

Economic crime in the sphere of investment and credit activities

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Borrowers and those who have an excess of funds, have plenty of possibilities on the Slovenian financial market to take out a loan or to place their funds in profitable investments. In spite of these possibilities, many decide on the ground of misleading information given by various "quasi-financial" institutions, to make more risky investments, without considering the safety of such investments. This kind of ill-considered conduct results in harm caused to a large number of investors who cannot recover their assets, and moreover, remain without the promised profit. A Slovenian speciality is so-called financial engineering companies, common commercial companies, the business of which has been to collect invested money, although they did not have a licence to do so. The funds of creditors placed in this way were not adequately insured, which caused harm to a large number of investors when these financial engineering companies collapsed. Most credit and investment frauds are based on a pyramid system.

Such frauds have not been specifically criminalised in Slovenian penal legislation. It was only in 1999 that a special criminal offence was introduced by Article 2341B of the Criminal Code of the Republic of Slovenia, which defined the activities of pyramid systems and games of chance as a criminal offence. In spite of the repeated warnings and the publicity given to this issue, there is a growing number of naive investors and borrowers. Questions of how to regulate this area in law, prevent the bypassing the control institutions and protect borrowers from loan sharking and subsequent extortion, are also posed by state agencies and institutions. No matter how good the legislation is, the fact that demand generates supply will always hold true and obtaining credit on "grey" financial markets will function as long as there is demand. Since it is estimated that an average citizen of Slovenia is several times more indebted than an average citizen of other EU countries, the demand for credits will still be present.

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