks

There were six CIT attacks recorded in the 2013 calendar year. This represents the lowest number of incidents since records began in Northern Ireland in 1998. CIT attacks reached their peak in Northern Ireland in 2001 and 2002, when there were

121 and 134 incidents recorded respectively. The number of recorded incidents then reduced gradually from 2003 to 2006.



Between 2007 and 2012 the annual number of attacks levelled off to between 22 and 25 each year. The reduction to just six attacks in 2013 represents an unprecedented low.

There are a number of factors that are likely to have contributed to the reduction. These include increased security measures by industry, successful interventions by law enforcement and the movement of some organised crime groups into other areas of criminality. CIT boxes have become more difficult to steal, easier for law enforcement to recover after theft, and it is also easier for law enforcement to identify suspects. This is largely as a result of increased security measures such as trackers, smoke and dye boxes, Smartwater marking, the use of surveillance vehicles and CCTV in vehicles. These measures, combined with robust police investigations, have resulted in a number of key organised crime group members serving prison sentences. As of 19th March 2014 thirteen people had been arrested and eleven charged in relation to three of the attacks in the 2013 calendar year. Such criminals have been known to return to this crime type but it should also be noted that at least one notable organised crime group which was historically involved in CIT attacks were arrested in 2013 for their involvement in drug cultivation and supply. It may be the case that increased security measures and successful interventions have

resulted in some groups moving into other areas of criminality that they perceive to be more profitable and lower risk.

ATM thefts

The physical theft of ATM machines first became an issue in Northern Ireland in 2009. A series of incidents occurred (21 in the 2009 calendar year), around two thirds of which involved the use of stolen plant machinery. One organised crime group was linked to the earliest recorded incidents, however, despite limited success of the group, the subsequent media coverage resulted in a series of 'copycat' offences occurring. PSNI formed a Gold Command Group and a strategy was implemented to deal with the thefts, resulting in the number of incidents reducing dramatically, with low levels recorded in the subsequent years. Even when reports were at their peak, the number of incidents where the ATM is actually successfully stolen is limited. More often, significant damage is caused to the building housing the cash machine, and the ATM itself is left buried amongst the rubble.

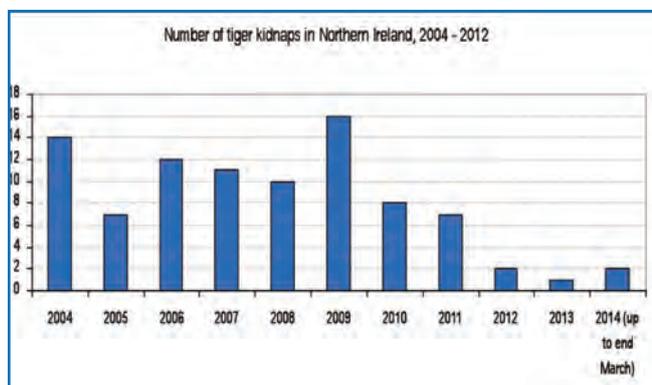
As well as sporadic attacks using stolen plant machinery, PSNI also see occasional attacks on ATMs by criminals trying to gain access through adjoining buildings or using power tools to attack externally housed ATMs. These are largely unsuccessful and often bear the hallmarks of inexperienced crime groups, who lack the capability to carry them out successfully.

Whilst ATM thefts and burglaries in Northern Ireland are somewhat infrequent and largely unsuccessful, there remain some key threats in this area. Since the middle of March 2013, there have been a series of ATM attacks in Great Britain where gas has been used to gain entry. Premises attacked have included shops, petrol stations and banks, and the damage caused has been substantial. At least one similar attack using gas has been

seen in the Republic of Ireland in 2014. These types of incidents have also been seen in other parts of Europe, including France and Spain. It is believed that organised crime groups with expertise in this area may be travelling to commit offences and it also cannot be ruled out that the modus operandi will be shared and become widely known within the criminal fraternity. PSNI already have a response strategy in place should a similar attack occur here.

Tiger kidnaps, kidnaps and aggravated burglaries

“Tiger kidnaps involve the abduction or holding of a hostage (or the claim of having done so) with the intention of forcing another person to facilitate the immediate theft of valuables or concede some other form of ransom from an institution or business organisation.”⁴



The number of tiger kidnaps reported in Northern Ireland peaked in 2009 (when 16 incidents were recorded), before incident numbers began to drop in subsequent years. In the 2013 calendar year there was just one tiger kidnap incident. In the 2014 calendar year to May, however, there have been two substantive incidents and one attempt.

In addition to tiger kidnaps, which usually involve taking or claiming to have taken a family member hostage, organised crime groups may also attempt to kidnap business owners and/or staff members themselves, or

carry out robberies and aggravated burglaries at their homes.

Criminal finance

Fraud

Northern Ireland law enforcement agencies continue to receive reports of a wide variety of frauds. In some instances they are relatively straightforward and committed by criminals based within the jurisdiction; however there are increasing reports of complex frauds being perpetrated by organised crime groups based abroad. The National Fraud Authority's Annual Fraud Indicator 2013 estimates the loss to the United Kingdom economy from fraud to be around £52 billion. Of this amount, they estimate up to £18.9 billion is perpetrated by organised crime groups. Criminal groups both commit fraud and use it as an enabler. Specific frauds linked to organised crime groups in the United Kingdom include mortgage fraud, tax fraud, benefit fraud, identity fraud, payment card crime and insurance fraud. Around 18% of United Kingdom organised crime groups identified through organised crime group mapping data are suspected of involvement in fraud activities.⁵ In Northern Ireland, the figure appears to be lower (around 4%) and those identified as being involved in fraud are also linked to other types of criminality including drugs, extortion, robbery, kidnap, firearms, burglary, plant theft and vehicle theft. It is important to note however that, in addition to locally based organised crime groups, there are also a number operating from overseas who are targeting local individuals/businesses.

Frauds reported in Northern Ireland often involve some form of 'advance fee', where the injured party is asked to pay money upfront for goods or services. Examples of frauds seen in Northern Ireland in the past

⁴ Definition provided by PSNI.

⁵National Fraud Authority (June 2013). Annual Fraud Indicator. Available online at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206552/nfa-annual-fraud-indicator-2013.pdf

year which may involve organised crime groups include:

'419' Advance fee fraud, also known as West African letter fraud. These are commonly reported in Northern Ireland. This type of fraud involves '...asking you to help with transferring money out of another country - such as Iraq, South Africa or somewhere in west Africa - in return for a percentage of the money you helped to transfer.'⁶ Other derivatives of advance fee fraud seen locally include romance fraud (where the victim is befriended, often via a dating website, and is then convinced over time to send money), foreign lottery and prize draw scams, loan frauds (where the victim pays an upfront fee for a loan that does not materialise) and computer software service fraud (where the victim is asked to pay a fee to fix a 'fault' with their computer). These frauds are often perpetrated by organised crime groups based outside the jurisdiction.

PSNI continue to see advance fee frauds involving 'electronic money' or 'e-money'. The victim is told to purchase 'e-money' vouchers in exchange for a promised lump sum (usually as an upfront fee for a bank loan or for a refund of tax or bank charges) and is then asked for the voucher codes. The fraudster can then use the codes to buy goods online, load up pre-pay cards or send money via electronic transfer. Counterfeit cashiers cheques are also used; the injured party is sent an overpayment for goods/services and is then asked to send 'change', usually by Western Union. By the time the cheques are discovered to be fraudulent, the return payment has already been made.

'Fraud recovery' scams are particularly cruel as they constitute repeat victimisation. This is where people who have been defrauded are contacted by criminals claiming to be able to recover their lost money. The

fraudsters will attempt to gain personal details and additional money.

Online shopping and auction fraud involves a product being advertised for sale through internet shopping and auction sites that either do not exist or does not match the original description. This also includes when a legitimate seller does not receive payment for goods sold online and is unable to contact the purchaser.⁷ These are among the most commonly reported frauds in Northern Ireland. In some instances they are committed by organised crime groups, although they are also commonly perpetrated by local criminals, sometimes operating alone.

A 'vishing' attack occurs when fraudsters obtain personal details of a victim by phone which they can then go on to use to commit fraud. Locally, PSNI have noted a recent series of vishing attacks where the injured parties are contacted by phone by someone claiming to be from their bank. They are told their account security has been compromised and that they need to change their passwords, resulting in these security details being unwittingly given to the fraudster. This is known as an 'account takeover', whereby the criminals can take money from the victim's bank account. Significant incidents have included business losses of hundreds of thousands of pounds.

National research suggests that some types of fraud tend to have very low rates of reporting. Reasons may include; "...the victim may not know they have been defrauded, they feel partly responsible, the embarrassment, the low financial loss, the ambiguity of the fraud, the attitude of statutory bodies and confusion, amongst others.'⁸ The profile of victims seen in Northern Ireland, like the rest of the United Kingdom, is very varied, although different fraud types are sometimes tailored to

⁶ National Fraud Authority - <http://www.attorneygeneral.gov.uk/nfa/actionfraud/OtherFraud/Pages/WestAfricanLetter.aspx>

⁷ Action Fraud - <http://www.actionfraud.police.uk/homeoffice-fraud-counting-rules>

⁸ National Fraud Authority. Fraud typologies and victims of fraud: Literature review.

deceive particular groups. Being the victim of a fraud can have major impact on an individual, that go well beyond the financial loss. These include loss of employment, emotional impact, health problems, disintegration of the family, self blame and behavioural changes.⁹

Money laundering

Organised criminal groups need to launder the proceeds of their criminality in order to make it appear legitimate. In the past year a number of new money laundering methodologies have been identified in Northern Ireland. These have included:

- The use of gift cards – law enforcement can seize cash where they have reason to believe it has been criminally obtained. The seizing of store gift cards can be somewhat more complex. PSNI recently identified a money laundering methodology whereby criminally obtained cash was being transferred onto store gift cards before being converted into other commodities and then back into cash. It should be noted that this methodology was complicated and time consuming, as the commodities had to be sold in order to gain cash back again. In this case PSNI were able to share details of the identified methodology and learning points with the wider law enforcement community. This type of laundering technique will usually involve an international dimension (in this case involvement by an Asian organised crime group) and, if not run in a highly organised manner, may result in significant losses to the group.
- The use of digital currencies, electronic transfer systems, cash vouchers and pre pay cards – In the past organised crime groups would have physically

moved cash across borders in order to reduce the risk of scrutiny when using financial institutions. Whilst this is still the case, there are now an increasingly wide variety of ways of transferring cash between jurisdictions without using 'traditional' financial institutions. Many of these facilities are not easily traced and allow money to be 'loaded' in one jurisdiction and withdrawn in another in quick time. Examples used by locally based organised crime groups include Bitcoin, Western Union, uKash and prepaid Mastercard and Visa cards.

In addition, organised crime groups based locally will still use more established methods of money laundering.

- The use of cash businesses – some businesses lend themselves more readily to money laundering as they deal mostly with cash. Organised crime groups can use these businesses to hide criminally obtained money alongside legitimate profits. This may seem like a relatively easy way to launder money however, since POCA legislation was introduced, staff at financial institutions are trained to recognise 'unusual' transactions and this includes unusual movements of cash through business accounts. A professional facilitator, such as an accountant, may also have to be employed.
- Physical movement of cash across borders – Some organised crime groups still favour this method. They will often use 'mules' to carry out this activity. In some instances the cash is moved through the postal system. The large number of local bank notes in circulation in Northern Ireland can make this practice more difficult as the criminal group will often have to change

⁹ National Fraud Authority. Fraud typologies and victims of fraud: Literature review.

the cash into Euro or Bank of England Sterling notes prior to moving it.

- Layering the profits through a number of accounts – Organised criminals may try to avoid detection by placing smaller amounts through a large number of accounts, often in other people's names. This can be a risky choice for the criminal as it widens the circle of people involved in their criminality, making it more vulnerable to identification by law enforcement.
- The use of money service businesses (MSBs) – Northern Ireland bank notes can be undesirable for those wishing to purchase criminal commodities outside the country. Criminally complicit MSBs offer a 'no questions asked' money exchange facility which is attractive to organised criminals. Law enforcement agencies in Northern Ireland continue to investigate the criminal use of MSBs in cooperation with An Garda Síochána where appropriate. Joint investigations have highlighted complicit MSBs linked to criminality such as drugs supply and cigarette smuggling, in some instances involving the processing of millions of pounds.
- Property and land purchase – Many organised criminals have invested criminally-obtained profits in property and land. Property in the United Kingdom, Republic of Ireland and also Eastern Europe has been popular, however the recession has led to many of these properties losing much of their value. It should be noted however that the rental market remains buoyant and many criminals who put their money into property became involved in the buy-to-let sector with a view to long term investment. Given the high degree of negative equity that is being seen across this sector, property

portfolios continue to be a popular and effective method of concealing the proceeds of crime and, in the medium to long term, will represent a significant investment. This is particularly true when mortgage payments continue to be serviced by rental income.

Throughout the money laundering process organised crime groups will often enlist the help of corrupt professionals, such as accountants, solicitors and banking officials. These 'professional facilitators', sometimes referred to as 'gatekeepers', can provide a range of services and whilst some may do so unknowingly, others will be fully aware of their clients' involvement in organised crime. Even those who are genuinely not aware of their clients' involvement may have acted illegally or irresponsibly by not showing due diligence in the execution of their duties.

Cyber Crime

Definitions

'Pure' cyber crime (or cyber dependent crimes) - where a criminal act can only be committed through the use of computers or other ICT devices. In these cases the devices are both the tool for committing the crime and target of the crime. For instance, the harvesting of online bank account details using malware, hacking of networks to steal sensitive data or distributed denial-of-service (DDoS) attacks on websites or infrastructure.¹⁰

Cyber enabled crimes – 'Cyber enabled crimes are traditional crimes (such as fraud, theft, sexual or harassment offences), which can be increased in their scale or reach by use of computers, computer networks or other forms of information communications technology (ICT). Unlike cyber dependent crimes, they can be committed without the use of ICT.'¹¹

¹⁰Home Office (2013). Cyber crime: A review of the evidence. Research Report 75. Chapter 1: Cyber-dependent crimes. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/246751/horr75-chap1.pdf

¹¹Home Office (2013). Cyber crime: A review of the evidence. Research Report 75. Chapter 2: Cyber-enabled crimes – fraud and theft. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/248621/horr75-chap2.pdf

PSNI do not receive a significant number of reports of 'pure' cyber crimes, however there has been an increase and there have been some significant incidents in recent months, including an SQL injection attack¹² against a local institution. There is likely to be a degree of underreporting due to a fear of reputational damage to businesses who are the victims of such an attack. Whilst many 'pure' cyber crimes are committed by organised crime groups based overseas, there are also examples of locally based criminals becoming involved. This is a growing threat locally as levels of criminal expertise grow. Cyber enabled crimes can include a wide variety of offences and there are many examples seen by law enforcement on a daily basis, including harassment, blackmail and fraud incidents. The level of complexity can vary greatly, from simple frauds on online shopping sites, through to sophisticated extortion incidents. The types of cyber enabled crimes commonly reported to PSNI include:

- Fraud offences – such as fraud on online auction sites and shops, fraudulent websites and advance fee frauds. These frauds can vary from low loss incidents involving family members, right through to organised high level frauds perpetrated by organised crime groups. In some instances businesses are reluctant to report these types of fraud. It is vital, however, that law enforcement gains knowledge in relation to the types of offences to allow effective preventative work to be undertaken. It has also been noted, in particular in cases of online 'account takeover fraud' using 'vishing' techniques, that there is often a substantial delay in reporting these crimes. This is mainly due to the anomaly of trying to identify who the victim is; whether it is the bank or the

customer. Invariably the crime is not reported until this has been clarified.

- Extortion – the most commonly reported have been ransomware attacks against businesses, and personal extortions against individuals who have visited sex chat rooms. The level of embarrassment in relation to the latter can be so great that individuals may continue to pay significant sums because of a concern about their activities being made public. There have been recorded incidents where individuals have taken their own lives following such an extortion demand. PSNI also receive regular complaints of pop-up screens appearing on computers advising the individual that they have been engaged in criminal activity and asking for a fee to get their computer unlocked. These warnings often relate to the viewing of pornography or child pornography, even if the computer owner has not been viewing such sites. Victims may pay the fee due to their sense of fear or embarrassment. The pop-up screens are often designed to look realistic and official, and usually include some form of law enforcement crest.
- Harassment, intimidation, threats and cyberstalking – these usually relate to domestic incidents and ongoing disputes, however have included intimidation of witnesses and predatory cyberstalking.
- Incidents with a sexual element – including the grooming of young people and sharing of indecent images of children. The cyber environment is also commonly used to recruit and advertise victims of human trafficking for sexual exploitation.

¹²National Crime Agency – "Structured Query Language (SQP) is a programming language designed to retrieve and manage data on computer databases. SQL Injection Attacks are methods of hacking into and gaining unauthorized access to such databases connected to the internet."

- Sourcing of illicit items online – including drugs being sourced from online suppliers based overseas. These drugs can be paid for using digital currencies. Criminal forums and ‘black market’ websites are becoming a more significant issue for law enforcement, with servers often based overseas. In some instances these websites are run in the ‘dark web’, where users can conduct their activities anonymously. Websites and social media sites are also used to advertise and sell counterfeit goods, such as clothing, footwear, perfumes, jewellery, make up, prescription drugs and tobacco products. In addition to the sale of hard goods, the internet also facilitates illegal file sharing, for example, using torrents. In December 2013 two men were sentenced at Belfast Crown Court for their involvement in a ‘bit torrent’ website that was being used to illegally distribute films, music, computer software and audio books.

Locally, law enforcement are involved in a number of training programmes, both internally and externally, in order to ensure individuals and businesses protect themselves online, and also that law enforcement officers are fully aware of the potential threats.

Drugs

The overall three-year trend for drug seizure incidents and arrests has been slightly upwards. However it is fair to say that both sets of figures have noted significant and unusual month-to-month fluctuations over the past eighteen months. This is as a direct result of increasing strain on police resources due to major events (G8, World Police and Fire Games etc.) and significant incidents.

Whilst some organised criminal groups involved in drugs importation and supply will

concentrate on drugs alone, it is not unusual to see links to other types of organised crime. Around three quarters of all organised crime groups have some involvement in drugs, whether at importation level, high level supply or street level dealing. Of these, over half have links to other types of organised crime. The most frequently seen connections are in relation to counterfeit and contraband goods, robbery, money laundering and firearms. The common links to counterfeit/ contraband goods and firearms are likely to be partially indicative of the use of particular supply routes to import a number of different illicit commodities. Links to firearms may also indicate an increasingly competitive and potentially violent marketplace. Less frequent links are seen in relation to extortion, human trafficking/ prostitution, fraud and fuel laundering. Organised crime groups will often move between commodities/ crime types according to perceived risk level and potential profits. In recent years there have been some groups noted to have moved into the drugs market, particularly cannabis cultivation, from other areas of organised crime, such as robbery and tiger kidnaps. Both loyalist and dissident republican paramilitary groups are involved in attacks against those suspected of participation in drug supply. Individuals with connections to these groups have also been linked to drug supply themselves. Paramilitary groups have carried out aggravated burglaries, robberies, kidnaps, “civil administration” attacks and extortion against those suspected to be involved in drug supply, as well using explosive devices in an attempt to intimidate, injure or murder. These incidents are not always reported to police. There may be significant monetary losses and injuries can be serious or even fatal.

The most significant areas of expansion in the Northern Ireland drug market are being seen in respect of new psychoactive substances (NPS) and illicitly acquired

prescription drugs. The heroin market is also showing signs of potential increase, however some of the available data is conflicting and the base is small.

The new psychoactive substances market is expanding at an unprecedented rate and poses serious public health risks. The European Union Early Warning System received reports of around one new substance a week in 2013. The combination of scientific advancements allowing these products to be made cheaply, alongside the growth in internet use, has led to a significant increase in their availability. This trend is seen throughout Europe and is not unique to Northern Ireland. Users often do not know what is contained in the drugs they are taking, and products branded and packaged the same way often do not contain the same compounds, with some drugs being sold as 'legal highs' actually containing illegal substances. According to the United Nations Office on Drugs and Crime (UNODC), the United Kingdom accounts for around 23% of the European Union's total users of new psychoactive stimulants and has the highest number in the European Union.¹³ The availability of new synthetic drugs can lead to users taking drugs which they believe to be something else. This has been particularly notable in relation to the ecstasy market, where pills are being marketed as ecstasy but actually contain a variety of compounds, the combination of which may be even more life threatening than ecstasy alone.

Northern Ireland is recognised as having significantly higher than United Kingdom average prescribing rates for benzodiazepines. In 2012 a total of 28,787,582 diazepam tablets (2mg, 5mg and 10mg) and temazepam tablets (10mg and 20mg) were dispensed in Northern Ireland. This equates to almost 16 tablets for every person living in the country, and is

significantly higher than the rate seen in England (which is around 4 tablets per head).¹⁴ Benzodiazepines are available on prescription, but are generally recommended for short term use as they can be addictive, particularly through prolonged use.¹⁵ Equally, in Northern Ireland there were 15,521,802 tramadol 50mg capsules dispensed in 2012. This equates to almost 9 capsules for every person living in the country. In this instance, rates in England are higher, at around 11 capsules per head.

Prescription drugs are mentioned on over two and a half times as many death certificates as heroin, methadone, cocaine, amphetamines and mephedrone combined (503 deaths between 2002 and 2012), with benzodiazepines specifically accounting for almost half of all death certificates where a specific substance is named. Another area of significant growth is that of deaths where tramadol is mentioned on the death certificate. These deaths have almost doubled between 2011 and 2012 in NI, and have increased by 182% between 2008 and 2012 (up from 11 in 2008 to 31 in 2012). This increase is broadly mirrored in England and Wales where the figure has increased by 86% between 2008 and 2011 (up from 83 to 154). Individuals who have originally been prescribed these drugs may now have issues with addiction but may be unwilling to seek medical help due to embarrassment, denial or the perceived stigma attached to drug addiction. Deaths are increasing, potentially due to addicted individuals failing to seek treatment and instead taking tablets from an unreliable source. This may lead to users taking tablets with more active ingredients than they are used to, taking counterfeit tablets or taking more tablets than would normally be prescribed by a GP and/or increasing poly drug use. The growth in an illicit market for prescription drugs has led to growing concerns over poly drug use in Northern Ireland. This is an issue noted

¹³United Nations Office on Drugs and Crime (UNODC), 2013. World Drug Report 2013.

¹⁴Information derived from publicly available prescription data - <http://www.hscbusiness.hscni.net/services/1806.htm> and <http://www.hscic.gov.uk/searchcatalogue?productid=11412&q=title%3a%22prescription+cost+analysis%22&sort=Relevance&size=10&page=1#top>

¹⁵www.talktofrank.com

globally¹⁶, and in Northern Ireland 57% of those presenting with problem drug misuse in 2011/12 recorded misusing more than one drug. This figure has increased over the past five years (up from 53% in 2008/09). Poly drug use increases the risk of adverse effects and accidental overdose.

There are around five opiate powder seizures per month in Northern Ireland, and over the past five years they have accounted for between 1% and 3% of all seizure incidents. Heroin/morphine¹⁷ is the illicit drug most commonly mentioned on death certificates in Northern Ireland (117 deaths between 2002 and 2012). The five-year trend is significantly upwards, with four times as many deaths in 2012 as there were in 2008. This upward trend does not reflect that seen in England and Wales, where deaths have reduced by a third (down from 897 in 2008 to 596 in 2011). Reasons for the increase in deaths may include the growth in poly drug use, where heroin users are increasingly using prescription drugs alongside heroin, increasing the risk of accidental overdose. The increase in deaths could also be reflective of fluctuating purity rates, making users more vulnerable to accidental overdose. Equally, it could be suggestive of an 'unseen' problem, where there are increasing users who are not seeking treatment. This may partially explain the increase in deaths alongside stable prevalence rates.

Cocaine remains widely available in Northern Ireland. Seizure trends, comparative drug-related deaths trends and prevalence rates suggest a reduction in the market. This assessment matches that made for Western Europe as a whole, and is supported by a decrease in coca cultivation globally. A potential emerging issue is the importation of high purity cocaine from South America. This may become attractive to local

organised crime groups who may feel they can increase profits by purchasing high purity cocaine at source and cutting it themselves locally.

The amphetamine market appears to remain stable in Northern Ireland. It is becoming more difficult to assess, however, due to its physical appearance and the availability of new psychoactive substances of similar appearance. Traditionally, indicators have shown amphetamine to be more popular in Northern Ireland than in other parts of the UK and Ireland and, whilst this appears to remain the case, there are no indications of market growth. It is likely that some of the amphetamine market has been displaced by new psychoactive substances.

Despite a downward trend in actual seizures and prevalence rates, comparative seizure rates and death rate trends suggest that there remains a market for ecstasy in Northern Ireland. The market is undoubtedly not what it was in the late 1990s/ early 2000s, however the decline does not appear as rapid in Northern Ireland as it has been elsewhere in the UK and Ireland. The rise in new synthetic drugs increases the risk of tablets being sold as ecstasy when they actually contain other substances. The European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) identify an increasing problem with pills being sold as ecstasy but containing other substances¹⁸.

Northern Ireland now has a market which is dominated by herbal cannabis, both imported and locally produced. The market often appears to operate cross border, with cannabis being transported in both directions across the border with the Republic of Ireland. There is a risk of increasingly potent cannabis being produced with higher tetrahydrocannabinol (THC) content¹⁹ as facilities continue to become more

¹⁶United Nations Office on Drugs and Crime (2013). World Drug Report 2013.

¹⁷Heroin (diamorphine) breaks down in the body into morphine therefore a combined figure must be given.

¹⁸European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), 2013. European Drug Report: Trends and Developments 2013.

¹⁹The level of the psychoactive substance tetrahydrocannabinol (THC) is higher in domestically grown cannabis and the level of the anti-psychotic substance cannabidiol (CBD) is low. Levels are not usually measured in NI however the Forensic Science Lab in Ireland reports that the quantity of THC

sophisticated. An increase in organised crime groups involved in local cultivation has also increased competition and is resulting in more instances of 'bad on bad' extortions and robberies. Large-scale, sophisticated cannabis factories first emerged as an issue in Northern Ireland in 2007, with the problem mirroring that seen in other parts of the United Kingdom. Many of the factories discovered in the late 2000s were linked to organised crime groups of South East Asian origin however, more recently, there has been increased involvement by indigenous organised crime groups as well as increased co-operation between organised crime groups of different nationalities. The factories are set up in both commercial and residential properties and pose significant health and safety risks.

Extortion

Blackmail offences committed in Northern Ireland tend to fall into three broad categories – offences against individuals, offences against businesses, and so-called 'bad on bad' offences (where the injured party is also involved in some form of criminality).

Personal blackmails against individuals seen recently in Northern Ireland have included both 'traditional' extortions and also cyber-enabled offences. In some cases these were individuals who had been involved in extra marital affairs or who had been filmed carrying out sexual acts, often via sex chat rooms. Blackmails and extortions against individuals have been both opportunistic attempts, carried out in an unsophisticated manner, and also more sophisticated offences, often carried out online by criminal groups based overseas.

The extorting of money from businesses in exchange for 'protection services' remains an issue in Northern Ireland, although at a lesser level than has been seen in the past.

Some of the organised crime groups involved in this type of activity have maintained links to paramilitary groups. It is often not clear, however, whether the actions have been sanctioned by senior members. Some organised criminals will use the name of a paramilitary group in order to threaten the business, however any money extorted will ultimately be for personal gain.

There continues to be a level of extortion carried out by locally based foreign national organised crime groups, usually against members of their own community. These can be against either individuals or businesses and could involve threats against family in the home country.

'Bad on bad' extortions involve the blackmail of an individual involved in some form of criminality, usually drugs supply. Drugs suppliers have been targeted by both Loyalist and Dissident Republican paramilitary groups, although where Loyalist paramilitary groups are implicated the victims are more often business people. Dissident Republican groups remain particularly active in this area and it is unclear how much of the money extorted is used for terrorist funding and how much is for personal gain. It is not unusual for drug suppliers to be forced to pay a premium in order to gain permission to supply in particular areas unchallenged.

It is vital that all extortion incidents are reported to police. PSNI have a number of officers who have vast experience of dealing with this type of crime and can give professional advice and guidance. Where a case is brought to court conviction rates are high, often with significant custodial sentences.

Intellectual property crime (counterfeiting)

The term Intellectual Property Crime (IPC) refers to the counterfeiting or pirating of goods for sale where the consent of the

rights holder has not been obtained. In some countries IP laws are absent or inadequate, or there is a general lack of enforcement action. This results in a substantial production of counterfeit goods for importation into the United Kingdom. The recession and global economic crisis may have made counterfeit goods more attractive to consumers, and advancements in technology allow easier production and distribution at both a global and local level. Europol identifies commodity counterfeiting, the illicit trade in substandard goods, and goods violating health and safety regulations as emerging criminal markets in the European Union²⁰.

Counterfeit goods continue to be widely available in Northern Ireland. There is a wide range of items available, and quality can vary greatly. They are sold from markets and car boot sales, from shops and houses, and door-to-door, and are increasingly sold online, particularly via social networking sites. The internet is used to facilitate the importation, advertisement and local distribution of counterfeit goods. Many of these items are imported, however some items, such as counterfeit CDs and DVDs and alcohol, can be produced locally. In some cases locally-based individuals act as middlemen for manufacturers based in the Far East; this means that products may not enter Northern Ireland in significant quantitative deliveries, making notable seizures more difficult.

Counterfeit goods seized in Northern Ireland include clothing, DVDs and CDs, computer software, footwear, alcohol, make up, perfume, cigarettes and tobacco, pharmaceuticals, hair styling irons and other electrical items. It is also becoming more common for goods to be imported separately, for example, unbranded clothing imported independently of labels or badges and loose hand rolling tobacco imported independently of pouches.

Individuals involved in the supply of counterfeit goods are often linked to other types of organised criminality, predominantly drugs supply. This is likely to be due to the opening up of specific importation routes. The importation of illicit goods can be dependent on transport routes and, once established, these routes can provide a gateway for a variety of illegal commodities to enter the country, such as drugs, counterfeit products and weapons.

Currency

Northern Ireland is unique in the United Kingdom due to its large number of different types of bank notes in circulation; these include notes from the four main local banks as well as notes from Scottish banks, the Bank of England and Euros. Counterfeit currency can be imported into the country as well as being produced locally, and quality can vary greatly. In addition to notes, counterfeit £1 coins are produced. The government has recently revealed the new £1 coin, which will be introduced in 2017. The bi-metallic coin will have twelve sides and is described by the government as being 'the most secure coin in circulation in the world'²¹. It has been acknowledged that the current £1 coin is vulnerable to counterfeiting, and there are a small number of Northern Irish organised crime groups who have developed skills in this area. The production of counterfeit currency tends to be carried out by paramilitary and organised crime groups and it is then distributed through a variety of criminal networks.

Organised immigration crime and human exploitation

Smuggling and facilitation

The term 'people smuggling' refers to the provision of a service or goods that will facilitate illegal migration²². Smuggling, unlike

²⁰Europol (2013). EU Serious and Organised Crime Threat Assessment.

²¹<https://www.gov.uk/government/news/new-1-coin-announced>

human trafficking, does not involve an element of coercion. Smuggling a person into the country involves an illegal immigrant who is complicit and has usually paid a significant amount of money for the 'service'. Facilitators will often assist in arranging illegal entry as well as assisting those already here illegally to remain. Facilitation methods seen in Northern Ireland include the arranging of flights and transport, organised abuse of our domestic sea and airports to illegally enter other parts of the United Kingdom or the Republic of Ireland by way of the land border, the provision of false passports and other documentation and the arranging of so-called 'marriages of convenience', or 'sham' marriages. Such marriages usually involve the making of a payment by, or on behalf of, an illegal immigrant who is a non EU national, to a national of an EU Member State, in return for that person entering into a marriage with the illegal immigrant. The non EU national subsequently claims EU Treaty Rights relating to residency in the EU, based on the existence of the marriage. Under immigration law, if Home Office Immigration Enforcement has evidence of a 'marriage of convenience' it can revoke a person's leave to remain in the country (subject to the appeals process).

Abuse of the land border

The Common Travel Area (CTA) has major benefits to all who live and work legally in Northern Ireland and the Republic of Ireland, however it is also open to exploitation by illegal migrants. As a part of the CTA, the Irish/United Kingdom land border, coupled with differences between Irish and United Kingdom visa requirements, mean that Northern Irish domestic ports are susceptible to abuse and are a risk to United Kingdom and Irish immigration controls.

As well as working alongside counterparts in the Republic of Ireland, Home Office

Immigration Enforcement and the Police Service for Northern Ireland work together under the heading of Operation Gull to intercept immigration offenders transiting Northern Ireland to reach Great Britain and in the opposite direction to reach the Republic of Ireland. Operation Gull has also intercepted illegal immigrants with serious criminal records who could potentially cause harm in Northern Ireland and other parts of the United Kingdom. The fact that Operation Gull and similar initiatives operate not just in Northern Ireland, but across the whole of the United Kingdom, means that it is becoming less likely that individuals can remain undetected.

Human trafficking

A full definition of human trafficking is given in the Council of Europe Convention on Action against Trafficking in Human Beings, which the UK ratified in December 2008²³. Trafficking involves a combination of three main elements – recruitment and movement, control and coercion, and exploitation. In short, a person who has been trafficked has been moved into or through a country for the purposes of exploitation. The control exercised by the trafficker may be physical or psychological.

It is worth noting that a number of the potential victims of human trafficking who have been identified in Northern Ireland are UK nationals who appear to have been trafficked internally. Such cases meet the criteria of trafficking, however their circumstances are often slightly different to those usually associated with trafficking victims. They often involve teenage girls, with those living in local authority care being particularly vulnerable. This is not a new phenomenon: research has shown that children in care are significantly more likely to go missing and are particularly vulnerable to abuse and sexual exploitation²⁴. This type of

²²A fuller definition can be found at <http://www.unodc.org>

²³http://www.coe.int/t/dghl/monitoring/trafficking/Docs/Convntn/default_en.asp

case has been seen in Northern Ireland, and the rest of the United Kingdom, for a number of years, however prior to the establishment of human trafficking legislation, suspects would have been charged with other offences, e.g. child abduction or rape.

The majority of potential victims recovered in Northern Ireland are believed to be trafficked for the purpose of sexual exploitation, however there has been an increase in the number trafficked for labour exploitation. In general, there are indications of an emerging issue of forced labour within migrant communities. Not all of these cases will involve human trafficking, although the victims will have been subjected to exploitation and may subsequently become victims of internal trafficking if moved between locations. In a number of cases of human trafficking the exploitation type is unclear. This is particularly the case in relation to potential victims who are minors. There are a number of possible explanations, including that young children may not have the communication skills to tell their story; older teens may not realise they are victims or feel able to tell their story; or that a potential victim has been identified and recovered before the exploitation has occurred. All potential victims will be offered help through the National Referral Mechanism, regardless of whether the exploitation type is clear.

An analysis of potential victims of human trafficking recovered in Northern Ireland identified certain key vulnerabilities in relation to their background:

- *Orphaned* – Potential victims who stated they were orphaned had often either gone to live with a friend or family member, or had been forced to try and get work to support themselves.

- *Ill family members* – Potential victims who stated they had an ill family member at home had often actively sought work abroad to help pay for medical bills, or a friend or family member had offered them a job or put them in touch with someone who they believed might be able to help them.
- *'Sold' by family or offered help by 'family friend'* – In some instances the family appear to have believed this was the best thing for the potential victim. The family may have believed that a rich benefactor would be better equipped to look after the person, unaware that they will ultimately be exploited.
- *Debt problems* – Some of the potential victims were in debt in their home country and initially travelled willingly in the belief that they were going to be offered legitimate work.
- *'Looked after' children* – a number of potential victims who were United Kingdom or Irish nationals had been living in local authority care homes and showed evidence of having been trafficked internally for the purpose of sexual exploitation.

There are also a number of identified trends in relation to the recruitment methods used. It should be noted that not all victims were recruited outside the United Kingdom or Ireland, although the majority were recruited in their home country. In some cases potential trafficking victims were identified in Northern Ireland but the exploitation took place in another part of Europe or the United Kingdom. Identified recruitment trends include:

- *Job advertisements* – Potential victims applied for what they thought was a legitimate job. This was predominantly

through agencies in their home countries, but also through websites and newspapers (both locally and in victims' home countries) aimed at specific nationalities.

- *Approaches made by individual 'recruiters'* – Potential victims described being approached by individuals who promised them work. This method is used both locally, with London specifically mentioned, and in the victims' home countries. Potential victims were approached in their places of work, on the Tube, at church and on the street, and were usually offered more money to work in a different job.
- *Lover Boy* – Potential victims described the 'lover boy' approach: a recognised method of luring victims into sexual exploitation. The victim, usually a young girl, will be lured into a relationship with an older male who will "spoil" them with gifts and attention, as well, often, as alcohol and drugs. Gradually the victim will spend more and more time with their 'boyfriend' and become cut off from their family, before being persuaded to move to another town or country. On arrival the 'boyfriend' will disappear, leaving the victim with a 'pimp' and forced to work as a prostitute²⁵. This method has been used locally to target vulnerable young girls in children's homes and has also been used to recruit foreign national females within their native countries.
- *Kidnapped or sold* – Potential victims described being kidnapped or 'sold' by a family member. This included allegations of forced marriage of minors with older partners. None of these incidents were alleged to have happened within the United Kingdom.

Public sector fraud – excise and tax

Oils fraud

Oils smuggling is the practice of transporting oils from one jurisdiction for sale in another jurisdiction without payment of the required duties. Traditionally, hydrocarbon oils have been transferred from south to north through the use of false paperwork or the physical concealment of oil, for example through the use of hidden tanks. Changes in exchange and duty rates have made this activity less profitable over the past few years, though it still continues to a lesser extent. The narrowing of price differentials between Northern Ireland and Ireland, and the globally increasing price of fuel, has led to organised criminal groups diversifying into the 'stretching' of fuel oils in order to increase profit margins. 'Stretching' involves the adulteration of petrol or diesel with chemicals such as methanol, ethanol or kerosene. Essentially, this practice bulks out the fuel with cheaper adulterants, allowing increased profits to be made. Stretched fuel can include a variety of chemicals and can cause extensive engine damage.

Rebated fuels, such as marked gas oil and kerosene, are available on both sides of the border and are subject to lower duty due to the conditions of their use. Rebated fuels are not suitable for use as a fuel in normal road vehicles and persons found to be using this fuel incorrectly can have their vehicles seized. Organised criminal groups launder rebated fuel in an attempt to make it appear like legitimate fuel for use by road vehicles such as cars, vans and HGVs. The laundering process involves the removal of chemical markers and dyes and allows the criminals to sell the product at increased profit. The two main methods used to launder oils are filtration and acid laundering. The filtration method filters out government markers using a variety of filtration agents,

²⁵For more information on the 'lover boy' recruitment method, see <http://www.mydangerousloverboy.com/>

such as cat litter or bleaching agents. Acid laundering involves the use of highly corrosive acid to bleach out markers. There has been a general trend towards larger and more sophisticated oil laundering plants in recent years, with the use of bleaching earth, often bought in the Far East, becoming the favoured method. It is not unusual to see organised crime groups involved in the entire business chain, from involvement in the laundering process right through to the ownership of oil retail outlets. Fuel laundering creates large quantities of waste product which must be disposed of. This waste product will usually be dumped and causes significant environmental damage, contaminating surrounding land as well as waterways and leading to extensive clean-up costs. The United Kingdom and Ireland governments are soon to start using a new fuel marker for rebated fuels. The new marker is designed to be highly resistant to laundering techniques and will make it easier for Her Majesty's Revenue and Customs (HMRC) and Irish Revenue Commissioners to identify laundered fuel.

Tobacco fraud

The 2012/13 Health Survey Northern Ireland reported that 24% of adults currently smoke (25% of males and 23% of females), with smoking prevalence being highest amongst the 25-34 age group (32%)²⁶. In 2011 the average daily consumption per smoker was estimated by the Treasury as being 13 cigarettes a day for men and 12 for women. Taking the lower estimate, smokers in Northern Ireland would be expected to consume over 72 million packs of 20 cigarettes annually²⁷. The recommended retail price (RRP) of a typical pack of 20 cigarettes in the Most Popular Price Category (MPPC) in the United Kingdom has increased by 77% in the past ten years, up from £4.51

in 2003, to £7.98 in 2013²⁸. This RRP is significantly higher than that seen in other EU countries. In Belgium the typical price is £4.00, in Spain it is around £3.80, and in Poland it is around £2.65²⁹. The illicit market share for cigarettes in 2012/13 was estimated to be 9% in the United Kingdom as a whole, resulting in an associated revenue loss of £1,100 million annually³⁰.

A 50g packet of hand rolling tobacco (HRT) costs around £16.70 in the UK. This is significantly higher than other EU countries. In Belgium the same product could be purchased for around £4.95³¹. HMRC estimated the volume of illicit HRT to be around 4,000 tonnes in 2012/13, and the illicit market share is approximately 36%, resulting in an associated revenue loss of £900 million annually. As the price of cigarettes has increased annually, there has been a noted move towards HRT, which provides a cheaper alternative. However, as all tobacco products are now seen as 'luxury items', there is a market for smuggled and counterfeit versions of both.

Organised crime groups continue to take advantage of rising prices by smuggling tobacco products in from countries with lower duty rates, and by importing counterfeit brands and 'illicit whites' from overseas. The term 'illicit whites' refers to cigarettes that are produced independently of the International Tobacco Manufacturers (ITMs). They are manufactured outside the European Union and/or in Free Trade Zones. In some instances these goods will be manufactured legitimately but they are not registered within the European Union and are not suitable for selling there. It can be difficult to determine whether a product is an illicit white or a genuine ITM product sold overseas but not in the United Kingdom. The majority of illicit whites are produced

²⁶NISRA (2014). Health Survey Northern Ireland http://www.dhsspsni.gov.uk/index/stats_research/stats-public-health.htm

²⁷There are 1,380,100 adults in NI (over the age of 18. From 2011 census data). 24% smokers = 331,224 people. 12 cigarettes per day by 331,224 people = 3,974,688 (1,987,344 packets of 20). Annually = 72,538,056 packs of 20.

²⁸Information from Tobacco Manufacturer's Association <http://www.the-tma.org.uk/tma-publications-research/facts-figures/uk-cigarette-prices/>

²⁹Information from Tobacco Manufacturer's Association. <http://www.the-tma.org.uk/policy-legislation/taxation/>

³⁰HMRC (October 2013). *Tobacco tax gap estimates 2012-13*. Available from <http://www.hmrc.gov.uk/statistics/tax-gaps/ttg-2013.pdf>

³¹Information from Tobacco Manufacturer's Association. <http://www.the-tma.org.uk/policy-legislation/taxation/>

specifically for the purpose of being smuggled into another market. The demand for illicit whites is increasing as they are seen as a cheap alternative to inferior quality counterfeit brands, and the United Kingdom is amongst the top ten consumption countries in Europe (these top ten countries account for over 90% of total illicit white consumption in Europe in 2012)³².

Counterfeit cigarettes are usually produced in the Far East and used to dominate the illicit market. They are copies of legitimate brands. In more recent years however, illicit whites have become a more attractive option. Counterfeit products are of varying quality and usually involve clandestine manufacture, whereas illicit whites can be openly produced and are seen as being of better quality.

There are four key methodologies identified by locally-based law enforcement in relation to the importation of illicit tobacco products:

- *Commercial freight* – Can be used for importations of up to 10 million cigarettes. Illicit cigarettes are imported via containerised freight, often using 'cover loads'. This methodology allows for large scale importation and often makes use of complicit haulage companies or drivers. Varieties of routes are used, Dublin (Holyhead) and via Great Britain (often ports in South East England) are popular. Source countries include Spain, Belgium, France and Holland. In some instances importers will use hijacked company details in order to try and evade detection. Consignments have also been identified coming from China. Importers will use indirect routes to try and avoid detection.
- *By private vehicle* – This appears to be a methodology favoured by Eastern European organised crime groups,

particularly Lithuanian, Romanian and Slovakian. The products are sourced in Russia, Poland, Lithuania and Slovakia and brought in by road and sea in vans.

- *Postal importations* – These are usually from the Far East and can involve both cigarettes and loose HRT. Packaging for HRT will then be deployed, using counterfeit pouches and Customs stamps that have been imported separately.
- *Use of air passengers* – Can be used for smaller importations. This can be relatively small-scale, involving individuals or families, but can also be more organised. In some instances organised crime groups pay for the flights and accommodation of 'mules' in return for them importing tobacco products in their luggage. Popular destinations are Spain, the Canary Islands, Cyprus, the United Arab Emirates, Turkey and Egypt. Those involved will often vary their routes, including making use of different airports both in Northern Ireland and the Republic of Ireland. In some instances the more organised groups will operate on a cross border basis, supplying both jurisdictions.

Research carried out on behalf of the Organised Crime Task Force (OCTF) in 2012 indicated that the community see the purchase of illicit cigarettes as 'bordering on criminal', compared to the purchase of designer copies as being 'not criminal' and the trafficking of drugs as being 'very criminal'. Cigarettes were seen as having a 'special status' attached to them, i.e. if they could be purchased cheaply then this was seen as acceptable because of the rate of government duty attached to them. In general those surveyed and interviewed did not care if their cigarettes were counterfeit,

³²KPMG (2013). *Project Star: 2012 Results*.

stolen or smuggled, as their decisions were purely price-driven. In reality, routes and complicit haulage companies/drivers used to import illicit tobacco products are frequently used to import other illicit goods, including alcohol, drugs, firearms, counterfeit goods and laundered/smuggled fuel. Those involved in the sale of illicit tobacco products are also frequently involved in other types of criminality, including the illicit supply of fireworks, fuel laundering and drugs. There is suspected involvement by the Ulster Defence Association (UDA), Ulster Volunteer Force (UVF) and dissident republican groups, including Continuity Irish Republican Army (CIRA) and Oglagh na hEireann (ONH).

Organised crime in rural locations

There is an emerging threat from organised crime groups involved in crime types traditionally seen in rural locations, such as fuel laundering, plant theft, cattle theft and waste crime. In addition there have been a number of illegal abattoirs discovered in border locations in the past eighteen months, and the Food Standards Agency is currently investigating a cross border milk fraud.

Organised crime groups involved can move from one crime type to another depending on law enforcement activity. For example, individuals have been noted moving between illegal waste disposal, plant theft and ATM theft. The harm caused by this type of criminality can be less obvious than others, for example drugs supply or armed robbery, but the levels of organisation, potential profits, and long-term damage to Northern Ireland's economy can be significant. Analytical work carried out in partnership with Northern Ireland Environment Agency and PSNI, on behalf of the Organised Crime Task Force, identified some significant links between those involved in illegal waste disposal and other types of organised crime. Most commonly, the links were to fuel laundering and plant theft, however other types of crime included cigarette/tobacco smuggling, money laundering, drugs importation, cannabis cultivation, tax evasion, firearms procurement, illegal debt collection, ATM theft, organised prostitution and cattle theft. In some instances the waste industry appears to have provided a means to legitimise the proceeds of crime, and in other cases involvement in waste crime is an 'add on' to an existing criminal enterprise.





**CHAPTER
PUBLIC AWARENESS
& OUTREACH EVENTS**

4

Each year the OCTF members organise a number of outreach events. These events give the members of OCTF an opportunity to engage with each other, with the general public, voluntary organisations and the business sector on the issues which affect them and to raise awareness of the key organised crime threats being faced in Northern Ireland. Some of the more significant events are set out below. A particular emphasis was given to human trafficking in the period covered.

Balmoral Show

In May 2013 the OCTF attended the first Balmoral Show to take place at Balmoral Park at Lisburn and displayed a selection of fake goods and samples of laundered diesel. It was the fifth time that the OCTF had attended the show and once again it provided a valuable opportunity to engage directly with the rural community, to raise the awareness of organised criminal activity and to encourage the general public to report suspicious activity to the police.



Launch of the OCTF Annual Report and Threat Assessment 2013

In June 2013 the OCTF Annual Report and Threat Assessment was launched at the Crumlin Road Gaol in Belfast. Keynote speeches were provided by David Ford, Minister of Justice and Chair of the Organised Crime Task Force, and Chief Constable Matt Baggott, and there was a showing of a video clip demonstrating how organised crime can impact on people's daily lives – Organised Crime: It's Closer Than You Think is available to view at <http://youtu.be/u8Ap6D53RB8>.

Cross Border Organised Crime Seminar 2013

The 11th annual Cross Border Organised Crime Seminar was hosted in October 2013 by the Department of Justice and Equality in Dublin in conjunction with Department of Justice. Delegates attending the seminar received presentations and workshops on topics including Mobile Organised Crime Groups, the Money Trail and Cyber Crime.



Chief Constable Matt Baggott and Garda Commissioner Martin Callinan provided keynote speeches at the event.

Cross-Border Forum on human trafficking – 16 October 2013

The Minister of Justice, along with the former Minister of Justice and Equality, Alan Shatter TD, hosted a cross-border forum on human trafficking at Dromantine Conference Centre in Newry, as part of a series of events to mark EU Anti-Trafficking Day on 18 October. The conference brought together relevant civil society organisations and statutory bodies on a cross-border basis and focused on locating and identifying victims of human trafficking, as well as reducing demand. The Justice Ministers of both jurisdictions spoke at the event, along with a number of experts on human trafficking, with the keynote address given by Siobhan Mullally, Professor of Law at University College, Cork and member of the Council of Europe's Group of Experts on Action Against Trafficking in Human Beings (GRETA).

Education

In August 2013 the Minister launched an educational resource on human trafficking for teachers of Year 10 and Key Stage 4, which was developed by Freedom Acts, with the support of the Engagement Group. The pack aims to raise awareness of the issue of human trafficking; to help young people to make healthy, safe choices; and to motivate them to become active citizens in the fight against trafficking. The resource has been made available to all post primary schools in Northern Ireland and we are grateful to local branches of Soroptimist International Northern Ireland for hosting a number of events to promote the resource with teachers. We plan to conduct an evaluation exercise at the end of this academic year.

Schools and colleges throughout Northern Ireland were encouraged to learn about human trafficking and to mark EU Anti-Trafficking Day (18 October) in a variety of ways. At Southern Regional College a Student Union campaign was launched.





Students there performed a drama about human trafficking which they had written themselves, and the Minister of Justice and Minister of Employment and Learning attended. Later that day, students at Dromore High School held a number of workshops on human trafficking, and this was attended by the Minister of Justice and the Minister of Education.

Engaging key sectors

Through the Human Trafficking Engagement Group's Awareness Subgroup we have also identified key sectors for more targeted engagement and were grateful for the opportunity to participate, along with the PSNI and Engagement Group members, in an event hosted by the Belfast Policing and Community Safety Partnership (PCSP) in January 2014. This event provided a forum to engage with Council staff, the hospitality sector, landlords and estate agents and taxi drivers. We believe that individuals working in these sectors may be particularly likely to

come into contact with victims of human trafficking and we hope to build on and develop this type of targeted engagement in the 2014-15 year.





**CHAPTER
ASSETS
RECOVERY**

5

In 2011/12 David Ford, Justice Minister, secured agreement from the Home Office that the full value of assets recovered in Northern Ireland through the confiscation process would be returned to Northern Ireland. David Ford announced his proposal to direct 50% of these assets to community projects that reduce crime or the fear of it. The other 50% is returned to the law enforcement agencies to further enhance their assets recovery work and to continue the fight against organised crime.

During 2013/14 the total value of criminal recovery receipts in Northern Ireland was approximately £1.53million.

Assets Recovery Community Scheme (ARCS)

50% of the recovered criminal assets are made available through the Assets Recovery Community Scheme to be invested in innovative projects to reduce crime and the fear of crime, and to support communities affected by crime. Bids for this year's funding were invited from across Policing and Community Safety Partnerships (PCSPs) and the Department of Justice. They were assessed by an evaluation panel comprising representatives of the OCTF, Community Safety Unit and the Business Community,

with recommendations made to the Justice Minister.

Projects aimed at both avoiding and tackling anti-social behaviour, alcohol and drug abuse, home security, rural crime and road safety were among those considered and assessed against the key aims and objectives of the Department's business.

In total, 65 requests were received. Funding to the value of almost £315,000 was approved for the 28 projects that were deemed to have met the criteria, audit and governance requirements.

Examples of projects funded by ARCS are:

Mourne Mountain Adventure

The project helps emergency services to develop and build the capacity of young people, often from hard to reach areas, during a day of challenging outdoor pursuits in the Mournes. Mourne Mountain Adventure received £7,500 to purchase GPS tracker equipment in order to increase the number of teams who can take part – allowing up to 600 young people from across Northern Ireland to participate. The trackers ensure the safety of those taking part while allowing the teams to operate independently.



Home Security for Older People – Agewell

Agewell operate a home maintenance scheme in the Cookstown, Dungannon and Magherafelt areas. A referred older person will receive a visit from a worker who will assess their security issues, fit relevant security equipment, undertake general maintenance issues, and also discuss with the client any other issues they are facing. Where relevant, the client will be signposted to services or a follow up will be undertaken by staff at the Agewell offices. The target for this work was 1,500 visits over five years. By the end of year three this stood at just over 2,500 visits. Referrals from statutory bodies, councillors and local community representatives are prioritised in order to make sure those who most need it get the service. Referrals from the PSNI and Social Services make up approximately 40% of this figure.

The Councils agreed to fund a second worker to meet the level of demand for the service -

the ARCS scheme funded a home maintenance van for this worker.

Foyle Drug Safe Initiative

ARCS funded the purchase of drug bins to be located at dedicated sites in the Cityside, Waterside and rural areas of the Council district. Individuals are able to deposit drugs (both legal and illegal) in the bins anonymously.

It was decided during 2013 that, in order to maximise the time available to deliver objectives, the 2014/15 call for ARCS projects would be made in December 2013 for projects to run between April 2014 and March 2015. This was only possible due to a decision by the Department to underwrite a level of income which it is predicted we will achieve and has meant that the 2014/15 projects will be able to run across the full financial year.

Assets Recovery Incentivisation Scheme (ARIS)

The value returned to each law enforcement agency under the Assets Recovery Incentivisation Scheme (ARIS) is set out below:

Agency	ARIS Payments 2013/14
Her Majesty's Revenue & Customs	£139,651.05
Northern Ireland Courts and Tribunal Service	£76,867.88
Northern Ireland Environment Agency	£32,371.22
Social Security Agency	£70,664.10
Police Service of Northern Ireland	£102,972.27
Public Prosecution Service	£345,658.65
Serious Fraud Office	£493.61
Total	£768,678.78

During 2013/14 the agencies have used their incentivisation money for a number of purposes including the ongoing funding of Financial Intelligence Officers, Financial Investigators, Administrative Support and also:

- Public Prosecution Service projects supporting specialist proceeds of crime lawyers and IT infrastructure improvements to enhance delivery of successful outcomes in confiscation and restraint cases.
- To support the PSNI's Operation Torus, an organisation wide operation against street level drugs.

In addition it has been used to support a number of local PSNI community projects; including :

- Lisburn-Safe Project, which addresses anti social behaviour, crime, drugs misuse and environmental damage,

- the purchase of Selecta-DNA forensic property marking kits, and
- the BEAT programme (Be Educated, Be Active, Be Together) which is designed to engage young people who have been participating or are at risk of participating in anti social behaviour.

Restraint and Confiscation during 2013/14

Number of restraint orders made	21
Number of confiscation orders made	51
Total value of confiscation orders made	£2.127m

Civil recovery receipts and receipts from cash forfeitures continue to be sent to the Home Office, who return 50% to law enforcement under ARIS arrangements.





CHAPTER
LOOKING
AHEAD

6

National Crime Agency

A major priority for the coming year is to seek to resolve the current impasse regarding the statutory framework for the National Crime Agency, which can currently only operate in Northern Ireland on non devolved matters. The aim remains to provide the people of Northern Ireland with the full range of available support in the fight against serious and organised crime but within an appropriate accountability framework. Should discussions not achieve that, then further work will be required to manage the capability gap that will be left operationally and on civil recovery.

Human Trafficking

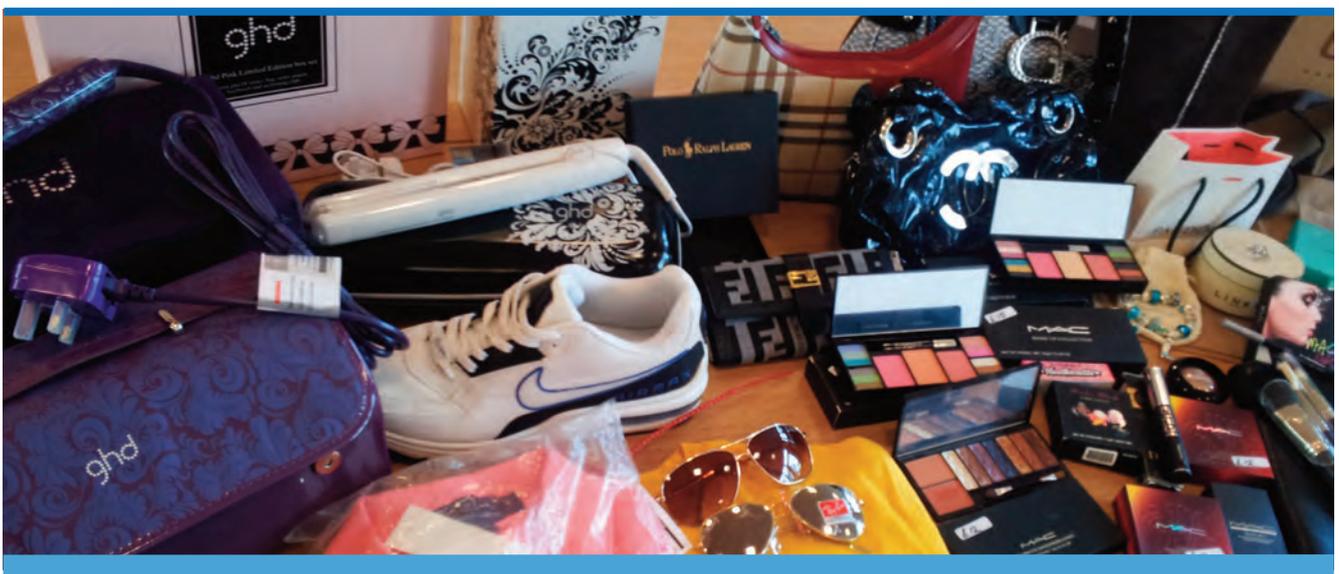
The Department of Justice, working with its partners across the statutory and non-statutory sectors, has produced the second annual Human Trafficking Action Plan for Northern Ireland. A progress report against the first plan, for 2013-14, has been published, and noted good progress across a number of key areas. The second plan builds on this and sets new goals and objectives for the Department and its partners to work towards.

The Department has consulted on new proposed measures to strengthen the response to human trafficking and slavery in Northern Ireland. Proposals include

measures to simplify the legislative framework by consolidating offences; enhance oversight and accountability arrangements; increase the maximum penalty for human trafficking and slavery-like offences to life imprisonment; introduce civil prevention orders; and create a statutory duty to report suspected incidents of human trafficking to the United Kingdom Human Trafficking Centre (UKHTC). Consultation resulted in broad support for these proposals and the Minister plans to legislate to give them effect in the Human Trafficking and Exploitation (Further Provisions and Support for Victims) Bill. The Minister is working constructively with Lord Morrow on further amendments to this Bill.

New Organised Crime Strategy

The OCTF will publish an updated Northern Ireland Organised Crime Strategy in June. This document, which sets out the Organised Crime Task Force's (OCTF) priorities for tackling organised crime over the next twelve months will be available online and will be regularly reviewed and updated by the Strategy Group of the Taskforce. While members of the OCTF have their own accountability arrangements, including plans and objectives, this Strategy is intended to give a clear, strategic focus to the Taskforce's work.





APPENDIX



OCTF PARTNER ORGANISATIONS

- Allied Irish Bank
- An Garda Síochána
- Anti-Counterfeiting Group
- Association for UK Interactive Entertainment
- Bank of Ireland
- Belfast City Council
- Border Force
- Brinks
- British Phonographic Industry
- British Security Industry Association
- BSkyB
- Confederation of British Industry
- Criminal Assets Bureau
- Crown Solicitors Office
- Danske Bank
- Department of Employment and Learning
- Department of Enterprise, Trade and Investment
- Department of the Environment (NI Environment Agency)
- Department of Finance and Personnel
- Department of Health, Social Services and Public Safety
- Department of Justice
- Department of Justice & Equality
- DIAGEO
- UK Interactive Entertainment Association
- Ely Lilly
- Federation Against Copyright Theft
- Federation of Small Businesses
- First Trust Bank
- Forensic Science Agency NI
- Gangmasters Licensing Authority
- Group 4 Security
- Health and Safety Executive
- Her Majesty's Revenue and Customs
- Home Office Immigration Enforcement
- Intellectual Property Office
- Japan Tobacco International
- Migrant Help
- National Crime Agency
- NI Courts and Tribunal Service
- NI Policing Board
- NI Chamber of Commerce
- NI Federation of Small Businesses
- Police Service of Northern Ireland
- Post Office Limited
- Public Prosecution Service NI
- Revenue Commissioners
- RMS Cash Management
- Royal Mail
- Royal Bank of Scotland
- Safer Cash
- Social Security Agency (NI)
- Trading Standards
- UK Human Trafficking Centre
- Ulster Bank
- Unilever
- Women's Aid



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