

USURY: THE BANK SYSTEM OF CAMORRA

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The economic crisis and the consequent difficulty for entrepreneurs not having access to bank credit has been a precious asset for the various Italian mafias. In the last two years, the need for access to financial credit has risen for companies. For the mafia clans, this has been a strategic opportunity to invest part of their resources in a very profitable business: usury.

In the last two years investigators have discovered 54 clans involved in usury across the country. Once considered a despicable practice for organized crime members, especially for the members of various mafias, nowadays usury has indeed become a profitable business. Very often businessmen are compelled to have immediate access to credit so as not to lose orders and not to be cut away from the market. Thus they turn to the mafia clans to ask for loans.

Huge source of income for the mafias

Usury represents a huge source of opportunities for a clan. It allows money laundering from drug trafficking, extortion, gambling, infiltrating the legal economy, controlling business activities and entering into areas not previously affected by organized crime. Many times companies are absorbed because they can't reimburse the loans. The risks are very low for the criminal organizations due to the limited charges by the authorities. Quite often the clans mask usury as business deals and supply of service. The level of physical and psychological violence put on the victims (aggressions, beatings, rapes, kidnappings, threats) is so elevated that very rarely do they denounce their usurers, especially if they are affiliated to the clans. Usury eventually allows the clans to assert their sovereignty over the territory they control.

According to figures provided by Confesercenti, one of the leading business associations in Italy, between 2008 and 2011 about 190,000 small and medium companies in Italy had to close due to debt or usury. Between 2008 and 2010 police operations against usury involving organized crime rose by 52 percent. In 2010, the turnover of the various mafias in the country was estimated at 140 billion euros. The whole profit of the organized crime in Italy for 2010 has been estimated at 100 billion euros, about 7 percent of the national Gross Domestic Product. 16 billion euros was the estimated profit from usury. The interest rates are usually well beyond 10 percent. About 50,000 entrepreneurs are estimated to be indebted with mafia groups. One

third of the business owner victims of usury are believed to be concentrated in the regions of Campania, Lazio and Sicily.

Italian authorities have significantly increased their efforts in fighting the mafia groups in recent years. In the last month alone, dozens of members of 'Ndrangheta and Camorra were arrested across the country for their involvement in usury and extortion activities. Despite numerous police operations, including the arrests of key figures and the dismantling of money laundering networks, the 'Ndrangheta and Camorra clans have still managed to sustain their activities and remain the most powerful Italian crime syndicates, partly because of the blooming business of usury.

Camorra spreads its tentacles over Campania

According to the last Annual Report of the National Antimafia Department, usury is practiced by clans all over the Campania region. Many shopkeepers in the town of Afragola are subjected to usury carried out by the Moccia clan that collects its credit through extortion and imposing cheques for money laundering. In Avellino province, usury is used by the Pagnozzi, Cava and Russo clans, in Benevento by the Nizza clan, in Caserta province by the Casalesi clan. In Naples the Potenza clan has invested its incomes from usury in several restaurants in the centre of the city. In 2012, more than 7 million euros in cash was discovered by police walled up inside the house of the boss Mario Potenza after his death.

The economy of the whole Campania region is heavily influenced by the presence of the clans. Extortion, usury and the presence of Camorra-led firms strangle the possibility of a free market and free competition. It is worth mentioning that 12 members of the Casalesi clan were arrested on December 1 for racketeering and extorting entrepreneurs and also because they obliged the owners of restaurants and other locals to buy gadgets, such as calendars, agendas and pens for Christmas with prices more than 150 percent above the average. They also obliged local TV stations and the organizers of local festivals to hire singers of Neapolitan songs. The clan in this way earned about 200,000 Euros, just in the Christmas period alone.

Camorra controls the economy of Campania region exercising widespread extortion. Through extortion their organized crime achieves three goals:

1. It makes considerable profits, allowing the organization to pay the members and to give a monthly pay, the so called "mesata", to the families of the imprisoned affiliates; It systematically controls the territory by collecting "taxes" and basically taking the place of the State by assuring a service of "protection" to get the "consent" of the victims of this imposition;
2. Incomes coming from extortion increase their liquid assets, which can be used to practice usury. Through usury the clan can absorb the company, enter the legal economy and practice money-laundering;
3. Usually the victims of usury are retail merchants, such as owners of groceries, dress shops, shoe shops and handcraft companies. In Campania about 50,000 companies are victims of Camorra and in the last three years alone 10,000 went bankrupt.

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Camorra and ‘Ndrangheta are looking north

It is worth emphasizing that clans have also been particularly aggressive in exploiting usury in rich northern regions of Italy, expanding their influence from their regions of origin. For example, the Camorra Casalesi clan from Campania entered into businesses in Veneto and Tuscany and the Calabrian ‘Ndrangheta infiltrated into Lombardy, Piedmont and Emilia-Romagna. The Sicilian mafias, Cosa Nostra and Stidda, still have their usury activities rooted mainly in Sicily.

One typical example of the activities of the Camorra clans throughout Italy has been provided by a recent operation against the Camorra clan Fabbrocino. On December 18, 24 suspected members of Fabbrocino were arrested in the regions of Campania, Lombardy, Lazio, Umbria, Abruzzo and Emilia Romagna in an operation carried out by the Anti-mafia Investigation Department. The investigation discovered a massive money-laundering system worth over 112 million euros. The suspects were also involved in extortion, usury, auction interference and vote-buying. Police seized property belonging to the criminal organization worth an estimated 120 million euros, including 80 companies in Lombardy and Lazio, farms in Umbria, malls in Abruzzo, textile factories and laundries in Campania. The clan carried out the recovery of debts by imposing a tax of 50 percent.

In April 2011, 27 suspected members of the Casalesi clan were arrested because they had subjected at least 100 entrepreneurs in Veneto to usury, carrying out extortion acts to force them to pay elevated interest rates. They had set up an unauthorized brokerage activity and a collection agency in Padua. Through this activity they discovered businessmen in need of funds, often because they had not been paid by their clients, and month by month they acquired new victims. Many of them were obliged to cede their companies, their shares or the whole joint-stock of a company at a very low price.

Socioeconomic “cancer” in crisis time

The economic crisis favours the various mafias because their capitals are attractive. In times of economic stagnation the risk of insolvencies raises thus it is much more difficult to get access to bank credit. Financial precariousness due to restricted access to bank credit and the need to make short-term payments are great opportunities for the clans.

Usury is the emerging sector for the criminal economy for two factors: the raising number of charges against extortion and the long legal process against usurers. In most of the cases the victims have to wait four years for the result of the trial. Systemically charges decrease and the level of suicides due to usury increases. Once a clan absorbs a company and enters into the legal economy, it destroys competition and free economy, influences the prices, the quality of the products and the job market.