A case study on an Austrian upper-level drug dealing network

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Abstract

Many studies have been published for the US and Latin America, analyzing systematically how drug cartels operate. Nevertheless, equivalent studies on upper-level drug dealing are missing for Europe (Dorn/ Levy/ King 2005). There is a lack of empirical data, plus a lack of theoretical concepts explaining organizational dynamics of upper-level drug dealing. Moreover, there are different definitions on European upper-level drug dealing, each capturing only certain aspects.

This study is aiming to close this research gap and it is consequently focusing on upper-level drug dealing in Europe. Therefore, an explorative case study on an upper-level drug dealing network finally convicted according to § 28 Abs. 4 SMG (Austrian narcotics act) was chosen (buying tons of illicit drugs in Spain and the Netherlands, smuggling and selling them in special bars in Austria).

Two research questions are guiding the study: How do upper-level drug dealing networks operate in the European Union? A second research question is looking for a definition on upper-level drug dealing based on the case study.

Data was gained though copies of court files including investigation records, phone tapping protocols, accusations, trial protocols and verdicts; all in all about 2000 pages of data. Additionally, qualitative and semi-structured interviews with an imprisoned drug dealer were conducted and transcribed. This person was sentenced to 15 years of prison in Austria. Furthermore, semi-structured interviews with experts from the Federal Criminal Agency in Austria (dep. of money laundering, drug-related crime and international police cooperation) were conducted. The data is being analyzed with Qualitative Content Analysis (Schreier, according to Mayring). This methodology serves the purpose of looking systematically what is in the data. For this reason, MAXQDA is used to organize and analyze the data.

Preliminary results show that network members were not mainly hierarchical organized, the existence of a division of labour and more or less cooperation and competitiveness between illicit drug dealing networks. Nevertheless, one of the main challenges of doing research on a legally limited area is the so called confirmation bias: what one finds depends on where and how one looks.

**Keywords:** high-level drug dealing networks, organization of drug trafficking, case study, Europe.
Introduction: Why doing research on upper-level drug dealing?

Overview on the topic:
Drug dealing is a highly profitable global business. Therefore, the illicit drug business generates more than estimated 350 billion Euros in sales. (UNODC 2003) Law enforcement, drug seizures and the war on drugs - none of them led to a verifiable reduction of the global drug problem on the supply and demand side during the period of 1998 to 2007. Despite the fact that law enforcement efforts are increasing, drug retail prices have basically declined in Western countries. Additionally, interventions have an effect where drugs are produced and smuggled, e.g. illicit drug production shifted from Peru to neighbouring countries due to increasing eradication efforts in Peru. In short, control efforts seem to have limited effect on drug demand, for instance drug use is driven by broader social, economic and cultural factors. (Reuter/ Trautmann 2009) In conclusion, drug dealing is highly effective and cannot be controlled or eradicated so far.

Research activities:
Additionally, about 93% of research activities in Europe focus on research fields of understanding drug use and demand reduction. Whereas just 6% of the European research deal with supply reduction, e.g. different stages of illicit drug supply, including cultivation and production, trafficking and diversion/leakage plus drug markets and distribution. (Buhringer/ Farrell/ Kraus 2009) This paper addresses the 6% relating to supply reduction. Better understanding of the structure and operations of drug markets may contribute to improve the understanding of this complex area as well as provide law enforcement agencies with information on where and when they should focus their activities. (Wilson/ Stevens 2008)

Research gap:
Some studies have been conducted for the US and Latin American countries, analyzing systematically how drug networks and drug cartels operate and pointing out quite large, hierarchical organizations. (e.g. Kenney 2008, Desroches 2007, Marez 2004, Krauthausen 1997, Reuter/ Haaga 1989) Nevertheless, equivalent research in the field of upper-level drug dealing is missing for Europe. There is a lack of empirical data on upper-level drug dealing networks, plus a lack of
theoretical concepts explaining organizational dynamics of upper-level drug dealing. Moreover, there are different definitions on upper-level drug dealing, each capturing certain aspects. (Wehinger 2011, Matrix Knowledge Group 2007, Ritter 2006, Dom/ Levi/ King 2005, Pearson/ Hobbs 2001, Dorn/ Murji/ South 1992) Reasons for the limited research on upper-level drug dealing include the fact that gaining access to the research field itself is limited. On the one hand, there are covert and secretive law enforcement agencies and on the other hand, there are covert and secretive high-level drug dealers – none of them like to be looked behind the scenes. (Besozzi 2001)

**Overview of the study:**

In order to address this research gap, the present paper aims to provide an empirical analysis on the operation and structure of a network of upper-level drug dealers within the European Union. Moreover, based on the qualitative research study, a definition on upper-level drug dealing will be developed. Therefore, a qualitative case study has been conducted on a network of 45 upper-level drug dealers mainly operating in Austria. The in-depth case study is based on three semi-structured interviews with an imprisoned man convicted for drug-dealing offences, three semi-structured interviews with experts from the Austrian Federal Criminal Agency, and additionally legal files (including investigation records, phone tapping protocols, accusations, trial protocols and verdicts) on one upper-level drug dealing network. The data is being analyzed with Qualitative Content Analysis (Schreier 2012, Mayring 2002), a method suitable for systematically looking deeper into what the very content of the data includes. This analysis is the first qualitative research in the field of upper-level drug dealing for German speaking countries (Wehinger 2011, Dorn/ Levi/ King 2005). The next section introduces the qualitative research design and analysis for the case study followed by the findings. Finally some conclusions and discussion are offered.

**Case study context**

**Design:**

This section gives a brief overview of the case study research. The aim of the case study is to address the main research question: How do upper-level drug dealing networks operate in the European Union? A subquestion is looking for a definition on upper-level drug dealing based on the case study. Consequently, a single case study was chosen to deal with the explanatory research question. The qualitative case study consists of one single network of drug dealers. Additionally, this case
study research serves the purpose of developing or enhancing theory and not to enumerate frequencies.

*Data collection:*

As a first step of data collection, a case study screening procedure was conducted to select the single case for this study (Yin 2003). Therefore, the single network of drug dealers was chosen through archival analysis (Lamnek 2005) on the basis of a data entry form of 200 legal files on the Vienna Criminal Court. The features on the data entry form were asking for e.g. how many people were prosecuted and judged, if there had been previous convictions for drug dealing, if illegal drugs had been shipped to another country, if there had been additional convictions (e.g. for money laundering) and if poly-drug trafficking was the case. Just one single legal file seemed to be appropriate after the first inspection of the court files, fulfilling most of the features. Finally, this single legal file was chosen to be analyzed in the case study.

To make a remark on the Austrian Narcotic Substances Act (SMG), it does differentiate between persons involved in trafficking drugs and persons with drug-related health problems. For trafficking of large quantities (more than 15 times the threshold quantity), the maximum penalties range from five years (possession), to 1–10 years (import or production) to 10 and 20 years or even life imprisonment, depending on certain circumstances (i.e. commercial purposes, membership of a criminal association, previous convictions and amount of drugs involved). (BGBl. I Nr. 110/2007) The Narcotic Substances Act provides a wide range of alternatives to punishment for persons with drug-related health problems. Although the Narcotic Substances Act primarily focuses on quantities, it does not differentiate between upper, middle and lower levels of drug markets. Consequently, a person sentenced to 15 years of imprisonment may have been dealing with illicit drugs for three years on a street level.

The first source of data used for conducting the case study were all legal files generated on that single network mentioned above, involving about 45 illicit drug offenders. Hence, the court files consist of investigation records, phone tapping protocols, interrogations, accusations, various trial protocols, many verdicts, namely 2000 pages of data. The final decisions have been made according to the Austrian Narcotic Substances Act and the proceedings were no longer subject to appeal.
At the time when the legal files were reviewed, only one person being involved in that network was still imprisoned. For this reason and due to data protection rules, only this one person could be interviewed. Therefore, the second source of data collection were three qualitative and semi-structured interviews (Gläser/ Laudel 2004) with the imprisoned drug dealer. Each of the interviews was carried out in an Austrian highsecurity prison and lasted about 1.5 to 2 hours. The interviews were recorded and afterwards transcribed. The so called main character was sentenced to 15 years of imprisonment in Austria. Presumably the person was quite important for running the whole network. In contrast, a person sentenced to life imprisonment in Austria is being released after an average of 21 years in prison (Kett-Straub 2011). The interviews dealt with: drug market entry, awareness of legal sanctions, sources of financing, motivations for dealing, bying drugs, organization of smuggling and distribution, money laundering, investments, cooperation and corruption, use of violence, trust and reliability.

As a third source, three semi-structured interviews with leading people from the Federal Criminal Agency in Austria (department of money laundering, drug-related crime and international police cooperation) were carried out, recorded and afterwards transcribed. Of course, access was granted to three data sets following multiple applications to the Austrian Ministry of Justice and Austrian Ministry of Interior. It was agreed to make the data anonymous. The interviews dealt with: legal framework, challenges and milestones in cooperation with EU-member states, principle of national sovereignty, drug dealing and organized crime and process of money laundering and prosecution.

Multi-Perspective Approach:

According to Yin (2003), a key characteristic of case study research consists of having multiple sources of evidence. Therefore, three different data sources were chosen to bring three different perspectives on one phenomenon together: While the legal files cover a legal and law enforcement perspective, the interviews with the drug dealer intend to capture a complementory perspective and give the actor himself the opportunity to speak. The expert interviews with the Austrian Federal Criminal Agency, however, followed the purpose to gain background knowledge and additional contextual knowledge for a better embedding of the other two data sources. This multi-perspective approach is seen as a key to understanding upper-level drug dealing networks.
Data Analysis:
In the following, the three different sources of data are being analyzed by Qualitative Content Analysis. (Schreier 2012) Furthermore, the software program MAXQDA was used as a tool to organize and analyze the data. Actually, Qualitative Content Analysis (QCA) is a method for systematically describing the meaning of qualitative material. This is done by classifying parts of the material as instances of the categories of a coding frame. It is required to focus the analysis on relevant aspects of the data, as indicated by the research question. QCA is flexible to the extent that the coding frame must be adopted in order to fit the data, that is, to be valid. In short, QCA is systematic, flexible and it reduces data. (Schreier 2012)

The strength of QCA shows in the process: the material is analyzed step by step, following the rules of procedure. Central to it is the development of a coding frame, which is the core of QCA. It is a way of structuring the material of the study, as indicated by the research question. While building a coding frame for this study, a combination of deductive and inductive strategy was applied. According to the deductive approach the categories were build on previous knowledge and theory on upper-level drug dealing research (Reuter/Trautmann 2009, Wilson/ Stevens 2008, Matrix Knowledge Group 2007, Dorn/ Levi/ King et.al. 2005, Desroches 2003, Pearson/ Hobbs 2001, Adler 1993, Dorn/ Murji/ South 1992, Reuter/ Haaga 1989). Moreover, for applying the inductive approach categories were derived from the interviews and legal files. Additionally, Mayring’s subsumation (2002) was used to generate and build the data-driven part of the coding frame. Therefore, each relevant segment was either subsumed under an already existing subcategory or a new subcategory were generated. This procedure was repeated until the point of saturation.

Quality criteria:
Following the development of the coding frame, a pilot phase is carried out. Two different coders (the researcher and another coder) apply the coding frame independently from each other to the same subset of material (two interviews and one verdict). However, two main quality criteria are important for evaluating the coding frame: reliability and validity (Schreier 2012). Reliability is looking for the consistency of the codings by comparing codings across persons and it can be assessed by calculating a percentage of agreement. The higher the percentage of agreement, the more reliable the coding frame. Therefore, the MAXQDA function ‘Intercoder Agreement’ was used to calculate a percentage, representing the level of agreement. Instead of an overall number of agreement, one gets
a percentage of agreement for every individual text segment coded. Afterwards, a discussion among the coders and a revision of the coding frame is useful to resolve any coding disagreements. This was followed by a second trail coding and moreover, the ‘Intercoder Agreement’-test was repeated and agreement between coders did increase. After finishing the pilot phase the coding frame consists of 34 categories and 104 subcategories. The coding frame can be seen as sufficiently reliable due to the number of categories and the increase of agreement between the two coders.

Validity, a second quality criterion, is securing that the categories in the coding frame adequately represent the concepts in the study. For describing the material of this study (interviews and legal files), face and content validity are used. Face validity refers to the extent to which an instrument captures what it sets out to capture. Therefore, a clear and unambiguous sign of low face validity is high coding frequency for residual categories. Content validity is assumed to be present to the extent that an instrument covers all dimensions of a concept. Consequently, this involves the comparison of the codings from the researcher with that of another coder. In this way, content validity corresponds with reliability. The coding frame for the present study shows high validity due to inductively and deductively generated categories, it is sufficiently reliable and not many segments were assigned to the residual categories.

**Preliminary Findings**

For this study three semi-structured interviews with an imprisoned person convicted for drug-dealing offences and three semi-structured interviews with experts from the Austrian Federal Criminal Agency were conducted. Additionally, all legal files on one single upper-level drug dealing network were collected. Subsequently the datasets were examined for the structure of the network using data-driven and concept-driven categories.

**Drug dealing process:**

In this study four themes were identified that characterize the structure of the drug-dealing network (see figure 1). The first theme relates to the drug dealing process, which consists of the dimensions: purchase of illegal drugs, drug smuggling and organizing transport, distribution and re-sale of drugs and finally, the cycle is closing with use of money. These four dimensions are inevitably linked to each other and each dimension symbolizes a step in an organizational chain.
figure 1: drug dealing process

> meeting suppliers
  - reactivation of previous connections
  - random acquaintance
  - snowball system
> financing of the supply
  - initial financing
  - follow-up
> money exchange
> purchase operation
  - quality testing
  - handover of money
  - handover of drugs
  - installation in vehicle
  - disguising illicit drugs

use of money

> money laundering
  - inside Austria
    - bank transactions
    - restaurant
    - virtual employment
  - abroad
    - real estate business
    - scooter rental
> investments
  - bank accounts
  - in Austria
    - house ownership
    - transporters & cars
  - abroad
    - real estate business
    - house ownership
    - drug dealing

transport handling
  - cash transport abroad
  - drug transport to Austria
  - handover of transport
> transport volumes
  - more than 50 kg per trip
  - less than 50 kg per trip
  - unclear data
> transporter
  - recruitment in Austria
  - payment
> vehicles
  - use of vehicles
  - vehicle registration
  - vehicle modification

smuggling and organizing transport

distribution and resale of drugs

> removal from vehicle
> temporary storage
  - in the apartments
  - in garages
  - at open-air storage places
> resale
  - to special bars
  - to small customers
  - to bulk buyer

purchase of illegal drugs abroad

DRUG DEALING PROCESS
A summary on the case study will give an overview on the network’s activities: The network operated continuously for a duration of two years. About 45 people were involved in buying tons of marihuana and kilos of cocaine from different sources in Spain and the Netherlands. For this purpose, drugs were hidden in prepared vans and different people were hired to ride these transporters from Austria to Spain or the Netherlands and back to Austria. Meanwhile other people took a plane to get there, test the quality of drugs before buying and paying them. However, the roles of the 45 people involved changed over time. Being back in Austria, the drugs were stored in apartments, garages and open-air storage places. Consequently, the drugs were sold directly or re-sold directly to consumers through an intermediary at special bars. Finally, the money was invested to buy new transporters and cars and some people ran a real estate business in a neighbouring state of Austria. Furthermore, the people involved ran several bank accounts in Austria and in a neighbouring state.

The first step in the drug dealing process is about buying illicit drugs in a European country other than Austria. This step includes financing the purchase, meeting the supplier, the transactions of money exchange, and purchase operations. A quote illustrates the financing procedure:

“Well, I financed it, because I could hold the money together. I also did it at the beginning, it was gradually. I held the money together and paid it. Of course, the others earned good money, too.” (Interview PX1)

The second step is called drug smuggling and organizing transport. It describes how the drugs, the transporters and the vehicles were handled. A quote characterises the handover of the transporter.

“Most of the time someone drove up there, left the van and went to bed. We took the money out of the van, ... or even when he was alone there, same procedure.” (Interview PX3)

And another quote illustrates the changes in this handover procedure.

“At the beginning we drove up together. Then someone drove alone, we installed the drugs and came back by plane. The driver brought the van back to Austria.” (Interview PX3)

The drugs were mainly distributed and re-sold in Austria, but also in other European countries like Sweden or Denmark. When the illicit drugs were transported to Austria, they were removed from the
van and temporarily stored at different storage places. However, the re-sale procedure was quite sophisticated.

“LV was the tenant of the bar in Vienna 12, which was used as a transshipment point for marihuana. The bar was also supplied by OD.” (Verdict LV)

“Yes, they just ran the bars, I don’t know how exactly that works. I gave them the money and they worked it out. Three people seemed to be necessary to register the bar. They registered it as ... whatever, a billiard club or a dart club, or something like that. They have prepared it as a club and it was closed, running with a doormen service.” (Interview PX2)

The forth step describes the use of money. It is basically dealing with how the drug’s money was laundered and re-invested into legal economy. Partly the money was also re-invested into buying illicit drugs. With this last step the cycle is closing.

This quote illustrates how the real estate business was run.

“The Hungarian, my friend, the second one. We have this real estate business together, he owns 30 percent, I own 70 percent. He does everyday business, import and export. I am not interested in it.”

Organizational structure and division of labour:

The second theme - the second major finding - refers to the organizational structure and division of labour (see figure 2). It ranges from the distribution of functions to internal and external business relationships. Therefore, different aspects of the organizational structure and division of labour are captured along the drug dealing processes: purchase, smuggling, re-sale and use of money.

Specific quotes, which describe the category distribution of functions in the best manner: About roles: “According to the police, I was the boss. I can’t deny, that I was involved. Still, as it is written in the files and as you could read it, it wasn’t right. They have exaggerated it.” (Interview PX2)

About professional values and ethos: The imprisoned drug dealer was the only person never talking to the law enforcement agencies. “Interviewer: ‘First of all, I’d like to tell you that I’m not asking you for any names or persons.’ Interviewee: ‘Sure, I wouldn’t do that. I didn’t say anyone’s name at the legal proceedings and I wouldn’t do it afterwards.’” (Interview PX1)

About working procedures and processes: “We didn’t give a shit about the quality. He took it, payed it, the other one came, took it and went away. Bad luck. If someone came to me and told me they
figure 2: organizational structure and division of labour

**organizational structure and division of labour**

- **internal business relationships**
  - **internal cohesion**
    - trust
    - reliability
    - mistrust
    - betrayal
    - debts
  - **social relations**
    - friendship
    - hostility
  - **competition inside the network**
  - **internal use of violence**

- **external business relationships**
  - **risk management**
  - **pursuit of interests**
    - competition with other networks
    - cooperation with other networks
    - corruption of authorities
  - **external use of violence**

- **distribution of functions**
  - **roles**
  - **professional values and ethos**
  - **working procedure**
wouldn’t want it, I took it and gave them a different product or just returned the money.” (Interview PX3) This carelessness changed over time. “When things were running, when you know the people, it isn’t a problem. It just depends on the price.” (Interview PX3)

The internal business relationships are concerning relationships between people involved in the drug dealing network. All the dimensions of trust, reliability, mistrust, betrayal and debts are forming the aspect internal coherison.

“The ones from the Netherlands were random acquaintances. However, we became friends. You could rely on them. You are lucky when you meet people you can trust. I knew, when I leave money in the van, nothing will be stolen. They took the money, put the drugs in it and came back with the van.” (Interview PX2)

Another aspect are social relationships between people involved in the drug dealing network. These can either be based on friendship or hostility. To give an example:

“My friend was the one working as a bank clerk or the car dealer. I was in contact with them, I was going out with them. His girlfriend owned a restaurant downtown. That’s how we met.” (Interview PX2)

There was not much competition inside the network. Moreover, physical or mental violence did not play a major role inside the network. However, having debts and being able to pay them off helped keeping the people together. It was clear to the people involved that the use of violence would attract the attention of the police. Nevertheless, one person was shot in the knee with a gun.

“These are people, some are buying, others are selling. There are definitely some ... I also had one guy, he is a fool. When I told him, shoot him, he did it. But this was just one guy. However, this doesn’t mean that I can tell everyone involved, go and shoot him. This is how they presented it. They are telling the story as they want it.” (Interview PX1)

The external business relationships are related to risk management, pursuit of interests and external use of violence. It is about how to do business and about the relationships with people outside the network. Two different risk management strategies were found in the case study: confidentiality and caution on the one hand, and clumsiness on the other hand. Both strategies appear in everyday business life of the network.
“The more money I can invest, the safer it gets. When I have one bag, the risk of getting caught is around 80%. When I spend more money to prepare the van, the risk declines.” (Interview PX3)

The pursuit of interests is referring to competition and cooperation with other drug dealing networks and corruption of authorities. As a result of the case study, authorities were not corrupted by anyone involved in the network. However, the interviewed prisoner pointed out that competition would arise in a natural way, “it’s like when you go to a grocery to buy milk and the salesman tells you ‘today I don’t have any milk’, tomorrow, same procedure, the day after tomorrow, he still hasn’t got any milk. Well, then you go to another grocery. It’s the same with our business. It wasn’t just our clique, there were others, too.” (Interview PX3)

According to data, nobody involved in the network used physical or mental violence against anyone outside the network.

The third theme refers to the motivation for dealing with drugs and relies on Dorn’s, Levi’s and King’s (2005) typology of upper-level drug trafficking organizations, their priorities and motivation. As a result of the case study, none of the persons involved dealt with drugs for political and/or military reasons. Instead, the main motives for being involved in drug dealing were personal enrichment, criminal energy and risk taking. Two quotes illustrate the outcome. “For me it was all about money. My drug was the money.” (Interview PX1)

“One always knows what to do or better avoid, though, most of the time one doesn’t do it. I had an address, jumped into the van and thought, everything will be fine, I’ll buy from them. So they showed me the product, I payed and returned to Austria. When I got off the van, I didn’t have any money but I had a lot of wax instead.” (Interview PX3)

The fourth theme refers to the criminal career of all persons involved in financing activities. Therefore, criminal records, being without criminal records and future prospects are captured. The main persons involved have a long criminal record, one has even 16 previous convictions. He got his first conviction when he was 11 for breaking into a Federal Army building. Solely a bank clerk was without criminal records at all. Being asked about his future prospects the imprisoned man answered, “You don’t have any chance in the end. Either you receive social welfare money or you are going into business. Not even the people outside get a job. Who is gonna offer me a job? Even if I was 30
now. I don’t want to imagine what would happen, if I was released right now. Who is gonna offer me work?”

**Conclusion and discussion**

The upper-level drug business is an area worthy of more research investment. As described in the introduction, there are only a handful of research studies that relate to upper-level drug dealing, and most of these focus on the US and Latin American region. Even less research has been conducted on that topic for European countries.

This study, however, is the first qualitative research on upper-level drug dealing for German speaking countries and it is just a drop in the ocean. It aims to give a systematic overview on the structure and operations of an upper-level drug dealing network in the European Union using a correct methodological approach.

A lot of drug market research still needs to be carried out, especially for European countries, in order to win a better understanding of the structure and operations of drug dealing networks. Additionally, gaining further knowledge on higher levels of drug dealing may also be constructive for law enforcement agencies. As a consequence, various case studies need to be conducted across Europe in order to compare the outcomes (on similarities and variations) and achieve a deeper insight into upper-level drug dealing in Europe.

**References**


