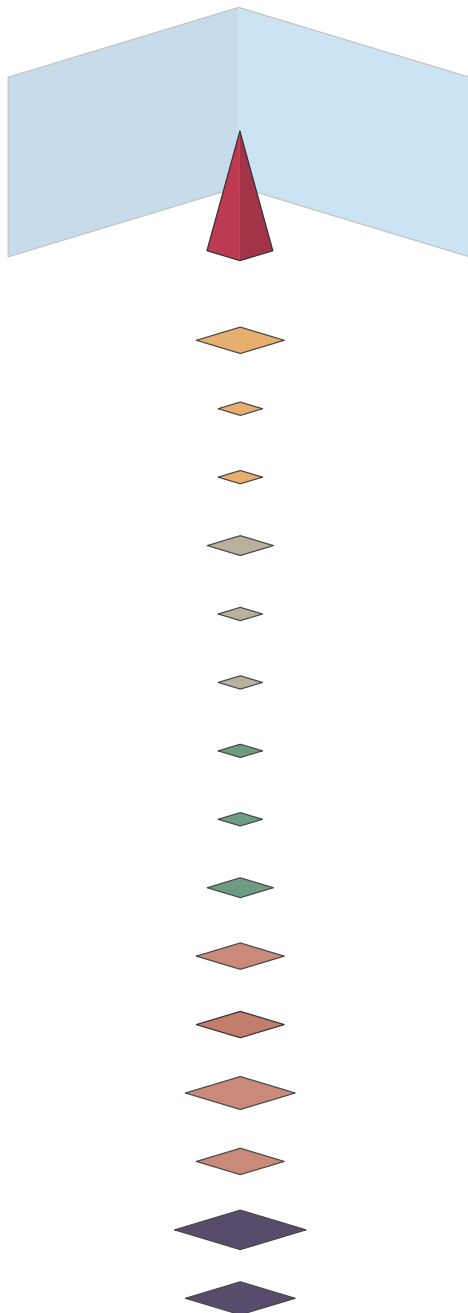


# MONACO



2.58

## CRIMINALITY SCORE

185<sup>th</sup> of 193 countries

43<sup>rd</sup> of 44 European countries

8<sup>th</sup> of 8 Southern European countries



## CRIMINAL MARKETS

1.67

HUMAN TRAFFICKING 2.00

HUMAN SMUGGLING 1.00

EXTORTION & PROTECTION RACKETEERING 1.00

ARMS TRAFFICKING 1.50

TRADE IN COUNTERFEIT GOODS 1.00

ILLICIT TRADE IN EXCISABLE GOODS 1.00

FLORA CRIMES 1.00

FAUNA CRIMES 1.00

NON-RENEWABLE RESOURCE CRIMES 1.50

HEROIN TRADE 2.00

COCAINE TRADE 2.00

CANNABIS TRADE 2.50

SYNTHETIC DRUG TRADE 2.00

CYBER-DEPENDENT CRIMES 3.00

FINANCIAL CRIMES 2.50



## CRIMINAL ACTORS

3.50

MAFIA-STYLE GROUPS 1.00

CRIMINAL NETWORKS 3.00

STATE-EMBEDDED ACTORS 3.50

FOREIGN ACTORS 5.50

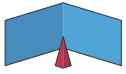
PRIVATE SECTOR ACTORS 4.50



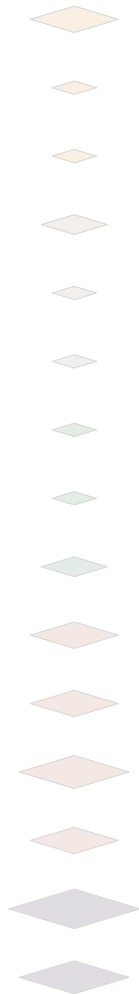
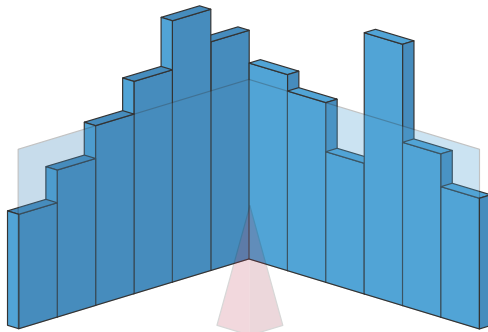
5.63

## RESILIENCE SCORE





# MONACO



5.63

## RESILIENCE SCORE

50<sup>th</sup> of 193 countries

28<sup>th</sup> of 44 European countries

4<sup>th</sup> of 8 Southern European countries

POLITICAL LEADERSHIP AND GOVERNANCE	3.50
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	4.50
INTERNATIONAL COOPERATION	5.50
NATIONAL POLICIES AND LAWS	6.50
JUDICIAL SYSTEM AND DETENTION	8.00
LAW ENFORCEMENT	7.00
TERRITORIAL INTEGRITY	6.00
ANTI-MONEY LAUNDERING	5.50
ECONOMIC REGULATORY CAPACITY	4.00
VICTIM AND WITNESS SUPPORT	8.00
PREVENTION	5.00
NON-STATE ACTORS	4.00



2.58

## CRIMINALITY SCORE



CRIMINAL MARKETS 1.67



CRIMINAL ACTORS 3.50



# CRIMINALITY

## CRIMINAL MARKETS

### PEOPLE

Human trafficking is not a significant issue in Monaco. However, the principality's land borders are almost entirely frictionless and there is a possibility, albeit minimal, of trafficking for the purposes of sexual exploitation, especially during the Monaco Grand Prix, when the demand for sex workers rises. In addition, although no victims of trafficking have been identified within Monaco's borders, it is difficult to assess when it is trafficking and when it is not. Some sex workers are under the influence of a procurer and, although a link between prostitution and the trafficking of people for sexual exploitation might exist, this link has not yet been established. Sources suggest that cases of human trafficking may exist in Monaco, but whether they constitute organized crime is still under discussion. Additionally, this phenomenon remains circumscribed and episodic.

The principality is only marginally affected by the passage of smuggled individuals despite its geographical position between Italian and French territory. However, some sources suggest that a small amount of human smuggling may occur. If extortion or protection racketeering does occur in Monaco, it is episodic and rare.

### TRADE

There remains scant evidence to suggest the existence of a substantial illegal arms trafficking market in Monaco. The trade in illegal weapons has little presence or economic impact on the principality and the transfer, sale, possession, import and export of arms and ammunition is strictly regulated. In addition, the secrecy that cloaks the identities of those living in Monaco, makes it difficult to confirm suspicions about arms traffickers living there.

Monaco is not known as a destination, transit or departure country for trade in counterfeit goods. Indeed, there is a very high concentration of police and security across the country. Moreover, no major roadways cross Monaco and its two ports were not built to accommodate cargo ships, which complicates the trafficking of goods. There is also no evidence of an illicit trade in excise goods in Monaco.

### ENVIRONMENT

It is highly unlikely that Monaco is involved in any sort of illicit fauna crimes market, with the exception of isolated incidents. There is also no evidence to suggest a criminal trade in flora. However, French customs authorities in charge of border controls in Monaco have occasionally

reported seizures of endangered and illicit species on luxury yachts in the port.

There is no evidence suggesting that any crime involving non-renewable resources occur regularly in Monaco. However, some Monaco-based companies have faced allegations of oil bribery.

### DRUGS

The heroin trade is episodic, infrequent and small-scale in Monaco, with supply points often located in French cities. Users or street-level dealers probably do the importation. Market indicators for heroin use show a near non-existent prevalence. Monaco is a destination zone for the cocaine trade from France, particularly from Menton and Marseille. Residents sometimes travel to France to purchase cocaine and cannabis; however, no recent official data is available and the small scale of the cocaine trafficking creates little disturbance in the principality.

Cannabis is the most popular illicit drug in Monaco. While it is illegal in the country, discrete use seems to be tolerated by the authorities. There is no evidence that the cannabis market is any larger than small-scale individual distribution, though there is a trend towards cultivation.

There appears to be a similarly small synthetic drug market, although there is concern that the growing use of ecstasy in Western and central Europe may spread to Monaco. So far, however, it is likely that ecstasy use is infrequent in the country and limited to the youth and the party scene. As mentioned previously, residents seeking to purchase these substances often travel to French border towns to do so.

### CYBER-DEPENDENT CRIMES

There is no evidence of cybercrime groups operating within Monaco. However, the country has been the target of cyber-attacks, especially malware attacks, against government services and public institutions. These attacks have been identified as originating in other European states, the United States or China, involving breaches of the state's information systems in the latter cases. Crypto-locker ransomware has also been reported in the country (when a file attachment in an email, if opened, locks the computer until a ransom is paid).

### FINANCIAL CRIMES

There continues to be scarce evidence of financial crimes committed by organized crime groups in Monaco, with the notable exception of phishing. The principality is targeted by online scams, especially aimed at vulnerable elderly people.

During the pandemic there was a sharp increase in cyber-enabled financial crime – again, mainly phishing attacks.

## CRIMINAL ACTORS

Monaco, like many other micro-states, often serves as a physical and financial nexus for individuals involved in organized crime, transnational criminal organizations and secretive/illicit financial arrangements. Indeed, international figures, involved in both licit and illicit markets, meet and conduct business freely in the principality. Meanwhile, Monaco's history as a center for secretive banking practices and as a tax haven continues to attract individuals with ties to organized crime, as well as authoritarian strong men and those who would like their business to avoid scrutiny.

Most of Monaco's population was not born in the principality and this non-indigenous population facilitates the operations of transnational criminal actors and organizations. There is strong evidence to suggest that individuals with ties to transnational organized crime pass through and do business in Monaco. The Lucchese and Genovese crime families, along with the Black Sea and Khazarian mafias, and people with connections to Russian President Vladimir Putin and Crimean leader Sergey Aksyonov may have extensive activities in the principality. While the Calabrian

'Ndrangheta and Neapolitan Camorra also appear to have effective networks in France and Monaco, many Russian oligarchs have allegedly acquired property in the principality through Monegasque banks. Meanwhile, the war in Ukraine has led the authorities to monitor and freeze Russian assets in France and, to a lesser extent, in Monaco.

In Monaco, it is difficult to distinguish between foreign actors and private sector actors as they are frequently entangled and, while there is no direct evidence, it is easy to infer that private sector actors participate in organized crime-related activities to the same degree as foreign nationals. The private sector can thus be used to launder money for foreign criminal groups.

There is no evidence to suggest the existence of domestic mafia-style groups in Monaco. There is also limited evidence of active criminal networks operating in Monaco. It is likely that loose criminal structures cooperate with foreign criminal actors and engage in the laundering of criminal proceeds in Monaco. Indications of state control of or involvement in criminal activities are negligible. The level of corruption among state officials and other state actors is very low, although allegations of fraud and corruption, not yet confirmed, have been made against some high-level figures of the state apparatus and their loyal collaborators.

# RESILIENCE

## LEADERSHIP AND GOVERNANCE

Organized crime is not a significant problem in Monaco, and there is no evidence to suggest any kind of state capture by organized criminals. There is a high level of confidence in democratic and election processes. However, the principality's low levels of compliance with anti-corruption recommendations have raised concern. While law-enforcement agencies have anti-corruption squads, corruption, although well-hidden, is present. Access to information in Monaco is poor, and the principality faces pressure from the international community to reform its banking secrecy laws. However, significant progress has been made recently with regards to government transparency and ethics.

Monaco is party to most international treaties and conventions pertaining to organized crime and has been addressing tax evasion, money laundering and terrorism financing. However, progress from ratification to implementation is slow. The principality has cooperation agreements in place with INTERPOL, Europol and Francopol. It also has bilateral extradition agreements with many countries in Western and Eastern Europe, as well as with the United States

and Australia. Monaco's national legislation is continually updated and provides it with protection against most criminal markets. For example, new legislation regulating money laundering, fraud and corruption was recently passed.

## CRIMINAL JUSTICE AND SECURITY

Monaco has a fairly independent judiciary, despite a lack of transparency in the process to recruit judges and a Judicial Service Commission that lacks powers to enforce and general suspicions of corruption. Individuals sentenced for common-law offences in Monaco are transferred to prisons in France and are subject to French legislation. Most prisoners are non-citizens. The principality has complete control over its domestic prison system, with the rights of prisoners provided for and low levels of corruption reported.

Monaco's policing system is strong, with one of the highest officers-to-population ratios in the world. This, combined with the low level of organized crime, ensures that Monaco's criminal markets are policed effectively. Monaco customs duties fall under French jurisdiction (and hence under the EU customs body) and capital is free to flow between the

two countries without restriction or tax collection. Monaco has enough capacity to monitor illicit cross-border activities, although this is proportionate to the low levels of threat.

## ECONOMIC AND FINANCIAL ENVIRONMENT

Historically, Monaco has a reputation for being an uncooperative tax haven. It came under significant international pressure to adopt the Organization for Economic Cooperation and Development Model Tax Convention in 2009 and since then it has pursued an active policy to combat money laundering and terrorist financing. Monaco is not listed as a country with significant money-laundering deficiencies and it has adopted mechanisms recommended by the Financial Action Task Force, while regularly amending and strengthening compliance with international standards. The government has created a financial investigation unit and is modernizing the banking and financial sector to make it more resilient to money laundering threats.

After the COVID-19 pandemic, the Monegasque economy returned to its previous levels, with the service sector still predominant, especially in financial and real estate services. Moreover, the Service d'Information et de Contrôle sur les Circuits Financier has created a cryptocurrency section to better monitor investments in cryptocurrency and avoid money laundering.

## CIVIL SOCIETY AND SOCIAL PROTECTION

Civil liberties, including freedom of expression within the media, are respected. Monaco has laws providing for the compensation and legal representation of victims of crimes, especially victims of sexual violence. There are no restrictions on the formation of NGOs, but the civil-society sector is weak in Monaco. Among other organizations, the Victims of Criminal Offences Help Association works to prevent violence against victims and witnesses, and operates free of charge, alongside other victim-support programmes and mental-health services.

Monaco is a signatory to numerous international treaties designed to prevent organized crime. However, it appears unable to prevent authoritarian heads of state and corrupt individuals from entering its borders and operating within them. The principality prefers ethical charters rather than robust legislation to guide its prevention efforts. A 2022 law enhanced the protection given to whistleblowers in anti-money laundering cases. Moreover, the government has published guidelines for professionals on fighting money laundering, terrorism financing and corruption. Steps have also been taken to raise awareness about cyberattacks so individuals and organizations can avoid becoming targets.

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