The Best Way to Rob a Bank

Aleksandar Marsavelski and John Braithwaite*

**Abstract:**
Cohen and Machalek’s (1988) evolutionary ecological theory of crime explains why obscure forms of predation can be the most lucrative. The lure of white-collar crime takes off through the anomic conditions of warfare and the ‘creative destruction’ of capitalism. Edwin Sutherland explained that it is better to rob a bank at the point of a pen than the point of a gun. The Savings and Loans scandal suggested ‘the best way to rob a bank is to own it’. Lure constituted by the anomic of warfare and transition to capitalism in Yugoslavia revealed that the best way to rob a bank is to control the regulatory system. It is not to own a bank but to control a central bank. This makes possible theft not only of massive chunks of the people’s money, but of all the money in all the wallets of the people, in the safes of all the businesses and all the banks of a society. The criminological imagination must attune to anomic created by both boom and bust in capitalism, and to the evolutionary ecology of lure.

**Keywords:** anomie, bank crime, capitalism, evolutionary ecological theory, war

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

In inventing the concept of white-collar crime, Edwin 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 “The best way to rob a bank is to own it”. This became a theme of many journal articles and the title of Bill 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 does this by arguing 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 false that ‘the best way to rob a bank is to own it’.

*Aleksandar Marsavelski, Faculty of Law, University of Zagreb, HR 10000, Croatia, phone: +385 1 45 64 317, fax: +385 1 45 64 381, e-mail: aleksandar.marsavelski@pravo.hr; John Braithwaite, Regulatory Institutions Network, College of Asia and the Pacific, Australian National University, Canberra, ACT 0200, Australia, phone: +61 2 612 52332, fax: +61 2 612 51507, e-mail: john.braithwaite@anu.edu.au.
The best way to rob a bank shifts to less rowing and more steering of finance: it moves away from control over running banks to control of the regulation of the financial system. More specifically, the best way to rob a bank yet seen in comparative finance 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 during the period of currency transition. It is exchanged 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 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 after the war in 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 helps us to see that crime, suicide and many other social problems are 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) that saw banks simply steal the deposits of citizens of republics other than their own. 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 Robert Merton (1949) and Richard Cloward and Lloyd Ohlin (1961). It was also an insight of 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 leading theorists of the evolutionary ecological theory of expropriative crime are Cohen and Machalek (1988). The first insight of their 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 against which it must compete. This is why the most damaging and most lucrative expropriative strategies are white-collar crimes. Anyone can stage a bank robbery (1), but most people do not have the 'resource holding potential' (Cohen and Machalek, 1988) to execute bank robbery strategies 2-12 that will be discussed in this article.

Some previous criminological studies already confirmed the applicability of the evolutionary ecological theory to white-collar crimes (Braithwaite, 1991: 46; Benson, 2011), and Vila (1994) extended that theory to encompass all criminal behaviour. 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 that the brilliantly simple insight in *The Best Way to Rob a Bank is to Own It* as false? One is that our replacement insight that the best way to rob a bank is to gather up all the wealth of all the citizens, all the businesses and all the banks 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 drop off to the point 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 not in New York. Precisely because defences drop
when this belief takes hold, along can come a Bernie Madoff with the boldest and biggest Ponzi crime 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 the key transitions in the historical evolution of banking. Of the strategies that are visible in 2017, we argue for 12 entries 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 the last depositor 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; robbing a bank in cyberspace).
7. Pull out the money from the central bank by abusing your political power (Congo’s Mobutu; Slobodan Milosevic; Saddam Hussein)
8. Mortgage the future wealth of a country you control to foreign powers; send the proceeds from the loans for mortgaging that future offshore (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; 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 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, the ordering of entries is controversial. Most notably, there is a strong argument that 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 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. Croatia’s (and Slovenia’s) crime also involved a bolder innovation of the criminal imagination. It is also particularly interesting as it is unknown to the Western criminological academy. It was covered up in Croatia and Slovenia and only vaguely understood by most elite insiders we interviewed.

At the end of the day, getting this hierarchy just right is impossible because of unknowability in complexity theory terms. Getting it right is 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 our diet of Bonnie and Clyde criminology.

**Method**

This research primarily relies on 280 fieldwork interviews across the former Yugoslavia mostly between 2013 and 2017 conducted jointly by the authors on four fieldwork trips. 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 are with more than one informant) since 2005 from the entire Peacebuilding Compared project led by the second author. 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 Congo from the second most industrialized and sophisticated economy in Africa (after South Africa) to rock bottom in GDP per capita and the Human Development Index list. 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 have seen the film *Bonny and Clyde*, or ones like it. *Bonny 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 UAE, as have ISIS 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 $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 out 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. To conclude, already half a century ago, Abagnale developed strategies that went beyond robbing a bank at the point of a pen.

White-collar crime at the point of a pen is doubly anachronistic. Cheque usage and generally bank transactions involving written documents have become obsolete. Today bank crime occurs at a keystroke (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 account. As computer technologies became more sophisticated, however, crimes of a keystroke that involved changing a number left behind a more 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 the last depositor 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 of 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 of Republika Srpska Dodik in Bosnia and Herzegovina faces allegations of this sort in relation to more than one 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 just the most celebrated of hundreds of owners of S&L institutions 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). S&L 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:

“[A]rrange 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 organisation’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 $1 billion from the Central Bank of Iraq, just hours before the U.S. began bombing Baghdad. Saddam sent his son Qusay accompanied by his personal assistant to the central bank with a handwritten order to load $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, Milosevic’s regime pulled out 18.2 billion Yugoslav dinars (US $1.5 billion) from the Belgrade-based Yugoslavia’s 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 his
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 IMF and calling on his friends in the CIA to discourage investigation of this
fraud (from the 1970s to the 90s he was the CIA’s anti-communist darling of
Africa).

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

After a president like DRC’s Mobutu has lost power because he looted foreign aid
and loans, then mortgaged 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 him in power. This deal also involved
giving him a personal share up front of the future resources that would be looted
in this mortgage of sovereignty. Generals from the Rwandan and Ugandan army
were given control of regions of DRC with rich diamond, coltan and other
resources in this way. So 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: 10).

As soon as it collapsed, Nugan Hand was replaced in this criminal niche by the
Abu Dhabi founded Bank of Credit and Commerce International (BCCI). With
both Nugan Hand and BCCI, the criminals in charge would plunder the accounts of clients after they were assassinated and 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, 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).

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, to Jimmy Carter, and more extravagant benefits to many other prominent international political figures. But it was also 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 fear of disrupting Western-Arab relations and touching the White House through opening up the bank’s role in the Iran-Contra affair.

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: Chapter 2) 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 (10) and the sub-prime US mortgage scams (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 (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 German Marks (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 was 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:

We had to do something urgently, because everyone was aware of what the Serbs intend to do by converting the dinars into foreign currency. We had to strike back, although part of the Croatian financial leadership resisted it, being afraid of the consequences in the succession. Nevertheless, the deceased Jozo Martinovic who was the Minister of Finances 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 fact, 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, said in his interview: ‘The 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). Luka Rajic, a milk truck driver employed in the operation, earned his first ten million deutschmarks and soon became the leading milk tycoon in the region (Avdic, 2007: 4). In his 1993 interview, Ivica Todoric, the wealthiest businessman in the region, 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 found out the claim that the money was 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 March 1996, however, the Croatian Government issued an order to the HNB to destroy the Yugoslav dinars, and they were all burned by January 1997 in a wood processing factory. There was a committee that supervised the destruction, including one member of the European Community Monitoring Mission, but the committee that implemented the stated destruction of 27.3 billion dinars, packed in 11,309 sacks
and weighting 321 tons, was all composed of HNB officials. Only their signatures appear on daily destruction records. The HNB has no record of how much money was printed before the exchange. The Finance Ministry was in charge of issuing the new currency – this is why Finance Minister Martinovic’s signature appeared on the new banknotes (not the HNB Governor’s), which allows the possibility that part of the money never went through the HNB. In any case, it remains clear that large portions of the money ended up 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 Lagumdzija, 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). Indeed, wartime entrepreneurs typically chose to be publicly perceived as patriots while using war as an opportunity for rapid enrichment. As one of them said: "Patriotism 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 et al., 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, 1897; Merton, 1949). Anomie theory is conventionally deployed in criminology to explain why disadvantaged individuals commit unsophisticated crimes of the Bonny and Clyde variety (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. Anomia is instability resulting from a breakdown of the regulatory order that secures norms. Durkheim (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.

Likewise, war cancels old rules of the game about who has a right to kill someone else, to rape them, to steal their property. So, there is a general theoretical point that goes beyond banking here. 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. This includes the creative destruction of communism that we saw in Yugoslavia in this analysis. Obsolete strategies (of banking crime) become less profitable and are taken over by more sophisticated and secret strategies. Capitalism, in other words, 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, 1999, 2003) and Braithwaite (2008) showed, the primary purpose of derivatives is 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 (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,
in the hardness of the targets they confront, and one could go on and on.

Contemporary criminology is afflicted with a dominance of two genres of
scholarship. One is exemplified by Bonny and Clyde criminology that celebrates
exciting lives of comparatively humble criminals. The work of great early
criminologists like Willem Bonger (1916) who struggled to correct that bias, and
Friedrich 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 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 Jamie 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 (eg 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.

Notes

1. The movie has also drawn criminological attention in analysis of popular re-dramatizations of crime (Tzanelli, Yar and O’Brien, 2005)
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: Mainstream.

Adams JR and Frantz D (1992) *A full service bank: how BCCI stole billions around the world*. New York: Pocket Books.

Avdic S (2007) Balkanska tajkunska internacionala, *Slobodna Bosna*, 29 March 2007: 4-5

Benson ML (2011) Evolutionary Ecology, Fraud, and the Global Financial Crisis. *Contemporary Issues in Criminological Theory and Research*: 299-306.

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*, Abingdon: Frank Cass Publishers, pp. 84-91.

Black WK (2005) *The Best Way to Rob a Bank is to Own One*. Austin: University of Texas Press.

Bolloten B (1991) *The Spanish Civil War: Revolution and Counterrevolution*. Chapel Hill: University of North Carolina Press.

Bonger W (1916) *Criminality and Economic Conditions*. Bloomington: Indiana University Press.

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.

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: University of California Press.

Citibank (2011) Updated Information on Recent Compromise to Citi Account Online for Our Customers, 15 June 2011. 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: 465-501.

DiCristina B (2016) Durkheim’s theory of anomie and crime: A clarification and elaboration. *Australian and New Zealand Journal of Criminology* 49: 311-331.

Dikic I (1999) Tajkun na službenom putu, *Feral Tribune*, 27 December 1999.
Durkheim E (1897) [1952] *Suicide: A Study in Sociology*. London: Routledge & Kegan Paul.

Engels F (1844) *The Condition of the Working Class in England*. Leipzig: Project Guttenburg.

Filkins D (2003) Aftereffects: Presidential Theft; Bank Official Says Hussein’s Son Took $1 Billion in Cash, *New York Times*, 6 May 2003. 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 March 2017).

Forbes (2016) World’s 25 Biggest Banks in 2016. Forbes, 25 May 2016. Available at: https://www.forbes.com/pictures/ghmf45ldjk/chinese-banking-dominate (accessed 5 March 2017).

Grabosky P (2015) *Cybercrime*. Oxford: Oxford University Press.

Hall P and Soskice D (eds.) (2001) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: 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 2012. Available at: http://www.bizjournals.com/twincities/blog/banking/2012/12/crime-doesnt-pay-warns-catch-me-if.html (accessed 5 March 2017).

Hirschi T (1969) [2002] *Causes of delinquency*. Berkeley: University of California Press.

Jarvis C (2000) The rise and fall of the pyramid schemes in Albania. *IMF staff papers* 47(1): 1-29.

Messner SF and Rosenfeld R (2012) Crime and the American Dream. Belmont: Wadsworth.

Mlinarevic S (1993) Put u srediste uspjeha. *Vecernji list*, 9 April 1993.

Novoselec P, Roksandic Vidlicka S and Marsavelski 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*, pp. 198-217.

Partnoy F (1997) Financial derivatives and the costs of regulatory arbitrage. *Journal of Corporation Law* 22: 211-56.

Partnoy F (2000) Why markets crash and what law can do about it. *University of Pittsburgh Law Review* 61: 741-817.

Partnoy F (2003) *Infectious greed: how deceit and greed corrupted the financial markets*. London: Profile Books.

Passas N (1996) The genesis of the BCCI scandal. *Journal of Law and Society* 23: 57-72.

Pavic S (2006) Hrvatska 1991. izvrsila monetarni udar na BiH, *Jutarnji list*, 13 October 2006. Available at: http://www.jutarnji.hr/arhiva/hrvatska-1991-izvrsila-monetarni-udar-na-bih/3230261/ (accessed 25 March 2017)
Peck J and Theodore N (2007) Variegated capitalism. *Progress in Human Geography* 31: 731-72.

Peck J and Zhang J (2013) A variety of capitalism... with Chinese Characteristics. *Journal of Economic Geography* 2013: 1-14.

Polanyi K (1944) *The Great Transformation*. Boston: Beacon Press.

Regan A (2010) *Light Intervention: Lessons from Bougainville*. Washington, DC: US Institute of Peace Press.

Reich RB (2015) How Goldman Sachs Profited from the Greek Debt Crisis. *The National*, 15 July 2015.

Shover N and Hochstetler A (2005) *Choosing White-Collar Crime*. Cambridge: Cambridge University Press.

Strong's Greek Concordance (2016) Anomia. *Bible Hub*. Available at: http://biblehub.com/greek/458.htm (accessed 5 March 2017).

Surc M and Zgaga B (2013) *U ime drzave: Preprodaja*, Zagreb: Jesenski i Turk.

Sutherland E (1983) [1949] *White-Collar Crime: The Uncut Edition*. New Haven: Yale University Press.

Taylor JB (2007) Billions Over Baghdad. *New York Times*. 27 February 2007. Available at: http://www.nytimes.com/2007/02/27/opinion/27taylor.html (accessed 5 March 2017).

Thornton WH and Thornton SH (2012) *Toward a Geopolitics of Hope*. New Delhi: Sage.

Van De Bunt H (2010) Walls of secrecy and silence. *Criminology & Public Policy*, 9(3): 435-453.

Vila B (1994) A general paradigm for understanding criminal behavior: Extending evolutionary ecological theory. *Criminology*, 32(3): 311-360.

Wilson JQ and Herrnstein RJ (1985) *Crime and Human Nature: The Definitive Study of the Causes of Crime*. New York: Simon and Schuster.

Woodward, Susan (1995) Balkan Tragedy: Chaos and Disillusion after the Cold War. Washington, D.C.: Brookings.

Zhang J and Peck J (2016) Variegated capitalism, Chinese style: regional models, multi-scalar constructions. *Regional Studies* 50: 52-78.