



# horizons *no.3*

## A health pandemic and organised crime

### Key points

- ***Organised crime is flexible, able to quickly adapt existing infrastructure to new opportunities, and seeks opportunities to exploit global events for advantage.***
- ***There is opportunity for organised crime to exploit a global pandemic. This exploitation is likely to be opportunistic and most concentrated during the pandemic recovery phase.***
- ***Llicit markets, robbery and fraud—particularly insurance, charity, welfare, identity and government tender frauds—are likely to be the primary crime issues associated with a pandemic as well as infiltration of legitimate markets.***
- ***Drivers—looser regulatory and control structures, including weakened law enforcement and an emerging black market for drugs and other essential goods.***

This Horizons report is one of a series of provisional reports of emerging areas of **potential** exploitation by organised crime. It is based on possibilities rather than probabilities and seeks to promote discussion on emerging trends and issues.

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For further information or to make a comment or suggestion regarding this product please contact the ACC Strategic Outlook Team on +61 2 6243 6668 or email [outlook@crimecommission.gov.au](mailto:outlook@crimecommission.gov.au). The ACC is committed to continual improvement and would appreciate your feedback.

## Introduction

This report explores opportunities for organised crime arising from the four phases of a health pandemic—low awareness, expectancy, pandemic and recovery. The first three phases are broadly consistent with the World Health Organisation (WHO) pandemic phases—inter-pandemic, pandemic alert and pandemic. The recovery post-pandemic phase is consistent with the recovery phase in the current Australian National Plan for Human Influenza Pandemic. It is based on the assumption of broad characteristics of a flu-like pandemic with a large number of deaths, illness, business closures and widespread fear of infection.

Awareness of criminal opportunities allows governments, agencies, industry and the community to consider and shape responses to best reduce the risk of pandemic-linked organised crime activities.

## Drivers

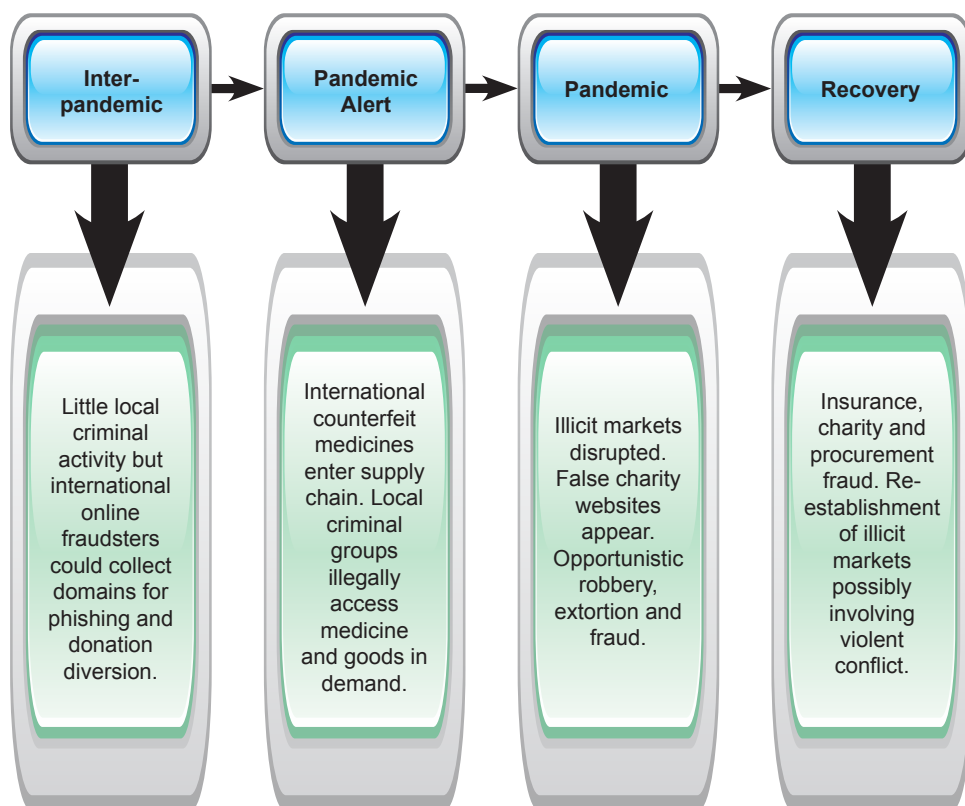
Drivers of organised criminal activity during a global pandemic are likely to include:

- looser regulatory and control structures in both public and private sectors due to decreased employee numbers and increased workloads
- weakened law enforcement agencies leaving illicit markets unpoliced and providing opportunity for criminal activity to go unhindered
- the emergence of a black market for drugs, health equipment and other essential goods that are in short supply.

## Criminal exploitation of a health pandemic

Organised crime is flexible, able to quickly adapt to new opportunities, and seeks opportunities to exploit global events for advantage and ongoing profit. The four pandemic phases provide different exploitation opportunities for organised crime. The most likely areas of exploitation are illicit markets (either through taking over or establishing new territory), robbery and fraud—particularly insurance, charity, welfare, identity and government tender frauds. Criminal groups may also seek to infiltrate legitimate markets such as transport, finance and government sectors to help facilitate criminal activity and confuse the line between their illegal and legal activities.

## Primary Criminal Activity by Phase



## Phase 1 – Low awareness

Organised crime groups, other than those involved in health-sector related crime, are likely to have little focus on crime opportunities during this phase. Australian-based groups would likely have little or no pandemic-related criminal activities planned. However, international groups may commence planning for counterfeit medicines and online fraud. Fake vaccines have appeared during health scares in the U.S. in the past. Organised crime may also prepare for charity fraud, obtaining domain and website names showing a link to victims or names similar to leading charities or encouraging donations to fake websites.

### **Possible indicators:**

- increased medical imports from known counterfeit source countries.

### **Projected responses:**

- engagement with suppliers and manufacturers to ensure appropriate security and packaging
- identification of equipment needed to manufacture counterfeit medicines

## **Phase 2—Expectancy**

Some organised crime groups may begin planning a response to a pandemic and start looking for exploitation opportunities. Counterfeit medicines do not appear to be a major issue in Australia but that could change quickly, particularly if access to vaccinations were restricted or there were shortages and delays. A large amount of counterfeit supplies in circulation would add greatly to the difficulty of containing a pandemic and damage public confidence.

Organised crime activity in traditional illicit markets may also change. Drug retailers and wholesalers, realising a potential drop in customers may try to sell as much as possible causing a glut and low prices. If a pandemic is already present in the Asia-Pacific region, drug importation could be severely restricted. A resultant drought of imported drugs could lead to an increase in demand for locally produced drugs and precursor chemicals. Equally, Australia's border protection may be targeted—for example with a considerable increase in demand for people smuggling—by organised crime.

### **Possible indicators:**

- increased medical imports from known counterfeit source countries
- decreased availability of imported illicit drugs
- increased reporting of theft from pharmacies
- increased people smuggling from Asia.

### **Projected responses:**

- controls to reduce diversion of legitimate drugs
- focused public awareness campaigns on likely scams

## Phase 3—Pandemic

Organised crime groups are likely to face similar serious threats as other organisations during this period and personal safety will be a priority. As their legitimate businesses may be hard hit by a pandemic the main criminal opportunities in this phase are likely to relate to robbery and extortion, counterfeit medicine scams, black markets, charity fraud, welfare fraud and possibly increased community influence.

Organised crime could target premises which are believed to hold high value easily disposable goods. This includes retail premises and industrial sites such as chemical factories and storage depots. In an acute situation rationing may apply to goods other than medicines inviting a black market of some kind, particularly if it is possible for crime groups to access the material in short supply.

Online charity frauds from overseas groups may intensify in this period. Other forms of remotely-controlled fraud are likely, particularly where financial institutions and companies and their computer systems continue operating but with skeleton staff. Welfare fraud may also present opportunities for organised crime. The potential for this is not as great as in a natural disaster where there is increased loss of identity proof. There could also be increased scope for local fraudsters.

While organised crime groups are unlikely to generate social disorder during a pandemic they could exploit this. A lack of law enforcement presence could increase the exercise of control by organised crime groups. The possibility that some groups may genuinely act in their community's interest in an emergency should not be completely discounted.

### Possible indicators:

- increased reporting of theft from identified industries
- increased reporting of online charity fraud attempts.

### Projected responses:

- enhanced security for high value disposable goods
- development of organisation continuity plans that incorporate fraud and exploitation risk reduction strategies
- development of strategies to counter possible organised crime attempts to increase influence during reduced law enforcement and government capability
- engagement with charities on fraud risk reduction strategies.

## Phase 4—Recovery

In natural disasters this period is the most prone to criminal activity. While there are major differences between a pandemic and natural disasters—particularly as a pandemic involves less property damage and loss of identity details—it is possible that organised crime activities could peak in this phase.

As organised crime groups rebuild illicit markets, they are likely to face a lower risk of law enforcement attention, possibly for several months. Their biggest threat may come from other criminal groups and inter-group violence as a result of contests for criminal market share.

The recovery period may also involve an influx of new members for organised crime groups. Groups may benefit from an infusion of new ‘talent’ and ideas but this could also create more uncertainty while resultant reductions in trust built up over time within the group and with other groups is likely to hinder their operations in the short term.

Apart from illicit markets and robbery, the primary crime threat in this period is likely to be fraud. Many insurance, financial and other organisations will face major backlogs and are likely to be operating with less experienced staff. It is inevitable that there will be some loosening of checks in this environment.

There may be major affects on infrastructure from lack of maintenance or inability to perform essential repairs, although the damage should not be as great as from a natural disaster. Government reconstruction may present opportunities for corruption.

Prolonged closures of schools during the height of the pandemic and early recovery stages may also create opportunities for paedophiles to cultivate children. In the aftermath of the Asian tsunami, many known paedophiles attempted to travel to affected areas.

### Possible indicators:

- violence between organised crime groups
- increased reporting of standover tactics
- increased reporting of bribery, fraud or identity crime.

### Projected responses:

- implement strategies to ensure transparency of government tendering
- law enforcement attention to reconfigured organised crime groups.

## Case Study: Hurricane Katrina Fraud Task Force

The Task Force was established after Hurricane Katrina to deter, investigate and prosecute disaster-related federal crimes including:

- fraudulent charities—cases in which individuals falsely hold themselves out as agents of a legitimate charity, or create a “charity” that is in fact a sham
- identity theft—cases in which the identities of innocent victims are “stolen” and assumed by criminals who convert the assets of, or otherwise defraud, the victims
- insurance fraud—cases in which false or inflated insurance claims are filed
- government benefit fraud—cases in which individuals file false applications seeking benefits to which they are not entitled.

Source: [http://www.usdoj.gov/opa/pr/2005/September/05\\_ag\\_462.htm](http://www.usdoj.gov/opa/pr/2005/September/05_ag_462.htm)

## Some links

[http://www.usdoj.gov/opa/pr/2005/September/05\\_ag\\_462.htm](http://www.usdoj.gov/opa/pr/2005/September/05_ag_462.htm)

[http://www.who.int/violence\\_injury\\_prevention/publications/violence/violence\\_disasters.pdf](http://www.who.int/violence_injury_prevention/publications/violence/violence_disasters.pdf)

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<http://www.health.gov.au/internet/main/publishing.nsf/content/phd-pandemic-plan.htm>

[http://www.dpmc.gov.au/publications/pandemic/docs/national\\_action\\_plan.pdf](http://www.dpmc.gov.au/publications/pandemic/docs/national_action_plan.pdf)

[http://mja.com.au/public/issues/185\\_10\\_201106/col10882\\_fm.html](http://mja.com.au/public/issues/185_10_201106/col10882_fm.html)

<http://www.usfa.dhs.gov/fireservice/subjects/ems/pandemicflu/>

[http://www.who.int/diseasecontrol\\_emergencies/training/PI\\_facilitator\\_resource3\\_jan07.pdf](http://www.who.int/diseasecontrol_emergencies/training/PI_facilitator_resource3_jan07.pdf)

[http://birdflujourney.typepad.com/a\\_journey\\_through\\_the\\_wor/2006/11/law\\_enforcement.html](http://birdflujourney.typepad.com/a_journey_through_the_wor/2006/11/law_enforcement.html)

<http://da.co.la.ca.us/cpd/disaster.htm>

<http://www.antimoneylaundering.net/press/amlnetp0022.htm>

[http://www.pandemicflu.alaska.gov/PDFs/Law\\_Enforcement\\_CHECKLIST.pdf](http://www.pandemicflu.alaska.gov/PDFs/Law_Enforcement_CHECKLIST.pdf)

[http://www.homelandsecurity.org.au/files/Pandemic\\_July06\\_paper.pdf](http://www.homelandsecurity.org.au/files/Pandemic_July06_paper.pdf)

Bryant, K and McKenzie, M *Natural disasters and money laundering*, Journal of Money Laundering Control: 2006 Vol 9 Iss 2 pp 198 - 202

