

# Organized Crime in Hungary

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## Abstract

*The organized crime perpetration is much more serious threat to the society than an individual crime. More offenders on one hand means more concentration of power which from an objective view increases the chance of the successful crime perpetration and on the other hand the presence of accomplices and the knowledge of their possible intervention when needed increases the offender's determination.*

*There are different methods to define the scale of the quantity of the organized crime, even though due to the conspiracy it is difficult to get a clear and concrete number of the committed crimes resulted from organized crime.*

*Before the transition in the countries, which belonged to the soviet sphere of interest, it was a perceptible phenomenon if a new type of crime commitment appeared in one country then within a short time it was spread in the other countries too*

*Fighting against the organized criminal entities is only possible with organized law enforcement resorts*

**Keywords:** *organized crime, crime groups, participation in criminal organization, plea bargaining.*

## 1. The definition of organized crime

Organized crime is an increasing threat to the society we live in and wish to preserve.

In the history of crime we could observe that there were always existing crime groups<sup>1</sup> (e. g. outlaw bandits) but their organization and perpetration method was not as highly sufficient as it is nowadays.

The organized crime perpetration is much more serious threat to the society than an individual crime.<sup>2</sup> More offenders on one hand means more concentration of power which from an objective view increases the chance of the successful crime perpetration

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<sup>1</sup> Tóth, M.: *A szervezett bűnözés néhány történeti és gyakorlati kérdése, [Few historical and practical question regarding organized crime]* Collega 1998/3, p. 9.

<sup>2</sup> Briggs, Gavin: *Organised Crime Groups: A Transnational Security Threat to the Region North of Australia.* Strategic Analysis Paper 27 January 2010. pp. 1-2.

and on the other hand the presence of accomplices and the knowledge of their possible intervention when needed increases the offender's determination.

The organized perpetration opens a new dimension for the actual perpetrator in the way that when he commits a crime he feels the entire weight and power of the organization behind him and on the other hand it inhibits him to turn against the organization.<sup>3</sup>

Organized crime was defined<sup>4</sup> in several ways in the last few decades however we do not have a comprehensive general definition which can be valid for every crime group.<sup>5</sup> The reason for this that organized crime groups can be very varied in different continents, cultures and from time to time it can change its face even within one area. Due to these facts it is not possible to give a comprehensive and general definition for organized crime.<sup>6</sup>

Organized crime links two concepts. One is an **organization** to meet the highest needs of the people which is the only form for several legal and noble operation.<sup>7</sup> The other is the **sin** which is not creative but a destructive operation against virtues.<sup>8</sup>

Under László Korinek<sup>9</sup> the expression of organized crime is a theoretical construction in the sense that it does not exist anywhere in a pure and perfect form.

However, despite the unsuccessful attempts for a general definition we can name the common criteria for organized crime which can be found in every crime groups.

The most important criteria for organized crime are the followings<sup>10</sup>:

- Under the operative legal regulation it intends to meet **forbidden needs** (e.g. consumption of drugs).
- It intends to **maximize the profit** with lowest risks and the quickest way (e.g. prostitution).
- It is typical that within the crime group there is a **specialization** in the execution of different tasks. (e.g. some specializes in car theft, other in stealing artifacts, and another in selling stolen goods).
- The organized offender does this for a living, it is his "**profession**"<sup>11</sup>. They do not intend to operate in legal ways to maintain themselves.

<sup>3</sup> Bócz, E.: *A szervezett bűnözés néhány problémájáról*, [Few problems regarding organized crime] Belügyi Szemle, 2001/11. p. 5.

<sup>4</sup> Albanese, J. S.: *North American Organised Crime*. Global Crime Vol. 6, No. 1, February 2004. pp. 9-10.

<sup>5</sup> Berta, K.: *A szervezett bűnözés* [The organized crime] In: *Kriminológia – Szakkriminológia*, szerk.: Gönczöl Katalin – Kerecsi Klára – Korinek László – Lévay Miklós, Complex Kiadó Jogi és Üzleti Tartalomszolgáltató Kft., Budapest, 2006, p. 423.

<sup>6</sup> Finszter, G. – Irk, F.: *Gazdasági-társadalmi változások, a bűnözés új kihívásai*, (Szervezett bűnözés Kelet-Közép-Európában, az Európai Unió peremén) [economic and social changes, the new challenges of crime (Organized crime in Middle and Eastern Europe, in the edge of the European Union)] In: *Kriminológiai Tanulmányok XXXVIII.*, Országos Kriminológiai Intézet, Budapest, 2001. p. 25.

<sup>7</sup> Zaluar, A.: *Violence in Rio de Janeiro: styles of leisure, drug use, and trafficking*. International Social Science Journal Volume 53, Issue 169, September 2001, pp. 369-378.

<sup>8</sup> Finszter, G. – Irk, F.: *op. cit.* p. 42.

<sup>9</sup> Korinek, L.: *A szervezett bűnözés lényegi elemei* [The essential parts of organized crime] In: *Harmadik Magyar Jogászegyűlés, Balatonfüred 1996.május 17-19.*, Magyar Jogász egyesület, Budapest, 1996, p. 55.

<sup>10</sup> Korinek, L., *op. cit.*, pp. 55-56.

<sup>11</sup> Bócz, E.: *A szervezett bűnözésről és a bűnszervezet fogalmáról* [About the definition of organized crime and crime organization] In: *Györgyi Kálmán ünnepi kötet*, (Szerk.: Gellér B.),

- Presence of **violence** is constant in the operation of the criminal association. Violence is suitable for enforcement of different interests (*e.g.* The acquisition of control of clubs) and for so called discipline (*e.g.* threatening witness to not give a statement against the crime group) and for making example (*e.g.* cutting off the “traitor’s” hand or burying him alive).
- Simultaneous presence of **legal and illegal** business activities, (*e.g.* cover operating businesses). The well-known American gangster Al Capone operated laundry business.
- Organized crime has no borders, it is an **international** criminal enterprise. For example the Russian organized crime has interest in different countries as well, not just in Russia.

## 2. The field of operation of organized crime

Organized crime – according to Géza Finszter and Ferenc Irk typology – can be classified to two main groups: the conflict and the consensus.

The characteristics of the **conflict organized crime** is that the implementation conducts are trying to evade the legal market, deny the legal needs, and to loot the legally acquired assets. These types of crimes always have a direct victim (*e.g.* organized car theft, series of burglary).

The characteristics of the **consensus organized crime** is that they try to use the legal market to acknowledge their legal needs and to grow their income. The delicts have no direct victims, it is difficult to control them by the authorities and they cannot be prevented with traditional tools of prevention (*e.g.* they meet illegal need (illegal drug trafficking) running legal enterprises in illegal way (tax evasion)).<sup>12</sup>

There are different methods to define the scale of the quantity of the organized crime, even though due to the conspiracy it is difficult to get a clear and concrete number of the committed crimes resulted from organized crime.<sup>13</sup>

Earlier we emphasized that the main characteristics of the organized criminality is the constant change, renewal. Essentially the strict rules of the market defines that when, where, and what type of offence comes into focus and what type offence is neglected temporarily or permanently.<sup>14</sup> In this way we can observe a boom in human trafficking and stagnate in organized car theft.

The most important areas of the organized crime operation are the followings<sup>15</sup>:

- illegal drug trafficking, arms trafficking, gambling
- taking protection money
- counterfeiting
- illegal disposal of hazardous waste

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Bibliotheca Iuridica, az ELTE Állam- és Jogtudományi Karának tudományos kiadványai, Libri Amicorum 11., KJK-Kerszöv Jogi és Üzleti Kiadó Kft., Budapest, 2004. p. 81.

<sup>12</sup> Finszter, G. – Irk, F., *op. cit.*, pp. 42-43.

<sup>13</sup> Kertész, I.: *A szervezett bűnözés terjedelme [The scale of organized crime]* Magyar Tudomány, 2001/8, p. 909: Pl. rendőrségi információk összegzése és értékelés, áldozattá válási felmérések, gazdasági mutatók elemzése stb.

<sup>14</sup> Finszter, G. – Irk, F., *op. cit.*, p. 29.

<sup>15</sup> Korinek, L. *op. cit.* p. 57.

- excise fraud (tax, customs etc.).
- human trafficking
- kidnapping
- prostitution

### 3. The Hungarian organized crime's origin and characteristics

The roots of the organized crime have already appeared in the 1970's in Hungary<sup>16</sup>, but de facto only from the 80's can we talk about criminal organizations based on division of duties.<sup>17</sup>

The socialist system's rules of planned economic have gradually softened and lead to a so-called economic liberalization, which made it possible for the undertakings (at that time: private business work associations) to operate.

On one hand, due to the shortage economy there was one basic problem in the socialism, that the criminals could hardly spend their illegal incomes on luxury goods. On the other hand, there were no established channels for the legalization of the illegal incomes.

When the freer economic possibility has appeared, it has attracted the organized crime since the operation of the entertainer-industrial units and coffee bars have become the solution for the legalization of the illegal incomes. In those times illegal fruit and slot machines have spread in Hungary.<sup>18</sup>

The change of regime's years (1990-1995) provided the true rise for the organized crime, due to privatization, mineral oil trade and organized motor vehicle theft<sup>19</sup> earned billions for them.

Many factors helped the organized crime<sup>20</sup> to rise: the prolonged civil procedure and judicial enforcement (the collections), the surfeit of the real estate register (house mafia cases<sup>21</sup>), the prolonged court registration (phantom companies).

<sup>16</sup> Wright, Alan: *Organized Crime in Hungary: The Transition from State to Civil Society*. Transnational Organized Crime Vol.3, No.1, Spring 1997. p.49 "Organized crime has developed through three stages in Hungary. The first signs were evident in the 1970s when the police successfully identified and acted against several groups involved in criminal activities organized on the basis of blood relationship (where the leader was the head of the family)."

<sup>17</sup> Katona, G.: *Szervezett bűnözés Magyarországon*, [Organized crime in Hungary] BM Kiadó, Budapest, 2000, pp. 8-9.

<sup>18</sup> Hignett, K.: *Organised Crime in East Central Europe: The Czech Republic, Hungary and Poland*. Global Crime Vol. 6, No. 1, February 2004. pp. 71-72.

<sup>19</sup> Katona, G., *op. cit.*, pp. 22-25.

<sup>20</sup> Council of Europe: Report on the Organized Crime Situation in Council of Europe Member States – 1999. European Committee on Crime Problems Group of specialist on criminal law and criminological aspects of organised crime. Strasbourg, December 2000. p.17. "Hungary enumerates 76 existing and active organised crime groups with altogether 1982 individuals suspected to be involved, or an average of 26 persons per group. Nearly one-half (34groups) have between 5 and 10 members, and 28 groups have between 11 and 30 members. Six massive groups are observed, with 100-300 members each, the largest ones operating in the Budapest metropolitan area."

<sup>21</sup> Nagy, L.T.: A lakásmaffia-bűncselekmények empirikus vizsgálata, [empirical research of house mafia cases] In: *Kriminológiai tanulmányok* 41., (szerk.: Irk F.), Országos Kriminológiai Intézet, Budapest, 2004, p. 169-170.

The so-called “house mafia” crimes played a significant part in the Hungarian organized crime. For the most part, people in a difficult situation were the targets of these property frauds.<sup>22</sup>

The misuse of properties cannot be considered as a Hungarian criminal curio, since similar crimes appeared in every post-socialist countries as well, and even in several western countries (*e.g.* in Germany).

Before the transition in the countries, which belonged to the soviet sphere of interest, it was a perceptible phenomenon if a new type of crime<sup>23</sup> commitment appeared in one country then within a short time it was spread in the other countries too (*e.g.*: the new way of the housebreaking with cylinder breakage was domesticated by Poland).<sup>24</sup>

There were two main reasons for this: one is the criminal export and import between the socialist countries and the other was the similarities in the former soviet countries housing policies.

At the time of the change of regime (1989-90) it was known among the criminal professional associations in Russia there were such operating criminal organizations which committed extended series of frauds with the aid of attorneys, real estate agents and the bribed employees of the authorities. They used extremely brutal methods to obtain the owner's or tenant's rights, they were willing to even kill people for it.

The house mafia tried to find people in difficult situation at local government's social departments, charity and medical institutions, in the purpose of becoming their tenant, or based on friendship they moved in and they often forced the plaintiffs to sign sales contracts.

#### 4. The fight against organized crime

The situation of the fight against organized crime could be explained with Imre Kertész's words: organized crime, disorganized law enforcement.<sup>25</sup> We can choose from a wide range of resorts when it comes to the fight against the organized crime.

Among the criminal law and criminal procedure's resorts the witness protection and plea bargain are worth to be mentioned.<sup>26</sup> During the criminal procedure it is important to protect witnesses since it can be feared that criminals will take a revenge on them.

The essence of the plea bargaining is that the prosecution won't bring a charge against the criminal, who has important information about the organized crime entity, for the minor crimes (*e.g.* theft) in case the criminal is willing to testify or provide information about the committed major crimes (such as homicide) by the organized criminal organization.

<sup>22</sup> Póczik, Sz.: Lakásmaffia jellegű bűncselekmények [house mafia like crimes] – Társadalomtörténeti és kriminálszociológiai áttekintés a rendszerváltást követő időszak egyik jellegzetese szervezett bűnelkövetési formájáról, IN: Társadalmi összefogással a lakásmaffia ellen – Tanulmányok, dokumentumok 2002-2006, (Szerk.: Póczik Szilveszter-Dunavölgyi Szilveszter), MBK Füzetek 16, Biztonságos Magyarországért Közalapítvány, Budapest, 2006, p. 39.

<sup>23</sup> See Nagy, Z.A.: *Az informatikai bűncselekmények* [The Informatics Crimes]: Magyar Tudomány 2001.8. pp. 947-949.

<sup>24</sup> Katona, G., *op. cit.*, p 9.

<sup>25</sup> Kertész, I: A bűn európai útjain, [On the european road of sin] Belügyi Szemle, 1999/9, p. 54.

<sup>26</sup> Korinek, L., *op. cit.*, p. 58.

Among the law enforcement's resorts the undercover operation, secret investigation and international criminal cooperation are the most crowned with success.

The undercover agent pretend to be a criminal, who can commit some type of crimes except the major ones (*e.g.* homicide) for the purpose of the law enforcement.

There are two main forms of influential international criminal police cooperation: Europol<sup>27</sup> and Interpol. Europol is an inter-governmental law enforcement agency, which analyzes<sup>28</sup> the criminal records from the member states,<sup>29</sup> while the Interpol is an international law enforcement agency with investigation authority.

As potential organization resorts the following could be like setting special police, prosecution units such as National Investigation Agency's Organized Crime Service.

Despite the efforts from the legislative power to step up against criminality we have to admit that only criminal law itself is not enough for combatting organized crime.<sup>30</sup> In the interest of this purpose, the Hungarian legislator has created the legal provision of „the participation in criminal organization” [Criminal Code Section 321] as a *sui generis* crime<sup>31</sup>, which is a rare exception owing to the difficulty to prove it during the criminal procedure and convict someone for it at the court.<sup>32</sup>

In conclusion, fighting against the organized criminal entities is only possible with organized law enforcement resorts.<sup>33</sup>

<sup>27</sup> Hadas, L.: A szervezett bűnözés gazdasági veszélyei, Fejlesztés és Finanszírozás, [The economic risks of organized crime, Development and financing] 2004/2, p. 71.

<sup>28</sup> Eördögh, Á.: Az Európai Unióval folytatott rendőri együttműködés és szervezett bűnözés elleni fellépés, [combatting organized crime with the EU] Belügyi Szemle, 2000/3, p. 101.

<sup>29</sup> Salgó, L.: Az Europol a szervezett bűnözés és a terrorizmus ellen, [Europol against organized crime and terrorism] Belügyi Szemle, 2007/4 p. 7.

<sup>30</sup> Varga, Z.: A szervezett bűnözésről, JOGOK, [About organized crime] 2006.április., p. 21.

<sup>31</sup> Act of 2012 on the Criminal Code - Participation in a Criminal Organization “Section 321 (1) Any person who instigates, suggests or offers, or joins or collaborates to engage in criminal activities in the framework of a criminal organization, or who provides the means intended to be used for such activities, or supports the activities of the criminal organization in any other manner is guilty of felony punishable by imprisonment between one to five years. (2) Any person who confesses the criminal act to the authorities first hand and unveils the circumstances of commission shall not be prosecuted on the grounds of participation in a criminal organization.”

<sup>32</sup> Györgyi, K.: A szervezett bűnözés és a pénzmosás elleni fellépés jogi lehetőségei a Magyar Köztársaságban, [combatting organized crime and money laundering in the Hungarian Republic] Közjegyzők Közlönye, 2000/1, p. 4.

<sup>33</sup> Bencze, J.: „Szervezet ellen csak szervezettel lehet felvenni a harcot”, [Only organization can combat organization] belügyi Szemle, 2001/11, p. 46.