

## **It's not illegal, it's just immoral? The relationship between organised crime and the upper-world**

In 1980, Dwight Smith in his seminal work on the spectrum-based theory of organised crime observed that for the organised crime group, “[t]here is a range of economic activity that is continuous, ‘from the very saintly to the most sinful’” (p. 371) (Smith, 1980). Elucidating on the observation that big business and organised crime are not so easily separated, this editorial seeks to explain (albeit in a brief manner), how the range of behaviours from “saintly to sinful” applies not only to the supposedly legitimate organisation but also in an inverse manner, to the organised crime group’s activities. Professional enablers are, simply put, people of upstanding social status, operating in the business, legal and financial worlds (Sutherland, 1940). The author of this paper employs the term “money manager” to categorise those white-collar workers who manage the finances of upper-world, legitimate businesses and/or criminal outfits.

Organised crime is an economic enterprise, indeed Sellin observed just such a point in 1963 (Sellin, 1963). The symmetries with successful legitimate organisations are uncanny. Organised crime and upper-world business ventures have profit at their core. Increasing income and minimising losses are a key part of the money management for both types of organisation. The ability to diversify incomes by dipping in and out of various trades to sustain the business is also a commonality between both the licit and illegal business venture. The reinvestment of profits into future business ventures, the increasing (if not exclusive) reliance on the digital world to grow the organisation, methods of transportation and supplying goods to meet customer demands, are all activities which exist along the spectrum of organised crime activities. It may also be, that both the bad business and the good, increasingly use overseas jurisdictions to store and grow their wealth.

The latter point above, is a method of maximising wealth which requires the use of professionals to enable the management of criminal or licit wealth overseas. Like the accountant, lawyer or banker who represents the business interests of a large corporation seeking to minimise losses by moving offshore, so individuals in the same professions will endeavour to find a way to discretely deposit and increase the wealth in financial secrecy jurisdictions, of their criminal employers [1]. In seeking to hide the criminal origins of their wealth, and preserve the anonymity of themselves and sensitive clients, organised crime groups will rely on criminal money managers to construct elaborate webs of corporations, businesses, charitable organisations or other entities. The creation of this tangled “bad” business set-up, has the impact of allowing crime groups to carry on in their criminal ventures; committing sophisticated, serious crimes which turn a healthy profit. The catastrophic impact of the role of the criminal money manager in organising the wealth of a significant crime groups, is that they help to sustain and perpetuate, a range of serious transnational organised crimes. Indeed, the illicit trafficking market of a range of “goods” from people, firearms and drugs to fake medical products is rarely different to the organisation needed to supply products such as plastic cups, textiles, grains and toys. The only difference is that one business venture deals in illicit products.

We have briefly discussed some of the symmetries between legitimate and criminal business outfits – although we have by no mean exhausted the list – including the requirement of savvy professional enablers including lawyers, accountants, estate brokers and in the 21st Century “tech heads” (Hynds, 2003). Yet it would be remiss of the author not



to mention that grey, murky, swamp of an area in which professional enablers (white-collar criminals) “do not think of themselves as criminal stereotypes, but as being ‘law violators’” (Sutherland, 1940) [2]. If the white-collar criminal working for a criminal organisation does not view themselves as a criminal, but more of an effective manager of finances who is simply “doing a job”, and is therefore able to touch upon justifications for hiding the proceeds of crime; then what about the inverse dynamic? Where we observe similar actors undertaking a money management role for those corporations whose organisation resembles “that of professional thieves”[2].

In discussing the above point, it would be remiss of the author not to address the pandemic procurement scandal which has blighted the UK Government at the worst of times; the use of money managers to blur the lines between the extensive spectrum of the legal and illegal with the addition of morally dubious actions somewhere in between. In recent months, much of the focus in the UK media has focused on how organised crime groups have exploited the pandemic to turn a profit, by producing and supplying counterfeit goods (BBC, 2020). The narrative feeds into the public consciousness, that it is exclusively “criminals”, who manipulate the current international crisis, while the reality of secret, government deals remains covered up. But we should be very concerned.

In 2020, the UK Government awarded Excalibur Healthcare Services Ltd a contract for £135m to supply ventilators. Incorporated as a private limited company on the 20th January 2020 (just before the first cases of Covid-19 were confirmed in the UK on the 31st January 2020), the publicly available incorporation document for this company, shows that three senior employees at Abacus, (a “leading fiduciary and professional administration services specialist based in key jurisdictions” including the Isle of Man), were appointed as Directors on the day of Excalibur’s incorporation. Abacus provides corporate structures so that companies can maximise profits, thus wealth, through minimising liabilities. These liabilities include taxations. White collar professionals working in organisations such as Abacus, are required for maximising the profits (by avoiding taxes) of companies including Excalibur. Much too complex to analyse in this short editorial, it is also notable, that the companies listed above are, or have been, connected by a complex web of agents, subscribers (initial shareholders) and multiple other companies including ILS Fiduciaries, Ectoplasm Ltd., and Ellipses Pharma Ltd.; all of them are organisations which in some way will profit from the global pandemic through creative tax planning schemes. The author calls this “disaster capitalism”. Simply put, we are looking at a classic case of creative tax planning and company formation structures, to enable private limited companies such as Excalibur Healthcare Services Ltd, to profit from the global pandemic crisis – at the expense of the UK tax-payer.

The separate identities of organised crime groups who participate in some legitimate ventures, contrasted with legitimate ventures which undertake some illegal dealings, is not clear cut; but both need professionals who can effectively manage the business’s money. The area remains grey and the lines blurred between the overlap of licit and illicit. It is simply another case of the rich getting richer and the poorer getting poorer – exploitation of the pandemic is not just something which applies to criminal organisations. It applies to those grey organisations, who while are not deemed criminal, do lack the morals needed to act in a right and proper way.

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**Notes**

1. Tax Justice Network, *Tax havens and secrecy jurisdictions* [www.taxjustice.net/topics/tax-havens-and-secrecy-jurisdictions/#:~:text=The%20term%20%E2%80%9Csecrecy%20jurisdiction%E2%80%9D%20is,order%20to%20pay%20less%20tax](http://www.taxjustice.net/topics/tax-havens-and-secrecy-jurisdictions/#:~:text=The%20term%20%E2%80%9Csecrecy%20jurisdiction%E2%80%9D%20is,order%20to%20pay%20less%20tax). (accessed 25 March 2021).
2. Sutherland, op.cit.

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