BULGARIAN ORGANISED CRIME THREAT ASSESSMENT
28.6% increase in average salary for 2012 – 2017

In 2015 – 2017 annual GDP growth is between 3.6% and 3.9%

13% decrease in conventional crime for the period 2013 – 2017

Unemployment rate drops from 12.9% in 2013 to 6.3% in 2017

Sustained trend of decrease in the levels of violence used by organised crime in Bulgaria
The overall assessment of the illicit economy under the control of organised crime indicates shrinking of some major criminal markets and increase in others. The market for illegal cigarettes and the volume of organised VAT fraud exhibit a significant drop, while at the same time the markets for illegal fuels and cannabis enjoy a noticeable rise. The domestic market for sexual services also displays a significant increase in turnover.
VEHICLE THEFT

Around half of all vehicle thefts are registered in Sofia. The average value of a stolen vehicle in 2017 was BGN 18,000.

The number of vehicle thefts approaches late 1980’s levels. Between 60 and 70 scrapyards are active in Bulgaria, with 3 to 4 participants often working in pairs. Between 5% and 10% of vehicle thefts are fictitious, with “Twin” vehicles being thefts of luxury vehicles with falsified documents made to duplicate an existing vehicle elsewhere in the EU.

Between 5% and 10% of vehicle thefts are fictitious. Most thefts are of vehicles aged between 5 and 7 years in order to sell parts. Typically, owners of vehicle scrapyards assist with marketing the stolen vehicles and parts.

OGC
- Between 60 and 70 are active in Bulgaria
- 3 to 4 participants
- Often working in pairs

BROKERS
- Usually owners of vehicle scrapyards
- Assist with marketing the stolen vehicles and parts

LOCKSMITHS
- Assist with unlocking the vehicle

MECHANICS
- Disassembly and alterations

Document drafting and processing
Confiscation cases in Bulgaria by type of illegal substance

Share of the population using at least once in the last year (as % of ages 15-64)

Sustained upward trend in the use of cannabis
Sustained trend of increased influx of new psychoactive substances (designer drugs), derived through modification of the molecular structure of conventional narcotics.

Increased role of the internet for free access and delivery of precursors and chemical ingredients, as well as various narcotics.

Rising trend in the growing of cannabis both indoors and in open spaces.

After the lifting of economic sanctions in IRAN in 2016, there has been an increase in opium production in Afghanistan and in heroin trafficking from Iran through Turkey and Bulgaria into Western Europe.


Groups usually consist of 3 to 12 participants.

The new generation of traffickers and suppliers operate in flexible structures.

Fragmented illegal drugs market with multiple small networks.
**HUMAN SMUGGLING (I)**

**Steady trend in decreasing migrant pressure since the peak in 2015**

- **Construction of fences and barriers**
- **Agreement between Turkey and the EU for managing the migrant pressure in 2016**

**Multi-criminality**
Human smuggling attracts actors from other criminal markets

**Corruption pressure**
Corruption is a frequently used tool for the facilitation of border crossing

**Flexible and adaptive OCGs**
Increased pressure from LEAs mobilises smuggling OCGs to change modus operandi and shift routes

**Bulgarian networks smuggle migrants across the country and into Serbia and Romania**

**Sofia is a major logistics center where migrants are brought after crossing the Turkish-Bulgaria border**

**178,448**

**The potential number of persons crossing the country surpasses significantly the officially registered ones**

**Graph:**
- **2013 – 2017**
- **Apprehended on entry**
- **Apprehended on exit**

- **2013:** 0
- **2014:** 15,000
- **2015:** 10,000
- **2016:** 5,000
- **2017:** 0
Bulgarian citizens of Middle Eastern or North African descent, as well as foreign nationals with a humanitarian status

Arrange the basic parameters of the smuggling with the other participants in the coordinator network, as well as with the local smuggling organisations in the respective countries.

Most often persons with Iraqi, Syrian and Afghan citizenship who arrange the smuggling of fellow nationals. Experts point to the existence of an independent Kurdish network.

Most often Bulgarian citizens. Organise and coordinate the actual border crossing into Bulgaria (rarely to the end-destination). They manage the operatives responsible for the different responsibilities associated with the crossing.

Guides, drivers, hosts, decoys, etc.

The degree to which operatives are integral part of the OCG varies from network to network.

Independent and informal system for value transfer popular in the Middle East and Africa.

Foreign or Bulgarian citizens of foreign origin.

Provide the settlement of the payment, while migrants deposit the whole amount in the country of origin or in Turkey.

Transactions are completed using codes and coded messages.

Average values of human smuggling revenues in Bulgaria 2013 – 2017

Human smuggling will remain a comparatively small market, particularly in relation with the volumes during 2014 – 2016.

The large volumes of criminal proceeds from human smuggling during the peak of the migrant crisis will be laundered or re-invested in other criminal activities.
Most frequent types of cybercrime in Bulgaria (number of incidents)

Bulgarian ICT infrastructure is increasingly used to launch global attacks

6% of all C&C servers operating globally in 4th quarter of 2016 are based in Bulgaria

Command & Control (C&C) servers are used for building and managing bot networks.

Phishing attacks are a key ingredient in economic cybercrime

Increasing trend of phishing attacks originating from Bulgarian IP addresses.
Most frequent targets of cyberattacks:
- banks and financial organisations
- large e-commerce operators
- cryptocurrency platforms and exchanges
- automated systems for control and management

**Bulgarian businesses are increasing targeted by cyberattacks**

- Share of businesses who have experienced a cyberattack:
  - 2014: 0
  - 2016: 30

**INTERNATIONAL NETWORKS**
Dominance of international networks, in many cases controlled by Russian, Ukrainian, Nigerian and North African groups.

**HIDDEN COMMUNICATION CHANNELS**
Cybercriminals use difficult to intercept communication channels through encrypted and anonymising applications, often on the dark web.

**NETWROKS OF MULES**
Due to the affordable availability of internet banking onsite mules are less frequently used to handle proceeds from cybercrime.

**LOCAL INVOLVEMENT**
Local involvement may be secured provided through finding bespoke services offered on specialised forums, for example phishing kits, translations, etc.

**“Business E-mail Compromise” attacks are on the rise,** whereby cybercriminals use social engineering and ICT skills to deceive victims into wiring money into bank accounts under criminal control.

**15,700**
Computers in Bulgaria were attacked by cryptovirus in 2017.
TRENDS

General trends in the illegal cigarettes market (in BGN million)

Continuous decrease in the volume of illegal cigarettes.

Shares of illegal cigarettes in 2017

Kyustendil, Haskovo and Pazardzhik regions exhibit significantly larger shares of illegal cigarettes.

Seized cigarettes (in mln boxes)  % of seizures relative to size of illegal market

General trends in smoking

3% decrease in the number of smokers

The demographic slump facilitates the shrinkage of the market

Seized cigarettes (in mln boxes)

Sales of illegal cigarettes (in mln boxes)

% of seizures relative to size of illegal market

Number of smokers (in million)


Less than 0.04

Less than 0.08

Less than 0.12

Less than 0.16

Less than 0.20

2.51

2.30

2.19

2.21

2009 2011 2014 2017


Seized cigaretes (in mln boxes)

Sales of illegal cigaretes (in mln boxes)

% of seizures relative to size of illegal market

Number of smokers (in million)


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Number of smokers (in million)
“Interconnected reservoirs” business model

1 level

Import of non-brand cigarettes from third countries

2 level

Production of cigarettes in legal factories in Bulgaria and Greece

Regional criminal entrepreneurs buy cigarettes from the “big players”

3 level

Financing the production of cigarettes in small illegal factories in Bulgaria or a neighbouring country

Delivery of cigarettes in various locations in the country

Delivery to the retailers

Small traders and low level loose partnerships

The development of innovative alternative nicotine delivery devices may contribute to the shrinking of the illegal cigarettes market.

New regulatory requirements, such as the Track & Trace system, may hinder the illegal cigarette trade, provided there is political will for implementation.

Sustain the current level of strict control over the producers, while expanding the capacity of effective control at border crossings.
Every 4th person has been targeted by telephone fraudsters in the last 5 years.

Criminal revenues from telephone fraud 2012 – 2017 (in BGN million)

Losses from telephone fraud have a steady upward trend since 2012.

(Data for the last quarter of 2017 are projected based on first 3 quarters of 2017)

A large share of telephone fraudsters are based in the regions of Ruse, Pleven and Veliko Tarnovo.

Approximately 200 ‘dialers’ operate in Bulgaria, and sometimes dial from neighbouring countries.

33 BGN million are the losses from telephone fraud for the period 2012 – 2017, per estimates of the Ministry of Interior.

Collaboration with mobile operators to introduce risky profiles of dialing.

Focus of investigation on the entire organised criminal group (instead of targeting mules only).

Targeted campaigns to increase awareness of telephone frauds and prevention.
Approximately 22,000 households have taken credit from usurers. Every 3rd person had overdue loans in 2017.

Cases of physical violence by usurers have declined. Organised racketeering networks of state/municipal officers (e.g. in hotel, restaurant, retail).

Aggressive collection methods: psychological harassment, threats, racketeering.

Use of legal businesses as cover for usury.

The typical usury organised criminal group is hierarchical.

The classic usury structures are being transformed with the advent of companies for fast credits.
TRAFFICKING IN HUMAN BEINGS AND SEX SERVICES

**TRENDS**

- **Growth of sex services consumption in the domestic market**
  - 2013: 2.9%
  - 2017: 6.9%

**STRUCTURE AND ORGANISATION**

- Horizontal and flexible networks for recruiting and trafficking are most common
- Intensive use of internet-based technologies for recruiting, advertising and control
- Stable trend of avoidance of violence in trafficking and prostitution

**MARKET SIZE**

- Rise in prices for sex services
  - 2011: 16-30 BGN, 31-50 BGN, 51-99 BGN, over 100 BGN
  - 2018: 16-30 BGN, 31-50 BGN, 51-99 BGN, over 100 BGN

**RECOMMENDATIONS**

- Investigation of trafficking in human beings should follow the financial flows
- Improved coordination of criminal and financial investigations carried out by the prosecution

- Growth of disposable income
- Rise in the middle and high segments
- Easier access to sex services through the internet
The number of ‘missing traders’ is going down.

Construction
Fuel trade
Food trade (meat, sugar, milk)

Most risky sectors

Declining number of ‘consumers’ of VAT fraud

Between 75% and 80% of VAT fraud take place in Sofia

60-70% of ‘missing trader’ frauds involve transactions within the EU

Import of goods at lower than actual prices and sale at actual prices without payment of VAT

Fraud involving Customs Procedure ‘42’ where goods are declared as export to a member state but are sold in Bulgaria without payment of due VAT
ILLEGAL TRADE IN FUELS

Import of heavy fuel oil

Small oil refineries

Heavy fuel oil is processed into diesel fuel

Processed fuel is sold without paying excise duties and VAT

Small and/or corporate filling stations

Companies in the construction, transportation or agricultural sectors

Import of bitumen with added gas oil from neighbouring countries

Small refineries/chemicals producers

Fuel is extracted from the bitumen

Small and/or corporate filling stations

Companies in the construction, transportation or agricultural sectors

Refunded excise taxes and VAT

Agricultural producers

Local ‘village networks’ of brokers and consumers

Mobile filling stations

Serve regular clients in certain neighbourhoods and towns.

1000 L
Heavy fuel oil

800 L
Diesel fuel

0.4-0.5 BGN/L
SOURCES

Vehicle Theft:
Ministry of Interior; Center for the Study of Democracy.

Trafficking and Sale of Illegal Narcotics:
European Monitoring Centre for Drugs and Drug Addiction; Ministry of Interior; National Customs Agency.

Human Smuggling:
Ministry of Interior; Center for the Study of Democracy.

Cybercrime:

Illegal Cigarettes Market:
Ministry of Interior; National Customs Agency; Center for the Study of Democracy.

Telephone Fraud:
Ministry of Interior; Center for the Study of Democracy.

Racketeering and Usury:
Ministry of Interior; Center for the Study of Democracy.

Trafficking In Human Beings and Sex Services:
Center for the Study of Democracy.

Organised Vat Fraud:
National Revenue Agency; Center for the Study of Democracy.

Illegal Trade in Fuels:
Center for the Study of Democracy.
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