



## The Best Way to Rob a Bank<sup>1</sup>

**Aleksandar Maršavelski**

University of Zagreb, Croatia

**John Braithwaite**

Australian National University, Australia

### Abstract

Cohen and Machalek's (1988) evolutionary ecological theory of crime explains why obscure forms of predation can be the most lucrative. Sutherland explained that it is better to rob a bank at the point of a pen than of a gun. The US Savings and Loans scandal of the 1980s suggested 'the best way to rob a bank is to own one'. Lure constituted by the anomie of warfare and transition to capitalism in former Yugoslavia revealed that the best way to rob a bank is to control the regulatory system: that is, to control a central bank. This makes possible theft of all the people's money in a society. The criminological imagination must attune to anomie created by capitalism, and to the evolutionary ecology of lure.

### Keywords

Anomie; bank crime; capitalism; evolutionary ecological theory; war.

*Please cite this article as:*

Maršavelski A and Braithwaite J (2018) The best way to rob a bank. *International Journal for Crime, Justice and Social Democracy* 7(1): 123-138. DOI: 10.5204/ijcjsd.v7i1.466.



This work is licensed under a [Creative Commons Attribution 4.0 Licence](https://creativecommons.org/licenses/by/4.0/). As an open access journal, articles are free to use, with proper attribution, in educational and other non-commercial settings. ISSN: 2202-8005

### **Introduction: From Sutherland to an ecology of lure**

In conceiving of white-collar crime, Sutherland (1983) argued that the best way to rob a bank was not at the point of a gun, but at the point of a pen. Then white-collar crime scholars in the US during the 1980s Savings and Loans scandals globalized an evocative refinement of this insight with '[t]he best way to rob a bank is to own one'. This became a theme of many journal articles and the title of Black's (2005) fine book. These were storylines that helped develop criminological theory, continuing the Sutherland tradition of contending that criminological theory that neglects high crimes of capitalism is a worryingly truncated form of theory.

This article argues that, while the US is the heartland of the most influential forms of both criminology and capitalism, criminological theory has not been as enriched as it might have by white-collar crime scholarship because it has been overly focused on the US, with some nodding recognition to Western European 'varieties of capitalism' (Hall and Soskice 2001). The article maintains that Sutherland was wrong to say that the best way to rob a bank is at the point of a pen; and that it is also false that 'the best way to rob a bank is to own one'.

The best way to rob a bank works like this. After taking over a state, a political party announces an impending change to the currency. Citizens and businesses are urged to hand in their old currency for credits in their bank accounts in the new money. The banks gather up all the old currency for destruction. Instead of destroying it, the political leadership sends truckloads of old currency to other countries that are still trading it—to exchange it for hard currency. This allows all the cash from all the wallets and purses of all citizens, from every business in the country, from the vaults of all its banks, to go into the pockets of ruling party leaders and cronies. This is not an imaginary crime strategy. It was executed by the leaders of Slovenia, then Croatia, in 1991 at the outset of the Yugoslav Wars through the conversion of Yugoslav dinars (that were supposedly all destroyed). As an innovative strategy of predation through the banking system, this created the initial fortunes of some of the wealthiest businessmen in post-war Yugoslavia.

A theoretical insight that follows from seeing this innovation in bank crime is the need to connect anomie theory to the ecological theory of crime. Durkheim (1952 [1897]) helps us to see that crime is fostered by conditions of collapse of normative order: anomie. When it is no longer clear what the rules of the game are, nor even who should enforce those rules, new levels of criminal innovation become possible that were impossible before the onset of anomie. War enables that perfect storm of anomie, as we see in the former Yugoslavia of the 1990s. One senior journalist who had researched the Yugoslav dinar scandal (strategy 12 below) said Yugoslavia at that time was an 'El Dorado of anarchy' (Interview 081601). War also results in the blockage of legitimate opportunities to get rich and the opening up of illegitimate opportunities. This was the insightful development of anomie theory in the writing of Merton (1949) and Cloward and Ohlin (1961). It was also an insight of the American bank robber Willie Sutton who, when asked by a journalist why he robbed banks, reputedly replied 'because that's where the money is'.

Through enabling innovative new forms of banking crime that are impossible in less anomic societies, war extends ecosystems of predation. An insight of the evolutionary ecological theory of crime (Cohen and Machalek 1988; Vila 1994) is that, as in nature, minority forms of predation flourish. This helps us see why criminology is so inept at knowing or understanding the size of the white-collar crime problem. If criminologists know about a strategy of banking predation, other banking criminals will be planning to exploit it, meaning it is at risk of extinction as a strategy of predation. The best strategies of predation are maximally effective because secrecy prevents other predators from knowing about it and crowding out its effectiveness.

The first insight of Cohen and Machalek's (1988) analysis is that the returns to an expropriative strategy vary inversely with the number of others who are engaging in the same strategy. In nature, a behavioural strategy of predation is more likely to persist if it is different from that used

by other predators. There is no 'best' strategy that will be adopted by every predator because it is the best; for a predator to survive, it must have a strategy that is not crowded out by others using a similar strategy. Extreme wealth and access to levers of state power fosters extraordinarily lucrative minority strategies. Where there is no limit on what can be spent on an expropriative strategy, it can be designed to beat all alternative less adequately funded strategies. This is why the most damaging and most lucrative expropriative strategies are white-collar crimes. Anyone can stage a bank robbery (strategy 1 in this article), but most people do not have the 'resource holding potential' (Cohen and Machalek 1988) to execute bank robbery (strategies 2-12 discussed below).

Some previous criminological studies already confirmed the applicability of the evolutionary ecological theory to white-collar crimes (Benson 2011; Braithwaite 1991: 46). A peculiar advantage that powerful white-collar criminals have is in the domain that the evolutionary ecologists call counter-strategy dynamics. Fast predators activate a selective force favouring faster prey and vice versa (Cohen and Machalek 1988). Box (1983: 59) argued that the greatest comparative advantage of corporate criminals 'lies in their ability to prevent their actions from becoming subject to criminal sanctions in the first place'. The same might be said of war criminals. The lure of impunity can be grasped by the powerful but not the powerless.

What are the implications of seeing limits of the brilliantly simple insight in Black's (2005) *The Best Way to Rob a Bank is to Own One*? One is that our replacement insight—that the best way to rob a bank is to gather up all the cash in a country and then exchange it for US dollars after announcing a change of the currency—will not survive long as the best strategy. Another is that successive waves of innovation in banking crime can mean that, as more criminals move along that sequence of sophisticated strategies, earlier strategies along the sequence can, with the passing of history, become neglected. In countries where robbing banks at the point of a gun has almost disappeared, disinvestment in target hardening against this form of crime can rationally reach a level where clever innovators move back into an old niche when they see target-softening of the old security architecture that protected against robbery at the point of a gun.

In other words, the ecology of bank crime perpetually creates new forms and heights of predation, yet leaves behind a growing range of lesser predatory options that continue to have long-term niches. We see this most clearly with forms of white-collar crime like Ponzi schemes that it was thought had had their day in the West because investors were alert to them. Maybe Ponzi and pyramid schemes continued to have a large impact in Albania (Jarvis 2000) or Papua New Guinea (Regan 2010), but surely not in New York. Precisely because defenses drop when this belief takes hold, along can come Bernie Madoff with the boldest and biggest Ponzi crime (uncovered in 2008) New York had ever seen (Van de Bunt 2010).

At this point in history, this article argues that we can see the following hierarchy of banking predations. It is not exhaustive even of known strategies but highlights key transitions in the historical evolution of banking. We argue for 12 strategies in the historical hierarchy of innovation: the early entries are historically older; later ones are progressively more lucrative today.

1. Rob a bank at the point of a gun (Bonnie and Clyde).
2. Rob a bank at the point of a pen (Sutherland's insight; Frank Abagnale's check forgeries).
3. Build a Ponzi banking structure where all depositors pass on a higher liability to another until collapse when new depositors cannot be found (Charles Ponzi).
4. Use your power over the CEO of a bank to order payment of a large loan to your relative or crony at a ridiculously low interest rate (Republika Srpska's President Dodik).
5. Own a bank, then loot deposits (Charles Keating; Savings and Loans).

6. Rob a bank at the point of a keystroke (Soviet scam over the Bank of Spain's gold bullion; robbing a bank in cyberspace).
7. Pull out the money from the central bank by abusing your political power (Democratic Republic of the Congo's Mobutu; Yugoslavia's Slobodan Milosevic; Iraq's Saddam Hussein).
8. Mortgage the future wealth of a country you control to foreign powers; send offshore the proceeds from the loans for mortgaging that future (Democratic Republic of the Congo's Kabila).
9. Create a bank that serves the dirty money needs of the intelligence services of major powers; use the superpower protection to become the bank of choice for the world's leading corporate and organized criminals; then loot that bank (Nugan Hand; Bank of Credit and Commerce International (BCCI)).
10. Structure derivatives to conceal the true state of the national debt of an entire country; use this opportunity to corruptly skim off wealth as you drive the country to bankruptcy (Goldman Sachs' scam for Greece's leaders).
11. Manipulate derivatives: for example, slice and dice bad loans of banks in a sophisticated economy; misrepresent and sell the securitized bad loans to banks in less sophisticated economies and other naive investors (longstanding scams that became visible after the 2007-2008 Global Financial Crisis).
12. Change the currency; keep the new and sell all the old cash (Croatian Democratic Union's political leadership).

Not only is this list incomplete because of the unknowability of the current cutting edge of predation but the ordering of entries is also controversial. Most notably, there is a strong argument that strategies 11 and 12 should be in reverse order. The banking crimes exposed by the Global Financial Crisis certainly involved a far, far higher value in US dollars than the Croatian Democratic Union's currency swap. But, as a proportion of citizens' wealth of defrauded economies such as the little economies of Bosnia, Macedonia and Montenegro, and as a proportion of Croatia's GDP, strategy 12 looms larger than the proportion of the US GDP implicated in the crimes of the Global Financial Crisis. It also involved a bolder innovation of the criminal imagination unknown to the Western criminological academy. It was covered up in Croatia and Slovenia and only vaguely understood by most elite insiders we interviewed.

Getting this hierarchy just right is ultimately impossible because of unknowability in complexity theory terms. Getting it right is, however, unimportant because it is already radically in flux and will likely change in the course of this article going to press. What is theoretically important is to see how anomie theory converges with the evolutionary ecological theory of crime to constantly expand this list, momentarily making the latest entries on the list stupendous crimes, yet without completely eliminating the future relevance of every older entry on the list. The implication of our analysis is that Bonnie and Clyde criminology, the staple of criminology journals, is not good enough. It fails to see the anomic and ecological texture of crime in contemporary capitalism. In fairness, most good criminology journals today are more sophisticated than our simple characterization. They all at least add a thin layer of bread and butter cybercrime to their diet of Bonnie and Clyde criminology.

## Method

This research relied for expanding our criminological imagination of bank crime complexity on 280 fieldwork interviews across the former Yugoslavia conducted jointly by the authors on four fieldwork trips mostly between 2013 and 2017. Nine former Presidents or Prime Ministers of Yugoslavia or its successor states or substates (including Republika Srpska as a sub-state, for example) were interviewed. We also interviewed Board members or Governors of private banks,

state banks and central banks, business leaders, foreign and domestic banking regulators (national and international), police, prosecutors, judges and intelligence officials.

To a lesser degree, we rely on more than 4000 interviews of more than 5000 individuals (some interviews were with more than one informant) since 2005 from the entire Peacebuilding Compared project led by the second author.<sup>2</sup> Peacebuilding Compared has so far coded 39 armed conflicts. We have used these data, for example, to understand how Ponzi schemes operate in Papua New Guinea, how Nugan Hand and BCCI operated in Burma, how Presidents Mobutu and Kabila transformed the Democratic Republic of the Congo (DRC) from the second most industrialized and sophisticated economy in Africa (after South Africa) to rock bottom in GDP per capita and in the United Nations (UN) Human Development Index list. A comparative method is ideal for widening our global imagination of criminological complexity. We also rely on reading the white-collar crime literature in a radically globalized way, rather than in the standard North Atlantic way.

### **Evolutionary ecologies of banking crime**

We consider briefly the first 11 entries on the list of strategies of predation. Then we consider in more detail our 'discovery' of Slovenia and Croatia's use of an even bolder strategy.

#### **1. Rob a bank at the point of a gun**

This modality of bank crime is familiar to readers who have seen the film *Bonnie and Clyde*, or Northern cinema like it. *Bonnie and Clyde* illustrates that it is hard for down-and-out bank robbers to match the firepower of the state. Consequently, robbing a bank at the point of a gun is no longer a significant threat to developed economies.

In civil wars, rural microfinance banks are always looted by armed groups; always and totally. Even when a bank is totally looted, we have interviewed bankers and even a finance minister who were asked at the point of a gun to write a check from a bank with no money in it. So, strategy 1 retains an important niche in the contemporary world for criminologists who widen their gaze beyond North Atlantic states. Even in the North Atlantic, different factions of the Irish Republican Army have robbed banks at the point of a gun in the UK.

Armed factions in Afghanistan have been quite accomplished at looting American banking capital inside their country and shifting it to the United Arab Emirates, as have ISIS/ISIL (Islamic State of Iraq and the Levant) fighters in emptying the banks of Iraq's oil-rich second city, Mosul. US counter-strategy was crude in its simplicity as well: bomb Mosul's banks to set fire to the cash.

#### **2. Rob a bank at the point of a pen**

American cinematography continued to explore bank crime in *Catch Me If You Can*. The film is based on the real exploits of Frank Abagnale, who ripped off several hundred banks by signing forged checks using different names, stealing over US\$2 million during the late 1960s (Abagnale and Redding 2003: 12). Abagnale's success was in continuous change of bank fraud strategies for a period of five years, because every strategy would work for a limited time. His frauds included writing personal checks on his own overdrawn bank account, which worked until the bank demanded payment. Then he moved on to opening other accounts at different banks, eventually creating new identities. Over time, Abagnale developed a number of methods to defraud banks, including printing copies of payroll checks, depositing them, and encouraging banks to advance him cash based on his account balances. One of Abagnale's favorite cons was printing his account number on blank deposit slips and adding them to the stack of real blank slips in the bank (Hammerand 2012). When the bank clients wrote their deposits on those slips, they entered his account rather than the accounts of the legitimate customers. Hence, already half a century ago, Abagnale developed strategies that went beyond simply robbing a bank at the point of a pen.

White-collar crime at the point of a pen is doubly anachronistic. Check usage and, generally, bank transactions involving written documents have become obsolete. Today bank crime occurs at a keystroke (strategy 6); the criminal actor might no longer have white-collar male business attire. For a time, computerization of banking made keystroke crimes more lucrative than crimes at the point of a pen. Examples were rounding crimes where bank employees would instruct a computer to deposit large volumes of decimal point rounding errors of a fraction of one cent into their accounts. As computer technologies became more sophisticated, however, crimes of a keystroke that involved changing a number were more likely to leave behind an indelible electronic signature than forgeries with a pen. Audit software also grew in sophistication with the new information technology.

### ***3. Build a Ponzi banking structure where all depositors pass on a higher liability to another until collapse when new depositors cannot be found***

A Ponzi scheme fraudulently promotes belief in the success of a non-existent enterprise by paying quick returns to early investors from money invested by later investors. Such schemes rob primarily those later investors, rather than banks. But, once a massive Ponzi scheme crashes, it ultimately results in enormous financial losses for banks who gave loans to the Ponzi scheme investors. Bernie Madoff may have used the high reputation of his investment firm to take the Ponzi scheme to a new high-water mark by stealing \$20 billion in investor funds.

### ***4. Use your power over the CEO of a bank to order the payment of a large loan to your relative or crony***

Current President Dodik of Republika Srpska faces allegations of this sort in relation to more than one Bosnian bank that he can influence as President, including allegations of a very large loan to his 18-year-old son to start an agricultural business (when he has no agricultural experience in comparison with the country's countless farmers who are unable to secure loans). Loans can be interest-free or at ridiculously low interest rates; in the worst cases they are never repaid. One of the ways President Milosevic bankrupted Serbia in the 1990s was by allowing his cronies to take very large loans in Serbia's hyperinflationary currency, instantly exchanging that cash for hard currency. A month later, the currency had halved in value and only half this hard currency was then required to pay out the loan. The paradox of this strategy for looting an economy is that the coercion of banks to cooperate with it creates the very hyperinflation that makes the strategy work.

### ***5. Own a bank***

Charles Keating was the most celebrated of hundreds of owners of Savings and Loan institutions in the 1980s who used their control to loot financial institutions for personal gain, walking away rich while their depositors lost their deposits (Black 2005; Calavita, Pontell and Tillman 1999). Savings and Loan predators in the 1980s took advantage of deregulation of the industry for personal enrichment. Owning a bank, however, may not be such a lucrative form of predation in comparison with robbing a state-owned central or commercial bank. State-owned commercial banks have taken the lead in the world's bank rankings (China's Big Four). This means that the biggest bank robberies can occur in state-owned banks because they hold most money.

### ***6. Rob a bank at the point of a keystroke***

Even before the Information Age, robbing banks at the point of a keystroke was possible. No pen was needed to orchestrate one of the largest bank frauds of the Industrial Age—just encrypted telegraphy. In the outbreak of the Spanish Civil War, in 1936, more than 500 tons of the Bank of Spain's gold—with a value at that time of more than \$500 million—was shipped to the Soviet Union to keep it safe (Bolloten 1991: 148). After getting his hands on the gold, Stalin manipulated the exchange rates and sold overpriced and obsolete weapons to Spain, whose central bank never saw its gold again. The agreement on the gold shipment was never documented because the

correspondence mostly relied on coded telegraphy between Stalin and Spanish Prime Minister Caballero. The only evidence of this communication was a telegram from Stalin to his NKVD spy Alexander Orlov, containing the following order:

... arrange with the head of the Spanish Government, Caballero, for the shipment of the gold reserves of Spain to the Soviet Union ... This operation must be carried out with the utmost secrecy ... If the Spaniards demand from you a receipt for the cargo, refuse. I repeat, refuse to sign anything and say that a formal receipt will be issued in Moscow by the State Bank. (Bolloten 1991: 147)

Each new wave of banking technology, such as online and mobile banking, opens new doors to cybercriminals (Grabosky 2015). This has superseded direct email phishing to bank customers. Remote access Trojans regularly attack the largest of banks. In 2011 over 300,000 online Citibank accounts were compromised in a targeted hack of the organization's network (Citibank 2011).

### ***7. Loot the central bank by abusing political power***

One of the largest bank robberies in history took place in March 2003 when Saddam Hussein pulled out approximately US\$1 billion from the Central Bank of Iraq, just hours before the US began bombing Baghdad. Saddam sent his son Qusay, accompanied by his personal assistant, to the central bank with a handwritten order to load US\$900 million and €100 million in three lorries (Filkins 2003; Taylor 2007). US troops later found most of the stolen money in Saddam's palace.

Just before the war in Yugoslavia began in 1991, Milosevic's regime pulled out 18.2 billion Yugoslav dinars (US \$1.5 billion) from Yugoslavia's Belgrade-based central bank (Bilandzic 2001: 88). The regime invested that money largely in the military, but it was also used for Milosevic's personal and political purposes (Interview 81602 with Raif Dizdarevic, former president of Yugoslavia). The unique moment of Yugoslav political crisis that weakened constitutional control mechanisms allowed Milosevic, himself a former banker, to rob Yugoslavia's central bank.

The strategy of a President like DRC's Mobutu appointing a central bank governor who will print bank notes for the president to spend on castles in Europe works in the short term. In the long term, it is not sustainable because it creates hyperinflation for similar reasons to the hyperinflation induced by presidents like Milosevic. Once the international community stops lending to a country, both legitimate and illegitimate economic opportunities decrease for everyone, including the president who caused the problem. President Mobutu put off this fateful day by fraudulently misrepresenting the national accounts to the International Monetary Fund and calling on his friends in the CIA to discourage investigation of this fraud (from the 1970s to the 1990s he was the CIA's anti-communist darling of Africa).

### ***8. Mortgage the future wealth of a country you control to foreign powers; send offshore the proceeds from the loans for mortgaging that future.***

After a president like DRC's Mobutu has lost power because he looted foreign aid and loans, then looted the currency by printing bank notes, what does the next president do? Confidence in his country as a recipient of aid or loans was shot. His currency was worthless. What Mobutu's successors did to stay rich and stay in power was to promise military commanders sovereignty over a section of the country and the enslavement of its people, or a sector of its natural resources, in return for using their soldiers to keep them in power. This deal also involved giving the military commanders a personal share up-front of the future resources that would be looted in this mortgage of sovereignty. In this way, generals from the Rwandan and Ugandan army were given control of regions of DRC rich with diamond, coltan and other resources, as were factions of the DRC's own national army and ethnic militias. As the armies that replaced Mobutu with the first President Kabila moved across the country conquering new territory, Laurent Kabila paid them

by mortgaging the future of their country to them in this way. His son Joseph Kabila later used the same basic strategy. In addition, Joseph Kabila has taken huge up-front payments of up to US\$6 billion from foreign mining interests, particularly from China, for their enjoyment of long-term contractual monopolies over specific resources.

***9. Create a bank that serves the dirty money needs of the intelligence services of major powers; use the superpower protection to become the bank of choice for the world's leading corporate and organized criminals. Then loot that bank.***

Australia's most vivid banking scandal was the collapse of the Nugan Hand Bank in 1980. Michael Hand was a former US Green Beret, CIA operative, gun runner and diversified criminal entrepreneur. He formed Nugan Hand with Frank Nugan in 1973. Nugan was out of his depth. Was he murdered or did he commit suicide when found shot, slumped over the steering wheel of his car with the gun beside him in 1980? A plausible interpretation of the shooting is 'the Mafioso code. We give you one option: kill yourself, die with honour'. Nugan Hand made magnificent profits because it was a dirty money banker to the CIA, other intelligence agencies and some of the world's biggest organized criminals. These profits made the bank attractive to many of the most reputable Australian business investors. (McKenzie-Murray 2015)

As soon as it collapsed, Nugan Hand was replaced in this criminal niche by the Abu Dhabi-founded BCCI. With both Nugan Hand and BCCI, the criminals in charge would plunder the accounts of clients after they were assassinated and conduct similar insider looting of the criminalized bank. BCCI became the seventh largest bank in the world through being banker and money launderer to the world's biggest criminals. Its crime had tragic effects, such as wiping out the social security fund of the nation of Gabon. BCCI engaged in massive fraud and bribery itself and moved money for other major international fraudsters; for the biggest drug empires including the Medellin cartel; for the world's leading terrorist groups; for Manuel Noriega and Saddam Hussein; for Peru's central bank to hide for its president a quarter of the nation's hard currency from foreign bank creditors; for covert nuclear programs; and for illegal US arms sales to Iran. By 1988, the then CIA director's nickname for the bank—the 'Bank of Crooks and Criminals International'—had wide currency (Adams and Franz 1992; Passas 1996).

According to Passas (1993), impunity for banking fraud was partly the power of cultivating and bribing some of the most influential political figures in the world. BCCI provided free travel to the Secretary-General of the UN and to Jimmy Carter, and more extravagant benefits to many other prominent international political figures. But, impunity was also due to the power of harbouring the secrets of the CIA, British, French and Swiss intelligence who used the services of the bank. Then there was the power of the major shareholders, particularly the Sheik of Abu Dhabi and the top management role of a former head of Saudi intelligence. Ultimately, BCCI's most persuasive power was the US government's and intelligence agencies' fear of disrupting Western-Arab relations and touching the White House through opening up the bank's role in the Iran-Contra affair (Passas 1993).

***10. Structure derivatives to conceal the true state of the national debt of an entire country; use this opportunity to corruptly skim wealth as you drive the country to bankruptcy***

Under strategy 7, we saw how DRC's President Mobutu deployed his political capital with the US to misrepresent his national accounts to the IMF. Well before the Global Financial Crisis, reckless Greek politicians from 2001 deployed a more sophisticated strategy for concealing their national debt. They hired Goldman Sachs as a financial engineer of derivatives that would conceal the debt. The engineering team was led by Goldman's current CEO, Lloyd Blankfein. Blankfein's team helped Greece hide the true extent of its debt, almost doubling it in the process (Reich



2015). Goldman Sachs arranged a secret loan of €2.8 billion for Greece, concealed as an off-the-books cross-currency swap. Greece's foreign-currency debt was converted into a domestic-currency obligation using a fictitious market exchange rate. Strictly speaking, this was fraud not against a bank, but organized *by* a bank to defraud the taxpayers of a foreign state who were then later bailed out by taxpayers of other states.

***11. Manipulate derivatives: for example, slice and dice bad loans of banks; misrepresent and sell the securitized bad loans to banks and investors in less sophisticated economies***

The Libor scandal has recently seen major banks like Barclays before the courts. It may be the largest fraudulent manipulation of derivatives markets. Long before the Global Financial Crisis, authors like Partnoy (1997, 2000, 2003) and even one of these authors (Braithwaite 2008: 32-63) were wringing hands at international conferences about the acute dangers of the way derivatives were being used to financially engineer economies around all manner of regulatory constraints. The Goldman Sachs' Greek foreign debt scam (strategy 10) and the sub-prime US mortgage scams (strategy 11) are examples of this generic strategy of predation. With the sub-prime scams, banks were encouraged to maximize the number of their housing loans without prudence. Countless bad debts were sliced and diced into securities that banks misrepresented and sold on to banks in other countries. US banks stopped managing risks and shifted risks instead. The consequence was that more European banks to which these risks were shifted collapsed in the Global Financial Crisis than banks in the US that were the originators of the bad housing debts. These characteristics of strategies 10 and 11 explain why the consequences of the Global Financial Crisis were so much deeper in Europe than in the US even though the predatory financial engineering primarily responsible for it was launched in the US.

***12. Change the currency; keep the new and sell all the old cash***

The robbery of Yugoslavia's central bank (strategy 7) resulted in ending the supply of Slovenian and Croatian central banks with dinars. The two republics responded with declarations of independence, and began introducing their own currencies. Slovenia did so in October 1991. All the Yugoslav dinars collected from the citizens were supposed to be shredded, but four lorries with bags of dinar banknotes of smaller value were sent to Croatia and other former Yugoslav republics, and exchanged for several million Deutschmarks (Surc and Zgaga 2013: 69). Technically, the Slovenian officials robbed the Slovenian central bank which was supposed to destroy the dinars, but the real victims were the central banks of other former Yugoslav republics, which were hit by an enormous dinar inflation on their financial markets.

The strategy was still not exhausted. Other predators could adopt it without doubting its efficiency, because it was still unknown to the authorities in the rest of Yugoslavia, except for Croatia, where police were already investigating the flood of dinars from Slovenia (Surc and Zgaga 2013: 64-65). But, the Croatian police reports actually inspired the leading figures of the Croatian Democratic Union, including Croatia's President Tudjman, Finance Minister Martinovic and their cronies, to repeat the same scenario. This is how a senior official in Croatia's central bank (HNB) described the events that followed:

In order to develop a plan of what to do with the Yugoslav dinars, in late October 1991, Minister Martinovic asked the governor of HNB to postpone currency exchange for two months, although the new banknotes have already been printed. Minister Martinovic allowed the introduction of Croatian dinars in December 1991 and by January 1992 all dinars were exchanged. The money was exchanged in state owned commercial banks in Croatia, which were obliged to give all the Yugoslav dinars to the HNB. However, some of the banks failed to hand in all the exchanged money ... the [remaining] Yugoslav dinars collected by the HNB were burned in a wood processing factory in early 1992, in presence of the governor of the HNB and European Community officials. (Interview 021701)

Part of the Yugoslav dinars had been sent in lorries to Bosnia to be exchanged for Deutschmarks in an operation supervised by the Croatian Democratic Union's leadership (Pavic 2006). They employed cronies who soon became wealthy businessmen. Being involved in that operation was not even considered shameful but an act of patriotism, knowing that Milosevic was the first mover into central bank robbery, and that the money was needed to purchase weapons for defense. Hrvoje Petrac, a successful businessman of the 1990s and a Croatian mafia boss, admitted his involvement in the dinar exchange:

... the deceased Jozo Martinovic who was the Minister of Finance at the time, allowed the operation and we began establishing channels for currency exchange. Overnight lorries were heading towards Sandzak, Bosnia, Banja Luka and indirectly to Belgrade, because we were unable to make payment orders since the transaction system was not in operation. During these several months we provided enough money to Croatia to purchase weapons and save it from the financial disaster that Serbia was preparing. (Dikic 1999: 36)

In reality, patriotism was not the main motive behind this operation. Stjepan Mesic, who was the last President of Yugoslavia, the first Prime Minister of Croatia, and a high-ranking member of the Croatian Democratic Union at the time, told us that '[t]he state had the least benefit. The new millionaires had most benefit, making their fortunes for the first time from currency trading and currency stealing' (Interview 081672). In his 1993 interview, Ivica Todoric, the wealthiest businessman in the region now facing criminal charges, mentioned how he 'managed to pull out a lot of goods from Vojvodina [Serbia's northern province] by drowning the Yugoslav dinars there', and that he began acquiring state owned companies with 15 million deutschmarks in cash (Mlinarevic 1993: 7).

After looking into the HNB's archives, we discovered that the claim of the money being burned in 1992 was not true. According to the available documentation, the old dinars remained in HNB's vault for almost 5 years before their destruction. One of the former Croatian prime ministers informed us that large portions of the old dinars were missing, and that the remaining part stayed in HNB's vault for resolving Yugoslavia's succession (Interview 031702). In 1996, however, the Croatian Government issued an order to the HNB to destroy the Yugoslav dinars, and they were all burned by 1997 in a wood processing factory. The committee in charge for the destruction included one member of the European Community Monitoring Mission, but the team that implemented the destruction of 27.3 billion dinars, packed in 11,309 sacks and weighting 321 tons, was all composed of HNB officials. There was no record of how much money was printed before the exchange. This allowed currency manipulations on black markets across the Croatian border.

The greatest victim of the dinar affair was Bosnia. When the new BiH central bank governor took office in 1992, he said he found no foreign currency in the bank: 'The vault was empty. There was not even gold' (Interview 081628). A number of individuals in Bosnia also enriched themselves in the process, particularly those linked to the BiH branch of the Croatian Democratic Union. The former Deputy Prime Minister of BiH, Zlatko Lagumdžija, said that 'they did it for high national causes but a lot of the money ended up in their pockets. Many of them made their first million out of it and went on to become very prominent businessmen' (Interview 081637). A former Bosnian president told us that '[s]everal Bosnian businessmen took big loans with which they bought lorries full of dinars at discount prices. Then they used those dinars to immediately repay the loan at a large profit . . . That is how they started on the road to becoming tycoons' (Interview 081639). Wartime entrepreneurs typically chose to be publicly perceived as patriots while using war for rapid enrichment. For them, '[p]atriotism is a very beautiful thing but it must not be permitted to interfere with business' (Sutherland 1983: 190).

### **Discussion: Anomie reconsidered**

From a criminological perspective, illicit war profiteering is a war crime (Sutherland 1983). Legally, apart from pillaging, war profiteering does not constitute a war crime, and contemporary transitional justice mechanisms have completely neglected profiteering. Croatia is the first country in the world that changed its Constitution to allow prosecutions of war profiteers and transition profiteers after the statutes of limitations expired (Novoselec, Roksandic Vidlicka and Maršavelski 2015). Dozens of individuals have already been brought to trial, but outcomes and the difference they make are too early to call.

Banking crime is evolutionary in our analysis. Secret new strategies of banking predation evolve. Exposure of them creates legitimation problems for states as was vivid with the problems the Australian state confronted when the activities of the Nugan Hand bank were exposed. Repeated crisis following disclosure, as we see with BCCI causing a crisis for John Major's British government, can leave this strategy of banking predation decreasingly attractive for banking criminals. Yet-to-be-discovered strategies of predation, or yet-to-be-understood ones, are likely to be the most lucrative. Opportunities reopen for all previous phases of innovation in banking predation, however, when monitoring and regulatory resources shift to new strategies of predation, softening old targets. This is the evolutionary ecological theory of crime that makes sense of our 12 phases of innovation.

This ecological theory of predation is layered, and indeed overlaid, with anomie theory (Durkheim 1952 [1897]; Merton 1949). Anomie theory is conventionally deployed in criminology to explain why disadvantaged individuals commit unsophisticated crimes of the Bonnie and Clyde variety (strategy 1). In the Greek, anomia has a broader meaning, which we paradoxically find more fertile for the crimes of contemporary capitalism. It means literally a condition of being without norms. The Greek etymology of 'anomie' is from 'a' (without) and 'nomos' (law or norms). 'Norms' is a much wider concept than rules: it means customary expectations of behaviour that coordinate interactions with others. Biblical anomia was lawlessness that encompassed disregard of God's written and living word (Strong's Greek Concordance 2016: 458). Anomia encompassed a breakdown of principles as well as rules in the original Greek meaning. Durkheim (1952 [1897]) generally cleaves closer to the original Greek conception than contemporary criminologists, though Durkheim also gives anomie a range of more specific meanings that are used inconsistently between different works (DiCristina 2016).

Our banking data show why the originating Greek conception behoves us to consider more structurally profound conditions of anomie than we see in Merton (1949) and in the work of the most influential contemporary criminological theorists such as Messner and Rosenfeld (2012). War is the most simple and profound of these. Total war is a condition where all bets are off as to what the rules of the game are and who is in charge to enforce them. We have seen how war creates circumstances of illegitimate opportunity that are unavailable in peace. It creates conditions of what Shover and Hochstetler (2005) call lure, illegitimate opportunity combined with ease of exploitation, absence of oversight. War creates new rules of the game about who can get away with looting a bank and how they can do it. After war, anomie often takes a long time to subside and new variants of banking predation persist post-war and proliferate.

While war is the most extreme and simple source of anomie, the most profound and complex font of anomie is capitalism. Innovation unsettles. Polanyi (1944) described 'creative destruction' as the energizing dynamic of capitalism, and Klein (2007) argued that 'disaster capitalism' has risen to prominence because of so-called 'shock therapy' strategies. This includes the creative destruction of communism that we saw in Yugoslavia in this analysis. Obsolete banking crime strategies become less profitable and are taken over by more sophisticated and secret strategies. Capitalism thus promotes the engineering of anomie. Derivatives have positive uses and are backed by legitimating narratives of powerful capitalists and institutions such as central banks.

But as Partnoy (1997, 2000, 2003) and Braithwaite (2008) showed, the primary purpose of derivatives was to engineer banks and other firms around diverse kinds of regulatory constraints. If tax law touches income but not capital gain in a particular context, the derivative engineers that income into capital for that context. If prudential regulation requires a bank to have more hard reserves to cover its debts, derivatives can re-engineer soft, speculative assets to reappear as hard reserves.

Anomie is, therefore, about even more profound phenomena than poor people being unable to realize 'the American Dream' (Merton 1949; Messner and Rosenfeld 2012). It is about variegated capitalism (that is, capitalism that is often not at all American or neoliberal). This can engender anomie that allows the most disastrous forms of banking crime, national bankruptcy and hyperinflation. This in turn can create conditions for the kinds of wars we saw in Yugoslavia (Woodward 1995) and DRC. Capitalism conduces to deep structures of anomie; anomie conduces to crimes of capitalism that destabilize regimes and can lead to war; war creates the greatest extremes of anomie that enable extreme crimes of capitalism. In sum, we cannot understand ecologies of crime and war without understanding the ecologies of extremely anomic forms of capitalism, and vice versa. These are the senses in which etymological understanding of anomia is more analytically useful than *anomie américaine*.

### **Conclusion: Beyond North Atlantic criminology**

Of course, theories like Hirschi's (2002 [1969]) social control theory or Wilson and Herrnstein's (1985) rational choice approach might also be applied to rational bank robbers who abuse wartime as a state of broken mechanisms of social control, which allows them to get away with it. Sutherland (1983) provided good answers on why those kinds of theoretical paths are not fruitful in terms of other baggage that is central to them. These are not criminals with poor impulse control; they tend to be long-term strategizers who can dissemble and manage their appearances with great emotional intelligence. They are not below we criminologists in impulse control, in the class structure, in IQ, in personality disorder, in self-esteem, in the collective efficacy they surround themselves with, or in the hardness of the targets they confront. One could go on and on with irrelevant concepts from the criminological canon.

Contemporary criminology is afflicted with a dominance of two genres of scholarship. One is exemplified by Bonnie and Clyde criminology that celebrates exciting lives of comparatively humble criminals. The work of great early criminologists like Bonger (1916) who struggled to correct that bias, and Engels (1844) for that matter, never became part of the criminological canon.

Secondarily, another dominant genre is Western 'critical criminology'. Critical criminology does correct the neglect of the impact on crime of the character of contemporary capitalism, but is obsessed with neoliberalism, seeing neoliberalism everywhere, failing to see the full ecological diversity of capitalism. For example, in societies like China or Bangladesh, authoritarian capitalism flourishes because it complements neoliberalism and is quite different from it. Tax haven capitalism is another quite different kind of authoritarian capitalism from the authoritarian semi-Islamic industrial capitalism that so marginalizes workers' rights in Bangladesh. Tax haven capitalism is much used by the beneficiaries of our twelve ecologies of banking crime from neoliberal and authoritarian states alike.

China played a role in the banking crime entries on our list that were exemplified by the different Presidents of Democratic Republic of the Congo, and Forbes (2016) places China's Big Four among the five largest banks in the world. Essentially, China manifests authoritarian capitalism rather than neoliberal capitalism (Thornton and Thornton 2012). Yet within China there are highly variegated forms of capitalism, with securities markets in Shanghai and Hong Kong that have similarities with New York, other regions that work more like Silicon Valley, others that are

more like Detroit's old industrial capitalism (but without trade unions) and village agricultural societies that remain closer to feudal economies than to communism, industrial capitalism or post-industrial capitalism. This is Peck's critique that varieties of capitalism (Hall and Soskice 2001) describes 'twin peaks' capitalism: western liberal capitalism on the one hand and a coordinated (for example, Scandinavian, German) variety of capitalism on the other (Peck and Theodore 2007; Peck and Zhang 2013; Zhang and Peck 2016). So, we might open our minds to variegated capitalism as something that varies enormously between societies and within the geography and across the industry sectors of the same large, complex society. Theoretically, the argument of this article is not just for linking anomie and ecological theories of crime. It is also for linking these to the theory of variegated capitalism.

All countries experience the anomie of war during their histories; all experience extreme business cycles of capitalism and the anomic devastation this engenders. Economic collapse and war close legitimate opportunities; anomie widens spaces of illegitimate opportunity. New niches are thereby created in endlessly innovating ecologies of predation that criminologists never understand because they are always pondering the last war (in this article the banking crime innovations of the last major European war in Yugoslavia). We learn that the important thing to understand is the uncertain evolutionary process of the ecology of predation. We learn that anomia is more analytically useful because it comprehends more variegated forms of lure than *anomie américaine* that only makes sense for a narrowed neoliberal vision of *capitalisme américaine*.

*Correspondence:* John Braithwaite, Distinguished Professor, School of Regulation and Global Governance, College of Asia & the Pacific, Australian National University, Canberra ACT 0200, Australia. Email: john.braithwaite@anu.edu.au

---

<sup>1</sup> An earlier version of this paper was published on the SSRN website in August 2017.

<sup>2</sup> Project website available at <http://regnet.anu.edu.au/research/research-projects/details/534/peacebuilding-compared-project> (accessed 5 December 2017).

## References

- Abagnale FW and Redding S (2003) *Catch Me If You Can: The Amazing True Story of the Most Extraordinary Liar in the History of Fun and Profit*. Edinburgh, Scotland: Mainstream.
- Adams JR and Frantz D (1992) *A Full Service Bank: How BCCI Stole Billions Around the World*. New York: Pocket Books.
- Benson ML (2011) Evolutionary ecology, fraud, and the Global Financial Crisis. *Contemporary Issues in Criminological Theory and Research*: 299-306. Belmont, California: Cengage Learning.
- Bilandzic D (2001) Termination and aftermath of the war in Croatia. In Magas B and Zanic I (eds) *The War in Croatia and Bosnia-Herzegovina 1991-1995*: 84-91. Abingdon, Virginia: Frank Cass Publishers.
- Black WK (2005) *The Best Way to Rob a Bank is to Own One*. Austin, Texas: University of Texas Press.
- Bolloten B (1991) *The Spanish Civil War: Revolution and Counterrevolution*. Chapel Hill, North Carolina: University of North Carolina Press.

- Bonger W (1916) *Criminality and Economic Conditions*. Bloomington, Indiana: Indiana University Press.
- Bonnie and Clyde* (1967) Film produced by W Beatty. Los Angeles, California: Warner Bros-Seven Arts.
- Box S (1983) *Power, Crime and Mystification*. London: Tavistock.
- Braithwaite J (1991) Poverty, power, white-collar crime and the paradoxes of criminological theory. *Australian and New Zealand Journal of Criminology* 24(1): 40-58. DOI: 10.1177/000486589102400104.
- Braithwaite J (2008) *Regulatory Capitalism: How it Works, Ideas for Making it Work Better*. Cheltenham: Edward Elgar.
- Calavita K, Tillman R and Pontell H (1999) *Big Money Crime*. Berkeley, California: University of California Press.
- Catch Me If You Can* (2002) Film produced by S Spielberg et al. Los Angeles, California: DreamWorks.
- Citibank (2011) Updated information on recent compromise to Citi Account Online for our customers. *Press Room*, 15 June. Available at <http://citigroup.com/citi/press/2011/110610c.htm> (accessed 5 March 2017).
- Cohen LE and Machalek R (1988) A general theory of expropriative crime: An evolutionary ecological approach. *American Journal of Sociology* 94(3): 465-501.
- DiCristina B (2016) Durkheim's theory of anomie and crime: A clarification and elaboration. *Australian and New Zealand Journal of Criminology* 49(3): 311-331. DOI: 10.1177/0004865815585391.
- Cloward RA and Ohlin LE (1961) *A Theory of Delinquent Gangs*. United Kingdom: Routledge & Kegan Paul.
- Dikic I (1999) Tajkun na sluzbenom putu. *Feral Tribune*, 27 December.
- Durkheim E (1952 [1897]) *Suicide: A Study in Sociology*. London: Routledge & Kegan Paul.
- Engels F (1844) *The Condition of the Working Class in England*. Leipzig, Germany: Project Gutenberg.
- Filkins D (2003) Aftereffects: Presidential theft; bank official says Hussein's son took \$1 billion in cash. *New York Times*, 6 May. Available at <http://www.nytimes.com/2003/05/06/world/aftereffects-presidential-theft-bank-official-says-hussein-s-son-took-1-billion.html> (accessed 5 December 2017).
- Forbes (2016) World's 25 biggest banks in 2016. *Forbes*, 25 May. Available at <https://www.forbes.com/pictures/ghmf45ldjk/chinese-banking-dominate> (accessed 5 December 2017).
- Grabosky P (2015) *Cybercrime*. Oxford, England: Oxford University Press.
- Hall P and Soskice D (eds) (2001) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford, England: Oxford University Press.
- Hammerand J (2012) 'Catch Me If You Can' conman Abagnale tells how to prevent fraud. *Minneapolis/St. Paul Business Journal*, 11 December. Available at <http://www.bizjournals.com/twincities/blog/banking/2012/12/crime-doesnt-pay-warns-catch-me-if.html> (accessed 5 December 2017).
- Hirschi T (2002 [1969]) *Causes of Delinquency*. Berkeley, California: University of California Press.
- Jarvis C (2000) The rise and fall of the pyramid schemes in Albania. *IMF Staff Papers* 47(1): 1-29. DOI: 10.2307/3867623.
- Klein N (2007) *The Shock Doctrine: The Rise of Disaster Capitalism*. New York: Metropolitan Books.

- McKenzie-Murray M (2015) Nugan Hand Bank fugitive found in US. *The Saturday Paper* 86, 14-20 November. Available at <http://www.thesaturdaypaper.com.au/news/law-crime/2015/11/14/nugan-hand-bank-fugitive-found-us/14474196002625> (accessed 5 December 2017).
- Messner SF and Rosenfeld R (2012) *Crime and the American Dream*. Belmont, California: Wadsworth.
- Mlinarevic S (1993) Put u srediste uspjeha. *Vecernji list*, 9 April.
- Novoselec P, Roksandic Vidlicka S and Maršavelski A (2015) Retroactive prosecution of transitional economic crimes in Croatia. In Van Erp J, Huisman W and Vande Walle G (eds) *The Routledge Handbook of White-Collar and Corporate Crime in Europe*: 198-217. London: Routledge.
- Partnoy F (1997) Financial derivatives and the costs of regulatory arbitrage. *Journal of Corporation Law* 22: 211-256.
- Partnoy F (2000) Why markets crash and what law can do about it. *University of Pittsburgh Law Review* 61: 741-817. DOI: 10.2139/ssrn.183473.
- Partnoy F (2003) *Infectious Greed: How Deceit and Greed Corrupted the Financial Markets*. London: Profile Books.
- Passas N (1993) *Regulatory Anaesthesia or the Limits of the Criminal Law? The Prosecution of BCCI for Money Laundering in Tampa, Florida*. Washington, Democratic Capital: Drug Policy Foundation.
- Passas N (1996) The genesis of the BCCI scandal. *Journal of Law and Society* 23(1): 57-72. DOI: 10.2307/1410467.
- Pavic S (2006) Hrvatska 1991. izvrsila monetarni udar na BiH. *Jutarnji list*, 13 October. Available at <http://www.jutarnji.hr/arhiva/hrvatska-1991.-izvrsila-monetarni-udar-na-bih/3230261/> (accessed 5 December 2017).
- Peck J and Theodore N (2007) Variegated capitalism. *Progress in Human Geography* 31(6): 731-72.
- Peck J and Zhang J (2013) A variety of capitalism... with Chinese characteristics? *Journal of Economic Geography* 13(3): 357-396. DOI.org/10.1093/jeg/lbs058.
- Polanyi K (1944) *The Great Transformation*. Boston, Massachusetts: Beacon Press.
- Regan A (2010) *Light Intervention: Lessons from Bougainville*. Washington, District of Columbia: US Institute of Peace Press.
- Reich RB (2015) How Goldman Sachs profited from the Greek Debt Crisis. *The National*, 15 July.
- Shover N and Hochstetler A (2005) *Choosing White-Collar Crime*. Cambridge, England: Cambridge University Press.
- Strong's Greek Concordance (2016) Anomia. *Bible Hub*. Available at <http://biblehub.com/greek/458.htm> (accessed 5 December 2017).
- Surc M and Zgaga B (2013) *U ime drzave: Preprodaja*. Zagreb, Croatia: Jesenski i Turk.
- Sutherland E (1983 [1949]) *White-Collar Crime: The Uncut Edition*. New Haven, Connecticut: Yale University Press.
- Taylor JB (2007) Billions over Baghdad. *New York Times*, 27 February. Available at <http://www.nytimes.com/2007/02/27/opinion/27taylor.html> (accessed 5 December 2017).
- Thornton WH and Thornton SH (2012) *Toward a Geopolitics of Hope*. New Delhi, India: Sage.
- Van De Bunt H (2010) Walls of secrecy and silence: The Madoff case and cartels in the construction industry. *Criminology & Public Policy* 9(3): 435-453. DOI: 10.1111/j.1745-9133.2010.00640.x.

- Vila B (1994) A general paradigm for understanding criminal behavior: Extending evolutionary ecological theory. *Criminology* 32(3): 311-360. DOI: 10.1111/j.1745-9125.1994.tb01157.x.
- Wilson JQ and Herrnstein RJ (1985) *Crime and Human Nature: The Definitive Study of the Causes of Crime*. New York: Simon and Schuster.
- Woodward S (1995) *Balkan Tragedy: Chaos and Disillusion after the Cold War*. Washington, District of Columbia: Brookings.
- Zhang J and Peck J (2016) Variegated capitalism, Chinese style: Regional models, multi-scalar constructions. *Regional Studies* 50: 52-78. DOI: 10.1080/00343404.2013.856514.