

# FRAMING MAFIA INFILTRATION IN THE PUBLIC CONSTRUCTION INDUSTRY IN ITALY

## PRESENTATION

A STUDY FINANCED BY THE COMMISSION D'ENQUÊTE SUR L'OCTROI ET  
LA GESTION DES CONTRATS PUBLICS DANS L'INDUSTRIE DE LA  
CONSTRUCTION

## **Aim of the study:**

To set forth a description of the Italian mafias and to frame the phenomenon of mafia infiltration in the public construction industry in Italy

## **Objectives:**

- (1) to single out specificities of the Italian mafia phenomenon and to provide a description of the three organized crime groups, respectively Cosa Nostra, the 'Ndrangheta and the Camorra;
- (2) to illustrate patterns of mafia infiltration in the public construction industry in Italy;

**This presentation...**

**... Part I | Italian Organized Crime groups**

It sets forth a description of the three traditional Italian Organized Crime groups:

- Cosa Nostra
- 'Ndrangheta
- Camorra

**...Part II | Dynamics of mafia infiltration in the public construction industry in Italy**

It illustrates elements characterizing the infiltration of the public construction industry by Cosa Nostra, 'Ndrangheta and Camorra as emerged by case studies

## ... Organized Crime

\* For the present study, the concept of organized crime is defined in accordance with the **legal provision of mafia-type criminal association** (art. 416 bis of the Italian criminal code)

A mafia-type association consists of **three or more individuals** and “those who belong to it make use of the **power of intimidation** afforded by the **associative bond** and the **state of subjugation and criminal silence** (*omertà*) which derives from it to commit crimes, to acquire directly or indirectly the management or control of economic activities, concessions, authorizations or public contracts and services, either to gain unjust profits or advantages for themselves or for others, or to prevent or obstruct the free exercise of the vote, or to procure votes for themselves or to others at a time of electoral consultation” (translation quoted from Paoli 2004)

### ... Mafia infiltration

- \* Few attempts have been made to define the term of “mafia infiltration” (Savona E.U. 2010; Calderoni-Caneppele 2009)
- \* For the present study, the concept of mafia infiltration is interpreted in a relatively broad sense (Calderoni-Caneppele 2009)

There is mafia infiltration when individuals who belong to a mafia-type association, or are linked to it, or support/facilitate its activities, condition or alter the regularity of the tendering/awarding/execution of a public contract with the aim to gain unjust profits or advantages for themselves or for others

## ... Mafia enterprise

\* Several conceptualizations of “mafia enterprise” (Smith 1978, Arlacchi 1986, Constantino 1986, Catanzaro 1992, Santino-La Fiura 1990, Fantò 1999, Gambetta 1992, D’Antonio-Scarlato 1993)

\* For the present study, the concept of mafia enterprise is interpreted as ...

...a formal economic entity operating in the legitimate domain, linked to or controlled (whether directly or indirectly) by a mafia-type group, employing both legal or illegal means to gain unjust profits or advantages.

Elements associated to mafia enterprises:

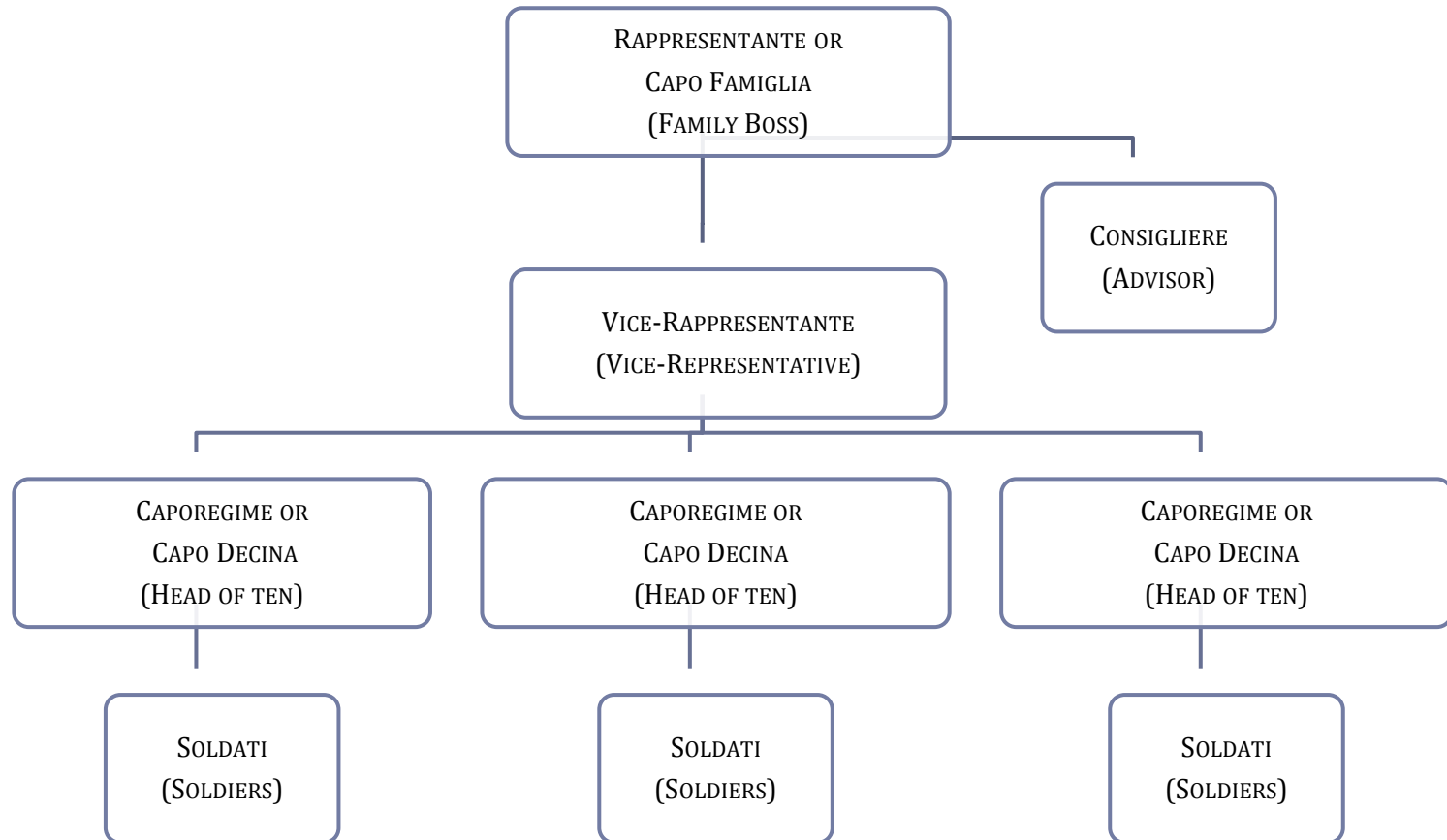
1. involvement (formal or actual) of mafia members in the company
2. resort to violence or intimidation
3. access to resources from illegal activities

# PART I | ITALIAN ORGANIZED CRIME GROUPS

# THE SICILIAN ORGANIZED CRIME: COSA NOSTRA



## The structure of the Cosa Nostra families



## Coordination mechanisms in Cosa Nostra (1)

### \* *The Provincial Commission in Palermo*

#### **What it is:**

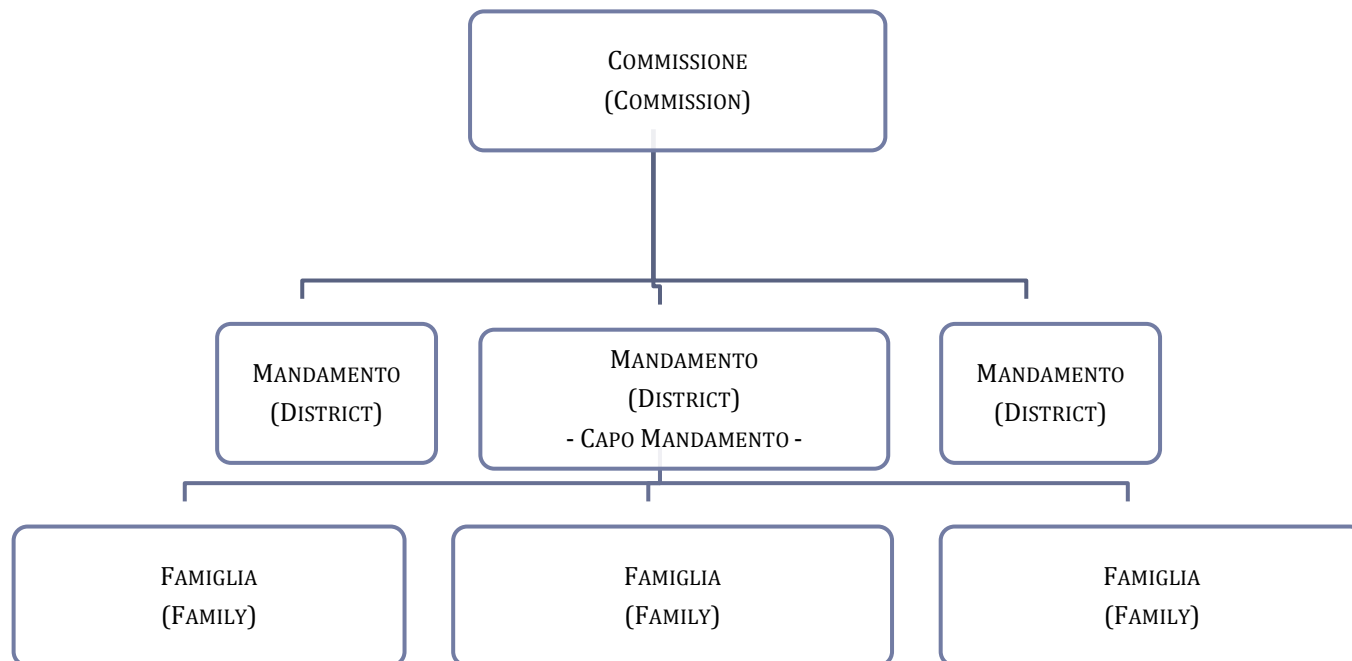
It is a consultative body established in the 1957. It is composed by representatives of all the mafia families in the Palermo Province

#### **Functions:**

- to settle conflicts among families and single members
- to regulate the use of violence

## The structure of the Provincial Commission

- analogous structure set up by the American Cosa Nostra at the beginning of the 1930s
- establishment of a new intermediate level, called *mandamento* (district), combining 3 or 4 families with adjoining territories, whose representatives (*capi-mandamento*) take a seat on the commission



## Coordination mechanisms in Cosa Nostra (2)

\* *Other provincial commissions*

\* *The Regional Commission or Cupola*

### **What it is:**

It is a consultative body composed by representatives of the mafia families in all the Sicilian provinces where Cosa Nostra has branches

### **Structure:**

- modelled on the Palermo's provincial commission

### **Functions:**

- to settle conflicts among families and mafia bosses
- to regulate and coordinate the activities of Cosa Nostra families

## The system of mafia's values

- \* Symbols and rituals are used extensively in Cosa Nostra
  - at the associative level, as a means to exercise unconditional claims upon its associates and to define the group collective identity
  - beyond the organization, as a means for external recognition of the status of power derived from the mafia affiliation
- \* Though today the application of these codes may be less scrupulous, assuming that they no longer work makes of the mafia a purely criminal organization whose only goal is the pursuit of profit. But this is not the case (Falcone 1991)

## The rite of affiliation

### What it is:

It is a symbolic representation through which the status of “men of honor” is attributed to new adherents

### Local variations

Generally, three main stages (Falcone 1991):

1. the candidate is presented to the family by a man of honor
2. the rules of Cosa Nostra are explained to the new adherent
3. the index finger of the candidate's right hand is cut so that few drops of blood fall on the image of a saint. The novice swear an oath of faithfulness and obedience to the organization with this picture burning in his hands

During the ceremony various symbolic features are used, most notably related to the Catholic iconography and terminology, and blood.

- *religious references* to give sacral and imperative value to the ritual
- the *blood* to illustrate both the kinship with which all the members are linked together, and the ultimate punishment to be inflicted in case of betrayal (Arlacchi 1993)

## The status of Man of honor

### What it is:

It is the status consecrated to new adherents during the rite of affiliation  
It is primarily defined by the mafia "code of honor"

## The mafia's Code of honor

### What it is:

It is the system of values imposed by Cosa Nostra upon its affiliates to regulate every moment of their life, both in private and in public

(\*) November 2007. A list of "ten commandments", namely a decalogue illustrating the code of behavior for mafia members, was found and seized by investigators during an important anti-mafia operation which led the arrest of the mafia boss Salvatore Lo Piccolo, the leader of Cosa Nostra after Bernardo Provenzano being arrested (April 2006)

## (\*) The ten commandments of Cosa Nostra

GIURO DI ESSERE FEDELE "A COSA NOSTRA" SE DOVESSI TRADIRE LE MIE  
CARNI DEVONO BRUCIARE-- COME BRUCIA QUESTA IMMAGINE.

DIVIETI E DOVERI.

NON CI SI PUO' PRESENTARE DA SOLI AD UN'ALTRO AMICO NOSTRO - SE NON  
E' UN TERZO A FARLO.

NON SI GUARDANO MOGLI DI AMICI NOSTRI.

NON SI FANNO COMPARATI CON GLI SBIRRI.

NON SI FREQUENTANO NE'TAVERNE E NE'CIRCOLI.

SI E' IL DOVERE IN QUALSIASI MOMENTO DI ESSERE DISPONIBILE A COSA  
NOSTRA. ANCHE SE CE LA MOGLIE CHE STA PER PARTORIRE.

SI RISPETTANO IN MANIERA CATEGORICA GLI APPUNTAMENTI.

SI CI DEVE PORTARE RISPETTO ALLA MOGLIE.

QUANDO SI E' CHIAMATI A SAPERE QUALCOSA SI DOVRA' DIRE LA VERITA'.

NON CI SI PUO' APPROPRIARE DI SOLDI CHE SONO DI ALTRI E DI ALTRE  
FAMIGLIE.

CHI NON PUO' ENTRARE A FAR PARTE DI COSA NOSTRA.

CHI HA UN PARENTE STRETTO NELLE VARIE FORZE DELL'ORDINE.

CHI HA TRADIMENTI SENTIMENTALI IN FAMIGLIA.

CHI HA UN COMPORTAMENTO PESSIMO - E CHE NON TIENE AI VALORI MORALI.

I SWEAR TO BE FAITHFUL TO "COSA NOSTRA". IF I BETRAY  
[COSA NOSTRA], MY FLESH MUST BURN - - AS THIS IMAGE  
BURNS

RIGHTS AND DUTIES.

NO ONE CAN PRESENT HIMSELF DIRECTLY TO ANOTHER OF  
OUR FRIENDS. THERE MUST BE A THIRD PERSON TO DO IT.

NEVER LOOK AT THE WIVES OF FRIENDS.

NEVER BE SEEN WITH COPS.

DON'T GO TO PUBS AND CLUBS.

ALWAYS BEING AVAILABLE FOR COSA NOSTRA IS A DUTY -  
EVEN IF YOUR WIFE IS ABOUT TO GIVE BIRTH.

APPOINTMENTS MUST ABSOLUTELY BE RESPECTED.

WIVES MUST BE TREATED WITH RESPECT.

WHEN ASKED FOR ANY INFORMATION, THE ANSWER MUST  
BE THE TRUTH.

MONEY CANNOT BE APPROPRIATED IF IT BELONGS TO  
OTHERS OR TO OTHER FAMILIES.

PEOPLE WHO CAN'T BE PART OF COSA NOSTRA:

ANYONE WHO HAS A CLOSE RELATIVE IN THE POLICE,  
ANYONE WITH A TWO-TIMING RELATIVE IN THE FAMILY,  
ANYONE WHO BEHAVES BADLY AND DOESN'T HOLD TO  
MORAL VALUES.

Source: La Repubblica, *Ecco il decalogo del perfetto Mafioso. Il documento*, November 7 2007



## The exercise of mafia power through...

### \* Protection

- it refers to those functions to do with the defense of established interests that men of honor carried out within the community of their settlements
- where extortion is long-standing and systematic, consolidation of a certain “mafia culture” (Transcrime 2008)
- sanctions are imposed upon those who refuse to pay. Mafia reaction is set off not much for the economic loss, but mostly for the will to make mafia sovereignty respected (Paoli 2003)

### \* Repression

- imposition of *mafia legal order* over a given territory
- repression of “non conformist behaviours”

### \* Mediation

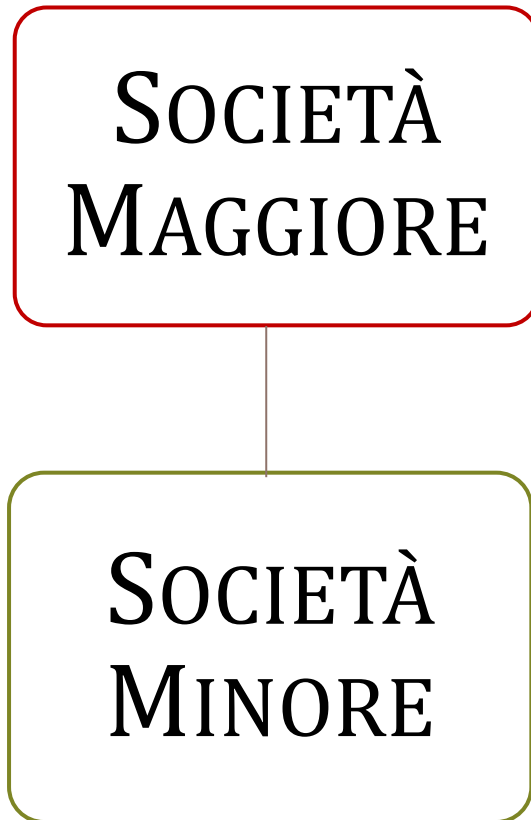
- to solve controversies within the local community
- to forge relations with individuals of the economic and political world

# THE CALABRIAN ORGANIZED CRIME: 'NDRANGHETA

## The structure of the 'Ndrangheta (1)

- \* Strength of the familiar ties (blood family and membership of the crime family coincide)
  - Extraordinary element of cohesion within the group
  - Shield to enhance security and to maintain identity in the territory of origin as elsewhere
- \* The *locale* is the basic unit of the organization which operates on a specific territory
- \* A locale may have branches, called *'ndrine*. In some cases, *sotto 'ndrine* are also established (Gratteri-Nicaso 2007)
- \* Complex internal structure, including various ranks and power positions

## The structure of the 'Ndrangheta (2)



### *Ranks within the Società Maggiore:*

Associazione  
Quintino or Padrino  
Quartino or Trequartino  
Vangelista  
Santista

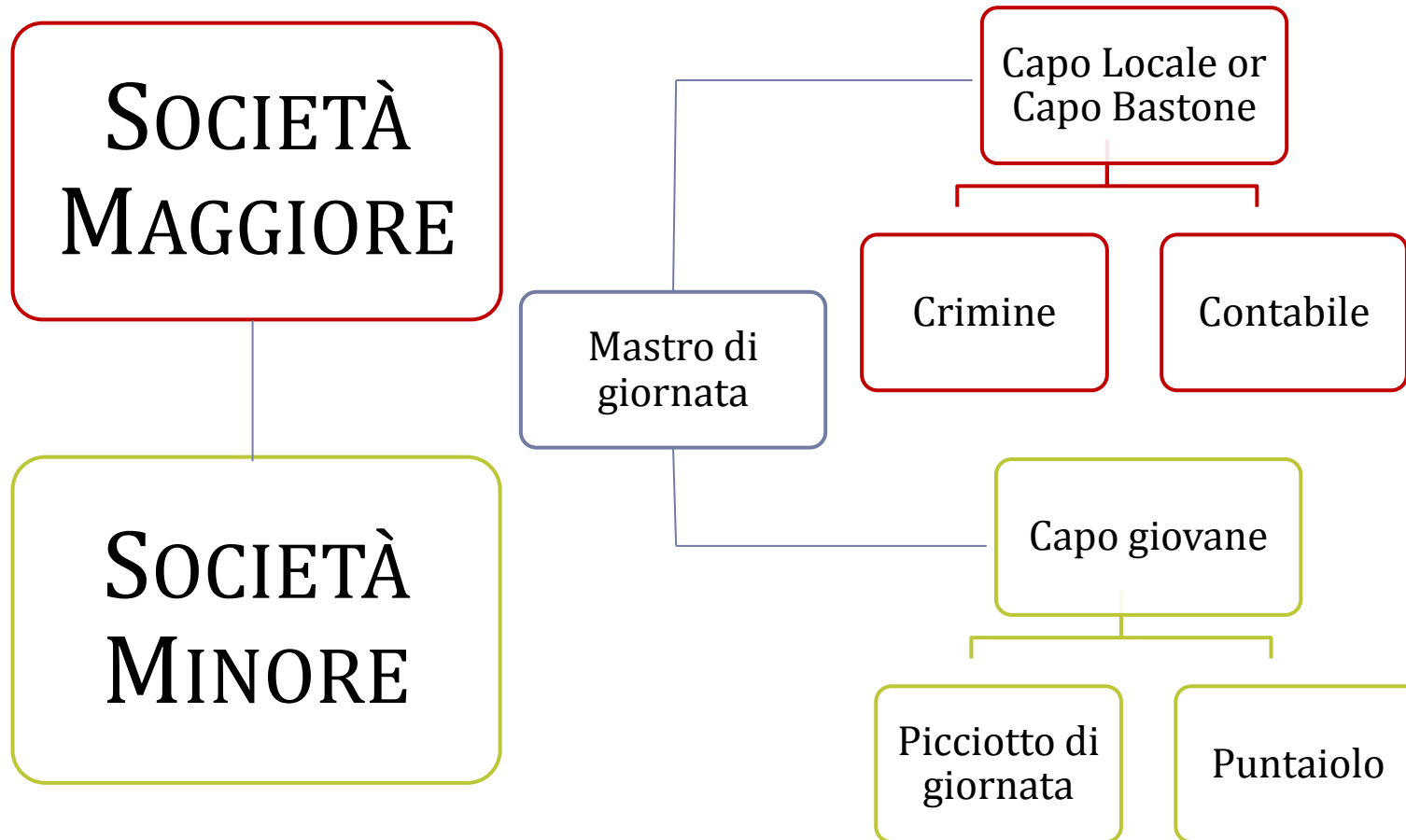
### *Ranks within the Società Minore:*

Sgarrista\*  
Camorrista\*  
Picciotto\*

\*These figures may be differentiated into further internal ranks

Source: Gratteri-Nicaso (2007)

## The structure of the 'Ndrangheta (3)



Source: Gratteri-Nicaso (2007)

## Coordination mechanisms in the 'Ndrangheta (1)

*Before 1991...*

\* Regular contacts and meetings amongst the bosses of the single mafia families (since the 1950s annual meetings at the Sanctuary of Our Lady of Polsi)

- forum to discuss actual and future strategies and settle disputes among the locali
- no authority to interfere in family feuds or control the level of interfamily violence

## Coordination mechanisms in the 'Ndrangheta (2)

...After 1991

\* *The Crimine (or Camera di Controllo, or Provincia)*

### What it is:

It is a superordinate body endowed with the power to intervene in the mafia families' affairs with exclusive competences over specific matters (Paoli 2004)

### Structure:

- modeled on the Palermo's provincial commission
- composed of three so-called *mandamenti* (districts): *Ionico* (Ionic), *Tirrenica* or *Piana* (Tyrrhenian or Plain), *Città* (City)

### Functions:

- to settle conflicts among families
- representative body of the whole association before other criminal organizations, and for maintaining contacts with external figures (Paoli 2004)

## The Santa

### What it is:

It is a secret society within the secret society (Paoli 2004), which was created by Girolamo "Mommo" Piromalli, the undisputed boss of the Piromalli family in Gioia Tauro, in the 1960s in response to the limits upon each members in terms of permissible activities, as well as relations with state authorities and criteria affiliation

### Aim:

- any form of illicit earning, the commission of crimes which the 'Ndrangheta had not previously allowed (infiltration into legitimate economy, kidnapping, drug trafficking)
- establishment of contacts with state authorities,
- selection of santisti amongst individuals of any social background (while before access to the 'Ndrangheta was granted only to "honored" families, namely family with no connection with state authorities and not dishonored by "infamous facts" (Paoli 2003)



## The system of mafia's values

- \* As in Cosa Nostra, symbols and rituals are used extensively in the 'Ndrangheta
- \* They constitute a totem of...
  - mafia collective identity
  - brotherhood amongst affiliates
  - a status of power derived from the mafia-affiliation

## The rite of affiliation

### What it is:

It is a symbolic representation, also called *battesimo* (baptisms) through which the status of “men of honor” is attributed to new adherents

Local variations, but solid adhesion to tradition

More complex than that staged by Cosa Nostra:

1. the candidate, also called *cardone*, is presented to the *società minore* by a member
2. the rite itself begins with an exchange of cues between the *capo giovane*, who rules the *società minore*, and the novice and continues with one or several trials of courage by the novice
3. after having tested his courage, the candidate's admission is held through the formulation of three votes called by the *capo giovane*
4. the ceremony ends with the new adherent swearing an oath of loyalty and obedience to the group while a bloodied image of a saint burns in his hands

For each passage of rank in the mafia hierarchy, rites with specific formulas and gestures are observed

## The exercise of mafia power through...

### \* Protection

- as for Cosa Nostra, it refers to those functions to do with the defense of established interests that men of honor carried out within the community of their settlements
- protection racketeering as a sign of subjugation and recognition of mafia authority from the victims
- sanctions are imposed upon those who refuse to pay. Mafia reaction is set off not much for the economic loss, but mostly for the will to make mafia sovereignty respected (Paoli 2003)

### \* Repression

- imposition of *mafia legal order* over a given territory
- repression of “non conformist behaviours”

### \* Mediation

- to solve controversies within the local community
- to forge relations with individuals of the economic and political world

# THE CAMPANIAN ORGANIZED CRIME: CAMORRA

## The structure of the Camorra (1)

- \* Less structured lasting formations than Cosa Nostra and the 'Ndrangheta
  - 145 groups currently active in Campania of whom 37 are classified as “minor” (DIA 2010)
- \* Concentration of Camorra clans in two provinces
  - Naples (80clans and 23 minor groups, of whom 39 clans and 6 minor groups are in the city)
  - Caserta (10 clans and 9 minor groups) (DIA 2010)

## The structure of the Camorra (2)

- \* Sort of gangster-type mafia phenomenon
- \* Low degree of coordination (with few exceptions: Secondigliano and Casalesi clans)
- \* No evidence of a centralized structure to regulate the use of violence, coordinate clans' criminal activities, decide communal criminal strategies
- \* Resort to violence to assert one clan's control and influence over a specific territory
  - internal warfare connected to the conquest of power and control of criminal activities

## The system of mafia's values

- \* The nineteenth-century Camorra shared several cultural and organizational similarities with their Sicilian and Calabrian counterparts, though differences existed
- \* Initiation rituals seem to be no longer performed (Campana 2011)
  - less rigid rules about the recruitment of members
  - merit is often replaced by kinship, and the most prominent positions within a given clan are allocated by inheritance

# **PART II | DYNAMICS OF MAFIA INFILTRATION IN THE PUBLIC CONSTRUCTION INDUSTRY IN ITALY**



## Organized crime activities in Italy's construction industry

### \*Extortion

*“Extraction of a “protection tax” (pizzo) on all economics activities in the mafia families’ zone of influence.”*

*Different types of extortion*

- *Transfert of money*
- *Acquisition of supplies*
- *Imposition of non-working individuals*
- *Sub-contracting*

### \* Violence and intimidation

*“The mere reputation of being able to resort to mafia methods is often enough to assert the mafia control over the markets.”*

## Organized crime activities in Italy's construction industry

### \* *Official Corruption*

*“the institutional individuals (politicians and public officials) who are particularly vulnerable to corruption are those in a position to handle public resources or to influence some phases of a construction project.”*

### \* *Collusion*

*“the contribution of actors from legitimate sphere (facilitators) is critical to organized crime groups throughout the process of infiltrating the construction industry.”*

*“The focus is on the “services” exchanged between actors from criminal an legitimate circles. The benefits are mutual.”*

## Organized crime activities in Italy's construction industry

### *\*Cartel agreements*

*“This mechanism (so called “rotational bidding”) involves firms who take turn winning contracts.”*

*“The members of a mafia family involved generally coordinate or enforce de collusive schemes. They may initiate the activity itself or be invited by the entrepreneurs themselves.”*

### *\*Fraudulent schemes*

- false claims for financial entitlements or payment request
- set up of mafia enterprises or “front” businesses

## *How mafia infiltration occurs in the public construction Industry*

*\*Mafia conditioning across the public procurement process*

*\*Mafia conditioning over actors involved in the public procurement process*

*\*Mafia conditioning to access external resources*

## Elements of how mafia infiltration occurs

### \* Mafia conditioning across the public procurement process. A comparison

	Case study no. 1 Sicily	Case study no. 2 Calabria	Case study no. 3 Campania
<b>PRE-CONTRACTUAL PHASE: PLANNING AND PREPARATION</b>			
Influencing the definition of the projects	-	-	-
Influencing the definition of the resources to be allocated by the public administration	-	-	-
Influencing the definition of the type of awarding procedure (open procedures, restricted procedures, negotiated procedures, competitive dialogue)	-	-	-
Controlling businesses. Setting up enterprises which take part to the public works (as contractors or sub-contractors)	✓	✓	✓
Controlling businesses. Forming cartel agreements between firms	✓	-	-
Creating a web of relations with various individuals from the legitimate circles	✓	✓	✓
<b>CONTRACTING PHASE: BIDDING AND AWARDING THE CONTRACT</b>			
Selecting winning firms (contracts)	✓	-	-
Selecting winning firms (subcontracts)	✓	✓	✓
Conditioning the participation of firms in the tendering procedure	✓	✓	✓
Influencing the design of the tender	✓	-	-
Influencing the drawing of specifications for subcontracts	✓	-	✓
Designing submissions and determining bid prices	✓	-	-
Influencing the award of the contract	✓	-	-
Influencing the award of subcontracts/other contracts	✓	✓	✓
<b>POST-CONTRACT PHASE: PROJECT EXECUTION AND AUDIT</b>			
Conditioning the choice of procurement details (suppliers, materials, products, services)	✓	✓	✓
Imposing the payment of a tribute	✓	✓	✓
Imposing workforce to be hired	-	✓	✓
Regulating the activities on the construction site	✓	✓	✓
Influencing the regularity of control activities and quality checks related to the work execution	✓	✓	✓

## Elements of how mafia infiltration occurs

*\*Mafia conditioning over actors involved in the public procurement process. A comparison*

	Case study no. 1 Sicily	Case study no. 2 Calabria	Case study no. 3 Campania
Mafia-type groups	✓	✓	✓
Entrepreneurs (collusive relations)	✓		
Entrepreneurs (corruption, use of violence)		✓	✓
White collars (i.e. accountants, lawyers, notaries)	✓	✓	✓
Professionals (private sector)	✓	✓	✓
Professionals (public sector)			✓
Public officials	✓	✓	
Politicians	✓	✓	✓

## *\*Mafia conditioning over external resources*

### Raw material, Workforce, Capital

“Control over these productive factors gives organized crime power to confer critical benefits, guarantee market access, or regulate markets’ competition.”

- It makes legitimate businessmen vulnerable to extortion.
- It creates a voluntary market for the services of organized crime groups.

## The construction industry and organized crime

Past research has recognized this industry as highly susceptible to mafia infiltration

*\* Why is the construction industry permeable to organized crime?*

### **Racketeering susceptibility**

\*Need to identify those sectors features that generate opportunities and incentives for profitable racketeering.



## Racketeering potential

### ➤ Monetary reward

- Highly profitable and lucrative industry
- Large number of monetary transactions
- Maximize the profits and return of investments
- Money laundering
- Generate money for illegal payments

### ➤ Non-monetary reward

- Exercise of an actual conditioning over territories and economic activities

## Summing-up

- \* Subtle and sophisticated forms of mafia infiltration (not limited to racketeering activities, but active involvement in legitimate business activities)
- \* Exploitation of the industry's vulnerabilities (existence of criminogenic factors which increase the opportunities available to offenders to penetrate it)

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**Look at the task environment in which OC thrives**

**Identify the opportunities available to OC participants**

**Intervene on those criminogenic factors**

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