

Arbitrary activities of law-enforcement authorities in the sphere of combating economic crime

by Vadim Volkov, Ella Paneyakh, and Kirill Titaev

In the 2000s, especially beginning with 2002, we witnessed a fast growth of activity of law enforcement agencies in registering crimes (and initiating criminal cases) according to articles connected with economic activities. This growth also brought about an increase in the workload for the investigative authorities and courts in relation to the above-mentioned offences. The increase in the number of initiated criminal cases caused an increase in the number of solved cases admitted by the investigation, their transfer to the courts and delivery of verdicts.

However, the aforementioned growth entailed not only intensification of work of the law enforcement system in general, but also, mostly, to an increase in activity among its specific branches, primarily of the investigation and the criminal investigation. This is expressed by a significant, compared to other types of offences, gap between various stages of criminal proceedings in terms of the quantities of criminal cases. Only 20 to 40 percent of economic criminal cases worked by investigators and criminal investigators, reach the courts; fewer than 20 percent end up in a verdict. This creates a sharp contrast with such "classical" criminal offences, such as murder or rape. In these instances the law enforcement system almost never allows that the initiated case be closed.

Along with the fast growth of the number of registered economic crimes in 2002 - 2006, the low coefficient of transfer of economic crimes between different stages of the criminal proceeding also shows a connection between certain interests of the law enforcement authorities and out-of-office motivations, that is, receiving informal income. Economic crime cases are initiated, but 40 to 60 percent of them are not solved; if they are solved, 60 to 80 percent do not reach the court; if they reach the court, 20 to 30 percent fall apart.

Only 10 to 15 percent of criminal cases initiated by employees of the Ministry of Internal Affairs in accordance with economic articles end up with a court verdict. Even if we assume that all the accused were convicted justly, it means that for each offender there are 6 to 10 entrepreneurs who were subjected to criminal prosecution. 85 to 90 percent of activity is characterized by an "open-circuit" due to the low competence of employees, or offenders who paid their way out of the criminal proceeding, or by pressure on the entrepreneurs with the goal of receiving informal income or other private gains.

In order to improve the entrepreneurial climate it is crucial to decrease the possibilities for the investigatory authorities to manipulate economic crime cases, that is, initiate cases and start the investigation in isolation from the perspective of the court, with the expectation that the case be closed or re-qualified.