

CHAPTER 3

IDENTIFICATION AND PREVENTION OF CRIMES IN THE MAIN AREAS OF ECONOMIC ACTIVITIES

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INTRODUCTION

The general political and economic crisis that has encompassed Ukraine over the past few years has led to a catastrophic decline in the economy, causing the closure and liquidation of many enterprises. Unemployment further exacerbated the crime situation in the regions of Ukraine, creating ideal conditions for the development of crime in the main spheres of economic activity.

In terms of social instability and economic decline, the strengthening of structural deformations, a new wave of illegal takeovers, against the background of weakening the real influence of the state on the economy and, in particular, on the financial system, there is a significant increase in the number of mercenary criminal offenses in the field of economic activity. Many facts of illegal obtaining and misuse of preferential bank loans, the outflow of capital into foreign banks and the shadow economy, legalization (laundering) of proceeds of crime were revealed.

Recently, there has been a staggering increase in criminal threats to Ukrainian businesses: crimes committed against business entities, illegal takeovers have become widespread. Contract murders of owners of large enterprises and bankers have become an almost everyday phenomenon. The illegal takeover has got a nationwide scale in Ukraine and is gaining the status of a threat to the national security of the country. The scale of private property seizures becomes threatening not only for certain sectors of economic activity but also for the state and society in general as it entails deterioration of the investment climate in the country, the destruction of certain economic sectors, the negative changes in the quality of the structure of property, contributes to the increase in corruption in executive, judicial, and law enforcement authorities.

Criminal structures have intensified their activities on a nationwide scale, and law enforcement agencies have, in fact, lost control over the

menacing crime situation in the state. Illegal takeovers are constantly threatening the private property of companies. Raidership becomes an illegal tool for redistribution of property and realization of personal interests.

In Chapter 3 of the National Security Strategy of Ukraine, approved by the Decree of the President of Ukraine as of May 26, 2015, №287/2015, the current threats to Ukraine's national security are the economic crisis, the exhaustion of the country's financial resources, and declining living standards. One of the reasons for such a threat is the high level of shadowing and criminalization of the national economy, the criminal-crony system of distribution of public resources.

In addition, among the main priorities of the further development of the Ukrainian economy, the fight against crime in the field of business activity is particularly highlighted, as the European integration course of the state, economic reforms, and financial support of international organizations aimed at bringing the country's economy out of crisis and improving the investment climate can be eliminated in the absence of a stable state institutional mechanism for combating the criminalization of the economy¹.

The problems of fighting crimes of the category under consideration are associated with new manifestations of illegal socially dangerous acts in the economic field, the application of more and more ingenious ways of committing these crimes, and their considerable volume.

In recent years, attempts to reform the economy have revealed the most significant crimes in this area, namely: fictitious entrepreneurship and illegal economic activity, criminal offenses committed in banking institutions, in the sphere of manufacturing and circulation of medicines and medical products, crop protection agents (pesticides and agrochemicals), alcoholic beverages, tobacco products, in the field of land relations, state material reserves, in the market for petroleum products, in the sphere of mining and subsoil use, etc.

Therefore, today among the most dangerous criminal areas in the economy, in particular, are: credit and financial relations and banking, branches of production and circulation of medicines, crop protection agents, alcoholic beverages, tobacco products, land relations, relations in

¹ Maslii I.V. Instytutsiinyi mekhanizm protydii kryminalizatsii ekonomiky: kryminolohichne doslidzhennia, kand.. dosl., Odesa, 2015

the field of formation, storage, maintenance, placement, release, use, replenishment, and renewal of the stocks of the state material reserve, as well as management of the state material reserve, relations in the field of extraction and use of natural resources, relations in the fuel and energy complex.

3.1. Crime in the field of credit and banking activities.

Money laundering

The priority task of law enforcement authorities, which has become particularly relevant in recent times, is the fight against sham business, the illegal sale of agricultural land, and the prevention of money laundering and counteraction to it. Also, criminal offenses committed in the field of credit and banking activities have become widespread and constitute a significant danger to society and the state.

As you know, the banking system of Ukraine is one of the areas with the most extensive and active use of modern information technologies and the Internet. And given that these technologies are used for money transfers, the financial sphere is of increasing interest in criminal groups.

Crimes committed in the field of credit and banking activities are characterized by considerable diversity, special sophistication, highly intellectual character, an active adaptation of criminals to new forms and methods of business activity, application of bank documents, new electronic payment facilities, communications facilities, as well as new banking technologies for economic activities.

Unauthorized debiting of bank accounts, fraud with payment cards, interference with the work of Internet banking, the spread of computer viruses, and fraud in information networks of banks – an inexhaustible list of crimes in the banking sector.

In particular, the most common methods of stealing money from banking institution include: issuing bank loans to borrowers affiliated with owners of banking institutions; bank loans issued to enterprises with signs of fictitiousness; withdrawal of property from bail through the transfer of ownership to a third party; withdrawal of funds through correspondent accounts in foreign banks. Thus, banks can lend their shareholders through ambiguous financial schemes.

At the same time, in recent years, the emphasis in banking institutions has shifted considerably from offenses related to lending to the cash (bank

resources) outflow abroad, money laundering, committing crimes in the field of online banking (OB), and illegal transfer of funds using counterfeit payment orders, etc.

According to the Exchange-online system of the Ukrainian Interbank Payment Systems Member Association “EMA” (EMA Association), the most common types of fraud in the banking sector are: ATM fraud, Internet fraud, OB fraud, fraud in the acquiring network, and fraud using methods of social engineering².

The most vulnerable for criminal offenses in the banking sector are online services or remote access services for customers to their own accounts in banks, “electronic wallets” with added card accounts.

In particular, due to the globalization of financial systems, international banking networks are developing and electronic trading operations are spreading, which also has negative consequences in the form of creating favourable conditions for manipulating financial instruments in order to evade taxation and legalization (laundering) of proceeds of crime, in particular through transfer pricing³.

It should be noted that most of the criminal schemes in the Ukrainian economy are impossible without the attraction and direct involvement of banks. Often, bank officials act in the interests of offenders. In many banks, offenders open accounts for fictitious transactions, convert and transfer cashless funds into cash.

Shadow banking has become widespread in Ukraine, which should include not only financial market institutions that are not regulated by banking supervisors but also those financial intermediaries who have signs of traditional shadow activities associated with illegal transfer of capital, money laundering, and cash currency transactions (so-called currency exchange offices). Participants of shadow banking in their illegal financial (currency) activities actively use the cryptocurrency system.

Also, the shadow currency market has developed at the level of the banking system as a whole. In essence, the banking system serves both legal and shadow foreign exchange markets in parallel. This scheme works as follows: large exporters agree with banks on the purchase of currency in accordance with the NBU requirements, but at a lower official exchange

² Danylchenko O. Tendentsyy plateznoho moshennychestva v Ukrayne (2014 –2014 hh.) URL: http://ema.com.ua/wp-content/uploads/2014/10/material_02_10_2014_exchange_online.pdf

³ Tyshchuk T.A., Kharashvili Yu.M., Yvanov O.V. Tinova ekonomika v Ukraini: masshtaby ta napriamy podolannia: analit.dok. Kyiv: NISD, 2011

rate and subject to the sale of this currency to specific importers. By purchasing this currency, importers compensate exporters for the difference between the official exchange rate and the shadow market rate, paying a commission to banks.

Since the Ukrainian financial system is focused on the cash-based form of payments, therefore, in order that employees of law-enforcement agencies timely and efficiently identify crimes committed in the field of economic activity, it is expedient to pay significant attention to the issue of cash circulation. In particular, the illegal transfer of cashless funds into cash with its subsequent withdrawal from the country is one of the most widespread types of illegal business – the so-called “currency conversion centres.” Such firms have fictitious signs, are registered on front parties, do not report to the tax authorities and, for the reward, “provide services” of cash conversion.

Active participants in currency conversion operations are banking institutions. Banks can monetize funds through conversion centres and using fly-by-night companies. Moreover, some banks have created special conversion centres for the transfer of legal funds to the “shadow” and, conversely, from the illegal sector to the legal one.

In this case, the main tools used in the schemes of taking over and legalization of funds received as a result of their theft from banking institutions are: “garbage” securities; debt obligations of enterprises with fictitious signs; transfer of claim right; cash conversion.

Mostly conversion centres are created by a criminal group of individuals who have significant experience in this activity and are closely linked to credit and financial (banking) institutions. Such a mechanism guarantees the security of the implementation of schemes for the further laundering of “dirty” money. As a result, organized crime groups primarily use the credit and banking system to legalize (launder) the proceeds of crime, precisely through the creation of fictitious firms.

The consequences of the activities of fictitious companies in Ukraine became threatening. So, according to the estimates of the Ministry of Economic Development and Trade, in 2017, the level of the shadow economy amounted to 33% of the official GDP, in 2016 – 34% of the official GDP⁴. At the same time, despite the statements of the leaders of

⁴ Tanasiienko N.P. Otsinka zahroz ekonomichnii bezpetsi Ukrainy yak skladovoi natsionalnoi bezpeky. *Ekonomika i suspilstvo: Mukachivskiy natsionalnyi universytet*, 11, 136–141, 2017

law enforcement authorities on the disclosure of hundreds and thousands of fictitious business entities every year, statistical data testify to the opposite: the number of sentences under Art. 205 of the Criminal Code of Ukraine (“Fictitious Entrepreneurship”) is extremely low.

In January 2018, in the report of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) of the Council of Europe about Ukraine, it was stressed that “Ukraine faces significant risks in terms of money laundering through corruption and illegal economic activity, including fictitious business, tax evasion, and fraud.”⁵

In the process of “dirty” money laundering, the insurance market is widely used. The most widespread ways to launder criminal incomes through the insurance market include: obtaining by an insurance company cash for unlikely insurance risks, followed by transfer in favour of enterprises with fictitious signs; carrying out a significant number of financial reinsurance operations with insurance companies that have an unsatisfactory financial position; crediting by the insurance company of significant sums of funds in favour of individuals as payments for agency agreements; an insurance company’s payment of the insurance indemnity within a short period to a significant number of individuals.

Along with this, in relation to the considerable development of computer and information technologies, electronic exchanges have been operating in Ukraine for quite a long time. Control over the organizations that provide Internet trading services is not implemented properly; some markets have unrestricted access, as a result of which it finds itself out of the control area, and in the territory of Ukraine, fictitious companies are emerging who represent themselves as dealing centres.

3.2. Crime in the spheres of land relations, manufacturing and circulation of drugs and crop protection agents

In addition to credit and banking activities, where the various crimes described above are widespread, land relations have become one of the most corrupt areas of public administration over the last decade. The attention of the criminal environment to the abovementioned field of activity is explained by their current interests with the planning to obtain

⁵ Koruptsiia ta tinova ekonomika «vymyvaiut hroshi» z Ukrainy – Rada Yevropy. URL:<https://www.epravda.com.ua/news/2018/01/30/633536/>

large capital in the future. As a result, the land market remains one of the most criminalized sectors of the Ukrainian economy.

Analysis of committed crimes in the field of land relations shows that the subject matter of unlawful encroachments is often agricultural land. Of the total number of detected criminal offenses, almost one-third is associated with illegal transactions with agricultural lands.

Despite the fact that the purchase and sale of agricultural land are prohibited by the Transitional Provisions of the Land Code of Ukraine, illegal transactions on the sale and purchase of agricultural land are actively performed for a long time. In particular, today there are corruption schemes and mechanisms for the transfer of land ownership rights bypassing the moratorium on the sale of agricultural land, widespread agricultural illegal takeover.

According to expert estimates, the volume of “shadow” land market in Ukraine is over 800 billion UAH⁶. At the beginning of 2016, the State Service of Ukraine for Geodesy, Cartography and Cadastre (StateGeoCadastre) estimated the “shadow” market for only agricultural land at 5 billion UAH⁷. However, in 2017, according to the Association “Ukrainian Agribusiness Club” (UCAB), the “shadow” market for agricultural land was already 10-12 billion UAH⁸. For comparison: the budget expenditures for the Regional Development Fund in 2017 amounted to 9 billion UAH.

In the list of committed crimes in the field of land relations, we revealed the greatest prevalence of:

- service abuses, including the receipt of unlawful benefits by officials of the State Service of Ukraine for Geodesy, Cartography and Cadastre (StateGeoCadastre), local self-government bodies at the time of registration, allocation (assignment) of land plots to natural and legal persons, change of their intended purpose (transfer of agricultural land to other categories), alienation of lands of state or communal property;
- fraudulent actions in market operations with land plots, for example, seizure of land by committing fraudulent acts against their owners;

⁶ Tyshchuk T.A., Kharashvili Yu.M., Yvanov O.V. *Tinova ekonomika v Ukraini: masshtaby ta napriamy podolannia: analit.dok.* Kyiv: NISD, 2011

⁷ Derzhkadastr otsinyv tinovyi rynek zemli v 5 mlrd hrn.URL: <http://companion.net.ua/index.php?id=11546&show=news&newsid=111777>

⁸ U 2017 rotsi tinovyi rynek zemli stanovytye ponad 10 miliardiv – UKAB. URL: <https://www.epravda.com.ua/news/2016/12/21/615372/>

- crimes related to the unauthorized occupation (seizure) of land plots.

In addition, a fairly widespread crime in the field of land relations is the illegal seizure of land in the water fund on a massive scale.

Analysis of criminal cases and statistics on the detection and investigation of crimes in the land sphere shows that the following types of criminal activity can be distinguished in the land market: lowering of rental rates for land use; acquisition of land by falsifying the documents required for the purchase and sale/lease of land plots; acquisition of land through privatized real estate objects; the use of land not for its intended purpose, for example, the illegal use of land for the construction or extraction of minerals.

In addition, at the current stage of development of the world economy, the most profitable branches of the economy for a long time include the market for the circulation of medicines and crop protection agents, in connection with which the manufacturing and circulation of counterfeit medicines and crop protection agents (pesticides and agrochemicals) are a common phenomenon in many countries of the world, including in Ukraine.

Thus, according to the World Health Organization (WHO), in developed countries, the share of counterfeit drugs is almost 10%, and in the third world countries – half of all medicines. In Ukraine, according to various estimates, up to 50% of counterfeit medicines are sold⁹.

In particular, cases of low-quality, counterfeit, and unregistered medical products are widespread in the pharmaceutical market of Ukraine.

So, the falsification of medicines is a major problem in Ukraine. From 2008 to May 2018, the State Service of Ukraine for Medicines and Drugs Control (StateMedService) provided 457 orders to ban the circulation of counterfeit medicines¹⁰.

Most often counterfeit medicines are those in daily demand and advertised on television and radio, among them – anaesthetics, antibiotics, psychotropic substances. Also, improper labelling of drugs, their smuggling, the sale of substandard (low-quality) and unregistered drugs

⁹ Poiasniuvalna zapyska do proektu zakonu Ukrainy pro vnesennia zmin do deiakykh zakoniv Ukrainy (shchodo zapobihannia falsyfikatsii likarskykh zasobiv) (reistr. №7146 vid 20.09.2010)

¹⁰ Zvit pro periodychni vidstezhennia rezultatyvnosti nakazu Ministerstva okhorony zdorovia Ukrainy vid 22.04.2013 №321 «Pro vyznachennia poniat «velyki» ta «osoblyvo velyki» rozmiry falsyfikovanykh likarskykh zasobiv. URL: http://moz.gov.ua/uploads/1/5174-zvit_pvr_dn_20130422_321.pdf.

and backyard drugs or means of other (including technical) purpose and which thereby cannot be used for treatment are also widespread.

The falsification of medicines is favoured by online sales of medicines, as it is hard to check them for quality and find a supplier, despite the prohibition in Ukraine of Internet pharmacies.

Often, counterfeit medicines are illegally sold through the Internet, and each year, the volume of this activity is increasing. According to data from some European sources, about 50% of such products do not meet the quality requirements.

As a rule, sources of channelling of counterfeit medicines to the pharmaceutical market are:

- issue of counterfeit medicines at unauthorized enterprises using high-tech equipment with the assistance of qualified specialists;
- smuggling of pharmaceuticals by manufacturers;
- sale of medicines under the guise of other goods;
- re-packaging of expired drugs for further sales.

According to the report of the Temporary Investigation Commission of the Verkhovna Rada of Ukraine, offshore companies are often used to overrate the customs value of drugs¹¹. Ukrainian “shell companies” conduct fake business transactions abroad between several offshore foreign companies. In this case, the movement of drugs between countries is carried out on paper, and de facto drugs from the manufacturer go straight to Ukraine but already at a price several times higher. Given the preferential taxation regime, importers, overrating the customs value of drugs and medical products, get the opportunity for “shadow” withdrawal of funds out of the state and artificially minimize their own tax liabilities. Profits also end up in the pockets of beneficiary (actual) owners of shell companies and offshores.

One of the most corrupted spheres of public relations is the sphere of public procurement of medicines. In particular, the most widespread crime in it is the seizure of budget funds by overrating market prices when organizing the purchase of medicines, medical products and equipment for healthcare institutions.

¹¹ Ukraina – diahnoz: totalna koruptsiia / Analitychnyi zvit Tsentru protydii koruptsii za rezultatamy richnoho monitorynhu zakupivli likiv za 6 derzhavnymy prohramamy. URL: http://antac.org.ua/wp-content/uploads/2015/05/Report_med_ukr.pdf.

Recently, the most widespread corruption schemes in public procurement of medicines in Ukraine are the so-called “cartel agreements”, in other words, backroom dealings between companies on the distribution of wins in competitive bidding, and overpricing of medicines in the State Register of wholesale prices.

According to estimates of the Security Service of Ukraine, the overrated prices for drugs in public procurement in 2012–2013 amounted to an average of 40%¹².

At the same time, the scheme with abuse of the State Register of wholesale prices consists in the fact that the holders of registration certificates for medicines in collusion with the leadership of the Ministry of Health declare unreasonably high prices. They then point out these excessive prices in tender offers and share the difference. In fact, the Register has become a legal instrument for overpricing in the market for public procurement of medicines.

This should be added with stunning statistics on the amount of counterfeit in the domestic market for crop protection agents. According to expert estimates and operational data of law enforcement bodies, about 20-25% of all pesticides and agrochemicals, other crop protection products used in the domestic market of Ukraine, are fake, imported or repackaged illegally¹³. So, the share of counterfeit in the domestic market for crop protection agents is striking – 30% of the total pesticide market¹⁴. The turnover of all companies that make counterfeits is \$120 million¹⁵. At the same time, as experts point out, the entire market for crop protection agents in Ukraine is estimated at 1 billion USD.

Today, the production of counterfeit crop protection agents reaches a very professional level. These are no longer isolated cases of illicit manufacturing but a developed international system for the production and sale of crop protection agents.

¹² Ukraina – diahnoz: totalna koruptsiia / Analitychnyi zvit Tsentru protydii koruptsii za rezultatamy richnoho monitorynhu zakupivli likiv za 6 derzhavnyhymy prohramamy. URL: http://antac.org.ua/wp-content/uploads/2015/05/Report_med_ukr.pdf.

¹³ Poiasniuvalna zapyska do proektu zakonu Ukrainy pro vnesennia zmin do deiakykh zakoniv Ukrainy shchodo zapobihannia pidrobtsi zasobiv zakhystu roslyn, pestytsydiv i ahrokhimikativ vid 07.04.2006 №8282

¹⁴ Stepaniuk O. Boremusia z pidrobkamy! URL: <http://www.agro-business.com.ua/event/169-2010-12-19-17-39-59.html>

¹⁵ Prohrama borotby z kontrafaktnymy zasobamy zakhystu roslyn «Oberezhno: pidrobky!» – Biuletyn, vydanyi Ahrokhimichnym komitetom Yevropeiskoi Biznes-Asotsiatsii EVA. URL: http://www.eba.com.ua/static/committees/agro/Pre-Season_Warning_Bulleting_2011_24022015.pdf

Today, every six out of ten packages of crop protection agents – fake. At the same time, if 30% of them – obvious falsification, then 60% contain dangerous substances¹⁶.

Imported crop protection agents account for about 95% of the legal market, but according to the Ukrainian Agrarian Association, almost half of the total market for plant protection products is in the “shadow”¹⁷.

Another part of counterfeit products for the protection of plants from agricultural pests is made in clandestine workshops. Some chemicals are licensed for the use in agriculture but are sold in the local market as other trademarks. In the worst cases, these chemicals are outdated, and their composition is unknown.

In addition, today the implementation of counterfeit crop protection agents through the Internet is becoming rather widespread.

As a result, today the falsification of crop protection agents – not isolated cases but a coordinated criminal business.

In practice, most offenders sell fake plant protection agents as known (famous) brands. Another concern is the recent uncontrolled process of importing counterfeit pesticides into Ukraine.

According to the Ministry of Agrarian Policy and Food of Ukraine, 40% of pesticides imported into Ukraine are made in China, and 20% of them are fake¹⁸. At the same time, about half of these Chinese manufacturers are, in essence, not Chinese but offshore companies.

Traditionally, the largest volume of counterfeit pesticides is produced by small and medium Indian and Chinese enterprises. So, China is the main supplier of counterfeit plant protection products. It gets into Ukraine as already in packed form, so in the form of initial chemicals. The latter are often imported under the codes of building materials or soda. The shops for bottling and packaging of counterfeit plant protection products are in almost every region of Ukraine.

The illicit counterfeit business is well organized. There are established schemes for the supply of counterfeit pesticides from Southeast Asia bypassing customs, regulatory, and other state control bodies, followed by packaging, repackaging, and unfair labelling on the territory of Ukraine.

¹⁶ Yak vidriznyty yakisni zasoby zakhystu roslyn. URL: <http://www3.syngenta.com/country/ua/uk/cropprotection/smallpack/Pages/wtb.aspx>.

¹⁷ Prohrama rozvytku ARK Ukrainy na period do 2020 roku

¹⁸ «Rozvytok i zakhyst intelektualnoi vlasnosti v Ukraini» (Zvit 2014 r., pidhotovlenyi BASCAP (Biznes-initsiatyvoiu Mizhnarodnoi torhovoï palaty shchodo zupynennia pidrobok i piratstva) ta ICC Ukraine (Natsionalnym komitetom mizhnarodnoi torhovoï palaty)

Moreover, the traffic of counterfeit pesticides from Ukraine to the European Union and back was recorded. Consequently, Ukraine has become the main “crossroad” of channels for the spread of counterfeit pesticides to the EU countries, where, according to Europol, trade in counterfeit and illegal pesticides is increasing.

Criminals cover their illegal activities using fake companies, falsifying supporting documents. Most often, they use methods of separate delivery of packaging components and the counterfeit plant protection product. For example, packaging, labels, and pesticides are delivered separately from each other, in different containers with different supporting documentation. Honest manufacturers and importers of crop protection agents never use this delivery method.

Today, the most widespread offenses in the field of the circulation of plant protection products are market turnover of expired plant protection products, the production, re-packaging, and distribution of counterfeit pesticides in Ukraine and their export, as well as smuggling of counterfeit plant protection products.

According to the EBA, the largest amounts (about 80%) of counterfeits of plant protection products are observed in batches of small-scale pesticides.

3.3. Crime in the alcohol industry, the sphere of production and circulation of alcoholic beverages, tobacco products, and fuel

In the process of considering crimes in the main spheres of economic activity, particular attention should also be paid to the analysis of crimes committed in the alcohol industry, alcohol and tobacco production. The most common crimes in this area of activity include: production and sales of counterfeit alcoholic beverages, tobacco products, unaccounted alcohol production, withdrawal of working capital of the SE “Ukrspyrty”, falsification of excise stamps for the labelling of tobacco products and alcoholic beverages.

In particular, in the absence of proper control by the controlling and law enforcement authorities, there is an increase in the illegal production and circulation of cigarettes. At the same time, the volumes of illegal trade in tobacco products are practically not analysed by the relevant state authorities. According to the materials of the control measure of the Accounting Chamber of Ukraine at the end of 2014, during 2012–2013 the

market for illegal cigarettes reached more than 9% of the domestic market, while the volumes of legal production of tobacco and tobacco products decreased by 10%¹⁹.

In addition, at the end of 2014, the Accounting Chamber of Ukraine emphasized that the sector of illegal production of alcoholic beverages increased to 30-50% against the background of a decrease during the period of 2011 – the first half of 2014 in the volumes of legal production of alcoholic beverages by 16.5% and wineries by 33%²⁰ [12]. Subsequently, for the years of 2015–2016 and the first quarter of 2017, law enforcement bodies identified a number of schemes and operations related to unaccounted alcohol production. In particular, Ukrspyr SE unreasonably transferred funds to fictitious business entities for supposedly delivered grain crops, fuel, etc.

According to experts, the market share of illegally produced alcohol has increased from 10% in 2007 to 38% in 2014, and according to the results of 6 months of 2015 – up to 47% of the total turnover of food-grade alcohol²¹.

Illegal alcohol production, including at the enterprises of Ukrspyr SE and Ukrspyr Concern, and smuggling of alcohol from Transnistria, Belarus, and the ATO zone are the main channels for the counterfeit alcohol in the Ukrainian market²².

According to the EU, Ukraine is the leader in the production of illegal alcohol products²³. As stressed in the European Parliament, the domestic market for illegal alcoholic drinks reaches 60% and deduces about 360 million euros from the budgets²⁴.

¹⁹ Derzhavnyi kontrol u tiutiunovii haluzi potrebuie vdoskonalennia / Pres-sluzhba Rakhunkovoi palaty Ukrainy. URL: http://www.ac-rada.gov.ua/control/main/uk/publish/printable_article/16744252;jsessionid=D6C64430ED851900BF9A84A84A39D98F.

²⁰ Chomu ne zrostaiut platezhi do derzhavnogo biudzhetu z aktsyzy na alkohol / Pres-sluzhba Rakhunkovoi palaty Ukrainy. URL: <http://www.ac-rada.gov.ua/control/main/uk/publish/article/16744264>

²¹ Lyzen R.B. Kontsepsiia demonopolizatsii spyrtovoi haluzi Ukrainy. URL: <http://minagro.gov.ua/system/files/%D0%9B%D0%B8%D0%B7%D0%B5%D0%BD%D1%8C%20%D0%A0%D0%BE%D0%BC%D0%B0%D0%BD%20%D0%91%D0%BE%D0%B3%D0%B4%D0%B0%D0%BD%D0%BE%D0%B2%D0%B8%D1%87.pdf>.

²² Lyzen R.B. Kontsepsiia demonopolizatsii spyrtovoi haluzi Ukrainy. URL: <http://minagro.gov.ua/system/files/%D0%9B%D0%B8%D0%B7%D0%B5%D0%BD%D1%8C%20%D0%A0%D0%BE%D0%BC%D0%B0%D0%BD%20%D0%91%D0%BE%D0%B3%D0%B4%D0%B0%D0%BD%D0%BE%D0%B2%D0%B8%D1%87.pdf>

²³ Nelegal'nyy alkohol' zabiraet iz byudzheta ES 2,7 mlrd. evro. URL: <https://news.finance.ua/ru/news/-/427932/nelegalnyj-alkogol-zabiraet-iz-byudzheta-es-2-7-mlrd-evro-v-god>.

²⁴ Nelegal'nyy alkohol' zabiraet iz byudzheta ES 2,7 mlrd. evro. URL: <https://news.finance.ua/ru/news/-/427932/nelegalnyj-alkogol-zabiraet-iz-byudzheta-es-2-7-mlrd-evro-v-god>.

At the same time, in recent years, there is observed a general tendency to reduce the effectiveness of law enforcement bodies in counteracting the manufacture and import of counterfeit alcoholic beverages and alcohol.

Unfortunately, today there are good reasons to state that in Ukraine, there are also significant risks of illegal production of fuel that is sold for cash.

The analysis of volumes of legally extracted and imported into Ukraine oil and capacity of working oil refineries has shown that in 2016–2017 the market volume of illegally produced gasoline and diesel could be up to 4.6 million tons²⁵.

In addition, due to improper control over the conservation and effective use of forest resources, almost every region of Ukraine has established the facts of illegal and unauthorized harvesting of forest resources.

The illegal extraction of amber is also widespread in Ukraine.

CONCLUSIONS

On the basis of the above, it should be noted that crime in the field of economic activity requires effective offensive, namely, the use of effective means of detection and prevention of the specified types of criminal offenses; elimination of the causes and conditions of economic crime. That is, the disclosure of such crimes requires the development and application of scientifically grounded methods. In addition, the harmonization of Ukrainian legislation and the coherence of methods and means of operational and investigative activities and criminal procedural norms are relevant in this issue.

The international experience of preventive measures applied by modern law enforcement institutions shows that key means of ensuring national security in the law-enforcement sphere are identifying new approaches to the information and analytical support for countering crimes in the economic sphere²⁶.

In accordance with the Resolution of the Cabinet of Ministers of Ukraine as of October 13, 2015, № 830, the Department of Economic

²⁵ Zaprovdzhennia efektyvnoho monitorynhu za vyrobnytstvom palnoho znachno zbilshyt nakhodzhenia do Derzhbiudzhetu z aktsyzy na palne, – Rakhunkova palata. URL: <http://www.ac-rada.gov.ua/control/main/uk/publish/article/16757401.jsession>

²⁶ Zapotocjkyj, A. P., Vjazmikin, S. A. (2016). Zaprovdzhennja ekonomichnogho analizu v dijalnosti pidrozdiliv zakhystu ekonomiky Nacionaljnoji policiji Ukrajinu. *Naukovyj visnyk NAVS*, 1. [in Ukrainian].

Security of the National Police of Ukraine (DES NPU) was created as an interregional territorial body as a part of the Criminal Police of the National Police of Ukraine with vertical subordination, which has the functions of fighting crimes in the economy, namely, the prevention and detection of crimes committed in the main spheres of economic activity.

Employees of the said Department have the right to carry out criminal intelligence concerning the documenting and revealing economic crimes. The competence of the DES NPU is to identify 86 components of economic crime in 65 industries and spheres of the economy.

Among the main tasks of the Department is the prevention of the acquisition of state funds, the disclosure of crimes in the branches of the economy, which are most vulnerable to criminal offenses, in particular, banking, the fight against corruption and bribery in areas of strategic importance to the state's economy, and so on²⁷. DES NPU takes measures to protect budget funds from criminal offenses, to ensure the lawfulness of the procedures for the procurement of goods, works, and services and the targeted use of budget funds, etc.

At the same time, it is worth emphasizing the increased latency of the crime category under consideration. The institutional nature of economic crimes and the high intellectual status of "white-collar" criminals turn the shadow incomes into criminal ones, which, after the laundering procedure, finally mask the criminal schemes used.

In general, the extremely high latency of crime in the field of economic activity does not allow relying on official data since they do not correspond to the real level of criminal damage to the economic sphere. Moreover, although they reflect the activity or effectiveness of activities of individual law enforcement agencies in detecting and documenting criminal offenses in the economic field, they do not indicate a low level of selfish economic criminal activity.

High concealment of crimes in the field of economic activity is characterized by a number of factors. In particular, the prevention of crimes in the financial and credit and banking system, in the sphere of production and circulation of medicines, medical products, and crop protection agents, in the field of land relations or in the state material reserve, etc., and their detection are rather complicated. In addition, in

²⁷ Zapotocjkyj, A. P., Vjazmikin, S. A. (2016). Zaprovadzhennja ekonomichnogho analizu v dijajlnosti pidrozdiliv zakhystu ekonomiky Nacionaljnoji policiji Ukrajinu. *Naukovyj visnyk NAVS*, 1. [in Ukrainian].

terms of multi-factor burdensome accounting and control system, it is difficult to establish channels and mechanisms for the acquisition of state and other property.

And finally, the high latency of crimes in the field of economic activity is a direct consequence of improper training and low qualification of many employees of the Department of Economic Security of the National Police of Ukraine and sometimes unsatisfactory staffing.

In view of the above and with the purpose of developing effective methods for detecting and preventing criminal offenses in the field of economic activity, there is a need for systematic detailed consideration of the most common criminal manifestations in various sectors and spheres of business activity. It is this analysis that will help to find vulnerabilities in the factors that cause these crimes, which in the long run can be a guarantee of a successful fight not only with them but also with the crimes committed in the above and other sectors and spheres of economic activity.

SUMMARY

The article defines the main areas and sectors of the economy that are closely related to criminal manifestations. The author presents the most dangerous criminogenic directions in the economy, namely: credit and financial relations and banking, sectors of production and circulation of drugs, crop protection agents, alcoholic beverages, tobacco products, land relations, relations in the field of extraction and use of natural resources, relations in the fuel and energy complex. Herewith, the main emphasis is made on the consideration of those spheres and sectors of the economy, in which criminal manifestations have become the most widespread; as a result, it is stressed about the prevalence of crimes committed in the sphere of credit and banking activity, the sphere of land relations, the sphere of manufacturing and circulation of drugs and crop protection agents, the alcohol industry, the sphere of production and circulation of alcoholic beverages, tobacco products, as well as fuel, crimes related to the money laundering, activities of fake companies and currency conversion centres.

The study of the most criminalized spheres and sectors of the economy allowed concluding that crimes in the field of economic activity require effective offensive, namely, the use of effective means of detection and prevention of the specified types of criminal offenses; elimination of the causes and conditions of economic crime. It is emphasized that the

disclosure of such crimes requires the development and application of scientifically grounded methods. In particular, scientific provisions are argued that with the purpose of forming such methods of detection and prevention of criminal offenses in the field of economic activity, there is a need for a systematic detailed examination of the most common criminal manifestations in various sectors and spheres of economic activity. Finally, the author substantiates that this very analysis will help to find vulnerabilities in the factors that cause these crimes, which in the long run can be a guarantee of a successful fight not only with them but also with crimes committed in the sectors and spheres of economic activity considered by the author.

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