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Yakuza: The Warlords of Japanese Organized Crime

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YAKUZA: THE WARLORDS OF JAPANESE ORGANIZED CRIME

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The power of the yakuza, Japan's legendary crime syndicates, reaches into all areas of Japan's economic life and politics. Composed of some 3,000 separate, tightly-knit gangs, with over 80,000 members, the yakuza survive despite Japan's 1992 Anti-gang law and other government measures. While the range of their traditional activities has been somewhat reduced, they have compensated by turning to more sophisticated types of crime and by expanding their operations abroad – mostly to Southeast Asia, parts of Latin America, and the U.S. Estimates of their annual income from criminal activities and their 25,000 legitimate "front" organizations run to as high as 70 billion dollars, with some 500 million dollars traced to the U.S. The author examines the history, societal context, organizational structure, activities and tactics of the yakuza and concludes with an assessment of how, and the extent to which their power and criminal operations can be curbed.

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I. INTRODUCTION

When people think about international trade and transactions they think about multinational corporations conducting legitimate business in commodities such as cars, oil, electronics, textiles, etc. However, there is a darker side to international business transactions that involves international organized crime groups who deal in "commodities" such as narcotics, weapons, counterfeiting, and the smuggling of women for the sex slave trade, to name just a few.

Some of the wealthiest, most organized and sophisticated of these international organized crime groups are 300 year-old Japanese groups called the yakusa. The majority of these yakusa syndicates operate in and out of Japan; however, there are many yakusa syndicates expanding their operations all over the world to every expatriate Japanese community. This international expansion of the yakusa and their activities will probably continue due to their increasing involvement in the drug and gun trade, and, more importantly, because of their ever increasing involvement in highly sophisticated financial crimes which have the potential to affect the economies of foreign nations. More importantly, the yakusa syndicates, unlike other ethnic organized crime groups, are, to a certain degree, readily accepted by Japanese society and heavily connected to the highest levels of government; factors which will make it extremely difficult, if not impossible, to eliminate them from the national and international scene.

Therefore, it is important that governments and law enforcement officials around the world understand the history, organization, structure, "business" practices and tactics, and the future of these yakusa syndicates, if they are to combat the "new" wave of organized crime groups in their countries. To understand the motivation and mechanisms of the yakusa, it is essential to have some knowledge of their long and complex history.

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II. HISTORICAL BACKGROUND OF THE YAKUZA

The history of the yakuza is filled with tales of yakuza Robin Hoods coming to the aid of the common people. The heroes of these tales are society's victims who bettered their lives and lived the life of the outlaw with dignity. These tales stand at the heart of the yakuza's self-image, and of public perception as well. The police and most scholars challenge the accuracy of these Robin Hood tales, but the feeling persists among the Japanese that organized crime in Japan bears a noble past. To understand this romantic image of the yakuza, one must go back nearly four centuries to an era that is the source of countless modern legends in Japan where the sword and the samurai reigned supreme.

A. MACHI-YAKKO AND HATAMOTO-YAKKO

The modern-day yakuza are believed to be the spiritual, more so than historical, descendants of the outlaw ronin (masterless samurai) of the 17th century. When the Tokugawa Shogunate brought peace to Japan, most samurai were left unemployed. Knowing nothing other than combat, many of these ronin formed into outlaw gangs called the hatamoto-yakko (servants of the shogun). The hatamoto-yakko went around the countryside terrorizing and robbing the local citizens.

While these criminal groups might appear to be the true fathers of the yakuza, today's yakuza identify not with the hatamoto-yakko, but with their historic enemies, the machi-yakko (servants of the town). The machi-yakko were bands of young townspeople and ronin who, as fear and resentment grew, formed into groups to defend themselves from the frequent attacks of the hatamoto-yakko. Like the yakuza of today, the machi-yakko were adept gamblers, and they

3. Id.
4. Id.
5. Id.
developed a close relationship with their leaders that may have been a precedent for the tightly-knit modern *yakuza* syndicates.\(^6\) The villagers admired the *machi-yakko* standing up to the *hatamoto-yakko*, and they revered them as folk heroes and Robin Hoods.

It is understandable that the modern-*yakuza*, who see themselves as honorable outlaws, have chosen to look upon the *machi-yakko* as their spiritual ancestors. But a direct historical connection is hard to make because both *yakko* groups disappeared by the late 17th century after repeated crackdowns by the shogunate.\(^7\) Although the *machi-yakko* probably performed some honorable acts, they were, in truth, also involved in criminal activities and largely known as "disorderly rogues."\(^8\) Therefore, the *machi-yakko* owe their reputation not so much to their deeds, but to legend, in this case, to 18th century plays in which they are portrayed as champions of the weak.\(^9\)

**B. TEKIYA AND BAKUTO**

The early *yakuza* did not appear until the middle of the 18th century. These early *yakuza* were the enterprising members of a medieval underworld who today are widely seen as the true ancestors of the modern *yakuza*: the *bakuto* (traditional gamblers) and the *tekiya* (street peddlers).\(^10\) Today, alongside the pictures of godfathers that adorn the walls of *yakuza* headquarters are family trees that link the modern group, however precariously, to the old *bakuto* and *tekiya* gangs.\(^11\) What is so unusual is that such ancestral connections are made not by blood, but through adoption.\(^12\) So distinctive were the habits of these two groups that Japanese police today still

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6. Id. at 15.
7. Id. at 16.
8. Id.
9. Id.
11. KAPLAN & DUBRO, supra note 2, at 18.
12. Id.
classify most *yakuza* as either *bakuto* or *tekiya*; although, a third group, the *gurentai* (hoodlums), was added after World War II.\footnote{13. Id.}

Each group had its own membership, origin, and territory, with its own *kumicho* (boss).\footnote{14. ROBERT Y. THORTON & KATSUYA ENDO, PREVENTING CRIME IN AMERICA AND JAPAN 169 (1992).} Furthermore, each group had its own distinctive group structure, behavior patterns, codes, values, and jargon.\footnote{15. Iwai, supra note 10, at 208.} Additionally, the ranks of both groups were largely filled with the same types of people - the poor, the landless, delinquents, and ancestral outcasts called *burakumin*, who were people who worked with dead animals, such as leather-workers, or in “unclean” occupations, such as undertaking.\footnote{16. Kaplan & Dubro, supra note 2, at 22.} Finally, the *bakuto* and *tekiya* each stuck closely to their unique area to such an extent that they could operate within the same small territory without conflict: the *bakuto* operated along the busy highways and towns; while the *tekiya* worked in the street-markets and fairs.\footnote{17. Id. at 18.}

1. Tekiya

By the mid-1700's, the *tekiya* banded together for mutual interest and protection from the oppression of the Tokugawa Shogunate. The *tekiya* gangs established control over the portable booths in market fairs held at temples and shrines, and they had a reputation for shoddy goods and deceptive salesmanship.\footnote{18. Id. at 21.} The *tekiya* were organized according to feudal status with members falling into one of five ranks: boss, underboss, officers, enlisted men, and apprentices.\footnote{19. Id.} The new members began by living in the boss's house where they did menial chores while learning the business.\footnote{20. Id.} The new members would then join the enlisted men in peddling the boss's goods around the country, and only after the new members returned...
with favorable results were they admitted as full-status members. Furthermore, all tekiya members were bound by a strict organization, an authoritarian oyabun (literally, parent role), and the following "Three Commandments of Tekiya: (1) Do not touch the wife of another member; (2) Do not reveal the secrets of the organization to the police; and (3) Keep strict loyalty to the oyabun-kobun (literally, father-role/child-role) relationship."

The tekiya bosses controlled the allocation of market-stalls and to some extent the availability of goods which were to be sold. Additionally, the bosses demanded payment from street peddlers for the privilege of opening their stalls and for "protection" from anything happening to their stalls. Those peddlers who refused payment had their goods stolen, their customers driven away, and were physically assaulted. This kind of extortion continues to the present day.

While there were territorial fights between tekiya gangs, a good deal of cooperation existed between them, for as tekiya members traveled from fair to fair they inevitably fell under the care of other bosses who, upon payment, would see to it that the members were assigned a favorable place to open their stalls.

Unlike the bakuto, the tekiya operations were mostly legal. Moreover, feudal authorities increased the power of the tekiya bosses by granting official recognition of their status between the years 1735 and 1740. The shogunate granted the tekiya bosses this nearly official samurai status in order to reduce widespread fraud among the gangs and to prevent future turf wars. With such legitimacy, and with the rapid growth of

21. Id.
22. Id. at 21.
23. Id.
24. Id. at 22.
25. Id.
26. Id.
27. Id.
28. Id. at 22.
towns, the tekiya gangs began to spread and began organizing market fairs of their own. Despite this official legitimacy, however, the gangs continued their criminal activities, such as extortion, protection rackets, and gang wars.

2. Bakuto

The first bakuto gangs were recruited by Tokugawa government officials who were responsible for irrigation and construction projects. These construction efforts required large payments of money to the laborers, money that the government officials schemed to get back by hiring bakuto to gamble with the workers. Later on the bakuto organized into disciplined groups, and they began operating along the major highways of feudal Japan. The bakuto gave the modern yakuza its central tradition of gambling, finger-cutting, tattooing, and the first use of the word yakuza.

The term yakuza is derived from the worst possible hand in the card game hana fuda: a hand consisting of the cards 8 (ya), 9 (ku), and 3 (za). The losing combination of ya-ku-za came to be used widely among the early bakuto gangs to denote something worthless, and it was later applied to the gamblers themselves. For years the word yakuza was limited to the bakuto gangs - some yakuza purists today insist that the only true yakuza are the gamblers - but by the 20th century, the word gradually came to be used by the public to apply to both bakuto and tekiya gangs.

The early bakuto groups developed a set of rules that included strict adherence to secrecy, obedience to the oyabun-kobun system, and a ranking order determining one's status and role within the group. Total control rested with the oyabun. New

29. Id. at 23.
30. Id.
31. Id.
33. Id.
34. KAPLAN & DUBRO, supra note 2, at 24.
35. Id.
recruits started out as apprentices doing menial tasks for the oyabun, and promotions were based on a member’s performances during gang fights, gambling skills, and loyalty to the oyabun.\(^{36}\)

Despite some bloody territorial disputes, the bakuto generally helped one another out. One example was the bakuto’s system of “travelers”, a custom by which gamblers would visit the boss of each region on their route, stay several days, and receive a small amount of money for expenses.\(^{37}\)

As stated previously, certain early bakuto gangs were granted a measure of official sanction, although less formally than the tekiya, and they became adept at working with the authorities; some bakuto oyabun were even deputized.\(^{38}\) Such agreements with the police allowed the gangsters to consolidate and expand their power. Similar agreements later formed the basis for political corruption that reached to the highest levels of the Japanese government in modern times.

C. MODERNIZATION OF THE YAKUZA

By the turn of the 20th century, Japan had evolved into a complex and rapidly modernizing society. The people witnessed the evolution of their first parliament and political parties and the growth of a powerful, autonomous military. As the country modernized, the yakuza expanded their activities. The gangs became entrenched in organizing day laborers for construction jobs and in recruiting stevedores for the increasing business on the docks.\(^{39}\) However, gambling still remained the chief source of income for the bakuto gangs, and the tekiya also maintained their traditional operations in the street stalls.\(^{40}\) Additionally, many yakuza bosses started legitimate businesses to act as fronts for the group’s criminal

\(^{36}\) Id.
\(^{37}\) Id. at 27.
\(^{38}\) Id. at 26.
\(^{39}\) Id. at 32.
\(^{40}\) Id.
activities, and they began a custom, which has survived today, of bribing local police and government officials.\footnote{Id.}

1. Establishing Political Connections

Both bakuto and tekiya groups continued to cultivate political connections and gradually some groups developed close ties to important officials.\footnote{Id.} The gangs wanted some measure of government sanction or at least some freedom from police crackdowns, and they saw cooperation as the key. The government used the gangsters to stifle labor unrest. The relationship between the gangsters and political officials was always on the conservative side, but late in the 19th century this relationship evolved into ultranationalistic overtones.\footnote{Id. at 32.}

This ultranationalism emerged due to the efforts of a man born in the mid-1800's in the city of Fukuoka named Mitsuru Toyama, and it was Toyama who would forever change the course of both organized crime and politics in Japan, joining the two together in a way that endures to the present day.\footnote{Id. at 33.}

Toyama started an ultranationalist secret society called the Dark Ocean Society that wanted Japanese expansion abroad and authoritarian rule at home.\footnote{Id.} The Dark Ocean Society waged a campaign of terror, blackmail, and assassination to exert influence over military officers and government officials in order to achieve the goal of a new social order in Japan.\footnote{Id. at 34.}

In 1892, during the first ever national elections in Japan, Toyama greeted it with the first ever large-scale operation between rightists and yakuza.\footnote{Id. at 34.} Toyama's Dark Ocean Society agents joined with 300 members of a yakuza gang to wage a violent campaign in support of conservative politicians.\footnote{Id.}

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Surprisingly, this rightist-gangster force was joined by policemen, who had been ordered by the Minister of Home Affairs to assist the rightist-gangster group in harassing anti-government opponents. This group was also responsible for the assassination of the Queen of Korea which led to the Japanese invasion of Korea in 1895.

These secret societies financed their operations through criminal activities such as gambling, prostitution, protection rackets, strike breaking, blackmail, and control of laborers, entertainers, and street peddlers. These secret societies attracted the bosses of local tekiya and bakuto gangs which began a process that to this day continues to blur the distinction between organized crime groups and ultranationalists in the minds of the Japanese citizenry. The reasons that the yakuza gangs were willing to join forces with the ultranationalists were because they both: (1) resented foreigners; (2) hated liberalism and socialism; (3) revered a romanticized past; (4) deified the emperor; and (5) organized along the rigid oyabun-kobun system. Additionally, the emergence of a political left-wing and labor movement at the turn of the century, which threatened the basis of yakuza power, made the yakuza gangs easy converts to ultranationalism.

Thus, began an era of yakuza cooperation with the ultranationalists. So successful was the ultranationalist movement that many members were elected to national office, and it was these people who led Japan into World War II.

During the period leading up to World War II, the numerous yakuza and ultranationalist gangs continued to contribute men and muscle to the patriotic cause. For example, yakuza groups went to occupied Manchuria and China to participate in “land development” programs and to assist in the Japanese Opium

49. Id.
50. Id. at 35.
51. Id.
52. Id.
Monopoly Bureau, whose job it was to raise money and weaken public resistance through drug addiction.\textsuperscript{53}

Aside from their political aspirations, the \textit{yakuza} groups were busy expanding their business activities back home in Japan. Military expansion had brought enormous amounts of money into Japan, and the \textit{yakuza} were posturing to grab a large share of the money. For example, in the port city of Kobe, \textit{yakuza} gangs gathered up groups of otherwise unemployable and unskilled people and sold them for cheap labor to the longshore firms in need of labor.\textsuperscript{54}

However, with the onset of World War II, most \textit{yakuza} gangs were weakened in power or eliminated altogether because \textit{yakuza} members were required either to join the military or go to prison.\textsuperscript{55}

After World War II, with Japan in ruins and the \textit{yakuza} gangs in disarray, it was ultimately the American Occupational Forces who would, directly and indirectly, contribute to the rebirth of the \textit{yakuza}. For example, while the Government Section of the Occupational Forces was trying to eliminate the \textit{yakuza} altogether, U.S. military intelligence officials were secretly aiding the \textit{yakuza} and ultranationalists in order to suppress a perceived threat of growing communism.\textsuperscript{56} For example, the \textit{yakuza} were used for strike-breaking and attacks on leftist leaders.\textsuperscript{57} Additionally, policies of food-rationing helped perpetuate the black market which was supplied by American soldiers and which, as a result, brought many gangs wealth and power.\textsuperscript{58} In essence, the black market in foodstuffs did for the \textit{yakuza} what prohibition did for the U.S. Mafia. Finally, the complete disarming of the civilian police force

\textsuperscript{53} \textit{Id.} at 38.
\textsuperscript{54} \textit{Id.}
\textsuperscript{55} \textit{Id.} at 39.
\textsuperscript{56} \textit{Id.} at 44.
\textsuperscript{57} \textit{Id.} at 62.
\textsuperscript{58} \textit{Id.}
allowed the yakuza gangs to essentially operate unhindered by law enforcement.59

One noted event that happened during the occupation period, which reestablished strong ties between the yakuza and the police and which probably contributed to some future police and societal tolerance of the yakuza, happened in the city of Kobe.60 A group of sangokujin (people of three countries) consisting of Chinese, Taiwanese, and Koreans held several policemen hostage. The mayor of Kobe approached the Yamaguchi-gumi yakuza group for help. The yakuza ambushed the sangokujin and resolved the incident. The yakuza’s reward for this act was twofold: (1) the hated sangokujin were routed; and (2) the police owed the yakuza a long-term debt of giri (duty or obligation).61 The Kobe incident is considered by the yakuza to be a great patriotic stand, because they were saving Japan from foreigners and; it was, once again, the yakuza as champions of the common people.

2. Creation of the Gurentai

During the occupation a new type of yakuza group was forming called the gurentai (hoodlums).62 The gurentai groups operated through the use of threat, extortion, and violence. Additionally, these groups were far more ruthless and violent than the bakuto and tekiya gangs.63 Finally, the gurentai were also not above using violence and extortion against the common people, which violated the long unwritten code of the bakuto and tekiya gangs not to commit acts of violence against the citizens.
3. Yoshio Kodama

Perhaps the most important thing the American Occupational Forces did, which eventually gave the yakuza unprecedented political power, was to release from prison a Class A war criminal named Yoshio Kodama. Kodama was released from prison due to a combination of two factors. First, the Occupational Forces feared that communism would spread to Japan, and Kodama had connections within the criminal underworld and the government to suppress that perceived threat. More importantly, however, was the coming to power of the communists in China, and the Americans’ need for someone who had previously operated in China and who had an extensive intelligence network there. That man was Yoshio Kodama. As a result, Kodama became one of the most powerful men in postwar Japan, and he also became the yakuza’s link to the highest levels of Japanese government. Kodama’s activities before and during World War II made him a very wealthy individual, and he used that money after his release from prison to finance the founding of the Liberal-Democratic Party (LDP) which controlled the Japanese Government until the early 1990’s.64

Kodama was a ultranationalist and a kuromaku (black curtain puller), in other words, an individual who operated behind the scenes influencing government policy.65 Kodama helped Nobusuke Kishi, also a war criminal, to become the Prime Minister of Japan in 1957, and he also helped Bamboku Ohno to become Secretary General of the LDP in 1963.66 These three people helped to return many prewar rightists and yakuza allies to the center stage of power in Japan.

Kodama’s actions also gave the yakuza some measure of official legitimacy. For example, in 1960, with the increase of leftist demonstrations in Japan and the impending visit of President Eisenhower, whose trip was later canceled, Prime Minister

64. Id. at 67.
65. Id. at 78.
66. Id. at 82.
Kishi and Kodama enlisted the aid of the *yakuza* and established a 40,000 man force to quell the demonstrations and to protect Ike’s safety. Additionally, in the 1960’s, Kodama even tried to establish one unified *yakuza* group consisting of all the most powerful *yakuza* syndicates called the Kanto-kai; however, the organization disbanded fifteen months after it was created.

In 1972, Kodama also helped to end a long feud between two of the most powerful *yakuza* syndicates, the Yamaguchi-gumi and the Inagawa-kai, by arranging an alliance between the two groups. This alliance was extremely powerful as only four Japanese prefectures escaped the influence of the two syndicates.

Therefore, from 1960 to the mid-1970’s, Yoshio Kodama, and the groups he represented — from the right-wing thugs, to the *yakuza* syndicates, and to his minions in the government — had reached the summit of power. Kodama had an army of rightists and gangsters at his disposal, millions of dollars in his pockets, and a corrupt and complicit government. As a result, the underworld’s *kuromaku* and power-broker had become the most powerful man in Japan and, as a result, the *yakuza* syndicates were tapped into the highest levels of Japanese government.

However, in 1976, this power structure came to an end. Kodama, Prime Minister Kakuei Tanaka, and other high government officials were toppled from power amid revelations of approximately $12 million in illegal payoffs from the Lockheed corporation, which were paid since the 1950’s to secure airplane sales contracts from the Japanese government. As a side note, the Lockheed scandal prompted

67. *Id.* at 85.
68. *Id.* at 94.
69. *Id.* at 98.
70. *Id.*
71. *Id.* at 102.
the U.S. Congress to enact the Foreign Corrupt Practices Act of 1977 which prohibits overseas bribes by U.S. corporations.\footnote{72}

Based on the Lockheed revelations Kodama was arrested and charges filed against him in 1981, and without ever going to jail Kodama died in 1984.\footnote{73} Thus ended the era of one of the most, if not the most, powerful man in postwar Japan.

4. After the Occupation Years

As Japan recovered from defeat and destruction, the \textit{yakuza} were forced to move from control of necessities to control of luxuries, such as gambling, professional sports, entertainment, prostitution, and drugs.\footnote{74} Additionally, many of the \textit{yakuza} members quit their life of crime for legitimate sources of income; however, a large number of them stayed and formed the core of the new \textit{yakuza} syndicates who continued to gain enormous wealth and power.

The structure and operations of the \textit{yakuza} began to change after the war as well. The \textit{yakuza} were becoming more violent, the use of firearms increased, and common people were now being subjected to robberies and shakedowns, all of which violated the \textit{yakuza}'s unwritten code.\footnote{75} Additionally, syndicates began to enlarge to thousands of members who were overseen by dozens of sub-\textit{oyabuns}, and the larger syndicates began to absorb the smaller ones.\footnote{76} Furthermore, the syndicates no longer consisted of just one type of \textit{yakuza} group, rather they were an amalgam of \textit{tekiya}, \textit{bakuto}, and \textit{gurentai} groups.\footnote{77}

Although the police cracked down on the \textit{yakuza} syndicates from time to time during the 1950's, 1960's, and 1970's, many high officials in the ruling party (LDP) were less concerned
with the day-to-day operations of the *yakuza* and were more interested in forming alliances with them. The *yakuza* gangs played an essential role in helping many politicians shape their political careers through the help of such people as Yoshio Kodama.

Although the death of Yoshio Kodama resulted in the loss of a powerful connection to the Japanese government for the *yakuza*, questionable payments and underworld connections, although less obvious, still stretch far and wide among Japan’s elected officials at the local and national levels. For example, in the Sagawa Kyubin scandal, it was revealed that *yakuza* syndicates were involved in the selection of Prime Minister Noboru Takeshita in 1987. Furthermore, the *yakuza* today are employed in Japanese politics as fund raisers, bodyguards, and campaign workers and in return, the *yakuza* bosses gain access to many of the nation’s leading politicians. Finally, these politicians, through *yakuza* pressure, have delayed many regulatory reforms in *yakuza*-dominated industries such as money lending and private guard services.

In the early 1970’s, the *yakuza*, capitalizing on their dominance in Japan, started expanding overseas, first targeting Korea, Thailand, the Philippines, and the rest of the Pacific Rim, then Hawaii and the west coast of the United States, before moving in on the rest of North and South America.

Then in the mid-1980’s with the economic boon in Japan, the *yakuza* used cheap loans to invest heavily into legitimate areas, such as real estate and business, at home and abroad.

Today, with the collapse of the “bubble economy” in Japan during the early 1990’s, and the adoption of the 1992 Anti-gang law, the *yakuza* as a whole are changing by streamlining through the absorption of the smaller syndicates into the larger
syndicates, and by some members quiting crime altogether. However, the yakuza will continue to survive through adaptation and through their continued connections to high government officials.

D. CONCLUSION

In conclusion, despite legal sanctions, police crackdowns, and scandal revelations, the yakuza syndicates are still entrenched in Japanese society, economy, and politics, and they have adapted their methods of operations and structure in order to thrive. More ominously for the rest of the world, they have also expanded their operations to parts of Southeast Asia, Europe, and North and South America. Furthermore, even with the Anti-gang law, the yakuza are still very much alive and well in Japan and abroad.

In addition to the importance of knowing the history of the yakuza, understanding their organizational structure is equally important when it comes to developing ways to combat yakuza organized crime in Japan and abroad.

III. YAKUZA ORGANIZATIONAL STRUCTURE

The yakuza organizational structure is very complex. For one thing, the yakuza enjoy some degree of public acceptance. As a result of this acceptance, suprisingly, at least up until 1992 with the enactment of the Anti-gang law in Japan, the yakuza openly admitted who they were as each group had its own distinctive insignia inscribed onto lapel pins and flags. 82 Gang members openly and proudly wore their lapel pins, and they also carried business cards which had their name, gang name, and rank printed on them. 83 Furthermore, the gang insignia was displayed on their gang headquarters. 84 Often on display also, inside gang headquarters, were photos of all the previous

83. RYAN, supra note 32, at 57.
84. Keene, supra note 82, at 15.
godfathers of the organization, bottles containing the severed finger-tips of yakuza members, and a complex organizational chart which traced the group's ancestry back several generations. 85

Several of the largest syndicates even published their own newspapers or magazines complete with legal advice, photographs, announcements of initiation rites, jailings, prison releases and funerals, and moral guidelines. 86 Some syndicates, such as the Yamaguchi-gumi, even offer benefits, such as retirement pay. 87

Additionally, the yakuza groups disguise themselves and their activities through the use of front companies or by claiming to be political or religious organizations. 88 Also, to hide their activities, the yakuza will use archaic Japanese or heavy slang when they talk, so the police and citizens will not know what is being said. 89

A. ORGANIZATIONAL STRUCTURE

Initially, as stated previously, each yakuza gang can itself be classified according to its historical background as a bakuto, tekiya, or gurentai gang. 90 Additionally, while there is no one central administrating body governing the activities of all yakuza groups and while each yakuza gang is, theoretically, autonomous, most yakuza gangs join together to form syndicates with the largest and most powerful of the gangs at the top of the power structure. 91 Furthermore, the syndicates are not comprised solely of the same type of gang, rather the syndicates are an amalgam of bakuto, tekiya, or gurentai gangs.

85. KAPLAN & DUBRO, supra note 2, at 142.
86. Id. at 146.
87. Id. at 137.
89. ROME, supra note 1, at 214.
90. WILLIAM CLIFFORD, CRIME CONTROL IN JAPAN 120 (1976).
91. Iwai, supra note 10, at 215.
Two types of organizational structures exist in the *yakuza* syndicates. The first structural type is a pyramidal power structure which is followed by the two largest syndicates in Japan: the Yamaguchi-gumi and the Inagawa-kai.  

The second structural type is a federation or conglomerate structure which is followed by the Sumiyoshi-reno syndicate.

1. Pyramidal Structure

The pyramidal structure type, which is based on feudal power structures, is the traditional structure of the *yakuza* with enormous power vested in the godfather of the syndicate. At the top of the pyramid is the godfather or *kumicho* (supreme chief) of the syndicate. Under the *kumicho* rule a group of usually four *shatei* (younger brothers). Next follows a group of eight directors called *wakashira-hosa* (assistant young leaders), one of whom will be appointed a *wakashira* (young leader). The *shatei, wakashira*, and *wakashira-hosa* function as a board of directors who meet monthly and decide on syndicate policy and divide up the syndicate's income, accordingly. A senior consultative group called the *sanro-kai*, which dispenses advice on whatever matters are presented it, also exists. Below this hierarchy lies a series of lesser offices: one *kambuatsu-kai* (executive), and several *wakashu* (young men), who each command their own legions of *kobun* (children) or *kumi-in* (enlisted men). In addition, there are large numbers of apprentices and fringe persons who are connected to the syndicate. Within each individual gang of the syndicate, there exists a maze of similar relationships all based on the *oyabun-kobun* system.

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93. *Id.* at 32.
96. *Id.*
97. *Id.*
98. *Id.*
Within the syndicate each individual gang is required to issue an annual financial report and to send monthly payments to syndicate headquarters.\textsuperscript{99} Furthermore, within each individual gang, a similar system of tribute operates where the \textit{kobun} are required to make monthly payments to their \textit{oyabun}. Finally, payments are also made on New Years as gifts, for funerals, and when a member is released from prison.\textsuperscript{100}

2. Federation Structure

The federation structure is a new type of corporate management system which is used by the Sumiyoshi-rengo syndicate. The distribution of power is characterized by a federation of gang bosses, sharing equal authority and power, who select a \textit{kumicho} from among the group members.\textsuperscript{101} Although the federation \textit{kumicho} serves as a unifying force, his power is less absolute than that of a \textit{kumicho} in a pyramid structure syndicate, such as the Yamaguchi-gumi, and, consequently, more autonomy lies with the individual gangs of the federation.\textsuperscript{102}

Like the pyramid structured syndicates, each individual gang is required to pay monthly tribute to the syndicate; however, the amount is less because of the equal authority of the bosses at the top of the federation.\textsuperscript{103} Within each individual gang, a similar system of tribute also operates where the \textit{kobun} are required to make monthly payments to their \textit{oyabun}. Finally, like the pyramid structured syndicates, the syndicates will make payments to individual members as New Year’s gifts, for funerals, and for being released from prison.

\begin{itemize}
  \item \textsuperscript{99} \textit{Id. at 132.}
  \item \textsuperscript{100} \textit{Id.}
  \item \textsuperscript{101} Huang \& Vaughn, \textit{supra} note 62, at 30.
  \item \textsuperscript{102} KAPLAN \& DUBRO, \textit{supra} note 2, at 140.
  \item \textsuperscript{103} \textit{Id.}
\end{itemize}
B. RECRUITS, APPRENTICES, AND INITIATION

The *yakuza* syndicates usually draw one-third of their recruits from the *bosozoku* (hot-rodder) youth motorcycle gangs. The *yakuza* also recruit vast numbers of people from two groups that have suffered relentless discrimination in modern Japan: (1) the ethnic Koreans living in Japan; and (2) the *burakumin* - members of Japan’s ancestral untouchable class. It is estimated that roughly 70 percent of *yakuza* members are of *burakumin* origin. The reasons these three groups are attracted to the *yakuza* are: (1) the offering of a surrogate family; (2) provision of a vehicle for upward social mobility; and (3) the sense of belonging to a group, which is all-important in Japan.

The new recruits are initiated into the *yakuza* group through a ceremony, which will be discussed in detail later, that involves the exchange of sake cups with the *oyabun* in the presence of a third person. Furthermore, the recruit takes a *seihai-gishiki*, or oath of alliance, to verify his trustworthiness. Finally, the initiate swears to obey the basic tenets of the *yakuza*: “(1) never reveal the secrets of the organization; (2) never violate the wife or children of another member; (3) no personal involvement with narcotics; (4) do not withhold money from the gangs; (5) do not fail in obedience to superiors; and (6) do not appeal to the police or law.”

Next, the new recruits will normally spend the next six to twelve months as *sanshita* (apprentices). During the apprentice stage, the new recruits will be on 24 hour call for six days and nights per week, and they will perform tasks such as

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111. Rome, *supra* note 1, at 98.
cooking, cleaning, answering telephones, serving guests, and chauffeuring.\footnote{112}

To ensure the loyalty of gang members and to bond them together, the modern \textit{yakuza} syndicates have also adopted rituals, ceremonies, and values from the traditional Japanese society and from early \textit{yakuza} groups.

\section*{C. Rituals, Values, and Customs}

\subsection*{1. Oyabun-Kobun System}

Perhaps the single most cohesive force that binds the \textit{yakuza} members together is the \textit{oyabun-kobun} system (parent role/child role), which has continued to exist since feudal times in business and government in modern Japan.\footnote{113} In this system, the \textit{oyabun} provide food, clothing, shelter, protection, advice, and help for their \textit{kobun}, who in return, owe labor, unswerving loyalty, and unquestioning obedience to their bosses.\footnote{114} For example, an innocent \textit{kobun} would be expected to go to prison for a crime committed by his \textit{oyabun}.\footnote{115}

Within the early \textit{yakuza} groups, this system created great strength and cohesion and at times would even lead to fanatical devotion to the \textit{oyabun}. Today, the \textit{oyabun-kobun} relationship continues to foster loyalty, obedience, and trust among the \textit{yakuza}, despite the modernization of Japan.

Additionally, what helps the \textit{oyabun-kobun} system to thrive are the concepts of \textit{giri} and \textit{ninjo}.

\subsection*{2. Giri and Ninjo}

The \textit{yakuza}, particularly the early \textit{yakuza} groups, follow, to some degree, the values embodied in \textit{bushido}, the code of the samurai. Like the samurai, the \textit{yakuza} would prove their

\begin{footnotesize}
\begin{enumerate}
\item[112.] Kaplan \& Dubro, supra note 2, at 143.
\item[113.] Rome, supra note 1, at 20.
\item[114.] Huang \& Vaughn, supra note 62, at 33.
\item[115.] Kaplan \& Dubro, supra note 2, at 19.
\end{enumerate}
\end{footnotesize}
manliness by the stoic endurance of pain, hunger, and imprisonment, and violent death for the yakuza was an honorable fate.\textsuperscript{116} But at the heart of the yakuza’s and Japanese society’s values, which bind people together, lie the concepts of giri and ninja.

*Giri* means “obligation or a strong sense of duty, and is tied up with complex Japanese values involving loyalty, gratitude, and moral debt.”\textsuperscript{117} In a sense, *giri* is the social cloth that binds much of Japan together, and its observance plays a central role in the oyabun-kobun system.

*Ninjo* roughly means “human feeling” or “emotion.”\textsuperscript{118} Among its many interpretations is “generosity or sympathy toward the weak and disadvantaged, and empathy toward others.”\textsuperscript{119}

By adopting *giri-ninjo*, the yakuza enhanced their standing in society, showing that, like the samurai, they could combine compassion and kindness with their martial skills.

According to Kakuji Inagawa, former head of the Inagawa-kai, “the yakuza are trying to pursue the road of chivalry and patriotism. That’s our biggest difference with the American Mafia, it’s our sense of *giri-ninjo*. The yakuza try to take care of all society if possible, even if it takes one million yen to help a single person.”\textsuperscript{120}

But, in reality, the yakuza claims that they follow *giri-ninjo* may be nothing more than a smokescreen to legitimize themselves with the people of Japan. For example, in the Kobe earthquake of 1995, the Yamaguchi-gumi syndicate distributed free food for the victims, but in return, the syndicate wanted the people to give them written testimonials saying how good

\begin{flushright}
\textsuperscript{116} *Id.* at 28.
\textsuperscript{117} *Id.*
\textsuperscript{118} *Id.*
\textsuperscript{119} *Id.*
\textsuperscript{120} *Id.* at 29.
\end{flushright}
they were so they could get construction contracts.\textsuperscript{121} Furthermore, police believe the \textit{yakuza} harassed businesses into giving them the food free or at a discount.\textsuperscript{122}

The \textit{yakuza} are also bound together by other values.

3. Other Values

The \textit{yakuza} also appear to be bound together by adherence to a special code of conduct involving \textit{kao} (face), \textit{otoko} (masculinity), and \textit{ikka} (whole family).\textsuperscript{123} Maintaining \textit{kao} is important to commanding respect and keeping one's status within the gang; proving \textit{otoko} is a crucial element of bravado of the members; and treating other members as family provides \textit{ikka} and helps bind the members together.\textsuperscript{124} According to some scholars, \textit{ikka} is one of the most important values because it provides a stable base for the quasi-family structure of the \textit{yakuza} where everyone has a defined role.\textsuperscript{125}

4. Discipline

\textit{Yakuza} groups deal severely with those who break the gang's rules. Cowardice, disobedience, and revealing gang secrets are treated not only as acts of betrayal, but also as affronts to the reputation and honor of the gang.\textsuperscript{126} The punishment, depending on the nature of the offense, ranges from simply bowing your head and making a humble apology all the way to execution.\textsuperscript{127} Short of death, the worst punishment is expulsion.\textsuperscript{128} After expelling the member, the boss notifies other \textit{yakuza} bosses that the member is no longer welcome in his group, and by general agreement, the outcast could not join

\begin{flushleft}
\textsuperscript{121} Nicholas D. Kristof, \textit{The Quake that Hurt Kobe Helps its Criminals}, N.Y. TIMES, June 6, 1995, at A3.
\textsuperscript{122} \textit{Id.}
\textsuperscript{123} Huang & Vaughn, \textit{supra} note 62, at 33.
\textsuperscript{124} \textit{Id.}
\textsuperscript{125} \textit{Id.}
\textsuperscript{126} KAPLAN & DUBRO, \textit{supra} note 2, at 25.
\textsuperscript{127} ROME, \textit{supra} note 1, at 97.
\textsuperscript{128} KAPLAN & DUBRO, \textit{supra} note 2, at 25.
\end{flushleft}
a rival gang.\textsuperscript{129} For serious violations not warranting death or expulsion, the member is subjected to \textit{yubitsume}, a custom introduced by the early \textit{bakuto} gangs, in which the top joint of the little finger is ceremoniously self-amputated as an act of contrition.\textsuperscript{130} After the portion of the finger is self-amputated, the member wraps it in a silk cloth and solemnly hands it to the \textit{oyabun}.\textsuperscript{131} Further infractions could mean another amputation at the second joint of the same finger or at the top joint of another finger.\textsuperscript{132} Today, approximately 42 percent of \textit{yakuza} have had fingers cut off.\textsuperscript{133}

5. Tattooing

The other identifying characteristic of the \textit{yakuza}, the tattoo, was introduced by the early \textit{bakuto} gangs during Japan's feudal period. In feudal times, the tattoo appeared as a mark of punishment, and criminals were generally tattooed with one black ring around the arm for each offense.\textsuperscript{134} As suppression by the ruling class touched villagers who were not criminals, tattooing became a symbol of resistance to despotism.\textsuperscript{135} Because it was such a test of strength to endure the pain of tattooing, it began to take on other aspects, such as manliness, courage, health, and vitality, and the early \textit{yakuza} felt themselves to be the possessors of such attributes.\textsuperscript{136} Over the years the patterns grew more complex, blending an array of famous gods, folk heroes, animals, and flowers into one fluid design and; by the late 17th century intricate, full-body designs became popular with the \textit{bakuto}.\textsuperscript{137} Tattooing eventually spread to the \textit{tekiya} gangs, and today, approximately 73 percent of \textit{yakuza} have some form of tattoos.\textsuperscript{138}

\textsuperscript{129} \textit{Id.}  
\textsuperscript{130} \textit{ROME, supra note 1, at 97.}  
\textsuperscript{131} \textit{Id.}  
\textsuperscript{132} \textit{KAPLAN & DUBRO, supra note 2, at 25.}  
\textsuperscript{133} Huang & Vaughn, \textit{supra} note 62, at 34.  
\textsuperscript{134} \textit{ROME, supra note 1, at 54.}  
\textsuperscript{135} \textit{Id.}  
\textsuperscript{136} \textit{Id.}  
\textsuperscript{137} \textit{KAPLAN & DUBRO, supra note 2, at 26.}  
\textsuperscript{138} Huang & Vaughn, \textit{supra} note 62, at 34.
6. Sakazuki-shiki

One type of ritual performed by the yakuza is sakazuki-shiki or the ritual exchange of sake cups. The sake ceremony is used to initiate new recruits and symbolize blood connections; to represent entry into the oyabun-kobun relationship; to consummate the appointment of a new godfather of a syndicate; and to bind alliances with other yakuza syndicates. The ceremony also holds religious significance, typically being performed on a sambo (altar) before a Shinto shrine. Additionally, the amount of sake in the cups depends upon one's status. For example, if participants are brother and brother, as in treaties between gang bosses, equal amounts are poured into each cup, and if the relationship is between oyabun and kobun, the oyabun's cup is filled six-tenths and the kobun's four-tenths.

An example of an entire formal sake exchange ceremony between oyabun and kobun is described by criminologist Hiroaki Iwai: "... all members of the ikka [are required to] attend, with the torimochinin (the go-between; the arranger) or azukarinin (sponsor, guarantor of the initiate) present as intermediaries. Rice, fish, salt, and sake are placed in the Shinto shrine alcove when the ceremony begins. The oyabun first drinks and then turns his cup to the kobun. The kobun who is being admitted into the organization drinks from the same cup. The torimochinin warns of the solemn duties of the kobun: "As long as you carry this cup, you must be loyal to the ikka and serve your oyabun with filial piety. Even if your wife and children starve, you must work for the oyabun and the ikka at the risk of your life. Your duty now is to live with this relationship for life. Consider the oyabun as your eternal father. Do not fear water or fire, and volunteer to undertake every difficult task."
If the ceremony was to appoint a new godfather of the syndicate, after the sake cup exchange, the new oyabun would be presented a flag with the syndicate's insignia embroidered on it, a roll of silk, a traditional scroll of blank white paper, and a sword. 144

Such ceremonies continue today; however, they are usually abbreviated in form.

7. Demukai

Another type of ceremony the yakuza used was the demukai or prison-release ceremony. 145 The ceremony consisted of hundreds of syndicate members lining up according to gang, sub-gang, and personal rank at the prison gate, and after the member was released a celebration would be held in his honor. Additionally, the released member was also given a promotion for doing time for the syndicate. The ceremony was an important rite of passage for the yakuza member, because it was a symbol that the state's rehabilitation efforts had failed. 146

Today, these elaborate and extravagant prison-release ceremonies have been toned down or discontinued altogether because they began to anger the public and drew too much police attention to the yakuza.

D. CONCLUSION

In conclusion, the structure of the yakuza syndicates is a complex system consisting of feudal and traditional oaths, values, rituals, and personal relationships, and while these aspects are still embraced by the modern yakuza, as time goes on, these traditions are becoming less important - taking a backseat to the all-encompassing pursuit of money.

144. ROME, supra note 1, at 150.
145. KAPLAN & DUBRO, supra note 2, at 152.
146. Id.
Because Japan is where the vast majority of yakuza syndicates operate, it is important to understand how organized crime is structured in Japan.

IV. STRUCTURE OF ORGANIZED CRIME IN JAPAN

At the peak of their power in 1963, the yakuza syndicates consisted of 184,109 members in 5,216 separate gangs.\textsuperscript{147} Today, in Japan, there are approximately 88,000 to 90,000 members\textsuperscript{148} in some 3,300 separate gangs.\textsuperscript{149} Of this number, 75 percent are members of sixteen yakuza syndicates.\textsuperscript{150} However, some officials estimate that there may be as many as ten times that number of other criminal associates.\textsuperscript{151}

Members of the three largest yakuza syndicates in Japan, the Yamaguchi-gumi, the Inagawa-kai, and the Sumiyoshi-ren go, account for 65 percent of the total number of yakuza members.\textsuperscript{152}

The Yamaguchi-gumi is the largest and most powerful yakuza syndicate in Japan. Current estimates put their numbers at 30,000 members\textsuperscript{153} in some 944 gangs throughout Japan.\textsuperscript{154} Furthermore, the Yamaguchi-gumi is made up of members from all three of Japan’s traditional gangster classes - bakuto, tekiya, and gurentai.\textsuperscript{155}


\textsuperscript{149} Japanese Mobsters Hard Pressed to Adapt to New Law, AGENCE FRANCE-PRESSE, June 3, 1992, available in LEXIS, Nexis WORLD Library, ALLWLD File.

\textsuperscript{150} Yamaguchi-gumi Gaining Strength, Defying Antigang Law, supra note 148.


\textsuperscript{152} Yamaguchi-gumi Gaining Strength, Defying Antigang Law, supra note 148.


\textsuperscript{155} KAPLAN & DUBRO, supra note 2, at 147.
The Yamaguchi-gumi's influence spreads to all regions of Japan; however, their headquarters are located in the port city of Kobe. A large proportion of their operations take place behind the front company called the Association of Harbor Stevedoring Promotions.\textsuperscript{156} Throughout Japan, the Yamaguchi-gumi is heavily involved in the construction and cargo industry through outright ownership of firms to hiring out day laborers. They are also involved in money laundering, smuggling, pornography, counterfeiting, extortion, prostitution, sex slave trade, gambling, loan-sharking, and the control of thousands of street-stall operators. Additionally, they are tied into professional sports, such as boxing and sumo wrestling. The Yamaguchi-gumi also controls much of the entertainment industry from talent agencies and booking firms to the movie companies themselves. But the majority of their illegal income is derived from the sale of narcotics, especially amphetamines.

The Yamaguchi-gumi also derives income from legitimate sources including real estate, video games, golf courses, trucking, waste disposal, security services, bath houses, restaurants, bars, hospitals, English schools, amusement parlors, and overseas investment. However, it is quite probable that these businesses were purchased with "dirty" money and may be front companies which hide other illegal operations.

In all, it is estimated that the Yamaguchi-gumi controls "7,000 shops, 5,000 restaurants, 4,500 money-laundering operations, 2,300 bath houses, 2,500 bars, 600 property companies and 400 transport firms."\textsuperscript{157}

The Inagawa-kai, at last estimate in 1984, consisted of 4,347 members in 119 gangs.\textsuperscript{158} Unlike the Yamaguchi-gumi, the

\textsuperscript{156} Id. at 92.
\textsuperscript{158} KAPLAN & DUBRO, \textit{supra} note 2, at 139.
The majority of Inagawa-kai members are of strictly bakuto stock.\footnote{159}

The Inagawa-kai has headquarters located in Tokyo and Yokohama, and their sphere of influence consists of the eastern region of Japan. The main source of income for the Inagawa-kai comes from gambling activities such as bookmaking, organizing off-shore gambling tours, and running high stakes casinos and card games. They are also heavily involved in loan-sharking, overseas investment, money-laundering, gun-running, extortion, prostitution, sex slave trade, and narcotics. According to a 1979 police estimate, the Inagawa-kai also ran 879 legitimate businesses, such as construction and entertainment companies, bars, cabarets, golf courses, and restaurants.\footnote{160}

The second most powerful yakuza syndicate is the Sumiyoshi-reno. At last estimate in 1984, the Sumiyoshi-reno consisted of 6,723 members in 113 gangs, and the majority of those members were of bakuto stock.\footnote{161} The Sumiyoshi-reno is headquartered in Tokyo, and its sphere of influence extends to the entire eastern region of Japan.\footnote{162} Their “business” activities are relatively consistent with those of the Inagawa-kai and Yamaguchi-gumi.

Since the early 1970’s, these yakuza, in general, and these three syndicates, in particular, have expanded their operations overseas. For example, they now have operations in: (1) South America, Brazil, in particular; (2) the Philippines; (3) Thailand; (4) Europe; (5) Russia; (6) China; (7) Australia; (8) South Africa; (9) Taiwan; (10) Korea; and (11) the United States.

In the United States, for example, the yakuza are involved in money-laundering, extortion, prostitution, gun smuggling, drug smuggling, gambling, enticing women for the sex slave trade, and corporate and real estate investments. Additionally, the

\footnotesize{159. Id. at 148.}
\footnotesize{160. Id.}
\footnotesize{161. Id. at 139.}
\footnotesize{162. Id. at 140.}
Yakuza are believed to be linked to smuggling operations that supply an estimated 90 percent of the crystal methamphetamine that is available in Hawaii.\footnote{Karl Schoenberger, Japanese Gangsters Act To Penetrate U.S. Areas; Crime: The Syndicates Are Moving Across America, Shifting Their Emphasis from Gambling, Prostitution to Real Estate and Corporate Investment, L.A. TIMES, Jan. 4, 1992, at A18, available in LEXIS, Nexis WORLD Library, ALLWLD File.}

Furthermore, authorities have traced $500 million worth of assets in the United States, and, in Hawaii, alone, more than 50 properties ranging from golf clubs to office buildings are owned by yakuza members.\footnote{ANTONIO NICASO & LEE LAMOTHE, GLOBAL MAFIA: THE NEW WORLD ORDER OF ORGANIZED CRIME 94 (1995).}

While the yakuza syndicates carry out the bulk of their criminal activities by themselves, they will also form alliances to prevent turf wars and to do business together. These alliances may be temporary and for only one purpose, such as drug smuggling, or they may be on a relatively permanent basis and for all business activities. The syndicates will also form strategic alliances with organized crime groups of different ethnicity. For example, the yakuza have formed alliances with the powerful Hong Kong and Taiwan Chinese Triads for the purposes of trafficking heroin, amphetamines, migrant workers, and women and children for the sex slave trade.\footnote{KAPLAN & DUBRO, supra note 2, at 213.}

Additionally, the yakuza have established ties with the Russian Mafia for the purposes of gun smuggling.\footnote{Russian, Japanese Gangs Link Up, DAILY YOMIURI, Nov. 11, 1992, at 3, available in LEXIS, Nexis WORLD Library, ALLWLD File.}

Finally, the yakuza have established links with the American Mafia for the purposes of gun smuggling, gambling, and coordinating and financing drug smuggling operations.\footnote{NICASO, supra note 164, at 93.}

In conclusion, the yakuza syndicates have controlled crime and have affected the operations of legitimate businesses in Japan since the turn of the century due to their code of silence and corruption and infiltration of government, law enforcement, and the judicial system. With the yakuza expanding their operations overseas, foreign law enforcement officials need to...
become familiar with the yakuza's organizational structure and operations and develop prevention methods accordingly.

V. BUSINESS OPERATIONS OF THE YAKUZA

A. INTRODUCTION

The yakuza syndicates are involved in a wide variety of "business" operations, some legitimate and others criminal. The estimated total income for the yakuza syndicates as a whole is anywhere from $10 billion to $71 billion.\textsuperscript{168} The legitimate operations of the yakuza will be discussed first, and the criminal operations last.

B. LEGITIMATE BUSINESS OPERATIONS

Particularly since the 1980's, the yakuza have invested in a vast number of legitimate enterprises in Japan and abroad. The National Police Agency in Japan reports that the yakuza control over 25,000 legitimate businesses in Japan alone, in addition to their countless illegal ones.\textsuperscript{169} These investments and businesses include golf courses and country clubs, the stock market, real estate firms, banks, gift shops, bars, restaurants, night clubs, theaters, construction and demolition firms, security services, hospitals, pachinko parlors, trucking, hotels, waste disposal, travel agencies, and many others. The problem with these legitimate businesses is that while a major portion of their income is legitimate, the businesses are often merely fronts for the yakuza syndicates' criminal operations. Furthermore, money derived from illicit sources is often laundered through these legitimate businesses.

Today, the yakuza are reclassifying their operations as religious and political organizations, and as legitimate


\textsuperscript{169} DENNIS J. KENNEY & JAMES O. FINCKENAUER, \textit{ORGANIZED CRIME IN AMERICA} 262 (1995).
companies; however, these organizations are also used as fronts to disguise their criminal activities and income.

In summary, although the yakuza are technically involved in legitimate businesses and derive some of their income from them, they “earn” most of their income from illegitimate sources.

C. CRIMINAL BUSINESS OPERATIONS

1. Introduction

Since the 17th century, the yakuza have been involved in traditional types of organized crime such as protection rackets, street stall operators, prostitution, illegal gambling, extortion, loansharking, narcotics, and labor racketeering. Since the late 1940’s, the yakuza have expanded their operations. Now, they are also involved in: (1) controlling the construction business and the entertainment industry; (2) counterfeiting Japanese currency and stamps, United States dollars, watches, and even brand-name food products; (3) the sex slave trade; (4) smuggling immigrant workers, drugs, guns, whale meat, and other items; (5) insurance fraud; (6) corporate extortion; (7) strong-armed settlement of civil disputes between creditors and defaulting debtors and between parties involved in auto accidents; and (8) intimidation of landowners.

In essence, the yakuza are the driving force behind virtually all crime that is committed in Japan, and their operations have an impact on legitimate businesses and industry in Japan as well. Today, the yakuza’s dealings in counterfeiting, narcotics, the sex slave trade, and financial crimes affect not only Japan and expatriate Japanese around the world, but they are also affecting the rest of the world.
2. Sarakin

_Sarakin_, which literally means “salary man financiers” are, in other words, loan sharks. The _sarakin_ industry has heavy gangster overtones. Loansharking involves the loaning of a certain amount of money at usurious interest rates, and, in addition, the borrower has to pay the loan back in an extremely short amount of time. If the individual cannot make the payments, he or she could be beaten up; however, the power of the _sarakin_ is based on far more than the threat of violence. Harassment and threats are a secondary concern to the Japanese. Rather, they fear the _sarakin’s_ ability to cause them to lose face - a concept which is all important in Japan. For example, _sarakin_ have charged into individuals’ wakes and demanded that the widow pay or they would disrupt the funeral, or they have sent express-mailing “reminders” of money to the debtor’s children in care of their schools. This loss of face displayed before the public has pushed some Japanese to quit work, abandon their families, commit suicide and even murder.

In the mid-1980’s, government officials estimated there were 42,000 _sarakin_ firms operating in Japan. These loan sharks were largely successful because, until the mid-1980’s, Japan’s mainstream financial institutions shied away from granting consumer credit. However, the rapid expansion of commercial and consumer lending by Japanese banks in the 1980’s has cut deeply into the _sarakin_ market. But the Japanese banks lacked sophisticated credit check systems, and, as a result, a lot of people defaulted on their loans. The result was that instead of writing off all the bad loans, the banks sold them to the _yakuza_. In return, the banks would issue loans to the

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170. KAPLAN & DUBRO, _supra_ note 2, at 167.
171. _Id._ at 168.
172. _Id._ at 169.
173. _Id._ at 167.
yakuza several times larger than the size of the original bad debts.\textsuperscript{175}

This practice of the banks giving the yakuza loans and getting them into the debt collection business is believed by many officials to be a major cause of Japan's financial troubles today. For example, of the $1 trillion or so in bad debts, officials estimate that anywhere from 10 to 70 percent of the loans are tainted by yakuza who are not repaying their debts.\textsuperscript{176} Furthermore, since the yakuza were the major debt collectors for the banks, there were only a few legitimate collection agencies who could try to recover some of the bad debts. However, the banks and these collection agencies generally left the yakuza alone as they are afraid of violent retaliation by them. For example, in the past two years, a branch manager of Sumitomo Bank and a vice president of Hanwa bank have been shot to death.\textsuperscript{177}

In summary, although loansharking is less lucrative than it was in the economic boon of the 1980's, it still remains a source of yakuza income today. Furthermore, loansharking income has been supplemented by bad debt collection on behalf of financial institutions.

3. Extortion and Intimidation

The need for the Japanese to save face creates a unique climate in which a whole range of extortionist crimes can thrive. As much as gift-giving and giri contribute to the practice of bribery, these values also make the Japanese particularly vulnerable to blackmail, intimidation, and other related crimes.

Extortion is an old and very common practice utilized by the yakuza, because it is easy to set up and enforce, and it is the

\textsuperscript{175} Id.

\textsuperscript{176} Sheryl WuDunn, Loan Problem's Dark Heart; Many Bad Debts Believed to Have a Mob Taint, INT'L HERALD TRIBUNE, Feb. 16, 1996, available in LEXIS, Nexis ASIAPC Library, CURNEWS File.

means by which they can gain control over the streets and businesses and accumulate wealth and power. For example, in its simplest form, extortion is accomplished by having a couple of yakuza members approach a proprietor of a business and advise him of a profit-sharing plan whereby they will “protect” the premises in return for a regular cut on the profits.\(^{178}\) Then the yakuza will give the proprietor a little time to think it over, but should he refuse, they will drop by for something called oreimairi, which literally means “to say thanks,” but which translates into destroying the business and assaulting the proprietor.\(^ {179}\)

This type of extortion is particularly entrenched in certain lines of business called mizu shobai (water business), which consists of bars, restaurants, and nightclubs.\(^ {180}\) In 1980, 70 percent of 12,000 businesses, in this line of work in Yokohama alone, paid protection money in the amount of $6.5 million to the yakuza.\(^ {181}\)

In addition to this simple form of extortion, the yakuza have developed several more sophisticated types of extortion which it utilizes in Japan and abroad.

a. Sokaiya

One form of sophisticated extortion is corporate extortion by sokaiya (general meeting mongers).\(^ {182}\) These white-collar gangsters known as sokaiya purchase a few shares of a company’s stock and then they extort money from corporate executives in exchange for not asking embarrassing questions about scandalous information about the company’s wrongdoings or about the executives themselves or otherwise disrupting annual stockholder meetings.\(^ {183}\) Sometimes these

\(^{178}\) Rome, supra note 1, at 156.
\(^{179}\) Id.
\(^{180}\) Kaplan & Dubro, supra note 2, at 169.
\(^{181}\) Id.
\(^{182}\) Id. at 170.
\(^{183}\) Inami Shinnosuke, Going After the Yakuza, 39:3 Japan Q. 353, 356 (July-Sept. 1992).
gangsters even accept payments for preventing other sokaiya or legitimate shareholders from asking embarrassing questions or disrupting annual meetings.\textsuperscript{184} The corporate executives are normally willing to pay off the sokaiya for fear of losing face before their employees and the public. The Japanese predilection for resolving disputes through personal and extralegal means, rather than through lawsuits, also provides an atmosphere for a preference of making the payments.\textsuperscript{185}

Scams devised by the sokaiya are often very ingenious. For example, the Yamaguchi-gumi has set up a “financial research association” whose job it is to dig up as much dirt as possible on financial institutions and their executives which are located in their locality.\textsuperscript{186} The group then uses the information to extort the money from the institution, and the pay-off will be extracted in the form of an irregular financing arrangement such as having a relative of the gang set up a dummy corporation which will be financed by the bank, and then the dummy corporation will declare bankruptcy.\textsuperscript{187} Another common method is for the sokaiya to pose as a publisher of a small magazine who will accept money for “subscriptions” and “advertising” in exchange for not printing scandalous stories.\textsuperscript{188} The content of such stories is typically leaked to the company before the issue is distributed, and the company then buys all the copies of the issue at a premium price, often as high as $100 per issue.\textsuperscript{189}

Sokaiya profits fell rapidly after Japan’s commercial code was revised in the early 1980’s, making such payments illegal. However, the law merely forced the highly adaptive sokaiya into new ventures. For example, many have simply shifted

\begin{itemize}
    \item \textsuperscript{184} \textit{Id.}
    \item \textsuperscript{186} Keiji Sakurada, \textit{Yakuza Storming the Corporate Ship}, TOKYO BUS. TODAY, Apr. 1994, at 46, available in LEXIS, Nexis ASIAPC Library, TOKBUS File.
    \item \textsuperscript{187} \textit{Id.}
    \item \textsuperscript{188} Andrew Pollack, \textit{Japanese Weary of Sokaiya Today, Executives Have Been Killed as Extortionists are Becoming More Violent}, FRESNO BEE, June 29, 1994, at C1, available in WESTLAW, ALLNEWS Database, File 1994 WL 8558596.
    \item \textsuperscript{189} \textit{Id.}
\end{itemize}
gears and begun receiving payoffs from the overseas branches of targeted corporations, or by taking their gifts in commercial goods instead of cash.190 Others have founded right-wing political groups disguising their payoffs as political contributions.191

As a result, the sokaiya business is still alive and well. In a 1991 survey, one-third of 2000 companies reported paying sokaiya annual amounts ranging up to 100 million yen.192

b. Jiageya

Another type of intimidation and extortion the yakuza is involved in is inducing landowners and tenants to vacate land needed by real estate developers for new projects. This type of intimidation is carried out by yakuza members called jiageya (land raising specialists).193 One senior officer of a Japanese bank stated, "We needed jiage professionals because Japanese law favors the tenant."194

The jiageya racketeers operate by pressuring landowners through threats, vandalism, and violence to sell their property to them at a low price so that it can then be traded on Tokyo's speculative real estate market at a high price.195

c. Mimbo

A final type of yakuza extortion comes in the realm of mimbo (civil disputes).196 Since many disputes are resolved by extralegal means, the yakuza provide a sort of "mediation" service in many disputes. The most common type of extortion involves the aftermath of car accidents, when one party will

190. KAPLAN & DUBRO, supra note 2, at 179.
191. Id. at 28.
193. Id. at 28.
194. Id.
195. Thorton & Endo, supra note 14, at 170.
196. Kersten, supra note 104, at 290.
frequently hire a *yakuza* member to visit the other party.197 The *yakuza* member will “suggest” that the person make a specified payment to settle the damages, and the person generally pays, regardless of his actual responsibility in the accident.198 Then the gangster takes a cut and delivers the rest to his client.199

Another type of *mimbo* which has been discussed previously is financial institutions hiring *yakuza* members to collect loans from defaulting debtors.

d. Conclusion

In sum, the above described forms of blackmail, extortion, and intimidation are common practice among all *yakuza* syndicates today, and it generates them millions of dollars annually. Furthermore, it is a way for the *yakuza* to control the streets and gain access to the power base of the Japanese economy.

4. Insurance Fraud

The *yakuza* are also involved in murder-for-insurance schemes. First, the *yakuza* syndicate will intimidate a Japanese national, usually a businessman, in Japan into taking out a life insurance policy naming a *yakuza* member as the beneficiary.200 Then the *yakuza* member will arrange for the victim to “win” a “competition” providing a free vacation to Manila in the Philippines, where the *yakuza* member hires an assassin for a couple of thousand dollars to kill the victim.201

5. Gambling

Gambling is a major source of revenue for the *yakuza*. For example, the *yakuza* run illegal bookie operations which take bets for legalized forms of racing such as horse racing, bike

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198. *Id.*
199. *Id.*
201. *Id.*
racing, and speedboat racing.\textsuperscript{202} Additionally, the \textit{yakuza} run street-level numbers rackets, high-stakes card games and casinos, and organize off-shore gambling tours.\textsuperscript{203}

One example of how the \textit{yakuza} operate is demonstrated by floating craps games, which is a game played with dice, whose locale is moved around from night to night to avoid police raids. The craps players will hang out in designated restaurants and nightclubs waiting for the message concerning the locale of the games. The word generally arrives through a \textit{yakuza} member who gives a signal - a finger to his nose.\textsuperscript{204} The word for nose is the same as the word for flower, \textit{hana}, and \textit{hana fuda}, literally flower cards, is a favorite card game of the Japanese.\textsuperscript{205}

Finally, the \textit{yakuza} are heavily involved in pachinko parlors, which are extremely popular in Japan. Because pachinko parlors are prohibited by law from giving cash prices, the winners get merchandise instead.\textsuperscript{206} The players will usually take the merchandise to a nearby location to trade the merchandise for cash.\textsuperscript{207} The \textit{yakuza} takes a portion of the profits from the pachinko parlors themselves and from the places which exchange the merchandise for cash.\textsuperscript{208}

Gambling has always been a traditional source of revenue for the \textit{yakuza} and will continue to be in the future.

6. Entertainment Industry

The Japanese entertainment industry is also heavily controlled by the \textit{yakuza}. For example, they own, manage, or control movie theaters, cabarets, talent agencies, booking firms, movie companies, and even the entertainers themselves.\textsuperscript{209} Additionally, they receive revenue from ticket-scalping and

\textsuperscript{202} Kaplan & Dubro, \textit{supra} note 2, at 77.
\textsuperscript{203} Id. at 148.
\textsuperscript{204} Rome, \textit{supra} note 1, at 101.
\textsuperscript{205} Id.
\textsuperscript{206} Huang & Vaughn, \textit{supra} note 62, at 35.
\textsuperscript{207} Id.
\textsuperscript{208} Id.
\textsuperscript{209} Rome, \textit{supra} note 1, at 107.
kickbacks from tradesmen, artisans, and suppliers of equipment. \[210\]

Furthermore, the *yakuza* are tied into professional boxing and sumo wrestling. For example, the *yakuza*: (1) control the contracts of most the sumo wrestlers; (2) are the promoters of the matches; (3) control a major share of the ticket sales both legal and scalped; and (4) receive a portion of the concessions. \[211\]

7. Labor

Labor for the construction industry and longshoremen firms is largely controlled by the *yakuza*. The *yakuza* will furnish lodging and food and find unskilled laborers jobs for the day in exchange for a percentage of their day's wages. \[212\] Then the *yakuza* generally try and get the rest of the laborers' money through prostitution, gambling, and drugs.

Finally, the *yakuza* have a strong influence over labor unions, and they will generally, through violence, break any union strikes.

8. Japanese Tourist Industry

Due to the wealth of Japan, many Japanese have enough money to do extensive traveling around the world, and wherever they go, the *yakuza* are close behind. The *yakuza* control gift shops, tour agencies, nightclubs, and hotels in places all over the world where Japanese tourists frequently go. For example, in California, a common practice is for the *yakuza* to accost cash-laden Japanese tourists and, through deception or intimidation, force them to participate in selected tours. \[213\] Additionally, the Japanese tourists are lured into

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210. Id.
211. Id. at 106.
212. Id. at 69.
213. KAPLAN & DUBRO, supra note 2, at 257.
yakuza-controlled shops, and once inside the shop, they are intimidated into buying gifts at very high prices.\(^{214}\)

These same practices are carried out all over the world, and the Japanese victims rarely complain to the police for fear of retaliation and losing face among their fellow tourists.

9. Construction Industry

In addition to controlling the labor in the construction industry, the yakuza also own or control numerous construction and demolition firms throughout Japan. The yakuza-controlled firms often get construction and demolition contracts through a system of bid rigging called dango.\(^{215}\) The yakuza are also known to disrupt the construction sites of rival companies unless they pay the yakuza a "greeting fee."\(^{216}\)

The yakuza earn millions of dollars annually from their control of the construction industry, and with the destruction caused by the 1995 Kobe earthquake, the yakuza could earn billions of dollars from the rebuilding work.

10. Smuggling

The yakuza syndicates have smuggling operations which bring into Japan guns, drugs, sex slaves, migrant workers, and whale meat. This section will only discuss the smuggling of migrant workers and whale meat as the smuggling of drugs, guns, and sex slaves will be discussed in later sections.

The yakuza are smuggling people from Thailand, the Philippines, Brazil, and China to work in Japan. For example, Chinese workers are smuggled into Japan by the yakuza through connections with Chinese Triad organized crime.

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214. Id. at 258.
215. Honourable Mob, supra note 94.
syndicates from Hong Kong, China, and Taiwan.\textsuperscript{217} The workers are smuggled into Japan in a variety of ways: (1) in boatloads of 100 to 150; (2) through the use of forged passports obtained from Indonesia and Taiwan; and (3) by spiriting Chinese travelers away from Japanese airports after they have obtained a one-day transit pass, which is obtained by showing immigration authorities they were en route to a third country.\textsuperscript{218} Most of these illegal workers are placed in jobs in: (1) restaurants and bars; (2) the construction industry; (3) metalworking; (4) printing; and (5) hotel kitchens.\textsuperscript{219} These people come to Japan for a better life, and they often spend years repaying the $25,000 it takes to smuggle them into Japan.\textsuperscript{220} Often, these illegal immigrants also live and work in miserable conditions, because they are always under the threat of being reported to the authorities if they do not obey their employers.

The \textit{yakuza} are also involved in the smuggling of whale meat into Japan. In Japan, whale meat is a delicacy that costs about $100 a plate, and the 300 minke whales killed legally each year do not satisfy the demand for it.\textsuperscript{221} Furthermore, a study was conducted which revealed that meat from protected whales that cannot be hunted legally such as the humpback whale, was being sold in Japanese supermarkets that were being supplied by the \textit{yakuza}.\textsuperscript{222} This whale meat smuggling appears to be widespread, based on a raid of a whale-meat smuggling operation in Nagasaki in May of 1994, in which the Japanese police seized 11 tons of undocumented whale meat.\textsuperscript{223} This amount is probably only the tip of the iceberg, however, since most of the smuggling remains undetected.

\begin{footnotesize}
\begin{itemize}
  \item \textsuperscript{218} Id.
  \item \textsuperscript{219} Id.
  \item \textsuperscript{220} Id.
  \item \textsuperscript{221} Michael D. Lemonick, \textit{Animal Genocide, Mob Style}, 144:20 TIME, Nov. 14, 1994, at 77, available in WESTLAW, ALLNEWS Database, File 1994 WL 2805812.
  \item \textsuperscript{222} Id.
  \item \textsuperscript{223} Id.
\end{itemize}
\end{footnotesize}
Finally, the *yakuza* are believed to smuggle into Japan contraband such as cameras, watches, gold, precious stones, mink stoles, jewelry, textiles, and Chinese medicines.\textsuperscript{224}

### 11. Money Laundering

Due to the enormous amount of income the *yakuza* syndicates derive from illegitimate sources, they need to launder the money so it can be invested in legitimate businesses. The *yakuza* have money laundering operations all over the world; however, the United States is probably the single biggest place where *yakuza* money is laundered. The most common method the *yakuza* use to launder money is through the use of high-volume cash businesses such as bars, nightclubs, restaurants, gift shops, and casinos.\textsuperscript{225}

The *yakuza* have also used golf course country clubs and resorts to launder money. The operation is conducted as follows: (1) the investors lend illegally obtained money to a private investment company; (2) the investment company uses new cash to buy a golf club or resort; (3) the resort property collects huge membership fees from new members, often overselling the maximum number of memberships available; (4) the membership fees — the "clean" money — are then funneled back to the original investors; and (5) then the investment company sells its properties, sometimes at a loss.\textsuperscript{226}

Another sophisticated money laundering operation was conducted in Paris from 1987 to 1992. The operation was conducted as follows: (1) the *yakuza* would wire the money to Paris using Asian banks that routed it via Luxembourg, Switzerland, and the Channel Islands; (2) *yakuza* members rented an apartment in Paris; (3) they took out ads in Asian-language newspapers and recruited 300 Chinese, Vietnamese, and Japanese people; (4) every morning, each recruit was given

\textsuperscript{224} Kaplan & Dubro, supra note 2, at 198.

\textsuperscript{225} Id. at 250.

500 franc notes, and then directed to shops where they purchased French designer luxury goods such as handbags and scarves; (5) every afternoon, the purchases were deposited at the apartment and packed for shipment; and (6) finally, after bribing a French Customs official, the goods were exported with forged documents back to Japan where they were sold by a yakuza shell company.227

In conclusion, the yakuza are extremely successful at money laundering because it is difficult for foreign law enforcement officials to trace the money back to Japan for a number of reasons. First, Japan generally does not consider the movement of “dirty” money to be a crime itself.228 Furthermore, Japanese bankers usually are not too curious about the source of the money and also are reluctant to reveal financial information.

12. Narcotics

Trafficking of narcotics, especially methamphetamines, is the biggest revenue earner for the yakuza. Since few drugs are produced in Japan, nearly every drug and almost all stimulants are procured and imported from foreign countries such as Peru, Germany, South Korea, Thailand, Hong Kong, and Taiwan.

One interesting aspect of the yakuza narcotics smuggling business is that they have a code of practice for drug couriers, which was discovered after a 1979 heroin bust of a yakuza member in Hawaii. The code of practice stated: “You should obey whatever you are told to do by your group leader. You have no choice, you cannot refuse or complain of the leader’s instructions. The above instructions are given at the request of the financier in order to protect ourselves and to accomplish our work. Therefore, if you want to work and get paid for it,

you should follow instructions. [The pay schedule is] five thousand dollars for the trip plus $500 more or less for your pocket money. Your group leader will determine the amount. You must pay for your souvenirs yourself. Your leader will pay for your hotel and three meals. He will also pay for your drinks, up to $75.”

As far as the types of narcotics involved, the yakuza smuggle approximately 100 pounds per year of heroin into Japan from Thailand and Hong Kong. However, more importantly, with the help of the yakuza the Chinese Triad organized crime syndicates are using Japan as a trans-shipment point for heroin being shipped to the United States. Apparently, the Chinese Triads chose this route to avoid U.S. Customs procedures due to the fact that ships coming from Japan are normally not expected to be smuggling drugs as are ships from Thailand.

Additionally, the yakuza are believed to be smuggling small quantities of marijuana into Japan. The yakuza also smuggle small quantities of cocaine from Peru into Japan; however, the cocaine trade is slow in developing because cocaine costs $60,000 to $70,000 per kilogram, which is about three times higher than the cost in the United States.

However, the smuggling of methamphetamines is the single biggest source of income for the yakuza, not only in the drug trade, but of all the yakuza’s illicit activities. The National Police Agency of Japan estimates that the methamphetamine trade accounts for 43 percent of the illicit income of the yakuza, bringing in an estimated $3.38 billion annually. However,

229. KAPLAN & DUBRO, supra note 2, at 235.
230. Id. at 215.
232. Id.
233. KAPLAN & DUBRO, supra note 2, at 216.
234. Smith, supra note 231, at 12.
other government officials believe the trade may be worth as much as $6.66 billion annually.\textsuperscript{236} Former FBI Director William Sessions stated in 1991, that the \textit{yakuza} controlled an estimated 90 percent of the crystal methamphetamine trade in Hawaii.\textsuperscript{237} Furthermore, the approximate street value of crystal methamphetamine in Honolulu, as of 1993, was $200,000 per kilo.\textsuperscript{238}

Today, the main source of methamphetamines is from Taiwan, where \textit{yakuza}-trained chemists make the "meth" in \textit{yakuza}-financed laboratories.

In conclusion, if the \textit{yakuza} syndicates are to be controlled to any extent, their income from narcotics smuggling must be sharply curbed.

13. Weapons

In Japan, ordinary citizens are forbidden to manufacture, trade, or sell firearms. Despite this absolute gun control, the \textit{yakuza} obtain firearms from smuggling operations in Southeast Asia, the United States, the Philippines, France, Brazil, Italy, South Africa, and Russia. The Japanese National Police Agency estimates that more than 50 percent of \textit{yakuza} weapons are smuggled from Southeast Asia.\textsuperscript{239} The syndicates are smuggling handguns, shotguns, assault rifles, ammunition for the weapons, and even hand grenades. One \textit{yakuza} member even claimed that if someone was willing to pay for it, he could obtain a rocket launcher or bazooka.\textsuperscript{240}

To smuggle these weapons into Japan, the \textit{yakuza} employ couriers not affiliated with the syndicate such as Japanese-

\textsuperscript{236} Smith, \textit{supra} note 231, at 12.
\textsuperscript{239} Huang & Vaughn, \textit{supra} note 62, at 45.
Americans, U.S. military personnel, tourists, students, and others; and, with help from overseas brokers, conceal guns among goods traded in lawful transactions. For example, guns have been smuggled in coffee cans,\(^2\) fruit tins,\(^3\) blue jeans,\(^4\) inside folk-craft articles, cassette players, video recorder cameras, and even inside pineapples, which is an item commonly carried by Japanese tourists returning from Hawaii.\(^5\) Larger quantities of weaponry are often smuggled inside the gas tanks of imported cars.\(^6\) There is even a documented case where a large shipment of handguns from Thailand was smuggled inside seven boxes of 70 poisonous snakes.\(^7\)

The prices of these weapons has dropped dramatically due to the 1992 Anti-gang law, which has made life difficult, financially, for lower echelon yakuza members. As a result, to earn more income the yakuza have now begun to sell the weapons to private citizens, which has led to a sharp increase in gun-related crimes committed by non-gangsters.\(^8\) Today, the yakuza can purchase handguns for $1000 to $2000, down from a previous high of $7000 to $15,000,\(^9\) and then sell them to the public for $3000 to $9000 each.\(^10\) Additionally, the price of United States and Russian-made assault rifles is about three million yen, and the price for ammunition is 5,000 to 8,000 yen.

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244. KAPLAN & DUBRO, supra note 2, at 256.
245. Id.
246. Id. at 271.
per round for handguns and 30,000 yen per round for automatic rifles.\(^{250}\)

Today, gun-smuggling has provided a steady stream of income for the *yakuza*, and it will continue to do so as long as the ordinary Japanese citizens have an appetite for firearms.

14. Sex Industry

Sex is big business not only in Japan, but across Southeast Asia. The *yakuza* syndicates dominate the sex industry in Japan and are heavily involved in prostitution, turkish baths, massage parlors, pornography, sex tours, and the sex slave trade.

The sex trade flourishes in Southeast Asia because a majority of the people are impoverished, and the only way they can make a "better" life for themselves is to turn to prostitution themselves or sell their daughters to the slave traders.

In the early 1970's, the *yakuza* became involved in arranging sex tours for Japanese men to the Philippines, Thailand, and South Korea. For example, the *yakuza* would arrange sex tours to South Korea, where the men would visit "Kisaeng Houses," which are prostitution houses.\(^{251}\) The business became so big that legitimate hotels, travel agencies, and airlines even got into the trade, and they also glamorized the trade through advertisements.\(^{252}\) However, in reality, life for the women and children who worked in the "Kisaeng Houses" was anything but pleasant. Generally, these women and children are impoverished migrants from the South Korean countryside who are sold on the black market by their families for as little as $200, and then forced into a life of prostitution.\(^{253}\) These sex tours still continue today, and they continue to be financed by the *yakuza* syndicates.

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\(^{250}\) *Yakuza Cleanup Pushes Up Prices for Illegal Guns*, supra note 240.
\(^{251}\) KAPLAN & DUBRO, supra note 2, at 201.
\(^{252}\) *Id.*
\(^{253}\) *Id.* at 202.
If anything could be worse than these sex tours, it is the illegal sex slave trade, where women knowingly volunteer, or are tricked into coming to Japan and working as prostitutes. Some women are sold by their families to sex slave traders, and some are even kidnapped by them. The *yakuza* have been involved in the sex slave trade since the early 1980's.

The women caught up in the sex slave trade come from Taiwan, the Philippines, Thailand, South Korea, Australia, Central and South America, and the United States. Although some women, usually those from Thailand and the Philippines who come from poor families and who see this as a way to make big money, willingly come to Japan knowing they will be prostitutes, the majority of women are tricked into coming to Japan.

For example, in the United States, the *yakuza* will hire a fly-by-night talent agency, and this agency will obtain women by placing ads for singers and dancers in the entertainment press, such as Los Angeles' *Drama-logue* and *Music Connection*. When the women get to Japan, instead of being dancers and singers, they are forced to become "hostesses" in bars and/or prostitutes until they can repay their debts to the *yakuza* for bringing them to Japan.

Similar ruses are used on Thai and Filipino women. After promises of legitimate jobs, the Thai and Filipino women arrive in Japan through *yakuza*-obtained forged passports, and after they arrive their passports are taken from them, and they are forced to work as prostitutes to pay off their "debts" to the *yakuza*. In "recruiting" the Thai and Filipino women the operation goes as follows: the *yakuza* will hire a local agent who promises the women fame and fortune in Japan, then the women are told to pay about $2000 for air tickets,

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254. *Id.* at 252.
255. *Id.*
accommodations, visas and passports.\textsuperscript{257} If they cannot pay, the money is loaned to them by the \textit{yakuza}-hired agent, or taken out of their salaries.\textsuperscript{258} The agents will often pay up to two months' salary in advance, which may be between $2000 to $3000.\textsuperscript{259} The agent in Thailand or the Philippines then passes these costs on to the \textit{yakuza} in Japan, in addition to a commission fee of around $2000.\textsuperscript{260} After everything is all said and done, the women often owe between $15,000 to $20,000 to the \textit{yakuza} which they must repay with interest.\textsuperscript{261} To ensure repayment, as stated previously, the \textit{yakuza} will confiscate the women's forged passports, and being illegal immigrants, the Japanese authorities have little sympathy for the women; and, as a result, the \textit{yakuza} have strong leverage over the women.

It is often difficult, if not impossible in some cases, for these women to repay back their debts, because often they are paid very little and sometimes when their debt is almost repaid, they are resold to another \textit{yakuza} member and the cycle begins all over again.\textsuperscript{262}

Today, there are approximately 140,000 Thai and Filipino women working in Japan as prostitutes due to the sex slave trade.\textsuperscript{263} Although no official statistics can be found, there are probably thousands of women from other countries working in Japan under similar conditions.

In conclusion, the sex tours and sex slave trade continue to thrive in Japan and whatever other sexual entertainment can be found in Japan is either \textit{yakuza}-owned and operated or subject to \textit{yakuza} protection rackets.

\textsuperscript{258} Id.
\textsuperscript{259} Id.
\textsuperscript{260} Id.
\textsuperscript{261} Heazle, \textit{supra} note 257.
\textsuperscript{262} \textit{Sex Trade Flourishing in Japan}, \textit{supra} note 256.
\textsuperscript{263} Id.
D. CONCLUSION

The various yakuza syndicates control, influence, and facilitate virtually all of the crime that is committed in Japan. They are also deeply involved in various crimes such as narcotics, financial fraud, sex, counterfeiting, and corporate extortion, which are affecting other countries. Wherever the yakuza syndicates have branched out throughout the world, these same types of crimes are being committed, and the commission of these crimes, for the most part, goes unhindered because of the fear by the local Japanese population of the yakuza, the code of silence of the yakuza, and the payment of bribes and kickbacks to police and government officials. The yakuza probably cannot be completely eliminated from the crime business; however, through better law enforcement tactics, international cooperation, and new laws, life for the yakuza syndicates can be made more difficult.

VI. FUTURE OF THE YAKUZA

The question in the minds of many law enforcement officials, particularly those in Japan, is what will become of the yakuza in the future? To answer this question one must look at several factors.

One factor to consider is the enactment of the Japanese Anti-gang law in 1992. The law allows police to designate certain groups as organized crime groups based on the proportion of convicted criminals among their membership and if the group has used its name to coercively raise funds. The law also mandates a crackdown on illicit gambling activities of the syndicates and nonviolent offenses such as extortion, loan sharking, and intervening in civil suits. Additionally, the law now allows authorities to confiscate profits from drug trafficking, and it allows more severe punishments for persons

involved in smuggling weapons. In 1993, Japan revised the Anti-gang law to prohibit activities such as forcing unwilling companies to buy or sell stocks, demanding unlawful margin trading on securities transactions, scalping of entertainment tickets, disrupting auctions, and unreasonable demands for discounting notes. The revision also prohibits yakuza groups from forcing members to get tattoos and from cutting off their fingertips.

Although the new law has had some effect on the yakuza syndicates in the form of reducing the total number of yakuza members, it has some flaws and unwanted side-effects. Some problems with the law are that it does not make the yakuza gangs illegal, nor does it deal with the problems of companies owned or indirectly controlled by the yakuza and used as a front for illegal activities. To circumvent the law, many syndicates are tearing down their signs above their headquarters and are reorganizing themselves as religious organizations, political organizations, and as corporations. For example, in 1992, the yakuza syndicates held a meeting and distributed a manual entitled How to Evade the New Law. This manual advises gangs to stop looking and behaving like violent outfits and to pose instead as legitimate businesses, religious organizations, or political organizations. Many officials in Japan believe that the laws have also had an unwanted side-effect, namely, driving the yakuza underground and deeper into commercial business where they will continue to thrive and be even harder to detect. For example, in 1992 the Yamaguchi-gumi ordered its affiliated gangs to register as boards, and local bosses were told to make themselves chairmen or presidents of their companies, which would each

266. Id.
268. Id.
270. Id.
271. Id.
be capitalized with 10 million yen. They were also told to elect their most talented lieutenants as directors.\textsuperscript{272}

Since the Yamaguchi-gumi continues to absorb smaller syndicates and is still the largest \textit{yakuza} syndicate in Japan, it would appear that the Yamaguchi-gumi's restructuring plan has worked.

A second factor to consider in determining the \textit{yakuza}'s future is public opinion.

Traditionally, the Japanese public has accepted the \textit{yakuza} to some degree as long as they stayed within the boundaries of prostitution, gambling, extortion, and did not commit acts of violence and robbery against the ordinary citizens. Today, this social contract appears to be breaking down as the syndicates become more violent and begin to prey increasingly on the common citizens through both extortion and intimidation. It appears as though the new \textit{yakuza} members are more interested in making money, than honoring feudal traditions such as not harassing the local citizenry. Despite this change in \textit{yakuza} operational tactics, however, many Japanese still cling to the romanticized image of the \textit{yakuza} as feudal Robin Hoods who follow the virtues of humanity and justice.\textsuperscript{273}

To effectively reduce the power of the \textit{yakuza}, the Japanese police need the help of the public; and, if the public continues to view the \textit{yakuza} as honorable outlaws, the police will have a very difficult time combating the syndicates.

Another factor is the \textit{yakuza}'s traditional ties with the police and government officials. Although Japanese police claim to be corrupt-free, nothing could be further from the truth. For example, in 1983 a nationwide tip-off syndicate run by police officers was uncovered.\textsuperscript{274} This syndicate would tip-off \textit{yakuza} syndicates about upcoming police raids and in return the \textit{yakuza} would pay them sums of money that ranged upwards of

\textsuperscript{272} Japan; Tycoons of Crime, supra note 88.
\textsuperscript{273} Ormonde, supra note 269, at 48.
\textsuperscript{274} Kaplan & Dubro, supra note 2, at 160.
$12,000.\textsuperscript{275} Furthermore, in 1983, a bribery scandal surfaced in which 123 members of the police were involved.\textsuperscript{276} Additionally, there has always been an unspoken cooperation between the police and \textit{yakuza}, in that if the \textit{yakuza}'s operations did not go beyond accepted boundaries, the police would leave them alone, and in return, the \textit{yakuza} would act as an alternative police force in suppressing unorganized street crime.\textsuperscript{277}

Additionally, the \textit{yakuza} still maintain connections to the upper-echelon of power in the government as is evidenced by recent political scandals, as discussed previously. Although these connections are not as apparent as they were in years past, they still exist in the form of \textit{yakuza} members acting as campaign officials, bodyguards, and fund-raisers.\textsuperscript{278} These connections have become even more blurred as many syndicates have reorganized as political organizations.

What also makes it difficult to detect collusion between the police, government officials, and the \textit{yakuza} is that the concept of bribery in Japan is muddled, largely because the custom of gift-giving is so widespread and thoroughly institutionalized.\textsuperscript{279} In some cases, the person receiving the gift or bribe is socially not allowed to ask any questions.

A fourth factor is that many businesses find the \textit{yakuza}'s services useful. For example, the banks, as stated previously, have used them for debt collection. Also, real-estate developers have used them to "persuade" reluctant landowners and tenants to sell or vacate their premises. Finally, the \textit{yakuza} have been used by government officials and businesses for the purpose of breaking up labor strikes.

What is clear is that the \textit{yakuza} will continue to thrive as long as the public continues to view them as Robin Hoods and

\begin{itemize}
\item \textsuperscript{275} Id.
\item \textsuperscript{276} Id. at 159.
\item \textsuperscript{277} Id. at 163.
\item \textsuperscript{278} Id. at 116.
\item \textsuperscript{279} Id. at 165.
\end{itemize}
powerful politicians and businessmen continue to find them useful.

Another factor which helps the yakuza to thrive overseas is a lack of Japanese police cooperation with foreign law enforcement officials. For example, the Japanese police operate under a "dual criminality" standard, which means that they will disseminate information only if the alleged criminal activity is also a crime in Japan.²⁸⁰

A sixth factor is that Japan does not have an American-style RICO law or money laundering laws, which may be necessary before any comprehensive attempt to reduce yakuza activities can take place.²⁸¹

A seventh factor is that many Japanese citizens and corporate officials fail to report yakuza crimes they have been the victim of due to the all important value of saving face in Japan. Similar to this factor is the code of silence practiced by the yakuza whereby a member will be severely punished if he reveals any secrets of the syndicate.

The final factor is that beyond the changes in structure, authority, and violence, the yakuza are opting for crimes of greater sophistication. Now, there are the intellectual yakuza who are white-collar criminals and their economic crimes are extremely hard to detect.²⁸² The yakuza have proved to be highly adaptable to adverse situations, and the newer yakuza members are better-educated, better-traveled, and more sophisticated; as a result, it appears as though the new yakuza will be able to adapt to new adversities that are thrown their way in the future.

Therefore, in my opinion the yakuza will continue to thrive and adapt as needed for the following reasons: (1) the yakuza have adapted to and survived the enactment of the Anti-gang law; (2) the public still holds a romanticized view of the yakuza as

²⁸⁰ Anderson, supra note 151.
²⁸¹ Huang & Vaughn, supra note 62, at 43.
²⁸² KAPLAN & DUBRO, supra note 2, at 275.
honorable outlaws; (3) the yakuza still have strong ties to the police and powerful government officials; (4) many businesses find the yakuza's services useful; (5) a lack of Japanese police cooperation with foreign law enforcement officials; (6) a lack of money laundering and RICO laws; (7) the reluctance of Japanese citizens to report crimes due to Japanese emphasis on resolving disputes through extralegal means and the all important concept of saving face in Japan; (8) the code of silence practiced by the yakuza; and (9) the increasing sophistication and ability to adapt of the yakuza themselves and their operations.

However, this does not mean that the fight against the yakuza is hopeless, it just means that it will be extremely difficult; although I do believe that completely eliminating the yakuza syndicates is impossible. Japan and other countries can reduce the power of the yakuza by: (1) educating the population that the yakuza are purely criminals and not Robin Hoods; (2) increasing international cooperation between police forces; (3) enacting RICO and money laundering laws; (4) using immigration controls to prevent known yakuza members from entering their countries; (5) cutting off the yakuza's main source of recruits, the burakumin, which will be impossible to do unless Japanese society changes and allows these people to climb the social ladder another way; (6) cleaning up the structural corruption in government and law enforcement; and (7) cutting them off from their major source of income: methamphetamines, which will require international cooperation between military and law enforcement officials of Japan, the United States, Taiwan, and others.

In conclusion, while the future of the yakuza remains unknown, it is a fact that despite the present control efforts directed against the yakuza, their activities in illegal, semilegal, and official Japanese business and politics will continue unless the steps described above are taken, particularly steps toward elimination of structural corruption and political and societal reform.
VII. CONCLUSION

The *yakuza* syndicates have gained footholds in Japanese communities around the world, invested enormous sums of money throughout the world, and formed strategic alliances with Chinese and American organized crime groups.

The *yakuza* are an exceptional organized crime group, and in the 20th century they have often played a major role in the highest levels of Japanese politics. They have carved out a secure niche for themselves and have accumulated more open wealth than gangsters anywhere else in the world. The *yakuza*, in every phase of their centuries-long history, have gone to great lengths to court public opinion, to make themselves acceptable, and the public has traditionally accepted them as long as they have not committed violent acts against the public. However, this social contract is coming apart at the seams as the *yakuza* have recently been committing such violent acts against the common people.

Whether the Japanese can successfully alter some of the ancient relationships between the *yakuza*, public, police, and government remains to be seen. Organized crime in Japan has grown extremely powerful since World War II, and like organized crime everywhere, once it has become entrenched, it is almost impossible to eliminate. It can be contained in Japan and abroad, however, through international cooperation, adoption of new laws, better detection methods, and most importantly with the help of concerned citizens and corrupt-free law enforcement and government officials. This will be difficult, if not impossible, also, because the *yakuza* have proved to be highly adaptive to adverse changes and as long as there are powerful elements in business and politics who find the *yakuza* useful, they will continue to exist and thrive.

What is clear is that over the past 300 years, the *yakuza* have become one of the world’s most powerful and successful criminal organizations, and that whatever the government and public does, these once honorable Japanese outlaws are bound to be around for centuries to come.