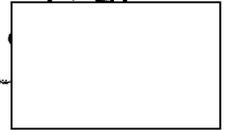
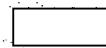


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# Annual Strategic Intelligence Review

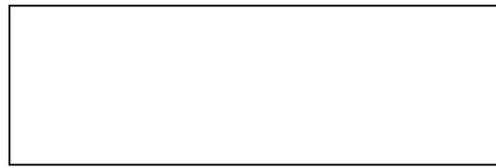
## *International Organized Crime*



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DCI|NIC --- |SIR 98-19 ---

APPROVED FOR RELEASE  
DATE: AUG 2007



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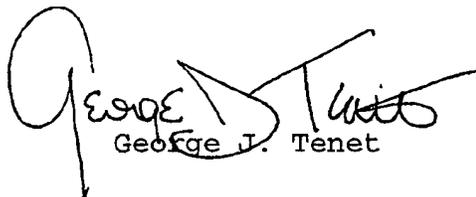
The Director of Central Intelligence  
Washington, D.C. 20505

9 February 1998

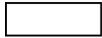
MEMORANDUM FOR: Community Representatives

SUBJECT: Strategic Intelligence Reviews for 1998

The Strategic Intelligence Reviews represent the highest priority concerns of our consumers in the policymaking, law enforcement, and military communities. They provide increased depth on the issues outlined in both Presidential Decision Directive/NSC-35 and the *DCI Guidance on Intelligence Priorities*. Together with these documents, the Strategic Intelligence Reviews are intended to serve as a baseline for allocating collection and production resources and for supporting mission-based budgeting.

  
George J. Tenet

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## 1998 Strategic Intelligence Reviews

Arms Control	East Asia
Counterintelligence	Europe
Counternarcotics	Latin America
Counterterrorism	Near East and South Asia
Denial and Deception	Russia and Eurasia
Economics	Sub-Saharan Africa
Environmental, Multilateral, and Humanitarian Issues	
Force Modernization	
International Organized Crime	
Nonproliferation	
Science and Technology	
Strategic Military Forces	
Support to Diplomatic Operations	
Support to Military Operations	

*The above information is Unclassified.*

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# Scope Note

## Strategic Intelligence Review for International Organized Crime [redacted]

This Strategic Intelligence Review (SIR) for International Organized Crime was drafted under the auspices of [redacted] [redacted]  
[redacted]

Strategic Intelligence Reviews serve three purposes:

- They identify the **core issues** of highest priority concern to senior intelligence consumers in the policymaking, law enforcement, and military-operational communities. These core issues reflect direct contributions from our consumers and provide greater detail on and parallel the intelligence priorities listed in Presidential Decision Directive/NSC-35 and the *DCI Guidance on Intelligence Priorities*. The core issues provide a framework and substantive basis for resource considerations.
- They develop **intelligence information needs** that provide guidance and a common framework for allocating existing collection and production resources to address the core issues. The needs represent what is most critical for the policy and operational communities to know over the next 18 months in order to execute their functions. The Intelligence Community (IC) is satisfying many of these needs on an ongoing basis.
- The Reviews also identify the **critical intelligence gaps** that the Intelligence Community cannot address adequately at this time; most are substantive, but some are functional. Some gaps may be because of resource constraints, others to lack of capability or access. Whatever the reason, they, too, reflect what the policy, operational, and collection communities must know to allocate resources and develop processes and strategies. [redacted]

Taken together, the SIRs—containing customer-derived core issues, needs, and gaps—provide the common framework and substantive guidance for allocating collection and production resources. They also provide a foundation for identifying the key missions and objectives of US intelligence for the mission-based budgeting process. [redacted]

In 1998 there are a total of 20 Strategic Intelligence Reviews, covering all the major geographic regions and the key transnational issues. The Issue Coordinators vetted their respective SIRs with the appropriate intelligence and consumer communities. They provide a foundation for identifying the key missions and objectives of US intelligence for the mission-based budgeting process. [redacted]

For further information about this SIR, call the Issue Coordinator at [redacted] or the Chairman of the National Intelligence Council at [redacted]



## International Organized Crime Core Issues and Needs

### 1. International Organized Criminal Groups and Activities That Directly Threaten US Interests

- *Corruption of Foreign Officials and Influential Citizens*
- *International Financial Crimes, Including Large-Scale Fraud*
- *Information Warfare-Like Activities*
- *Relationship to Narcotics Trafficking and Terrorism*
- *Alien Smuggling*
- *Involvement in Smuggling Arms, Nuclear Materials, or Weapons of Mass Destruction*
- *Supporting Networks*
- *Foreign Government, Law Enforcement, and Intelligence Services' Capabilities and Willingness to Combat International Organized Crime*

### 2. International Organized Crime Threats to Stability and Governability of Foreign Governments and the Global Economy

- *Corruption of Foreign Officials and Influential Citizens*
- *International Financial Crimes, Including Large-Scale Fraud*
- *Information Warfare-Like Activities*
- *Relationship to Narcotics Trafficking and Terrorism*
- *Alien Smuggling*
- *International Organized Crime Involvement in Smuggling Arms, Nuclear Materials, or Weapons of Mass Destruction*
- *Supporting Networks*
- *Foreign Government, Law Enforcement, and Intelligence Services' Capabilities and Willingness to Combat International Organized Crime*

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## Discussion

### Strategic Intelligence Review for International Organized Crime

#### I. Policy Context

International criminal activities are widely recognized as a growing threat to the national security interests of the United States. These activities include drug trafficking and related money laundering, financial crimes (including large-scale fraud), alien smuggling, gray arms smuggling, and the potential for nuclear smuggling and the manipulation of global financial markets. Extensive criminal networks involving front companies and other businesses, financial, legal, and transportation specialists, and corrupt political and law enforcement officials have global reach. They are exploiting countries in the midst of wrenching political and economic transition, taking advantage of more open national borders and reduced trade barriers, and operating in commercial and financial centers around the world. The globalization of international finance and commerce magnifies the international threat of organized crime, as well as other international criminal activity. Globalization enables criminal networks to move illicit contraband more quickly, efficiently, and with less risk; arrange financing for illicit transactions; launder money; and even manipulate legitimate trade and economic activity.

Of primary concern to US foreign and national security policymakers and US law enforcement agencies are the operations and networks of international organized criminal groups whose primary objective is to gain wealth and power illegally. International organized crime groups are defined by continuing criminal and conspiratorial activities that are transnational in scope.

Criminal organizations frequently have a hierarchical structure and they typically advance their positions through the use of violence, corruption of public officials, graft, or extortion. International organized crime groups include drug trafficking organizations (whose activities are covered in the *Strategic Intelligence Review for Counternarcotics*) and traditional crime syndicates like the Italian Mafia, Russian crime groups, Nigerian criminal enterprises, and Chinese triad associations. US policymakers and law enforcement agencies note, however, that the operations and influence of ad hoc and often-changing criminal networks not always linked to traditional organized crime groups also pose a significant threat to US interests, particularly in the areas of global economic crime and proliferation.

Organized crime poses an increasing threat to societies and governments worldwide. As the richest and largest consumer market in the world, the United States offers lucrative opportunities for major foreign organized crime groups. As these groups gain power and influence they also could pose threats to the economic and political standing of countries vital to US national security. The intersection between criminal organizations and political and economic elites in many countries—particularly in the former Soviet Union—is a significant concern, because these collaborative alliances of convenience share the common goal of enriching themselves at the expense of the national economy and political system. Global organized crime groups adapt quickly to

law enforcement challenges and have enormous financial resources with which to corrupt government and law enforcement officials. Organized crime groups are becoming increasingly sophisticated and more technically capable; they also are politically active and deeply involved in legitimate business activities around the world. Moreover, organized crime syndicates are taking hold in countries where democratic reforms are just beginning or gaining footholds.

The Intelligence Community's (IC) focus on international organized crime is responsive to Presidential Decision Directive (PDD)-35 on Intelligence Priorities and Presidential Decision Directive (PDD)-42 on International Organized Crime. Both these documents identify international organized crime as a national security threat to the United States. A special coordinating group established under PDD-42 plans national-level initiatives to support US objectives against international organized crime and is used as a forum to help enhance coordination between the intelligence, policy, and law enforcement communities. All involved agree foreign intelligence is vital, not only to the development of effective international programs against IOC, but also to the efficient allocation of resources needed to support our international partners:

- Foreign intelligence helps policymakers gauge the threat to US interests from international criminal activity, including threats to foreign governments and the global economy.
- Foreign intelligence supports US international anticrime policy initiatives, like the International Emergency Economic Powers Act (IEEPA) and denying criminals money laundering safehavens.

- Actionable foreign intelligence forms the basis for law enforcement investigations and is crucial for the formulation and refinement of policies and strategies designed to combat international organized crime.
- Foreign intelligence supports intelligence and law enforcement operations against criminal organizations overseas.
- Foreign intelligence supports anticrime capabilities and initiatives of cooperating Host Nation liaison services.

Consistent with appropriate policy guidance, the IC's primary interests are in the activities of international organized crime groups that directly threaten the United States and the threat that these groups pose to the political and economic stability of foreign countries and to the global economy. In collecting and analyzing intelligence on their activities, the IC is also very focused on the organizational structure, ownership, leadership, operations, and vulnerabilities of the criminal groups and the supporting network of brokers, lawyers, shippers, financiers, and fronts used by the groups to conduct their activities.

While the IC has become significantly more involved in IOC-related collection and analysis, the Director of Central Intelligence (DCI) controls only a portion of IOC intelligence resources. Analysis of IOC issues is also performed by law enforcement agencies (LEAs), and a good deal of US and foreign information is gathered by LEAs.

### Challenges

The IC has made major strides in developing expertise on international organized crime. The Community published a National Intelligence Estimate 95-4, *The Global Threat of Organized Crime*, in March 1995. This NIE established a baseline of Intelligence and Law Enforcement Community understanding of this complex issue. The DCI has institutionalized dialogue and close collaboration with the law enforcement community—particularly the Department of Justice and the Federal Bureau of Investigation—at all levels. In 1994, the DCI broadened the charter of the Crime and Narcotics Center (formerly the Counternarcotics Center) to be more responsive to policy and law enforcement foreign intelligence requirements on international organized crime. This evolution was also in response to the growing perception of an increased IOC threat to US and allied national security interests. CNC serves as the focal point for coordinating the IC's analytic and collection efforts on organized crime. Policy and law enforcement agencies (LEAs) will also directly benefit from focused target analysis on the leadership, structure, transnational networks, and vulnerabilities of specific organized crime groups.

The key challenges facing the IC on international organized crime are no longer developing knowledge and expertise—although these areas can continue to be improved upon. The most significant challenge is in facilitating the exchange of information between the intelligence and law enforcement communities; just as actionable foreign intelligence can be invaluable in providing law enforcement with leads to pursue criminal investigations, much of the information collected by law enforcement agencies can be invaluable to enhancing the IC's understanding of the problem and to

fine-tuning collection and analysis. A critical component of this cooperation will be the development of a mechanism by which US law LEAs can provide the IC with foreign intelligence information collected by the LEAs, while also protecting LEA legal equities. Other key challenges include:

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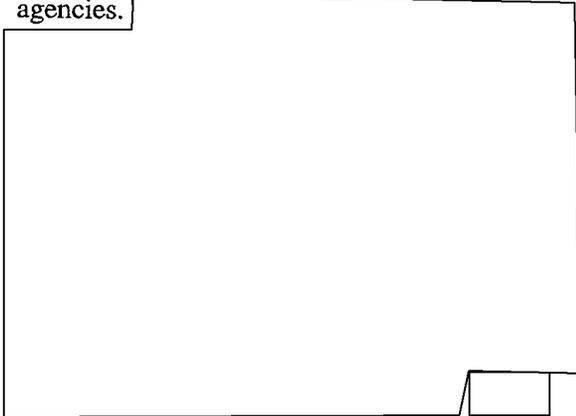
- Ensuring that collection and analytic requirements meet the highest priority needs of US law enforcement agencies.
- Finding ways to work around “real-world” problems like corruption and the constraints of international boundaries to enhance anti-crime cooperation with host nation liaison services. Unlike international criminal networks, which are not constrained by national frontiers, sovereignty and jurisdiction concerns of host nation services can be an impediment to time-sensitive multinational cooperation against international organized crime.

### Current Intelligence Community Activities

The DCI's Committee on International Organized Crime Intelligence Issues (CIOCII)—established through Director of Central Intelligence Directive (DCID) 3/28—will continue to expand its support via its complex mission:

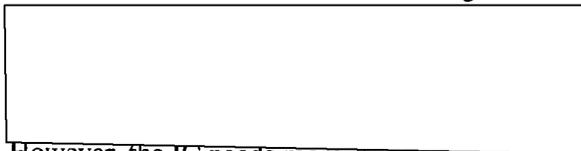
- Serves as the senior coordinating body within the US Government on matters affecting foreign intelligence on IOC.
- Advises and assists the DCI in discharging his duties and responsibilities with respect to IC policy and programs on IOC.
- Promotes the effective use of foreign intelligence resources to support the development and implementation of US policy to counter the activities of IOC groups.
- Assists in evaluating the overall performance of the IC in accomplishing objectives established by the DCI.

Although the international organized crime problem has been elevated to a higher level of foreign intelligence attention, the current level of effort varies among Intelligence Community agencies.

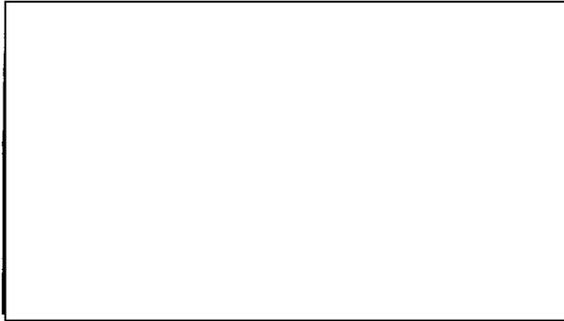


Formal needs statements from the primary consumers of foreign intelligence on IOC have improved, but more direction is needed. In addition, there are now numerous standing requirements—in various forms—for the vast majority of collection disciplines. The National Intelligence Needs Process provides a mechanism for identifying and promulgating foreign intelligence information needs. Together with US law enforcement agencies, CNC is developing a corresponding process to aggregate information available in law enforcement or policy channels with foreign intelligence data as a guide to identify where the Community can provide significant added value to ongoing law enforcement and policy analysis and reporting, as well as to enhance IC understanding of the national security aspects of IOC. The IC has been working closely with the LEAs and Department of Justice to develop and implement procedures which will facilitate information sharing while protecting both IC sources and methods and LEA/DOJ prosecution equities.

The IC is committed to improving the flow of intelligence on IOC to consumers. The Crime and Narcotics Center has significantly expanded the scope of its IOC efforts, and has augmented its internal analytic capabilities with detailees from law enforcement agencies.



However, the IC needs more experience with the issue of IOC, and more feedback from consumers on the value added of IOC intelligence—such as our ability to contribute to meeting IOC goals and thereby facilitating change—in order to meaningfully evaluate customers' satisfaction.



We continue to identify two core IOC issues of enduring concern to US diplomatic, law enforcement, and foreign intelligence consumers.

**Core Issue 1: International Criminal Groups and Activities That Directly Threaten US Interests**

Understanding the scope, breadth, supporting networks, and impact of international criminal activities—and the criminal organizations responsible for them—that directly threaten the United States, its citizens, and political and economic interests overseas is a major objective of US national security policy.

**Intelligence Information Needs**

Except as noted, the information needs listed below pertain to both Core Issues.

This is the second Strategic Intelligence Review addressing international organized crime. It attempts to capture the needs of the various consumers as we currently understand them. However, IOC remains a relatively new issue for the IC to be handling in a systematic, focused way. The IC currently lacks full understanding of major IOC organizations and activities, as well as their full impact on US national security. In addition, the needs and demands of policymaker and law enforcement officials continue to evolve around the panoply of IOC issues.

**Core Issue 2: International Organized Crime Threats to Stability and Governability of Foreign Governments and the Global Economy**

Understanding the impact of organized criminal groups and their activities on the political and economic stability and governability of countries important to US policy interests is a major objective of US national security policy.

**II. Core Issues**

There is a broad range of consumers of intelligence on IOC—each with specialized areas of policy responsibility, with unique authorities and competence in particular types of international organized criminal activities, and with specialized needs. Given the evolving nature of IC involvement with these consumers, there is no single, universally accepted statement of detailed foreign intelligence needs on IOC issues. (However, such statements do exist under different collection discipline strategies and specific country collection directives.) The CIOCI recognizes that such statements are necessary for analytic focus and the tasking of collection resources.

**Corruption of Foreign Officials and Influential Citizens.** Consumers of foreign intelligence are interested in the extent of corruption of foreign officials and influential private citizens and the use of bribery, graft, and extortion leading to the subversion of the political, economic, military, and social infrastructures of nations

and regions. US policymakers are especially concerned when US individuals and enterprises overseas are targeted by IOC elements. The corruption of economic organizations includes the infiltration of legitimate businesses, including financial institutions, and sometimes control of entire industries.

**International Financial Crimes, Including Large-Scale Fraud.** There is increasing consumer interest in international financial crimes, including manipulation of financial institutions and markets, international money laundering, illicit currency movement, financial fraud, and counterfeiting. These activities may be primary to IOC organizations as a direct source of profits, or may serve a support role for other activities such as drug trafficking. Particular needs include identification of the groups, their activities, specific sources of their illicit money, customers, and details of their operations.

**Information Warfare-Like Activities.** The possibility of IOC involvement in computer-based "information warfare-like" activities is rapidly gaining the attention of national decisionmakers. The IC is focusing on the extent of the threat through identification of illegal IOC access, manipulation, or corruption of governmental or major private institutions' information networks and databases. The most immediate foreign intelligence concern is with financial systems and data, but the potential threat includes any aspect of governmental and appropriate private operations that rely on information support systems. Particular needs include identification of the group, the target, and the method of attack.

**Relationship to Narcotics Trafficking and Terrorism.** The counternarcotics community continues its major interest in drug trafficking, including crop cultivation, production, distribution, and money-laundering activities.

The foreign aspects of US counternarcotics strategies emphasize activities related to cocaine and heroin. While some IOC organizations concentrate on drugs as their primary activity, others may engage in drug smuggling as part of a broader range of criminal pursuits. (Another example is IOC networks that act as "subcontractors" to "narcotraffickers;" for example, the

[redacted] At the same time, consumers are interested in any evidence that would link organized crime to terrorist activities, including financing or perpetrating such acts.

**Alien Smuggling.** Alien smuggling into the United States remains an important global issue to US policymakers, particularly when its origin and magnitude threaten to upset US diplomatic, economic, and cultural interests. The aliens come from many countries, but the largest number are from Latin America and East and South Asia. Policymaker and law enforcement officials are concerned about illicit migration from several regions, but are especially interested in the movement of Chinese aliens by sea and the movement of any aliens through Latin America and across the US-Mexico land border; the threat on the US northern border cannot be discounted either, and its source is not solely from China. Officials also seek to identify alien smuggling groups and discover their routes, modes of transportation, use of fraudulent documents, and timing of specific operations. Additionally, consumers are interested in countermeasures by states that are host countries or transit points for illegal aliens. (Alien smuggling continues to be associated primarily with Core Issue 1.)

<sup>1</sup> This need is discussed further in the *Strategic Intelligence Review for Counternarcotics*. [redacted]

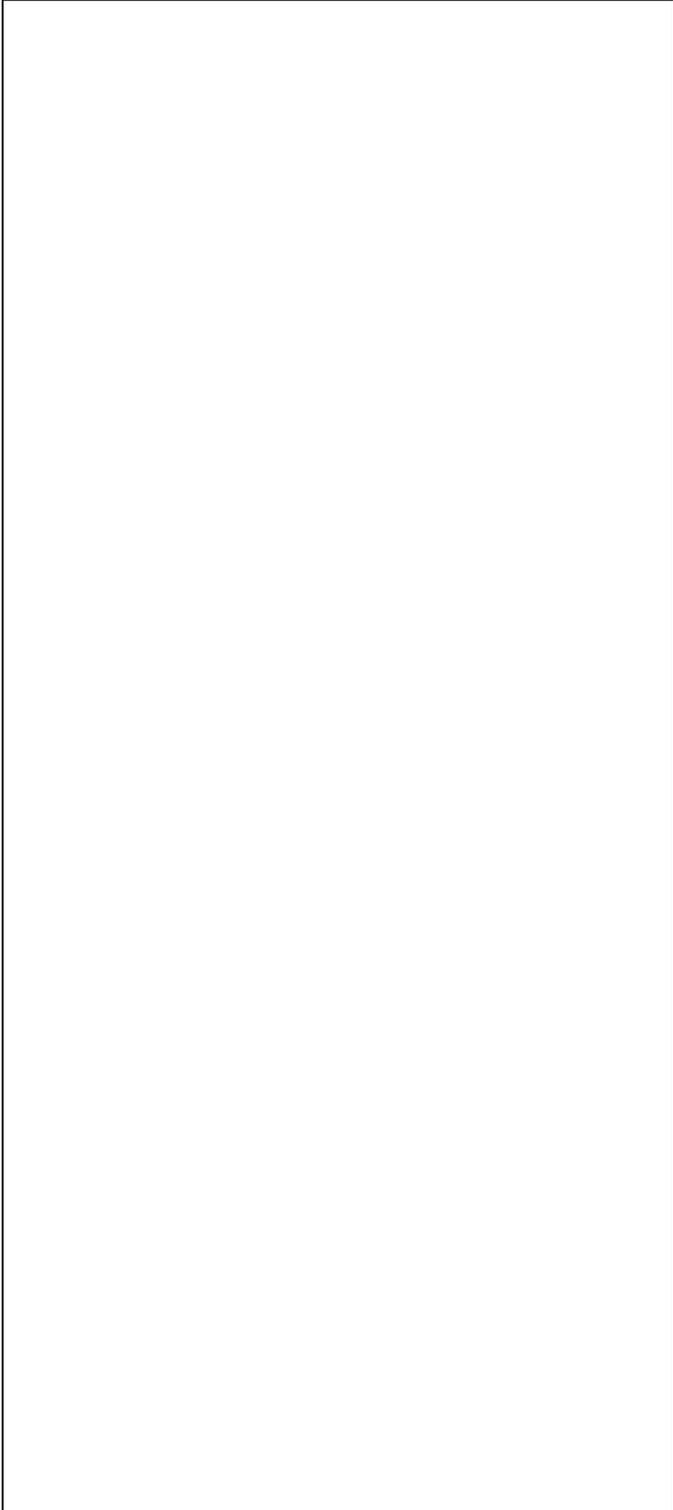
***Involvement in Smuggling Arms, Nuclear Materials, or Weapons of Mass Destruction.***

Foreign intelligence consumers also have a significant interest in any evidence that would indicate IOC involvement in smuggling arms, nuclear material, or components of WMD and associated delivery systems. (This interest would include not only nuclear, but also chemical or biological WMD.) Policy and law enforcement consumers are particularly interested in identification of the group involved; the type of material; dates, routes, and modes of transport; and the end recipient.

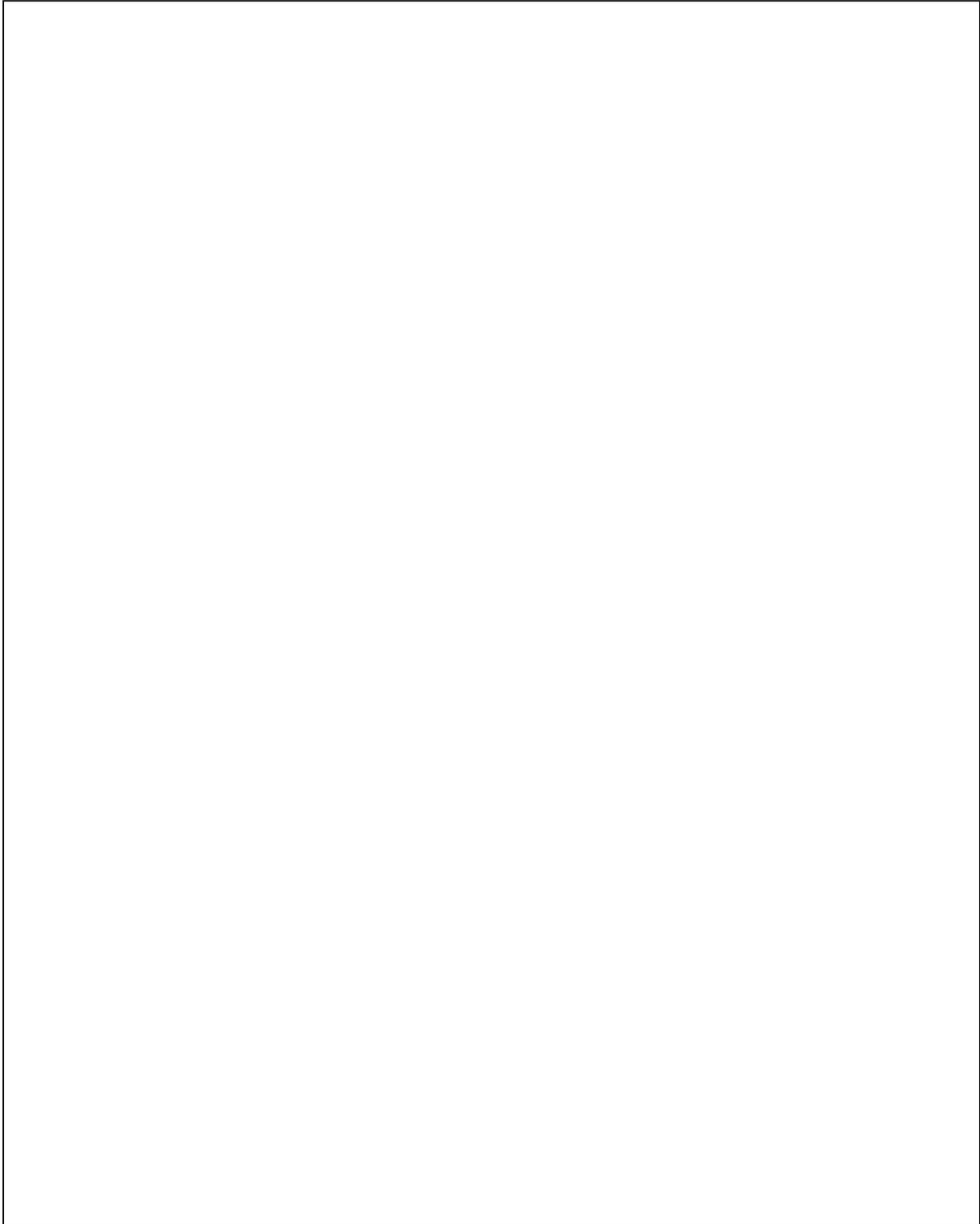
***Supporting Networks.*** Underlying the international criminal groups' activities is a network of brokers, front companies, lawyers, witting shippers, financial intermediaries, and other middlemen that are critical to the successful operations of the criminal groups. In planning or acting against the criminal groups, policymakers, law enforcement personnel, and intelligence operations officers need as much information as possible about how the groups conduct their activities so that the enforcement actions have the greatest possible adverse impact on the full scope of the criminal groups' activities.

***Foreign Government, Law Enforcement, and Intelligence Services' Capabilities and Willingness To Combat International Organized Crime.*** This is with and without bilateral and/or multilateral cooperation and assistance.

In support of law enforcement, operational, and some policy requirements, significant intelligence effort is directed at identifying, characterizing, and determining the vulnerabilities of specific groups operating in broadly defined geographic areas:



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IC response to these needs must take into account legal and procedural restrictions on direct foreign intelligence and Department of Defense participation in law enforcement activities. The IC has been working closely with the LEAs and Department of Justice to develop and implement procedures that will facilitate information sharing while protecting both IC sources and methods and LEA/DOJ prosecution equities.

### III. Functional Needs

We must continue to strive to make intelligence on IOC issues and organizations timely and available in formats and at classification levels that are readily usable by consumers. This is particularly true when information—developed incidental to foreign intelligence needs—is provided to interested law enforcement users. Communications systems and data bases must be compatible and readily accessible, yet ensure that sources and methods and legal protection issues are adequately addressed.

Particular shortfalls include:

- Inadequate structures to coordinate information between components, as cited above. Some possible structural solutions include periodic evaluation of collection, development of collection strategies for each discipline, determination of policy changes to enhance dissemination, preparation of technology needs forecasts, and the establishment of an Intelligence Community Analytic Steering Group to coordinate the production of strategic intelligence assessments.
- A lack of continual reevaluation of need statements from the primary customers of foreign intelligence on IOC that can be translated and/or amended into requirements for the collection disciplines and analytic agencies.
- Cultural, procedural, and legal factors, which impact on the timely, two-way exchange of information between intelligence, diplomatic, and law enforcement users. These factors, which hinder timely dissemination of intelligence to diplomatic and law enforcement consumers at usable classification levels, have been satisfactorily resolved at least in part by the efforts of the senior-level Joint Intelligence Community-Law Enforcement Working Group.
- Lack of a corresponding formal process to the National Intelligence Needs Process to aggregate information available in law enforcement or policy channels with foreign intelligence data. Were such a mechanism to exist, it could guide the IC in determining how to provide significant added value to ongoing law enforcement and policy analysis and reporting, as well as enhance IC understanding of the national security aspect of IOC.

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