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PREVENTION OF ECONOMIC CRIMES BY THE POLICE: A LEGAL MEASUREMENT

Abstract. The article is devoted to the study of the problem of crime prevention in the economic sphere, which is considered relevant in view of the large number of reports of criminal acts, especially in the area of the use of budgetary funds, privatisation relations, land relations, foreign economic activity, etc. In addition, the article focuses on the study of cybercrime, since most economic crimes are committed via the Internet, and therefore it is considered necessary to implement appropriate measures to prevent and combat illegal manifestations in the field of digital relations. It is emphasised that economic crime primarily threatens the national security of the state. It should be noted that maintaining a sufficient level of protection against criminal manifestations in the economic sphere is implemented in different ways in developed countries, but the problem of criminals' constant improvement of mechanisms and methods of committing criminal acts in this sphere remains. The article examines the main problems of economic crime prevention. Based on a survey, the author found that investigators today lack the specialised knowledge and skills in both economics and IT (at least at a basic level) to successfully investigate economic crime, which has a negative impact on the quality of investigation, combating and prevention of crime in this area. The article shows that Ukraine does not yet have an appropriate law enforcement agency, and the draft law "On the principles of preventing and combating economic crimes and exercising financial control" does not contain any information on the nature of the state body that would have the authority and capacity to effectively monitor illegal manifestations in the economic sphere. It is noted that the prevention of economic crime will be facilitated by the creation of a sufficient set of training for future police officers in the field of economics and IT. It is also considered necessary to create a single police unit that will deal only with economic crimes.





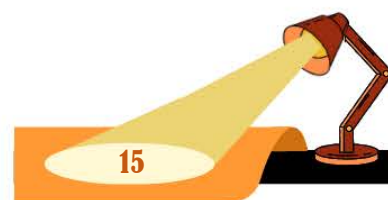
Keywords: Crime, economic crime, crime prevention, police, illegal activities.

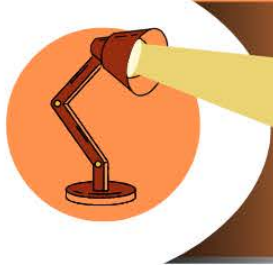
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ЗАПОБІГАННЯ ПОЛІЦІЄЮ ЗЛОЧИНАМ У СФЕРІ ЕКОНОМІКИ: ПРАВОВИЙ ВИМІР

Анотація. Стаття присвячена дослідженню проблеми запобігання злочинам у сфері економіки, що вбачається актуальним з огляду на чисельну кількість повідомлень про злочинні дії, насамперед, у сфері використання бюджетних коштів, відносин щодо приватизації, у сфері земельних відносин, а також у сфері зовнішньоекономічної діяльності тощо. Окрім того, у статті увага зосереджена на дослідженні кіберзлочинності, оскільки більшість злочинів у сфері економіки, вчиняються за допомогою інтернет, і, відповідно, вбачається необхідним впровадження відповідних заходів щодо попередження та боротьби з незаконними проявами у сфері цифрових відносин. Наголошено, що злочини у сфері економіки, передусім, загрожують національній безпеці держави. Вказано, що підтримка достатнього рівня захищеності від злочинних проявів у сфері економіки в розвинутих країнах світу реалізується по-різному, але при цьому залишається проблематика постійного вдосконалення злочинцями механізмів і способів вчинення злочинних дій в цьому напрямі. У статті досліджені основні проблеми запобігання економічним злочинам. На основі проведеного анкетування, виявлено, що на сьогодні слідчому для успішного розслідування злочинів у сфері економіки бракує спеціальних знань та навичок як у сфері економіки так у айтї-сфері (хоча б на рівні базових), що негативно впливає на якість розслідування, протидію та попередження злочинів у даній сфері. Досліджено, що в Україні поки що немає відповідного правоохоронного органу, а проект Закону «Про основи запобігання та боротьби з економічними правопорушеннями і здійснення фінансового контролю» не містить відомостей про сутність державного органу, який би мав повноваження і можливості ефективно відстежувати незаконні прояви у сфері економіки. Встановлено, що запобігання злочинам у сфері економіки буде сприяти створення достатнього комплексу підготовки майбутніх поліцейських в галузі економіки та айтї-сфері. Вбачається також за необхідне створення єдиного підрозділу поліції який буде займатися лише економічними злочинами.

Ключові слова: злочини, злочини у сфері економіки, протидія злочинам, органи поліції, незаконні дії.





Problem statement and relevance. The Ukrainian economy today is under the influence of various external and internal threats, among which crimes in the economic sphere are the most persistent and escalating, especially in the conditions of war and economic crisis. According to the published data from the General Prosecutor's Office of Ukraine, there is a significant number of crimes in the economic sphere, with the most prevalent being illegal actions related to the use of budget funds, privatization, land relations, and foreign economic activities, among others. [1] However, such a negative trend is also typical for other countries of the world, as noted by researchers when considering the issue of incredible losses from economic crimes [2]. It should be noted that such a negative phenomenon as economic crime is developing and improving as a result of highly intellectual activity with the help of the latest Internet technologies.

The state of research. A sufficient number of studies have been devoted to the prevention of economic crime. The latter includes a study on measures to prevent and combat fraud in the field of digital assets in the article by MacKenzie Sigalos (Biden White House just put out a framework on regulating crypto - here's what's in it, 2022). In monographic research, noteworthy works cover theoretical-legal and organizational aspects of police activities as a subject of preventing economic crimes. Examples include Svirko S.V.'s study on mechanisms of state management of budgetary security (2021), Opanasyuk A.A.'s work on auditing in the system of preventing and countering economic crime (2021), Bityura O.V.'s exploration of criminal police as a subject of preventing economic crimes (2021), and so forth

Purpose and objectives of the article. studying cases of economic crime and suggesting possible ways for the police to prevent such crimes.

Summary of the main material. Crimes in the economic sphere primarily threaten the national security of the state. Maintaining a sufficient level of this security is implemented in different ways in different countries, but there is a problem of constant improvement and mechanisms of criminal actions in this direction. European Union Agency for Criminal Justice Cooperation підкреслює: Some of the most common types of fraud include: tax fraud: the illegal evasion of taxes by individuals or entities, ranging from knowingly underreporting taxable income or overestimating business deductions to sophisticated international VAT carousel frauds; excise fraud: a variation of tax fraud in which import duties or taxes are evaded by smuggling or illegally importing excise goods, illegally manufacturing excise goods or diverting excise goods, for example alcohol, cigarettes or fuel; investment fraud: luring investors to make purchase or sale decisions based on false information, often in variations of boiler room schemes, Ponzi schemes or pyramid schemes, resulting in high losses of the victims, and benefit fraud: illegally claiming benefits a person is not entitled to, for instance unemployment benefits, grants, pensions or compensations, by providing false



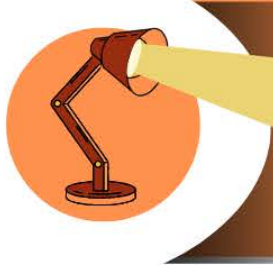


information or not reporting changes in the circumstances determining the eligibility for receiving such benefits. counterfeiting: fraudulently imitating or copying items with the intent to deceive, for instance, consumer products, food, pharmaceuticals, technical products such as parts for aircraft or automobiles, artworks, money or documents (forgery). It is also noted that crimes on the Internet have been growing rapidly in recent years [3]. The same problems are pointed out in PwC's Global Economic Crime and Fraud Survey (2020) [4]. It was emphasised that cybercrime is constantly growing and already affects a third of the world's businesses [5]. The growth of cybercrime is a large-scale threat that harms state resources, public interests and citizens, which reduces humanity's trust in information technology and leads to significant material losses. Why is this so? Firstly, the growing level of cybercrime in the economic sector is associated with a low level of risk for criminals to be brought to justice. Secondly, it is difficult to investigate such crimes, as some cases can only be solved through international cooperation.

The Council of Europe Convention on Cybercrime defines computer-related fraud as depriving a person of his or her property by introducing, altering, destroying or concealing computer data or interfering with the operation of a computer system. It also includes offences related to the infringement of copyright and related rights in accordance with applicable international agreements (Articles 8 and 10 of the Convention). Accordingly, member states should create conditions in their legislation that would reduce the threats of economic crime both locally and via the Internet. That is, first of all, it is necessary to improve domestic legislation and provide appropriate structural units to ensure and properly control economic crimes. For Ukraine, it is worth following the example of England, where the NCA's Anti-Cleptocracy Unit, established in July 2022, plays a key role in responding to economic crime. The unit specialises in investigating corrupt elites and politically exposed persons (PEPs) laundering their assets within the UK. The NCA's Combatting Kleptocracy Cell, established in July 2022, plays a key role in its response to economic crime. The unit focuses on investigations into corrupt elites and Politically Exposed Persons (PEPs) laundering their assets within the UK [6]. In Ukraine, there is currently no corresponding authority, and the draft law "On the Basics of Prevention and Counteraction of Economic Offenses and the Implementation of Financial Control" unfortunately does not provide information about the nature of the state body that would have the authority and capabilities to effectively track criminals, obtain information about their existence and activities.

However, in 2020, Ukraine adopted the Law "On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism, and Financing the Proliferation of Weapons of Mass Destruction" in accordance with the Council of Europe Convention "On Laundering, Search, Seizure and Confiscation of the Proceeds from Crime." This law defines the legalization (laundering) of proceeds from crime to include any actions related to conducting a





financial transaction or legal act with income obtained through criminal means. It also encompasses actions aimed at concealing or disguising the illegal origin of such income, as well as ownership, rights to such income, the sources of their origin, location, movement, transformation of their form, and the acquisition, ownership, or use of income obtained through criminal means (Article 5). The implementation of measures provided for by the legislation on the prevention of legalisation (laundering) of proceeds from crime or terrorist financing is ensured directly by the primary financial monitoring entity, its branches, other separate divisions and subsidiaries [7]. Authorized entities to counteract the legalization of criminally obtained income include the National Police, which conducts pre-trial investigations into criminal offences as specified by Ukrainian law on criminal liability, the National Anti-Corruption Bureau of Ukraine, the Specialized Anti-Corruption Prosecutor's Office, and prosecutor's offices tasked with overseeing compliance with laws during operational and investigative activities. Additionally, the State Bureau of Investigations conducts pre-trial investigations into criminal offences committed by high-ranking officials. Personnel of the National Anti-Corruption Bureau of Ukraine and the Specialized Anti-Corruption Prosecutor's Office also play a role in this regard [8]. Thus, the investigation of other crimes in the economic sphere is carried out on general grounds by the police, the prosecutor's office, and the Security Service of Ukraine. The complexity of the system and the coexistence of the State Financial Monitoring Service with various law enforcement agencies create certain problems, such as information exchange, effectiveness in tracking illegal activities, obtaining relevant information, and oversight measures.

There is also a problem concerning the investigation of economic crimes within the Internet system, as it requires specialized knowledge and skills. In this context, an investigator may not necessarily have a specific education in IT, but possessing basic knowledge in this field is beneficial. Similarly, there is a challenge related to the basic understanding of economic concepts. For example, among the 26 surveyed investigators, only 2 law enforcement officers answered "yes" to the question: "Do you know the names of accounting documents that you need to seize in case of suspicion of committing economic crimes?" In response to the question, "Does a lack of economic knowledge affect the quality of investigation?" all 26 respondents answered "yes." Therefore, the problem is also perceived in the lack of proper training for law enforcement officers.

On the other hand, the prevention (anticipation and cessation) of economic crimes is inherent to the activities of the police, unlike other subjects involved in preventive activities. Prevention of economic crimes should be carried out by units of the criminal police, employing various modern methods, taking into account the types of economic crimes and international practices in countering economic crimes.

Conclusions. Preventing economic crimes is the combination of needs whose satisfaction ensures the existence and the possibility of progressive development not





only for individuals but also for society, the state, and international relations. A high level of economic crimes undermines the credibility of the country and national interests, without the realization of which it is impossible to ensure the stable condition of society and the state, as well as the normal development of the country as an independent subject of international relations.

So, the problems of preventing crimes in the economic sphere will not be solved until the following is established:

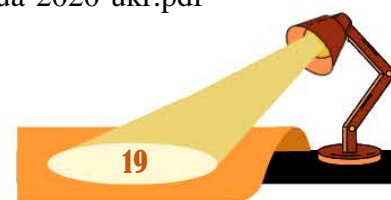
- a sufficient range of training for future police officers in the field of economics who will be involved in the prevention of economic crime;
- training and acquisition of relevant technical knowledge and skills in the IT field for police officers who will be involved in the prevention of economic cybercrime;
- "implementation of a unified police unit dedicated exclusively to economic crimes is essential to understand and properly organize processes for their prevention
- improvement of legislation;
- enhancement of legal culture among the population.

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