

**Refugee Review Tribunal  
AUSTRALIA**

**RRT RESEARCH RESPONSE**

**Research Response Number:** KOR33213  
**Country:** South Korea  
**Date:** 22 April 2008

Keywords: South Korea – Organised crime gangs – Police – State protection – Loan sharks

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**Questions**

- 1. Is there a problem with ‘gangs’ in South Korea?**
- 2. Is the South Korean police force effective and would they investigate and take action on claims of assault and intimidation by organised crime gangs and loan sharks?**

**RESPONSE**

**1. Is there a problem with ‘gangs’ in South Korea?**

Sources indicate that there are a number of different organised crime gangs operating in South Korea, with origins in Korea, China (Triads), Japan (Yakuza and Yamaguchigumi) and Russia (Mafia) (‘Asian Mob “Taking Over Korea”’ 2005, *Chosun Ilbo*, 25 November – Attachment 1; ‘Korea’s Foreign Mobs Exposed’ 2006, *Chosun Ilbo*, 24 October – Attachment 2).

Sources differ in their assessment as to whether these gangs are a serious problem or not. For several years the Economist Intelligence Unit has reported that organised crime gangs in South Korea do not pose a significant problem for foreign investors, though these reports do not comment on other organised crime activities within South Korea, nor on the threat posed to Koreans. The Economist Intelligence Unit’s March 2008 ‘Risk Briefing’ for South Korea noted:

Like Japan, South Korea is one of the world’s safest societies: the incidence of street and petty crime is small, as is the risk to foreign investors from organised crime (Economist Intelligence Unit 2008, ‘South Korea Risk: Security Risk’, 31 March – Attachment 3).

The Overseas Security Advisory Council reported a similar situation in January 2008:

While relatively infrequent by U.S. standards, street crime does occur. The security precautions a person would take in any large city are appropriate throughout South Korea (Overseas Security Advisory Council 2008, 'South Korea 2008 Crime & Safety Report', 30 January <https://www.osac.gov/Reports/report.cfm?contentID=79053> – Accessed 17 April 2008 – Attachment 4).

Other sources suggest that organised crime gangs are a growing problem in South Korea. The South Korean media outlet *Chosun Ilbo* reported in May 2007 that the number of organised crime gangs had grown over a five year period:

The number of organized gangs has grown 18 percent from five years ago, according to data obtained by a lawmaker Wednesday. There are now 222 criminal gangs with 5,269 members. Korea's biggest crime syndicate is the Gyeonggi-based Cheongha Wiseang-pa with 76 members. According to police data submitted to Grand National Party lawmaker Kim Gi-hyun, 23 criminal organizations with 500 members in Seoul and 24 gang organizations with 349 members in the southern port city of Busan are on the police supervision list. But Gyeonggi Province is home to the most criminal rings with no fewer than 29 gangs with 910 mobsters, including the nation's three biggest.

**...Gangsters used to make a living mainly by extortion and forcing concessions from companies, but their business has expanded to the financial area. They lend money to small and medium-sized businesses in financial difficulty and later take over the firms** ('Organized Crime Mushrooms' 2007, *Chosun Ilbo*, 18 May – Attachment 5).

In April 2007 *Joins.com* reported that a "gang war" was being fought between Chinese and Korean gangs on the streets of Seoul, whilst in October 2007 *Yonhap English News* reported that criminal groups in South Korea had extorted more than 16 billion won (approximately A\$18 million) over the past four years ('Chinese criminal gangs battle for Seoul turf' 2007, *Joins.com*, 27 April – Attachment 6; 'Gangs extract 16 bln won from citizens in four years: lawmaker' 2007, *Yonhap English News*, 25 October – Attachment 7).

Sources indicate that organised crime gangs are engaged in a wide range of activities, from traditional sources of income such as bars, nightclubs and loan-sharking, to extortion, drug-trafficking, and people-trafficking. In August 2005, *Joins.com* reported on the links between organised crime and loan sharks in South Korea:

**Some of these loan shark organizations, including many known to be backed by organized crime, charge cash-strapped borrowers interest rates of up to 700 percent a year.**

**Such practices have often drawn public outrage, with media reports emerging of debt defaulters forced into prostitution or even made to sell their organs by the loan sharks** (Joon-Sool, K & Ha-won, J. 2005, 'Lending group trying to get rid of loan sharks', *Joins.com*, 16 August – Attachment 8).

An Immigration and Refugee Board of Canada report from April 2007 comments extensively on loan-sharks, and on protection available for victims of loan sharks, in South Korea. This report notes:

There are some 16,000 private moneylenders registered with the South Korean government and a further 40,000 private moneylenders are reportedly operating illegally in the country (The Korea Times 15 Jan. 2007). **In addition to charging exorbitant interest rates, illegal private moneylenders, or loan sharks, commonly resort to violence to collect money**

**from recalcitrant debtors, according to the NPA** [National Police Agency] (Korea 29 Dec. 2006).

Unlawful methods of debt collection are spelled out, among other regulations, in the 2002 Moneylending Registration Act (Korea 26 Aug. 2002). For example, Article 10 of the Act states that moneylenders shall not [translation] “assault or threaten” borrowers in order to collect money (ibid.). Nor can they [translation] “significantly harm” the private or work life of the borrower by causing [translation] “fear or uneasiness” to either the borrower or people connected to the borrower (ibid.). They likewise cannot visit the borrower, or those connected to the borrower, without just cause (ibid.). Anyone who breaches the prohibitions of the law is subject to a maximum prison term of either three or five years or fines of up to KRW 50 million [approximately CAD 62,000 (XE.com 13 Mar. 2007a)] or KRW 30 million [approximately CAD 37,000 (ibid. 13 Mar. 2007b)], depending on the nature of the offence (Korea 26 Aug. 2002., Art. 19) (Immigration and Refugee Board of Canada 2007, *KOR101977.E – South Korea: Nature and extent of loan-sharking; protection available for victims of loan sharks*, 11 April <http://www.cisr-irb.gc.ca/en/research/rir/?action=record.viewrec&gotorec=451116> – Accessed 18 April 2008 – Attachment 9).

A 2007 article by *Joins.com* reported on the experiences of a 40 year old Korean woman who failed to pay back a loan taken from a loan shark:

‘The loan sharks threatened my mother and my younger sisters, saying they would kill all of us,’ Yoon said. ‘They phoned every minute. They sent frightening text messages and they waited outside my house and shop, so I left home before dawn and returned home late at night to avoid them.’ Finally, after learning that Korean law permits a lender to impose a maximum 66 percent annual interest rate, she decided to go to the police. ‘I informed the Incheon police about my case, and the investigations are currently ongoing,’ she said. Yoon has also sought assistance from the Democratic Labor Party, which runs a school for loan shark victims and helps them to get back on their feet financially. Another study, by the Financial Supervisory Service, showed that private lenders rarely respect the statutory 66 percent ceiling. And despite the threat of three years in prison and up to 30 million won in fines for those who violate the interest rate regulations, the law is rarely enforced (‘In the jaws of a loan shark’ 2007, *Joins.com*, 2 July – Attachment 10).

For more information on the illegal practices of loan sharks see the following attachment (Immigration and Refugee Board of Canada 2006, *KOR101074.E – Republic of Korea: Prevalence, activities, and methods of operation of criminal organizations, including Chinese, Japanese, and Russian syndicates; government measures and their effectiveness in reducing the level of crime and protecting victims (January 2004 – March 2006)*, 4 April <http://www.cisr-irb.gc.ca/en/research/rir/?action=record.viewrec&gotorec=450032> – Accessed 17 April 2008 – Attachment 11).

Sources also indicate that although kidnappings in South Korea are “rare”, with statistics indicating an “average of 3-5 reported kidnappings annually”, the country remains a “key destination” for criminal organisations who target the country as both a source, and destination, for the trafficking of women and children for sexual and labour exploitation (for mention of kidnapping statistics see Overseas Security Advisory Council 2008, ‘South Korea 2008 Crime & Safety Report’, 30 January <https://www.osac.gov/Reports/report.cfm?contentID=79053> – Accessed 17 April 2008 – Attachment 4; for information on people trafficking see US Department of State 2007, *Trafficking in Persons Report 2007*, June, pp.129-130 <http://www.state.gov/documents/organization/82902.pdf> – Accessed 17 April 2008 –

Attachment 12; Synovitz, R. 2005, 'Sex Traffickers Prey On Eastern Europeans', *Radio Free Europe/Radio Liberty* <http://www.rferl.org/featuresarticle/2005/08/42B5F74C-F6C2-475A-B488-20A0662664D1.html> – Accessed 17 April 2008 – Attachment 13; Lim, T. C. 2006, 'The Smuggling and Trafficking of Korean Women to the United States: A Preliminary Study', Prepared for the IOM Seoul Public Symposium on Korean Victims of Trafficking, 6 July, Seoul, Korea, pp. 7-9 [http://instructional1.calstatela.edu/tclim/articles/Lim\\_Trafficking\\_paper.pdf](http://instructional1.calstatela.edu/tclim/articles/Lim_Trafficking_paper.pdf) – Accessed 18 April 2008 – Attachment 14).

## **2. Is the South Korean police force effective and would they investigate and take action on claims of assault and intimidation by organised crime gangs and loan sharks?**

An Immigration and Refugee Board of Canada report from 2007 directly addressed the issue of police action against the misconduct of loan sharks:

**The NPA [National Police Agency] has indicated that beginning in January 2007, it is undertaking a three-month special crackdown on loan sharks who engage in violent business practices and who charge illegal interest rates** (ibid. 29 Dec. 2006; Newsis 18 Jan. 2007). As part of the crackdown effort, a task force team will provide direction to 235 police stations and 1,236 team members as they investigate [translation] “violence, kidnapping, invasion of private life and so on” and monitor the extent to which criminal groups enter private moneylending markets (Korea 29 Dec. 2006). The police are also setting up call numbers and a Web site through which citizens can report illegal private financing activities (ibid.; see also The Korea Times 15 Jan. 2007). Moreover, any police officers who excel at apprehending people suspected of loan-sharking will reportedly be rewarded in various ways, for example, by receiving a promotion (Korea 29 Dec. 2006). The crackdown has been advertised to the public by various means throughout South Korea (ibid.). Police managed to arrest at least two private moneylenders in separate incidents for charging and collecting interest higher than the legal limit in violation of the moneylending law (Newsis 19 Jan. 2007; Kukmin Ilbo 29 Jan. 2007). According to the NPA, these loan sharks strive to keep their identities secret, for example by frequently moving their offices, using anonymous phone numbers and making financial transactions using accounts that cannot be traced to them (Korea 29 Dec. 2006). They use various methods to advertise their services such as spam e-mail messages and text messages, and posters on roadside trees and electric poles (ibid.).

**Members of the government are also saying that it needs to do more to protect people from loan sharks** (The Korea Times 22 Feb. 2007) According to The Korea Times, Finance-Economy Minister Kwon O-kyu, who is also deputy prime minister, says that a “state-initiated social safety net” is necessary to protect the many Koreans who are indebted to private moneylenders charging extremely high interest rates (22 Feb. 2007). In addition, Vice Finance-Economy Minister Chin Dong-soo was reported as saying that the government must prevent loan sharks from taking advantage of people with low incomes by charging interest rates over the legal limit (The Korea Times 22 Feb. 2007). The Ministry of Justice is reporting that the yearly interest rate limit will “likely” be reduced to 40 percent (ibid.) ((Immigration and Refugee Board of Canada 2007, *KOR101977.E – South Korea: Nature and extent of loan-sharking; protection available for victims of loan sharks*, 11 April <http://www.cisr-irb.gc.ca/en/research/rir/?action=record.viewrec&gotorec=451116> – Accessed 18 April 2008 – Attachment 9).

Beyond this, sources are mixed in their assessment as to whether the South Korean police force, the Korean National Police Agency (KNPA or NPA), has been effective in fighting

organised crime gangs in recent years. The Security Information Service for Business Overseas noted:

Russian, Nigerian and Chinese organised crime groups operate in South Korea, as well as significant local organised crime groups. They generally do not pose a threat to foreign businesses although there have been reports of thugs hired by union groups to influence pay negotiations. **The Police are generally effective, and should be consulted if any suspect approach is made to a company** ('Business Security Information for South Korea: Organised Crime & Corruption' (undated), Security Information Service for Business Overseas website <http://www.sisbo.org.uk/skcorruption.html> – Accessed 17 April 2008 – Attachment 15).

Sources have also reported on a number of recent “crackdowns” on organised crime. The South Korean media outlet *Chosun Ilbo* reported in April 2007:

Police arrested 32 ethnic Koreans from China who were part of a criminal gang called the Yanbian Hei She ring that operated in Chinatown in Garibong-dong, Guro-gu, western Seoul ('Police Smash Violent Chinese-Korean Gang' 2007, *Chosun Ilbo*, 27 April <http://english.chosun.com/w21data/html/news/200704/200704270025.html> – Accessed 18 April 2008 – Attachment 16).

Similarly, *Korea Times* reported in October 2007 that the number of “gangsters” being watched by authorities had surpassed 10 000 since a nationwide crackdown on organised crime began in the 1990s. Sources have also reported that organised crime groups were being forced into other areas of operations, such as drug crimes, following police crackdowns on their regular activities ('10,000 Gangsters Under Surveillance' 2007, *Korea Times*, 8 October – Attachment 17; 'Rising drug crimes' 2006, *The Korea Herald*, 16 June – Attachment 18; 'Threats Highlight Mob Role in Korean Show Business' 2007, *Chosun Ilbo*, 8 February – Attachment 19).

On the other hand, sources have also suggested that the number of organised crime gangs is on the rise. *Yonhap English News* reported that Representative Kim Gi-hyeon of the opposition Grand National Party criticised the police force, stating that “number of gangsters nabbed by law enforcement officials has steadily dropped since 2003”. *Yonhap English News* stated that Representative Kim Gi-hyeon also “denounced police for their failure to maintain proper vigilance over 39 of 68 major crime rings, saying that 60 percent of gang activities have involved the use of violence” ('Gangs extract 16 bln won from citizens in four years: lawmaker' 2007, *Yonhap English News*, 25 October – Attachment 7; for information on the rise of gangs see 'Organized gangs on rise, crimes evolving: lawmaker' 2007, *Yonhap English News*, 16 May – Attachment 20; 'Organized Crime Mushrooms' 2007, *Chosun Ilbo*, 18 May – Attachment 5).

Several sources also report on police protection in South Korea. In May 2007, *Korea Times* reported that police were providing protection for six people assaulted by an organised crime gang in Seoul (Tae-jong, K. 2007, 'Hanwha CEO Mobilized Gangsters for Revenge', *Korea Times*, 7 May – Attachment 21).

In a dated report from 2001, *BBC Monitoring Asia-Pacific* noted:

The police will tackle organized crime via all means possible, including referring gang businesses to the National Tax Service for tax evasion probes. **The police will also provide full protection to anyone who offers information concerning the activities of gangs.** Rewards for such information could run as high as 5m won (3,900 US dollars). The special

investigation squad will beef up their activities to collect information on organized gangs and arrest crime bosses ('Seoul police to crack down on organized crime' 2001, *BBC Monitoring Asia-Pacific*, 6 December – Attachment 22).

However, no direct information could be found in the searches conducted on the effectiveness of this protection. An Immigration and Refugee Board of Canada report from 2006 similarly noted:

Information on government measures used specifically to protect victims of organized crime could not be found among the sources consulted by the Research Directorate (Immigration and Refugee Board of Canada 2006, *KOR101074.E – Republic of Korea: Prevalence, activities, and methods of operation of criminal organizations, including Chinese, Japanese, and Russian syndicates; government measures and their effectiveness in reducing the level of crime and protecting victims (January 2004 – March 2006)*, 4 April <http://www.cisr-irb.gc.ca/en/research/rir/?action=record.viewrec&gotorec=450032> – Accessed 17 April 2008 – Attachment 11).

## List of Sources Consulted

### Internet Sources:

Google <http://www.google.com.au/>  
All the web <http://www.alltheweb.com/>  
Altavista <http://www.altavista.com/>  
Ask <http://www.ask.com/?ax=5>  
Exalead <http://www.exalead.com/search>  
Yahoo! <http://search.yahoo.com/>

### **Government Information & Reports**

Immigration & Refugee Board of Canada <http://www.irb.gc.ca/>  
UK Home Office <http://www.homeoffice.gov.uk>  
US Department of State <http://www.state.gov/>

### **Non-Government Organisations**

Amnesty International website <http://www.amnesty.org/>  
Human Rights Watch <http://www.hrw.org/>

### **International News & Politics**

*BBC News* <http://www.bbc.co.uk/worldservice/index.shtml>

### Databases:

BACIS (DIMA Country Information database)  
REFINFO (IRBDC (Canada) Country Information database)  
ISYS (RRT Country Research database, including Amnesty International, Human Rights Watch, US Department of State Reports)  
RRT Library Catalogue

## List of Attachments

1. 'Asian Mob "Taking Over Korea"' 2005, *Chosun Ilbo*, 25 November. (FACTIVA)
2. 'Korea's Foreign Mobs Exposed' 2006, *Chosun Ilbo*, 24 October. (FACTIVA)

3. Economist Intelligence Unit 2008, 'South Korea Risk: Security Risk', 31 March. (FACTIVA)
4. Overseas Security Advisory Council 2008, 'South Korea 2008 Crime & Safety Report', 30 January <https://www.osac.gov/Reports/report.cfm?contentID=79053> – Accessed 17 April 2008.
5. 'Organized Crime Mushrooms' 2007, *Chosun Ilbo*, 18 May. (FACTIVA)
6. 'Chinese criminal gangs battle for Seoul turf' 2007, *Joins.com*, 27 April. (FACTIVA)
7. 'Gangs extract 16 bln won from citizens in four years: lawmaker' 2007, *Yonhap English News*, 25 October. (FACTIVA)
8. Joon-Sool, K & Ha-won, J. 2005, 'Lending group trying to get rid of loan sharks', *Joins.com*, 16 August. (FACTIVA)
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11. Immigration and Refugee Board of Canada 2006, *KOR101074.E – Republic of Korea: Prevalence, activities, and methods of operation of criminal organizations, including Chinese, Japanese, and Russian syndicates; government measures and their effectiveness in reducing the level of crime and protecting victims (January 2004 – March 2006)*, 4 April <http://www.cisr-irb.gc.ca/en/research/rir/?action=record.viewrec&gotorec=450032> – Accessed 17 April 2008.
12. US Department of State 2007, *Trafficking in Persons Report 2007*, June, pp.129-130 <http://www.state.gov/documents/organization/82902.pdf> – Accessed 17 April 2008.
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14. Lim, T. C. 2006, 'The Smuggling and Trafficking of Korean Women to the United States: A Preliminary Study', Prepared for the IOM Seoul Public Symposium on Korean Victims of Trafficking, 6 July, Seoul, Korea, pp. 7-9 [http://instructional1.calstatela.edu/tclim/articles/Lim\\_Trafficking\\_paper.pdf](http://instructional1.calstatela.edu/tclim/articles/Lim_Trafficking_paper.pdf) – Accessed 18 April 2008.
15. 'Business Security Information for South Korea: Organised Crime & Corruption' (undated), Security Information Service for Business Overseas website <http://www.sisbo.org.uk/skcorruption.html> – Accessed 17 April 2008.

16. 'Police Smash Violent Chinese-Korean Gang' 2007, *Chosun Ilbo*, 27 April <http://english.chosun.com/w21data/html/news/200704/200704270025.html> – Accessed 18 April 2008.
17. '10,000 Gangsters Under Surveillance' 2007, *Korea Times*, 8 October. (FACTIVA)
18. 'Rising drug crimes' 2006, *The Korea Herald*, 16 June. (FACTIVA)
19. 'Threats Highlight Mob Role in Korean Show Business' 2007, *Chosun Ilbo*, 8 February. (FACTIVA)
20. 'Organized gangs on rise, crimes evolving: lawmaker' 2007, *Yonhap English News*, 16 May. (FACTIVA)
21. Tae-jong, K. 2007, 'Hanwha CEO Mobilized Gangsters for Revenge', *Korea Times*, 7 May. (FACTIVA)
22. 'Seoul police to crack down on organized crime' 2001, *BBC Monitoring Asia Pacific*, 6 December. (FACTIVA)