



Financial Intelligence Unit - Nederland

# FIU-the Netherlands

Annual report

# 2016 >

# Preface

Dear reader,

We hereby present the annual report for 2016 of FIU-the Netherlands. The past year has been marked by an increased commitment to tackling terrorism financing. The attacks in the countries around us, starting in late 2015, have already led to high priority on this subject, not only for the European FIUs, but worldwide. In the Netherlands, FIU-the Netherlands has deepened and intensified the cooperation they already had with reporting entities. If there is a topic on which all reporting entities, unquestioningly, want to make their contribution and also always take a step further, it is the tackling of terrorism financing.

In addition to the efforts at national level, FIU-the Netherlands has also made a solid contribution to tackling terrorism financing at international level.

In 2016, the FIU-the Netherlands received over 417,000 reports of unusual transactions. It has reported more than 53,000 suspicious transactions to the investigative services, whereby the latter represents a value of more than EUR 4 billion.

These are huge amounts whereby sometimes the question is asked whether this contributes to safety in the Netherlands. I believe that it does. This is not so much related to the huge increase, but mainly because this increase, and the numbers, are a reflection of the efforts made by the reporting entities to make their contribution to the fight against money laundering, the financing of terrorism and other serious criminal activities. This is certainly a legal obligation where the supervisory authority, with their ever more risk-oriented supervision, and the public prosecution service, also contribute by actively prosecuting non-reporting entities, but we also see that reporting entities take their responsibility very seriously and are open to active cooperation and, together with us, keep searching for new indicators of unusual transactions. It is clear that the ultimate reporting to FIU-the Netherlands is only the culmination of the efforts of the reporting entities in this field. By actively getting started in one's own business operations with the knowledge, information and indicators, it seems logical to assume that

this also leads to many preventive measures in the institutions that are not reflected in this overview but do make a relevant contribution to safety. It is this cooperation, this combination of responsibilities within the public and private domain that can generate more effect than any part of the network could reach on its own.

Incidentally, this does not necessarily mean that the numbers will have to continue to grow. As we become better able to quickly and flexibly identify new indicators and make them available, and can effectively work with an increasing number of data sources, a more risk-oriented approach may even lead to less, but qualitatively even better, reporting.

FIU-the Netherlands is going to invest in further increasing the quality of the analyses. I am therefore very pleased with the (temporary) formation expansion of FIU-the Netherlands; this will better enable us to cope with the new challenges ahead.

For now, I wish you much pleasure reading this 2016 annual overview.




**Hennie Verbeek-Kusters MA, May 2017**

Head of FIU-the Netherlands

## FIU-the Netherlands

*the power of financial intelligence*

 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used

# Table of contents

<b>Preface</b>	<b>2</b>
<b>Executive Summary</b>	<b>4</b>
<b>1 Developments</b>	<b>6</b>
1.1 Strategic control	7
1.2 Management and organisation	7
1.3 National cooperation	9
1.4 International cooperation	11
<b>2 Receiving reports of unusual transactions</b>	<b>13</b>
2.1 Operational cooperation	14
<b>3 Analysis of unusual transactions received</b>	<b>16</b>
3.1 From unusual to suspicious	17
3.2 International operational cooperation	18
3.3 Our own investigations	20
<b>4 Dissemination of transactions identified as suspicious</b>	<b>22</b>
4.1 Overview of transactions and files identified as suspicious	23
4.2 Operational cooperation with investigative and enforcement partners	26
<b>5 Financing of terrorism</b>	<b>28</b>
5.1 National Developments	29
5.2 International developments	29
5.3 Operational results	31
<b>6 Caribbean Netherlands</b>	<b>32</b>
6.1 Receiving and analysing unusual transaction reports from The Caribbean Netherlands	33
6.2 Dissemination of suspicious transaction information in The Caribbean Netherlands	33
6.3 Kingdom cooperation	34
<b>Appendix I 2016 Key Figures of FIU-the Netherlands</b>	<b>35</b>
<b>Appendix II Concerning FIU-the Netherlands</b>	<b>38</b>
A II.1 Positioning, statutory function and mission	38
A II.2 The Act on the Prevention of Money Laundering and Financing of Terrorism (Wwft)	39
A II.3 Policy and multi-annual objectives	40
A II.4 The national and international playing field	40
A II.5 Activities of the FIU - the Netherlands	42
<b>Appendix III List of abbreviations used</b>	<b>45</b>

	Executive Summary
<b>1</b>	Developments
<b>2</b>	Receiving reports of unusual transactions
<b>3</b>	Analysis of unusual transactions received
<b>4</b>	Dissemination of transactions identified as suspicious
<b>5</b>	Financing of terrorism
<b>6</b>	Caribbean Netherlands
<b>I</b>	Key figures 2016 FIU-the Netherlands
<b>II</b>	Concerning FIU-the Netherlands
<b>III</b>	List of abbreviations used

# Executive Summary

## Policy-related and organisational developments at FIU-the Netherlands

The activities of FIU-the Netherlands have, in part through terrorist attacks, been in the spotlight over the past year. This created parliamentary attention for the statutory duties and powers of FIU-the Netherlands. With network partners, FIU-the Netherlands carried out preparations in 2016 to set up the banking account referral system. This satisfies the recommendations of the Fourth EU Anti-Money Laundering Directive.

In 2016, FIU-the Netherlands increasingly worked in question-focused manner on the priority themes; Known and unknown threats in relation to terrorism financing, money laundering focused on corruption, criminal wealth, drugs, fraud, migration related crime, the BES Islands and significant changes in reporting patterns. This allowed more transactions than before to be linked to ongoing and new files. In 2016, there was continuous investing in digital automation nationally but, in addition, there were also contributions to the further development of this at the international level. With national and international network partners and alliances, FIU-the Netherlands regularly sought to further improve the tackling of money laundering and terrorism financing.

## Reports received of unusual transactions

In 2016, FIU-the Netherlands registered 417,067 reports of unusual transactions. This is an increase of more than 25 percent compared to 2015. In 2016, FIU-the Netherlands invested in carrying out reporting notifications by the institutions with an obligation to report and, in addition, also focused on the quality of said reports. On the other hand, in 2016, the needs and trends within the criminal investigation services were examined so that FIU-the Netherlands was able to deliver products that bring added value within the investigation process. In 2016, together with the supervisory authorities, new possibilities were explored to increase the quantity and quality, but also the urgency, in carrying out notifications. With the anonymous publication of relevant and current cases on the website, FIU-the Netherlands has thus provided insight into how money laundering and terrorism financing might look in practice.

## Analysis of unusual transactions

In 2016, based on analyses, FIU-the Netherlands declared 53,533 transactions to be suspicious. This resulted in 6,516 completed files that have been made available to the investigation and information services. Compared to 2015, this is an increase of more than 30%, partly due to improved automated matching and the carrying out of own investigations. The generated files are also used to provide reporting entities supervisory authorities with information concerning remarkable trends, knowledge and insights. The analyses carried out were initiated on the basis of LOvJ requests from the investigation services, requests from and to foreign FIUs, positive matches through a comparison with external databases and by conducting their own investigations. In 2016, FIU-the Netherlands invested their own investigations in the areas of bitcoins, child pornography, corruption and migration-related criminal activities. One example is the initiative of FIU-the Netherlands in developing detection abilities to monitor migration-related criminal flows of money.

## Use of application of transactions declared suspicious

In 2016, the number of suspicious transactions increased in line with previous years: from 29,382 in 2014 to 40,959 in 2015 and up to 53,533 in 2016. The total value of the suspicious transactions was, therefore, 4.6 billion Euros, which amounted to more than a doubling compared to 2015. The transactions declared suspicious were made available to the various investigation and security services where they are used as information for starting criminal investigations, as control information in investigations, as evidence in investigation files and as a source for drafting crime pictures. The National Police is the largest consumer of products of FIU-the Netherlands, followed by the FIOD. In 2016, FIU-the Netherlands accomplished that the suspicious transactions were more accessible for the National Police when inserting them into the new information system. In addition, FIU-the Netherlands also coordinated and provided the special investigation services, the RIEC's, the CJIB and the KMar, with useful financial intelligence for the purpose of the investigation.



Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used







### Terrorism financing

In 2016, more than previously, the expertise within FIU-the Netherlands was called upon to help in the area of the terrorism financing. For addressing terrorism financing, in the operational phase of investigations and with terrorist threats, an intensive cooperation with partners has proved essential. In 2016, FIU-the Netherlands participated in various partnerships in the field of terrorism. By sharing terrorism-related transactions with partners, connections could be made. The contribution of FIU-the Netherlands in tackling terrorism financing extends from a contribution to the Action Programme Integrated Approach to Jihadism and the freezing of assets for persons on the National sanctions list to participation in the FEC agreement to participate in the CT Infobox [Counterterrorism Information Box]. Internationally as well, FIU-the Netherlands has played a prominent role in tackling terrorism financing, including in the ISIS project. This project ensured that, in 2016, within the Egmont connection, information was shared multilaterally in the fight against terrorism financing. Also, participation in the Risks, Trends and Methods Group (RTMG) provided for the creation and use of typologies in tackling terrorism financing. The Supra National Risk Assessment (SNRA) resulted in an improvement in knowledge-sharing on terrorism financing in Europe. In 2016, FIU-the Netherlands declared 4,494 transactions to be suspicious that had a link with terrorism. This has resulted in 623 terrorism-related files that were turned over to

criminal investigation and intelligence services. In doing this, FIU-the Netherlands requested information from and provided information to other FIUs in order to contribute to the investigation and detection of terrorist-related networks.

### The Caribbean Netherlands

As regards to the BES Islands, in 2016, there were 1,281 reports of unusual transactions received by FIU-the Netherlands from the informant service providers. These were, for the vast majority (1,109), submitted by banking institutions. In 2016, the main focus was on the improvement of the quality of notifications by providing better instructions to the reporting entities. Of these messages, 231 transactions were declared suspicious after analysis and bundled into a total of 13 files, mainly on the basis of the FIU's own investigations. These were passed onto the investigative bodies and represent a value of over eight million Euros.

 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism


**6** Caribbean Netherlands


**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used



 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used

# 1. Developments

In part because of terrorist attacks in several European cities, 2016 was an intensive and eventful year for FIU-the Netherlands. These attacks, which often exhibit a link with the emergence of the terrorist organization, Islamic State (IS), have been the reason for an even more intensive focus on the prevention and combating of terrorism financing. In the past year, because of this, there was specific attention for the work and tasks of FIU-the Netherlands in the Dutch media and in politics. Once again, in 2016, FIU-the Netherlands made an essential contribution to preventing and combating the financing of terrorism at both the national and international levels. The transaction information provided by FIU-the Netherlands is seen as a valuable and useful tool in the fight against the financing of terrorism.

In addition to the focus on the fight against terrorism financing, FIU-the Netherlands has also worked on the prevention and combating of money laundering. In 2016, the implementation legislation for the Fourth EU Anti-Money Laundering Directive was prepared. The Money Laundering and terrorism financing (Prevention) Act (Wwft) will be amended on a number of points. These will also be of importance for FIU-the Netherlands. FIU-the Netherlands has been closely involved in the preparations of this implementation and has provided the draft bill texts with comments and advice. The legislature intends to have the modification of the Wwft enter into force in the course of 2017. This change will be beneficial for the Netherlands and FIU-the Netherlands because this will be an even more risk-focused approach. This will help to further develop the prevention and combat of money laundering and terrorism financing in the cooperation between public authorities and the private sector. In this cooperation, and using the national and international “risk assessment,” the commitment in this area can be expected to be ever more targeted and more flexible.

## 1.1 Strategic control

In order to make the most use of the available capacity of FIU-the Netherlands, in 2016, the coordination on priority themes -- known and unknown threats in relation to terrorism financing, money laundering focused on corruption, criminal wealth, drugs, fraud, migration-related crime, the BES Islands and significant changes in reporting patterns -- and the files to be produced was intensified. This intensification took place by, among other things, setting up FIU-Netherlands theme tables and linking capacity to them. This led to an improvement in the management of analysis and progress monitoring on both demand-driven activities and the self-initiated investigations. This approach has contributed to the fact that, in 2016, more transactions could be linked to ongoing and more new files that were delivered. In the fall of 2016, priority themes were established for 2017. These themes have been included in the annual plan of FIU-the Netherlands 2017 but can -- if developments demand --- be adjusted as needed. This is important for FIU-the Netherlands because flexibility and manoeuvrability are necessary for some of the themes. The themes are coordinated with the priorities set out in the National Security agenda. These are, therefore, the themes that are prioritized by the criminal investigation services in the Netherlands. In addition, FIU-the Netherlands will continue to monitor all reports in order to discover new phenomena and trends in a

timely manner and to be able to recognize significant changes in reporting patterns.

## 1.2 Management and organisation

In 2016, FIU-the Netherlands implemented a number of developments so that FIU-the Netherlands is able to carry out the legal tasks as efficiently as possible with the currently available capacity, resources and authority.

### Service orientation

The reporting entities and product customers of FIU-the Netherlands and, along with them, the FIU itself, stand to benefit from fast, accurate and professional service. FIU-the Netherlands regularly makes an inventory of the most frequently-asked questions and places these, in categories, on the public website. In addition, these are passed onto the web help-desk function. This ensures that reporting entities and clients of FIU-the Netherlands can be immediately helped either digitally or by telephone. If a specific question occurs, it will be dealt with in a professional manner within FIU-the Netherlands at the service point itself and answered within a specified period.

In 2016, FIU-the Netherlands invested in the further automation of activities and processes in order to be able to use the available resources as efficiently as possible. Some of the investments made in 2016 within this subarea will be discussed further in this chapter.



Table of contents



Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used



## GoAML

GoAML is, for FIU-the Netherlands – and, in 2016, for 34 other FIUs worldwide – the ICT basic facility whereby databases with reported transactions are managed and analysed. In 2016, the further development of GoAML required a new focus in the area of user-friendliness. This renewed focus on the user will lead to an application that is easier to use and more in line with the needs of end users.

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During 2016, there was work on the development of a knowledge platform (the virtual community) in which international end users within FIUs can, in a secure environment, discuss the use and further development of GoAML.

## International User Group (IUG)

With the increase in the number of FIUs worldwide that actively uses GoAML to 35 in 2016, the international cooperation in the field of tackling money laundering and terrorism financing is being well served. A further international expansion in the use of GoAML enables increasing cooperation with other FIUs in working together and sharing information in standardized and unambiguous ways. This development also sets the United Nations Office On Drugs and Crime (UNODC) – the supplier of GoAML – the challenge to take a critical look at the manner in which GoAML is managed and further developed. For future developments, there is an important role for the International User Group (IUG), with which the FIUs are united. FIU-the Netherlands has been chair of the IUG for quite some time (since 2012) and is therefore directional in the further expansion and development of GoAML as an international ICT basic facility for FIUs.

In 2016, the third IUG meeting was organized with the main objective of discussing the strategy of UNODC for the upcoming years with respect to the development and support of GoAML. During this meeting, it was decided to start using a transparent prioritisation mechanism for new developments in which the opinions of the participating FIUs would be leading. It was also decided to extend the current chairmanship of FIU-the Netherlands through 2017.

## Basic Information Provision (BVI)

Because the management of FIU-the Netherlands is housed inside the National Police Department, the multi-annual strategy for the “business intelligence”<sup>1</sup> must create space for FIU-the Netherlands. In the fall of 2016, there was a move to include all suspicious transactions in the Basic Information Provision (BVI), the data warehouse of the National Police. As a result, the police is now able to independently carry out new (analysis) reports on the basis of the suspicious transactions that are included in the BVI.

Thus, an important contribution is being made to having a wider distribution of products within the FIU investigation services. BVI is going to make it possible for FIU-the Netherlands to obtain more insight into how the police actually deal with suspicious transactions. This contributes to a better understanding of the effective use of the suspicious transactions by the investigation services.

## Unlocking operational police resources

In 2016, FIU-the Netherlands gained access to new police applications. This makes it possible to make better geographical and strategic analyses. These analyses contribute to declaring unusual transactions as suspicious so that, afterwards, the information can be made accessible to the investigation services. By, for example, investigating a relational analysis of police data relating to bitcoins, transactions in the FIU database could be detected that give insight into the financial infrastructure used by criminals who commit offences on the internet.

<sup>1</sup> This refers to all IT systems used by the National Police to generate analysed information for policing.



Table of contents



Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used





## 1.3 National cooperation

### Open Source Intelligence (OSINT)

In 2016, an exploratory project was started with the Digital Expertise Team of the National Unit of the National Police. The goal here was to provide the knowledge gained within the field of Open Source Intelligence (OSINT) of the National Unit of the National Police to employees of FIU-the Netherlands and thus to integrate OSINT into the investigation and analysis work. The project also looked to see what applications and IT facilities are required. The project focuses on strengthening the knowledge level of FIU staff members in the field of open source intelligence. In the course of 2017, the necessary software will be installed at FIU-the Netherlands and the employees will be trained in its further use. This creates a wider range of instruments in order to be more effective in enlarging the scope of unusual transactions and, if these prove important, labelling them as suspicious for the investigation services. FIU-the Netherlands will keep track of and be connected to the possibilities that arise from open source intelligence.

### Anti Money Laundering Centre (AMLC)

With the Anti-Money Laundering Centre (AMLC), the cooperation in both investigations and knowledge exploitation was further intensified in 2016. FIU-the Netherlands supplies potential investigation files for the FIOD money laundering investigation teams and is, in addition, a participant in the expertise platform. The collaboration of AMLC, the Public Prosecutor's Office, the National Police and FIU-the Netherlands achieved a milestone in 2016 because the first identified and published validated money laundering typologies were adopted by the head of FIU-the Netherlands. With the expiry of the money laundering indication by the Public Prosecutor's Office, the formal adoption of the validated typologies of money laundering in the Netherlands was guaranteed. The role of the money laundering typologies is the unequivocal specification of activities that have the features and characteristics of money laundering and are, for this reason, of great importance in tackling them. The established typologies may help reporting entities in clarifying possible signals of money laundering.

### Public Prosecutor's Office (OM)

FIU-the Netherlands gave, in 2016, a number of in-house presentations for members of the Public Prosecutor's office. This was initiated to provide insight into the tasks and added value of the available financial intelligence. The possibilities of LOvJ requests (requests via the Public Prosecutor's Office)

 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used

and the applicability of financial information, in generating new investigative opportunities as well as the evidence and the confiscation of wrongly obtained assets, were then explained. In recent years, FIU-the Netherlands has contributed to non-reporting entities projects led by the National Public Prosecutor's Office for Financial, Economic and Environmental Offences. This has led to a noticeable improvement, in 2016, in the compliance and the prosecution of a number of so-called "non-reporting entities", including some from the group of independent professions. Reporting entities ask questions in a more focused way about making up a report and are more aware of the necessity and obligation to do this. In 2016, FIU-the Netherlands emphatically sought cooperation with the respective National Officers for human trafficking and corruption, partly because of the priority status of these forms of crime and the money flow project with respect to migration-related crime.

### Info-box Criminal and Unaccountable Assets (iCOV)

FIU-the Netherlands is a partner in the info-box Crime and Unaccountable Assets (iCOV) that was established in 2013 and periodically shares a dataset containing suspicious transactions so that iCOV can include them in its analysis and products. This ensures that FIU-the Netherlands can use the analyses formatted by iCOV on a reciprocal basis to carry out its own investigations. In September 2016, a pilot project was launched to examine whether FIU-the Netherlands could conduct effective investigations by using the iCOV systems. In 2017, this pilot project will be evaluated and it will be decided whether it should be given a final follow-up.

### Financial Expertise Centre (FEC)

The Financial Expertise Centre (FEC) plays an important role in bringing together the partners who contribute to the protection of the integrity of the financial system. In 2016, FIU-the Netherlands participated in various working groups, meetings and FEC projects, such as the bankruptcy fraud project. This led to a project report with findings and recommendations that was presented in late November 2016, during the general meeting of the FEC. In 2017, there will be an assessment to see how these recommendations can ensure further improvement of cooperation. In the project Terrorism Finance (TF), FIU-the Netherlands introduced suspicious transactions and specific knowledge. Within this project, indicators of potential types of terrorism financing were formulated and intervention strategies were established. The FIU also participated in various other FEC working groups. In this vein, FIU-the Netherlands contributed to the

Mossack Fonseca Papers projects, commercial real estate and trust offices. A study was also carried out within FIU-the Netherlands into the optimization of the cooperation within the FEC and the role that FIU-the Netherlands can play in this. One of the outcomes of this study is the recommendation to include signal requests from the FEC in the regular operational process within FIU-the Netherlands. In 2017, there will be an assessment to see how this recommendation can actually be realized.

### Information task

In addition to the core tasks, FIU-the Netherlands also has a number of derived tasks. One of the statutory duties of FIU-the Netherlands is to provide information to its public and private partners at the national but also at the international level. In 2016, FIU-the Netherlands invested in providing information to the public and private partners, including the Wwft supervisors and the reporting entities.

### National

In 2016, the suspicious transactions were included in the data warehouse of the police (the Information Database; BVI). In order to guide this process well, a national user group was established in cooperation with the police on the theme of financial intelligence. Users of the police have introduced functional requirements with respect to the finished products that they want to use from the BVI. To bring attention to this new work method, FIU-the Netherlands has participated in a number of national theme days given by the police. The objective of these days was to get as many relevant target groups as possible within the police familiar with the possibilities that financial intelligence can provide.

Also, this year FIU-the Netherlands organized a meeting in collaboration with the Dutch Innovation Factory (DIF), The Hague University of Applied Sciences and the National Police (the Real Time Intelligence Lab). The purpose of this meeting was to discuss R&D issues that are relevant for the various partners in the security chain. The focus of this meeting was on new analytical forms, big data issues, open source intelligence and "Protecting data and privacy in the quest for cyber security."



Table of contents



Executive Summary

## 1 Developments

2 Receiving reports of unusual transactions

3 Analysis of unusual transactions received

4 Dissemination of transactions identified as suspicious

5 Financing of terrorism

6 Caribbean Netherlands

I Key figures 2016 FIU-the Netherlands

II Concerning FIU-the Netherlands

III List of abbreviations used



## 1.4 International cooperation

### Egmont Group

In early 2016, the new working group structure of the Egmont Group was formally started. FIU-the Netherlands holds the chairmanship of the Technical Assistance and Training Working Group (TATWG). In this way, FIU-the Netherlands contributes in a leading manner to the further professionalization of FIUs worldwide. This allows for an increase in the level of work, which FIU-the Netherlands, in cooperation with other FIUs, also can benefit from.

In addition, FIU-the Netherlands participates, as a member, in two working groups focused, respectively, on operational cooperation: (Information Exchange Working Group) and on policy development (Policy and Procedures Working Group).


The Egmont project ISIL II, focusing on the cooperation of FIUs in dealing with terrorism financing, was in 2016 led by FIU-the Netherlands together with FinCen, the FIU of the United States. The results of this project were shared with the Financial Action Task Force (FATF), the reporting entities and other organisations. The insights that were gained benefited the tackling of terrorism financing.


### Financial Action Task Force (FATF)

In 2016, FIU-the Netherlands was also part of the Netherlands delegation to the Financial Action Task Force (FATF). In FATF-related issues, just as in 2015, there was a great deal of emphasis on the financing of terrorism. The results of relevant Egmont projects in which FIU-the Netherlands played an active role have been made available from the FATF. The results of these projects will be used by the FATF to improve the integrity of the global financial system, which also benefits FIU-the Netherlands.

### EU-FIU Platform

The EU-FIU Platform is an expert group that can advise the European Commission on financial intelligence issues. In 2016, this advice was focused on the adjustments to the fourth Anti-Money Laundering Directive following the terrorist attacks in Europe in late 2015. Within the framework of the Dutch Presidency of the EU in the first half of 2016, FIU-the Netherlands led a project which focused on migration-related financial crime a priority within the EU-FIU Platform (see section 3.3). The collaboration in the EU-FIU Platform in connection to the FIUs of Belgium and Spain - focused on the smuggling of cash - was started in 2015, continued in 2016 and was completed at the end of the year. This led to new, and the confirmation of old, insights on smuggling routes of, primarily, drugs proceeds and the concrete connections of smugglers and organizations. An evaluation of the project will follow in 2017.

 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used



## FIU.NET

The FIU.NET2 application management was taken on by Europol as of 1 January 2016. Thus, the future of FIU.NET is guaranteed. In the course of 2016, it was enumerated how the FIU.NET application should be adapted to be in line with current and future European laws and regulations.

Thus, the application should allow, as of mid-2017, the possibility for European FIUs to meet their “cross border reporting” obligation digitally, pursuant to the implementation of the fourth Anti-Money Laundering Directive.

FIU-the Netherlands is a member of the Advisory Group and has worked actively to ensure that the service that Europol must provide to the FIUs is at a sufficient level. In 2016, this led to an approved Service Level Agreement between Europol and the individual European FIUs.

*In 2016, FIU-the Netherlands was regularly approached by other FIUs to give a demonstration of the GoAML application and, in addition, to provide an explanation about the work method of FIU-the Netherlands in the area of intelligence.*

### Visits by foreign FIUs

FIU-the Netherlands contributes internationally to investigations and development within the field. As a result, on a regular basis there are requests from other FIUs to visit FIU-the Netherlands. In 2016, FIU-the

Netherlands was regularly approached by other FIUs to give a demonstration of the GoAML application and, in addition, to provide an explanation about the work method of FIU-the Netherlands in the area of intelligence. In concrete terms, this led, in 2016, to visits by the FIUs of Armenia, Germany, Luxembourg, Austria, Portugal, Switzerland and the United Arab Emirates. In addition, a delegation from FIU-Panama paid a visit to FIU-the Netherlands within the context of the professionalization of their organization. These working visits and sharing of knowledge contribute to the improvement of the level of international cooperation with FIU-the Netherlands and also provide an improvement in the general level of knowledge of FIUs worldwide.



2 FIU.NET technology enables European FIUs to effectively and efficiently exchange information in a secure environment and to question each other digitally.



Table of contents



Executive Summary

1 Developments

2 Receiving reports of unusual transactions

3 Analysis of unusual transactions received

4 Dissemination of transactions identified as suspicious

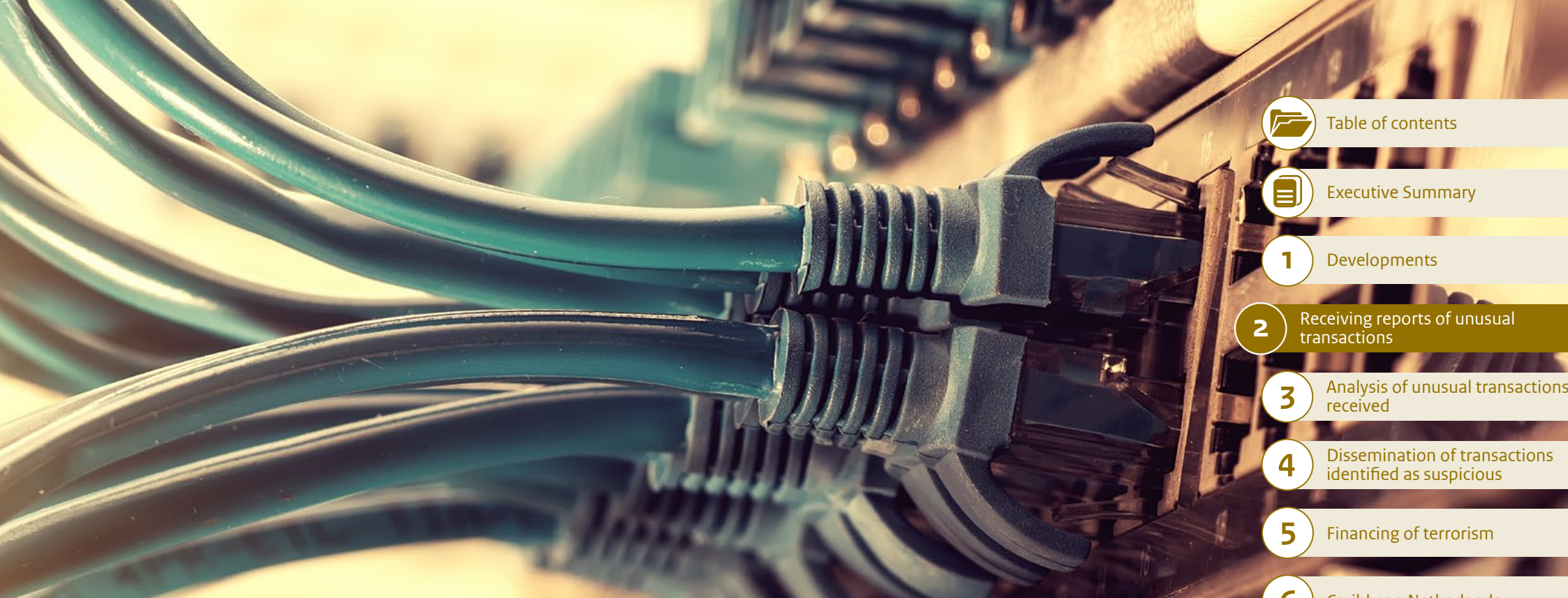
5 Financing of terrorism


6 Caribbean Netherlands


I Key figures 2016 FIU-the Netherlands

II Concerning FIU-the Netherlands

III List of abbreviations used



 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used

## 2. Receiving reports of unusual transactions

In 2016, the reporting entities reported 417,067 unusual transactions to FIU-the Netherlands. For the third consecutive year, this is an increase in the number of reports of unusual transactions. The number of reports of unusual transactions rose exponentially with 104,907 reports, an increase of more than 25 percent with respect to 2015. This chapter describes how FIU-the Netherlands anticipated this in 2016. The operational cooperation between FIU-the Netherlands and the reporting entities and the cooperation with supervisory authorities of the Wwft will be discussed.

## 2.1 Operational cooperation

In 2016, FIU-the Netherlands paid more attention to the coordination between the intelligence issue (detection) and the offer of unusual transactions (reporting entities). For this, within FIU-the Netherlands, the connection was further intensified between client relationship managers - who are linked to the reporting entities - and relationship managers who are connected to the criminal investigation services. Client relationship managers of FIU-the Netherlands work intensively together with the reporting entities and the Wwft supervisory authorities. From this collaboration, reporting entities are given handles to detect unusual transactions and, in addition, the quality of reports is further improved. Through the intensive cooperation with the investigative services, trends and phenomena are identified and converted into information that enables reporting entities reporting entities to better detect unusual transactions. With the same information, the above supervisory authorities can exercise their supervision in a risk-controlled manner.

### Supervisory authorities

FIU-the Netherlands works intensively together with the six organizations responsible for overseeing compliance with respect to the Wwft, these being;

- the Netherlands Authority for the Financial Markets (AFM);
- Financial Supervision Office (BFT);
- Surveillance Office Wwft of the Tax and Customs Administration;
- the Dutch Central Bank (DNB);
- the Gambling Authority (KSA);
- the dean of order of Dutch Lawyers.

Providing information to supervisory authorities on the reporting behaviour of institutions is one of the statutory duties (Article 13 under g Wwft) of FIU-the Netherlands. In 2016 FIU-the Netherlands, together with the supervisory authority, explored new possibilities to use the application of article 13 (g) Wwft as optimally as possible. One example of this is the direct reporting of banking clients who carry out transactions that could possibly be linked to terrorist activities. In 2016, FIU-the Netherlands periodically provided the supervisory authority with an overview of the reporting behaviour of institutions that are under supervision. In 2017, FIU-the Netherlands intends to continue to provide these overviews to ensure that the supervisory authorities are sent information so that the Wwft can exercise supervision. Experience has shown that targeted monitoring almost

always leads to an increase in either the number of, or the quality of the reports.

### Informing partners

To ensure that Wwft network partners continue to be correctly informed on current developments within the field, in 2016 FIU-the Netherlands regularly sent out news- and information letters. The aim of FIU-the Netherlands is to ensure that the reporting entities are informed of trends, phenomena and developments about which the investigation services have received feedback. Thus, a newsletter specifically about the Mossack Fonseca Papers and about the financing of terrorism was submitted to the relevant reporting entities.

### Casuistry website

Since 2013, FIU-the Netherlands has been publishing a bi-weekly anonymous case history, coming from its own research files, online on her website. The underlying crimes range from money laundering to liquidations, from drug trafficking to investment fraud. These stories from real life are considered to be extremely helpful by reporting entities. On the one hand, this is to be able to estimate the value of their reporting and, on the other hand, to use the feedback to tighten internal procedures for the prevention and combat of money laundering and terrorism financing. Moreover, these publications of casuistry satisfy FIU-the Netherlands statutory obligation to provide information to reporting entities. It is published on the public website of FIU-the Netherlands. In addition, social media is also used for publication. Thus, the number of followers of FIU-the Netherlands on LinkedIn rose, in 2016, to more than six hundred. By the end of 2016, 161 cases were described on the website. Of these, 23 cases were published in 2016.



Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

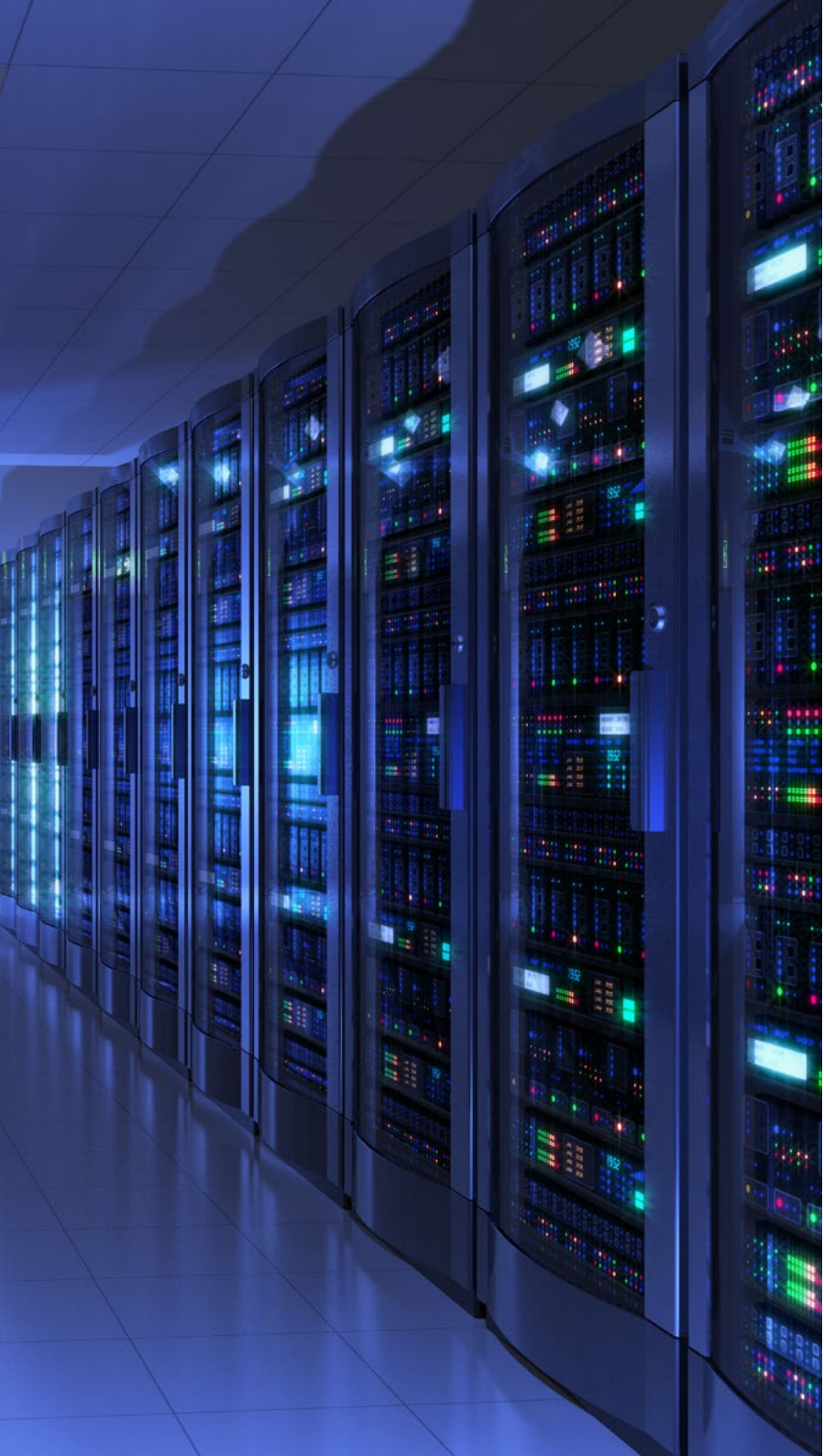
II

Concerning FIU-the Netherlands

III

List of abbreviations used






### Case study: PGB-fraud [Personal Care Budget]

A Dutchman of North African origin received, over a period of four years, 95,000 Euros in PGB benefits, unemployment benefits and allowances for specific costs. He indicated to the monitoring authorities that he could hardly leave home due to severe physical complaints. If he could leave his home, he had to use a walker. From the reported transactions, it appeared that the man was able to go to a money transfer office several times to transfer thousands of Euros to people in Morocco and Egypt. Also, visiting a real estate agent was no problem. He sold a house for well over two hundred thousand Euros. This was a transaction that he, by the way, neglected to mention to the welfare agencies. Meanwhile the investigation services, which were in charge of investigating abuses of social welfare provisions, were also interested in this man. They kept an eye on him and saw that the man, on successive days, got into a car, drove himself to a restaurant and was working in the kitchen until late in the evening. This was more than enough information to arrest him for these malpractices and initiate a procedure and recover the illegally received benefits.

 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used



# 3. *Analysing received unusual transactions*

At FIU-the Netherlands, unusual transactions are reported. Received transactions can be analysed in various ways. A basic distinction can be made between matches with external databases, investigations in response to requests from investigatory services, the FIU's own investigations and requests from foreign FIUs. Through these methods unusual transactions are declared suspicious and made available to the investigatory services.

- Table of contents
- Executive Summary
- 1 Developments
- 2 Receiving reports of unusual transactions
- 3 Analysis of unusual transactions received**
- 4 Dissemination of transactions identified as suspicious
- 5 Financing of terrorism
- 6 Caribbean Netherlands
- I Key figures 2016 FIU-the Netherlands
- II Concerning FIU-the Netherlands
- III List of abbreviations used

## 3.1 From unusual to suspicious

In 2016, FIU-the Netherlands took on 417,067 unusual transactions to investigate. If unusual transaction reports to be investigated are related, FIU-the Netherlands combines them into one file. These could include economic, geographical, criminal, personal, transactional and characteristic relationships. For example, these could include several transactions conducted by one person or – in a broader sense – transactions conducted by persons who are part of the same criminal network. In 2016, FIU-the Netherlands constructed 6,516 files with 53,533 suspicious transactions available to the investigation services. In addition to providing the detection of financial intelligence, all of these files can also serve as a basis for further information provision to share knowledge and insights with reporting entities and supervisory authorities. The total value of the suspicious transactions amounted to 4.6 billion Euros in 2016.

*The total value of the suspicious transactions amounted to 4.6 billion Euros in 2016.*

### LOvJ requests

Investigation services can, through the National Public Prosecutor for money laundering (LOvJ), submit an information request to FIU-the Netherlands to determine whether suspicious persons who are involved in a criminal investigation, appear in the database with unusual transactions. This is done through a LOvJ request. Requests can be made at the start of an investigation and during ongoing investigations, also in the prosecution phase. Client managers at FIU-the Netherlands encourage investigation agencies to submit well thought-out and complete requests. In table 1, there is a summary of the origin of the requests received by the LOvJ in 2016.

Table 1: LOvJ requests submitted in 2016, sorted by investigative service

National Police		Other investigative services	
Central Unit	117	FIOD	191
Unit Centre-Netherlands	119	KMar [Royal Netherlands Marechaussee]	173
Unit North-Netherlands	44	Inspectorate SZW	64
Unit East-Netherlands	63	National Public Prosecutor's Office for Financial, Economic and Environmental Offences	25
Unit Amsterdam	67	National Police Internal Investigations Department	7
Unit Zeeland West-Brabant	58	Social Security Fraud Department/ DWI	24
Unit the Hague	63	RST/Corps The National Police of the Netherlands (NPN) CN	3
Unit Rotterdam	78	NVWA-IOD	21
Unit East-Brabant	57	National Public Prosecutor's Office/ Arrondissementsparket [district court public prosecutor's office]	14
Unit North-Holland	51	ILT/IOD Human Environment and Transport Inspectorate / Intelligence and Investigative Service]]	2
Unit Limburg	24	EMM Expertisecentrum Mensenhandel en Mensensmokkel (Expertise Centre for Human Trafficking and Human Smuggling)	9
		Other services	3
<b>Subtotal National Police</b>	<b>741</b>	<b>Subtotal other services</b>	<b>536</b>

Over all 2016, FIU-the Netherlands received 1,277 LOvJ requests. LOvJ requests may contain a request to an inquiry to a foreign FIU. Information submitted by other FIUs often proves to be very valuable because cross connections can be made. The intensity of the handling of LOvJ requests increased substantially last year because of an increase in foreign inquiries.

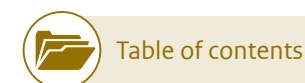


Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used



### Windfall

In April 2016, following a foreign investigation, the Dutch judicial authorities were asked to carry out a raid on a house. The request was granted and a police team conducted the raid under the supervision of a delegated judge. In the house, the investigators found details of a bank account in Luxembourg. Those data showed that the -- absent -- resident had to have access to a considerable amount of money, without this even being remotely traceable to an explainable origin. This was sufficient for the Public Prosecutor to immediately instigate prosecution for money laundering against the man.

Because the suspect could not be arrested at that moment, there was a great risk that he would want to place the money out of the reach of the Ministry of Justice as soon as possible. In a quick cooperation by FIU-the Netherlands and the FIU-Luxembourg, this was prevented. In Luxembourg, a few hours after the raid, more than 3 million Euros were temporarily frozen and thus secured. At the request of the public prosecutor, a criminal attachment was carried out at the bank in Luxembourg and the temporary seizure could be lifted by the FIU Luxembourg.

### VROS-matching

A significant number of transactions declared to be suspicious were found on the basis of a weekly matching of the newly entered unusual transactions with the Index of Criminal Investigations and Subjects (VROS), a National Police Administration File. Positive matches lead to declaring the relevant unusual transactions to be suspicious. The matches and re-matches with VROS led, in 2016, to 26,648 suspicious transactions, divided over 4,329 files (see section 4.1).

*The matches and re-matches with VROS led, in 2016, to 26,648 suspicious transactions, divided over 4,329 files*

## 3.2 International operational cooperation

### Information requests

In performing its statutory tasks and investigations, FIU-the Netherlands calls upon the knowledge and intelligence of other FIUs. By using the FIU-NET application and the Egmont Secure Web (ESW), information is exchanged in a secure environment.

In 2016, FIU-the Netherlands received 515 inquiries from 83 different foreign FIUs to further investigate Dutch-related subjects or facts. This is a slight decrease compared to 2015, when 566 requests were received. In addition, FIU-the Netherlands made a total of 827 information requests to 84 foreign FIUs. This is an increase compared to 2015, in which FIU-the Netherlands made 716 requests to other FIUs. Tables 2 and 3 visualize which FIUs placed most of the information requests to FIU-the Netherlands and to which FIUs the most information requests were sent to in 2016.

Table 2: Top 5 in the number of inquiries received from FIUs in 2016

Top 5	Requests received from	Number
1	FIU Belgium	164
2	FIU United Kingdom	31
3	FIU Germany	23
4	FIU United States	23
5	FIU France	17

Table 3: Top 5 in the number of inquiries sent to FIUs in 2016

Top 5	Requests submitted to	Number
1	FIU Belgium	105
2	FIU Germany	105
3	FIU Spain	66
4	FIU Turkey	64
5	FIU United Kingdom	50

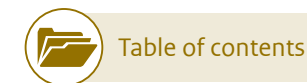


Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used




### Plenty of money

A woman came to the showroom of a car trader ship and bought a Volkswagen Golf GTI for nearly 37,000 Euros. First she got € 10,000 from an ATM and then placed 418 banknotes of 50 Euros and 250 banknotes of 20 Euros on the counter. This was sufficient to take a closer financial look at the woman. It quickly became clear that the woman had lived for years from social benefits and that it was implausible that she could simply put down 37,000 Euros. It was also noted that, in relation to this transaction, she had been dealing with a number of other people. One of these people proved to have transferred money to the Antilles twenty times. And another person known to her turned out, upon departure from Schiphol Airport, to have nearly ten thousand Euros with him and very expensive clothing. In short, within the group, money was apparently not the main problem.

The transactions were declared to be suspicious but, in the summer of 2016, before the police could start a money-laundering investigation, a number of the involved persons walked literally right into their arms. When, in a metropolitan area, two people from the group were frisked by policemen, they found 16 banknotes of 500 Euros each and a firearm. In a subsequent search of a home, another 88,000 Euros in cash was found. In passing, two cars and some expensive watches were also confiscated. The entire group was arrested and the suspicious transactions were entered in the criminal file.

 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used

### 3.3 Our own investigations

In addition to the investigations on the basis of LOvJ-requests and VROS matches, as well as information requests from abroad, in 2016, FIU-the Netherlands also carried out - based on its unique position - own investigation and analysis, using sources from network partners. This led, in 2016, to 24 percent of the suspicious files. They then delved into some of the trends and phenomena that, in 2016, received special attention from FIU-the Netherlands.

#### Bitcoins

Also in 2016, FIU-the Netherlands invested in investigating and analysing bitcoin related transactions. Some sixty investigated files were made available to the investigatory services in 2016 for further investigation. A large number of operational investigations, based in part on the transaction information by FIU-the Netherlands from previous years, has now been successfully completed. These investigations have led to seizure of cash, goods and bitcoins. The prosecution of the defendants in the various cases is still on-going.

*Also in 2016, FIU-the Netherlands invested in investigating and analysing bitcoin related transactions*

#### From virtual money to real Euros

One of the most known virtual means of payment is the bitcoin. As a means of payment, bitcoins are very popular with deals via the dark side of the internet, such as the Dark Web. Criminals who earn bitcoins in this way want, of course, to be able to anonymously convert the virtual currency to cash.

A holder of a private bank account at a Netherlands-based bank caught the attention in analyses due to a certain pattern in the account activities. He withdrew large amounts of cash from his bank account after the bank was fed giro transfers from legitimate companies which buy and sell bitcoins as a business activity.

Investigation in the police systems showed that the account holder had reported a robbery the year before. He had been standing in a public building when he was robbed of 7500 Euros he did not appear to be registered as a resident in the Netherlands.

A transaction analysis soon showed that he had made withdrawals of millions in cash but also had received millions of transfers from bitcoin traders from both at home and abroad.

In addition, the man appeared to advertise on the internet under a company name. He offered to buy bitcoins for cash and seemed to be able to deliver within the hour. He also charged a commission. He offered to pay the current rate in cash immediately, minus eight or six per cent, respectively. For amounts below the 10,000 Euros, he charged eight percent, for higher amounts, he charged six.

This was more than enough reason for the police to start an investigation into the facilitation of money laundering. Together with the English police, three men were identified and, in March 2016, they were arrested. The companies that they used were found to be non-existent. The court hearing will follow in the spring of 2017.

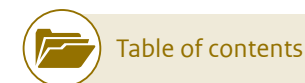


Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used







Alongside of analysing unusual bank and cash transactions for operational criminal cases, FIU-the Netherlands also has an eye on the developments surrounding bitcoins and other crypto-currencies. In doing this, FIU-the Netherlands seeks contact with such partners as the National Police and the FIOD. To expose risks of money laundering and terrorism financing by crypto-currencies. In 2017, there will be continued focus on crypto-currencies.

### Child pornography

In 2016, FIU-the Netherlands registered a number of unusual transaction reports which can be linked to live streams of child pornography. Files with suspicious transactions concerning this phenomenon were sent to the team Combating Child Pornography and Child Sex Tourism of the Central Unit of the National Police.

In total, in 2016, FIU-the Netherlands constructed twelve cases which may be related to child pornography and related to live streaming of this act of crime.

### Migration-related crime

Under the Dutch Presidency of the European Union in the first half of 2016, FIU-the Netherlands initiated a project aimed at developing detection capabilities of migration-related money flows. This investigation focused on the Eastern Mediterranean route. Within the project, there was a partnership with eight other European FIUs. Based on the results of this collaboration, a methodology was developed. This methodology was accurately documented and was, in June 2016, presented and made available to all European FIUs at a special meeting of the EU FIU platform in Brussels. In addition, the project led to a number of investigation files which, after being declared suspicious, were transferred to the investigation services.


### Corruption

The crime of corruption by public servants usually leaves few traces. Financial money flows can provide indications of possible bribery. In FEC context, FIU-the Netherlands contributed to the exchange of knowledge and areas of overlap and collaboration possibilities were explored. FIU-the Netherlands had, in previous years, carried out an exploratory investigation on the impossibility/possibility to detect bribery of public servants in reported transaction information. It especially addressed the bribery of foreign public officials in which there is a Dutch interest. For domestic civil servant bribery, financial footprints can often be observed pointing to the civil servant in question. For cases of foreign bribery, this is not directly possible because the financial transactions of foreign officials usually occur out of sight of FIU-the Netherlands and the investigation services. This requires very close coordination with the foreign FIUs.

Up to November 2016, reports were received, spread over several years, which could be connected to a major international corruption scandal in which Dutch companies were used. The transactions were recorded in files and transferred to the FIOD. Here, millions of Euros were transferred through companies from foreign accounts and credit cards and channelled to several offshore companies in tax havens. In order to bring in orders, high-level officials were bribed.

Meanwhile, the companies that wanted to assure contracts by using kickbacks have settled for hundreds of millions of Euros with authorities in the Netherlands and the United States.

 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
5,443.00				4.00			
9,012.00	7,510.00	25,872.00	3,345,345.00	23,442.00	534,454.00	34,534.00	3,98
20,796.00	3,445.00	34,557.00	345.00	234,768.00	42,343.00	342.00	33
2,315.00	45,534.00	7,566.00	42,456.00	234,234.00	5,5		
38,484.00	38,484.00	38,484.00	5,345.00	634,567.00	234,678.00	40,450.00	4,0
16,164.00	16,164.00	16,164.00	16,164.00	10,776.00	234,4		
15,726.00	15,256.00	33,245.00	3,423.00	34,423.00	42,2		
2,276.00	25,412.00	54,322.00	2,342.00	7,352.00	1.00	564,523.00	1.3
18,174.00	3,654.00	23,312.00	3,423.00	23,423.00	34		
55,320.00	55,320.00	9,220.00	234,423	234,233.00	45,344.00	24,423.00	6
31,428.00	31,428.00	31,428.00	31,4	534,457.00	45		
14,772.00	14,772.00	14,772.00	14,772.00	14,772.00	14,772.00	14,772.00	4
1,366.00	16,392.00	16,392.00	16,392.00	16,392.00	16,392.00	16,392.00	4
1,264.00	15,168.00	15,168.00	15,168.00	15,168.00	15,168.00	15,168.00	4
4,890.00	58,680.00	58,680.00	58,680.00	58,680.00	58,680.00	58,680.00	7
1,142.00	13,704.00	13,704.00	13,704.00	13,704.00	13,704.00	13,704.00	4
1,327.00	15,924.00	15,924.00	15,924.00	15,924.00	15,924.00	15,924.00	4
4,250.00	51,000.00	51,000.00	51,000.00	51,000.00	51,000.00	51,000.00	4
3,907.00	46,884.00	46,884.00	46,884.00	46,884.00	46,884.00	46,884.00	1, 1,448.00 1,
3,156.00	37,872.00	37,872.00	37,872.00	37,872.00	37,872.00	37,872.00	1,

Table of contents

Executive Summary

1 Developments

2 Receiving reports of unusual transactions

3 Analysis of unusual transactions received

4 Dissemination of transactions identified as suspicious

5 Financing of terrorism

6 Caribbean Netherlands

# 4. Dissemination of transactions identified as suspicious

The main legal task of the FIU Netherlands is to analyse unusual transactions to determine whether said transactions should be identified as suspicious. These suspicious transactions are made available to the various investigation and security services. The suspicious transactions are used as information for the initiation of investigations, as control information in investigations or as evidence in investigation files. In addition to these possibilities, the suspicious transactions are also used as a source for further strategic investigations and for analysing and compiling regional and national crime pictures.

I Key figures 2016 FIU-the Netherlands

II Concerning FIU-the Netherlands

III List of abbreviations used

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
9,012	20,796	2,315	38,484	16,164	15,726	2,276	18,174	55,320	31,428	14,772	16,392	15,168	58,680	13,704	15,924	51,000	46,884	



## 4.1 Overview of transactions and compiling of files identified as suspicious

Of the 53,533 transactions identified as suspicious in 2016 by FIU-the Netherlands, there were, in total, 6,516 completed files compiled. For the period 2014-2016, the overall picture of the suspicious transactions, per group of reporting entities, is included in *Appendix I*.

*Table 4: Number of suspicious transactions and files in 2016, per reason for reporting*

Declared suspicious based on;	Number of transactions	Percentage (%)	Number of files	Percentage (%)
VROS	26,648	50%	4,329	66%
FIU investigations	16,555	31%	1,566	24%
LOVJ	7,712	14%	548	8%
CJIB (Central Fine Collection Authority)	2,618	5%	73	1%
<b>Total</b>	<b>53,533</b>		<b>6,516</b>	

In 2016, FIU-the Netherlands experienced an increase of 31 percent in the number of transactions declared suspicious, relative to 2015. This increase is partly caused by the fact that the increase in the number of unusual transactions resulted successively, in 2016, to more hits with the VROS matching system. In addition, the increase can be explained by the fact that more of the FIU's own research was conducted and a significant increase was seen in the number of suspicious transactions that are related to the CJIB matching, based on qualitatively better reporting. The majority of the total suspicious declared transactions in 2016 consisted of money transfers reported by the payment service providers. In previous years -- 2014 and 2015 -- as well, most of the transactions declared to be suspicious consisted of money transfers.

As far as predicated offenses are concerned, the largest absolute increase over 2016 regarding suspicious transactions -- an increase of over four thousand transactions -- could be seen in the area of fraud. The largest relative increases of suspicious transactions relating to predicated offenses were observed in the areas of synthetic drugs and terrorism. Looking at the reporting entities behaviour over 2016, changes were visible within two reporting sectors. An increase of thirty percent in the number of suspicious



transactions came from payment service providers. There was an almost equivalent increase -- 31 percent -- in the number of reports of unusual transactions in this sector through improved compliance. In addition, a tenfold increase in the number of suspicious transactions in 2016 was observed in the trading sector. This increase can be traced to a number of very large files, including a file contains more than 1300 transactions. The exact numbers are shown in tables 5 and 6.

*Table 5: Number of transactions declared suspicious in 2016, by sector*

Sector of reporting entities	Number	of which Money Transfers
Payment service providers	47,847	42,828
Banks	2,261	294
Independent professionals	559	
Government	275	
Casinos	360	
Traders	2,087	
Credit card companies	124	
Other sectors	20	
<b>Total</b>	<b>53,533</b>	<b>43,122</b>

*Table 6: Number of transactions declared suspicious in 2016, per type of transaction*

Transaction type	Number
Money transfers	43,091
Cash transactions	8,409
Wire transfers	1,086
Other transactions	947
<b>Total</b>	<b>53,533</b>

-  Table of contents
-  Executive Summary
- 1** Developments
- 2** Receiving reports of unusual transactions
- 3** Analysis of unusual transactions received
- 4** Dissemination of transactions identified as suspicious
- 5** Financing of terrorism
- 6** Caribbean Netherlands
- I** Key figures 2016 FIU-the Netherlands
- II** Concerning FIU-the Netherlands
- III** List of abbreviations used



As in 2015, most of the suspicious declared transactions in 2016, were worth less than 10,000 Euros. In 2016, the amount of 4.6 billion Euros in transactions was declared to be suspicious by FIU-the Netherlands. This is more than double the amount of 2015, when almost 2 billion Euros was declared to be suspicious. In 2015, FIU-the Netherlands declared 38 transactions with a value of more than 10 million Euros to be suspicious. The majority of these 38 transactions were reported by the banking sector and were given special attention by FIU-the Netherlands. This is partly due to the size of the amounts and the possible politically sensitive implications. Most of the total amount is, therefore, caused by a relatively limited number of suspicious transactions. Further percentages and corresponding amounts are shown in table 7.

Table 7: Number of and share\*\* in the amount of (completed) transactions\* declared suspicious in 2016

Amounts involved in suspicious transactions	Number	Percentage (%)	Amount in €	Percentage (%)
< €10,000	47,745	91%	42,548,040	1%
€ 10,000	3,705	7%	155,939,923	3%
tot €100,000				
€ 100,000	1,043	2%	271,424,811	6%
tot €1,000,000				
€ 1,000,000	139	0%	291,028,920	6%
tot €5,000,000				
€ 5,000,000	22	0%	141,528,818	3%
tot €10,000,000				
>= € 10,000,000	38	0%	3,764,262,205	80%
<b>Total</b>	<b>52,692</b>	<b>100%</b>	<b>4,666,732,716</b>	<b>100%</b>

\*Intended transactions (841) are not included

\*\*Due to rounding differences, the total of the percentages in the table is not precisely 100%

### Proposed transactions

Of the 52,692 suspicious declared transactions in 2016, there were 841 intended transactions that were not carried out by the reporting authority or were denied. The number of reports of proposed transactions strongly increased over the past year from 470 in 2015, to 841 in 2016. This increase is especially visible with the payment service providers. The number of reports of proposed suspicious transactions strongly increased over the past

year from 216 in 2015, to 612 in 2016. Thus, there is more attention from payment service providers for transactions that are suspicious even before processing. This is a positive development because it enables investigation agencies to intervene earlier in the process.

### Type of crime

FIU-the Netherlands coordinates priorities according to the needs of the law enforcement authorities. FIU-the Netherlands registers the underlying type of crime related to files that are compiled by FIU-the Netherlands itself, based on its own investigations or following LOvJ requests. In total, in 2016, types of crimes were registered from 2,114 files, where money laundering was registered in 36 percent of the files. This does not mean that the other files do not involve money laundering, but rather, in these files, a different type of crime is more explicitly apparent. After money laundering, the financing of terrorism (20 percent) and fraud (17 percent) constitute the most often registered forms of crime, as seen in table 8.

Table 8: Number of files per type of crime over 2016

Type of crime	Number	Percentage (%)
Money laundering	968	36%
Fraud	450	17%
Terrorism	543	20%
Human trafficking	77	3%
Human smuggling	111	4%
Hard drugs	168	6%
Soft drugs	115	4%
Murder/Manslaughter	44	2%
Corruption	35	1%
Synthetic drugs	28	1%
Arms trafficking	24	1%
Burglaries	4	0%
Other forms	130	5%
<b>Total</b>	<b>2,697</b>	<b>100%</b>

-  Table of contents
-  Executive Summary
- 1** Developments
- 2** Receiving reports of unusual transactions
- 3** Analysis of unusual transactions received
- 4** Dissemination of transactions identified as suspicious
- 5** Financing of terrorism
- 6** Caribbean Netherlands
- I** Key figures 2016 FIU-the Netherlands
- II** Concerning FIU-the Netherlands
- III** List of abbreviations used



Only files that have been reported and which, in addition, were drafted in response to LOVJ requests and our own surveys contain a description of the possible related crime form(s). A file may pertain to several types of crime. In cases where there are two or more types of crime, this file will be included just as often in the above table. For that reason the total (2,697) is higher than the number of unique files where one crime form is filled in.

#### **In his own pocket**

A man was the administrator of a church. In this capacity, he was authorized to act alone on matters concerning the church's bank account. In 18 months, 232,000 Euros was transferred from the church's account to a business account of a company registered as a wholesale trader in clothing. The sole shareholder of the company, however, was the same administrator. From the tax records, it appeared that the company had an ailing volume of sales.

The marginal note on the transfers was invariably 'internal transfer.' Further investigation of the business bank account showed that, from that account, payments were made for purchases of shipments of clothing, but there were also transfers to the private account of the man and his wife.

After analysis of cash flows of all the involved bank accounts, it was clear. The church administrator had systematically embezzled money for personal gain and to provide his company with embezzled funds. The file was transferred and the fraudulent administrator was arrested.

-  Table of contents
-  Executive Summary
- 1** Developments
- 2** Receiving reports of unusual transactions
- 3** Analysis of unusual transactions received
- 4** Dissemination of transactions identified as suspicious
- 5** Financing of terrorism
- 6** Caribbean Netherlands
- I** Key figures 2016 FIU-the Netherlands
- II** Concerning FIU-the Netherlands
- III** List of abbreviations used

## 4.2 Operational cooperation with investigation and enforcement partners

### National Police

The client managers of FIU-the Netherlands are the direct link to the investigating authorities and, in addition, also act as ambassadors. They provide the tracking of advice on suspicious transactions and how to interpret them correctly. Queries with other foreign FIUs are first assessed by client managers for usability and feasibility before placing an international request. Also, client managers take part in major investigation and/or enforcement actions if bringing in financial expertise will supply added value. Through the client managers, FIU-the Netherlands provides specific transaction information to the investigation services. This provision consists partly of the official reports and files prepared by FIU-the Netherlands, but may also consist of analyses, transaction overviews and intelligence reports. In a number of cases, an initial official report by FIU-the Netherlands provides the start of a criminal investigation.

To further improve access to financial intelligence for the investigation services, in 2016, there was a transfer to the entering of any suspicious transaction information into the new BVI (Basic Information Database). The implementation of confiscation programmes within the National Police has resulted in production agreements. Every month, FIU-the Netherlands supplies files with confiscation potential to all regional units that have entered into an obligation to use best endeavours. This means agreement were made with investigation services that there will indeed be further investigation of the delivered files by the FIU-the Netherlands. Client managers derive, wherever possible, expertise from criminal investigations and this information is then, anonymously, given as feedback to the reporting entities so that it can contribute to the quality of the reports.

In 2016, the collaboration with police investigation services was further intensified. This is due to the fact that the undermining and the related removal and confiscation by the police has been prioritized. In 2016, in part due to the financial intelligence provided by FIU-Netherlands, investigators were able to arrest suspects and confiscate movable property, drugs and very large sums of cash. Because urgency is necessary in certain criminal investigations, FIU-the Netherlands has 24-hour capacity available, in

addition to the regular turnaround. The investigation services also made use of this in 2016, contributing to a further improvement in investigation results.

### FIOD

Alongside the National Police, the FIOD is, in numbers, the second-largest user of intelligence products supplied by FIU-the Netherlands. The vast majority of the fraud files were delivered to the FIOD. At FIU-the Netherlands, there are AMLC liaisons who assist in offering support with the files within the FIOD and recording their results. The liaisons thus offered support with 161 files.

### Special investigative services

In 2016, a start was made with the sharing of financial intelligence with the special investigative services via consultations. Examples include a recurring regional multidisciplinary progress consultation with partners (police, RIEC, KMar and the Tax and Customs Administration) whereby FIU-the Netherlands, as requested and required, introduces financial intelligence in conjunction with one of the participating investigative agencies. This ensures that the financial intelligence generated by FIU-the Netherlands will actually be taken up and used for detection.

### CJIB Centraal Justitiele Incasso Bureau (Central Fine Collection Authority)

FIU-the Netherlands carried out four matches in 2016 for the Central Judicial Collection Agency (CJIB). FIU-the Netherlands carried out these matches in order to confiscate, via the CJIB, illegally obtained assets from criminals. The CJIB provided a file of convicted persons with an outstanding debt. The file was compiled on the basis of criteria laid down by the CJIB and FIU-the Netherlands, such as a lower limit for outstanding claims. The matches that were carried out led to 73 files with a total of 1211 transactions that were declared suspicious.

In six of the cases, this resulted directly in issuing an order for taking into custody (detention). Some of the other transactions reported to FIU-the Netherlands did concern the payment of an outstanding debt to the CJIB. Furthermore, in some cases the information provided by FIU-the Netherlands was used to reject a request for a reduction in outstanding debt or for further questioning about the financial situation of a convicted person and/or to reject a request for detention.

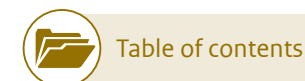


Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used





## RIEC's [Regional Information and Expertise Centres]

Together with the RIECs of Rotterdam, Zeeland-West Brabant and Central Netherlands, pilot projects were conducted in 2016 to investigate how the financial intelligence of FIU-the Netherlands can be used most effectively in these partnerships. Since each RIEC has its own form of organization, that was, for all three of these RIEC's, implemented differently.

At the RIEC Rotterdam, the suspicious transactions at FIU-the Netherlands in 2016 were mainly used for further identification of the money-laundering problems in the area Rotterdam South. By combining the suspicious transaction information with other information, such as land registry and

other open sources, more insight was gained concerning connections between companies and crime, and companies and real estate came into view that required further investigation. Without the suspicious transaction information, these would not have become visible. In this collaboration, a good connection between the police and the RIEC is essential for FIU-the Netherlands.



-  Table of contents
-  Executive Summary
-  1 Developments
-  2 Receiving reports of unusual transactions
-  3 Analysis of unusual transactions received
-  4 Dissemination of transactions identified as suspicious
-  5 Financing of terrorism
-  6 Caribbean Netherlands
-  I Key figures 2016 FIU-the Netherlands
-  II Concerning FIU-the Netherlands
-  III List of abbreviations used





-  Table of contents
-  Executive Summary
-  1 Developments
-  2 Receiving reports of unusual transactions
-  3 Analysis of unusual transactions received
-  4 Dissemination of transactions identified as suspicious
-  **5 Financing of terrorism**
-  6 Caribbean Netherlands
-  I Key figures 2016 FIU-the Netherlands
-  II Concerning FIU-the Netherlands
-  III List of abbreviations used

# 5. Financing of terrorism

The statutory task of FIU-the Netherlands also extends to the prevention and investigation of the financing of terrorism. Intelligence products that were developed in this context, in 2016, prove to be of great value in the detection process. The financial intelligence of FIU-the Netherlands in 2016 has contributed to national and international fight against the -- financing of -- terrorism. In 2016, many organizations appealed to the expertise that has been gained within FIU-the Netherlands in the area of terrorism financing.

## 5.1 National Developments

### Integrated approach to tackling jihadism

In 2016, FIU-the Netherlands contributed to the implementation of the Action Programme for the Comprehensive Approach to Tackling Jihadism. The information that FIU-the Netherlands has available, both nationally and internationally, has led to an increase in financial intelligence products for the investigation and intelligence services. In addition, FIU-the Netherlands financial intelligence reports were brought to the attention of the ministerial consultations responsible for the placement of persons involved in jihadism on the National Sanctions List. The assets of these people can be frozen as a result of this placement. In 2016, the number of placements on the National Sanctions List increased significantly.

### Operational collaboration

In 2016, FIU-the Netherlands worked closely with both the National Police and the FIOD, both in the preparatory and in the operational phases of investigations and terrorist threats. In addition, in 2016, there were frequent consultations with the National Public Prosecutor's Office for Financial, Economic and Environmental Offences and police and intelligence reports were delivered to the FIOD, the National Police and the Public Prosecutor's Office. All relevant financial intelligence was then provided to the AIVD. The recent legislation making terrorism financing independently punishable, as stated in article 421 of the Dutch Criminal Code, has led to the first successful conviction for this offence on the basis of a file originating from suspicious transactions provided by FIU-the Netherlands.

FIU-the Netherlands is, in the area of terrorism financing, an active participant in various multidisciplinary collaborations. In 2016, as an FEC partner, FIU-the Netherlands was a leading provider of information for a thematic project in the area of terrorism financing. In addition, FIU-the Netherlands participated in the CT Infobox in 2016.

### Collaboration with reporting organizations

In 2016, FIU-the Netherlands worked closely with the reporting entities by making information and indicators for addressing terrorism financing available as soon as possible via newsletters or other forms of communication. The detection of unusual transactions that relate to terrorism financing requires specific knowledge, but it is also necessary that reporting entities look differently at transactions than they generally would

when calling attention to money laundering. With money laundering, the origin of the money is particularly relevant; with terrorism financing, the emphasis is on the destination of the transactions. This exchange took place with the banking sector in the Combating Terrorism-Financing platform. Within this platform, consisting of a number of selected financial institutions, information and profiles were shared with each other. Along with the participating partners, they examined how relevant transactions can be identified and, after being declared suspicious, can be used effectively in the fight against terrorism. The transactions are further used as intelligence by the various investigation and intelligence agencies in the fight against terrorism. The cooperation within the Terrorism-Financing platform in 2016 led to an increase in the number of reports. Here, it could be specifically noted that the content and quality of the reports of unusual transactions had improved. This is the reason that the number of suspicious transactions that were reported from the reporting entities group is relatively high in this category. Also, the intensification of cooperation with other informant groups led to an increase in the number of reports concerning terrorism financing.

## 5.2 International developments

In 2016, on invitation from the United Nations, FIU-the Netherlands became a member in a forum of experts, in the joint briefing of The Counter Terrorism Committee of The Security Council. From this briefing and at the world's highest podium, FIU-the Netherlands can now contribute and retrieve knowledge on combatting terrorism. The input of FIU-the Netherlands contributes, on the one hand, to the fight against international terrorism and, on the other hand, provides knowledge on the national approach.

### The Egmont Group of Financial Intelligence Units

In Egmont context, FIU-the Netherlands and FinCEN, the FIU of the United States, led a project in the area of terrorism financing (the ISIL-project Phase II). In total, 37 FIUs worldwide participated in this project, partly due to the increasing global attention to the prevention of terrorism financing. Based on suspicious transaction information which the participatory FIUs have, investigations were carried out on the possibility of charting facilitating networks involved in the support of jihadists, also known as "foreign terrorist fighters." The ISIL project enables, within the Egmont context,



Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used







related information to be shared for the first time, multilaterally, on combating the terrorism financing within various jurisdictions. In 2016, as a result, from more than twenty research files inside FIU-the Netherlands, information could be shared with other FIUs regarding terrorism financing.

### Financial Action Task Force (FATF)


In 2016, FIU-the Netherlands took part in the RTMG (Risks, Trends and Methods Group), a working group that, among other things, collects and validates typologies of terrorism financing. To this end, input was provided that was aimed at 'foreign terrorist fighters' and the increasing abuse of foundations in the Netherlands. In 2016, FIU-the Netherlands presented the results of the ISIL Egmont project at the FATF/GAFILAT Joint Experts Meeting in order to share the acquired knowledge as widely as possible. These results are included in a FATF report on 'Emerging terrorism financing Risks 3'. In 2016, for this report, FIU-the Netherlands provided focused input about the abuse of foundations for the financing of terrorism.

### EU Supra National Risk Assessment (SNRA)

In 2016, FIU-the Netherlands supplied specific expertise during participation in the meeting convened by the EU Commission within the framework of the SNRA on the sub-area financing of terrorism. These meetings have contributed to an improvement in knowledge-sharing on terrorism financing in Europe.

<sup>3</sup> FATF (2016), Emerging terrorism financing Risks, FATF, Paris, [www.fatf-gafi.org/publications/methodsandtrends/documents/emerging-terrorist-financing-risks.html](http://www.fatf-gafi.org/publications/methodsandtrends/documents/emerging-terrorist-financing-risks.html).

 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used

## 5.3 Operational results

### Suspicious transactions

In 2016 FIU-the Netherlands declared 4,494 transactions to be suspicious because, on the basis of analysis, they were related to terrorism financing, investigations on counter-terrorism or travelling to Syria and/or Iraq. This resulted in 623 files, which is more than double that of 2015, in which 286 files were drawn up (see table 10). Some suspicious transactions are bundled in file form because they are connected. Files can, for this reason, contain several suspicious transactions. The transactions declared suspicious by FIU-the Netherlands based on analysis, were made available in file form to the investigation and/or intelligence services. FIU-the Netherlands constantly monitors whether transactions are reported concerning persons who have been placed on the National Sanctions List. Because of this, it happens that, during the course of a year, several transactions related to one subject are declared to be suspicious and made available to the investigation services.

#### Living expenses of an ISIS combatant

Sending money to jihad fighters is a form of financing terrorism and is punished by the Dutch Penal Code. A man had transferred money to his brother for a period of more than one year. This brother travelled to Syria to fight for the Islamic state. In total, the man transferred more than 17,000 euros to his brother in Syria. Some of these transactions to Syria came from analysis of the FIU-the Netherlands. The FIOD subsequently conducted the investigation and found that the man had sent not only money to his fighting brother but also had a tax deduction of approximately 10,000 euros. Additionally, the man changed his tactic when his brother was placed on the United Nations sanction list, by allowing others to make money transfers to his brother. Unsuccessfully because FIOD was able to find out this tactic as well. The man received twenty-four months' imprisonment for these crimes, of which eight conditional.

### Information exchange FIUs

In 2016, FIU-the Netherlands received 41 requests from foreign FIUs related to potential terrorism financing. In 2016, there were 27 terrorism-related requests from FIU-the Netherlands sent to foreign FIUs. Outside of the demand-driven information exchange, in 2016 a great deal of terrorism-related financial intelligence was spontaneously received and also provided to partners. This was done using the standard bilateral process with one Egmont partner/FIU but also by multilateral distribution among multiple Egmont partners/FIUs. Egmont partners are to inform each other without being asked if it is assumed that the available financial intelligence may be important for other jurisdictions. In most cases, the relevant FIU authorizes, in advance, the sharing of financial intelligence with the investigation and intelligence services. This information that was received contributed to the analysis of the terrorism-related networks that were examined by the investigation services.

FIU-the Netherlands has been observing a growing number of suspicious transactions over the last four years (see table 9). Last year, FIU-the Netherlands labelled 2,014 transactions as suspicious, so that, in 2016, there were more than double the number of suspicious transactions, namely 4,494. This increase is, in part, related to the rise of the Islamic State and its affiliated persons who may be actively working to conduct the armed struggle. Also, the recent attacks in European cities ensure an increase in attention for terrorism financing.

Table 9: numbers of suspicious transactions related to terrorism financing from 2013 to 2016

Development of suspicious transactions concerning terrorism financing 2013-2016				
Year	2013	2014	2015	2016
Number of suspicious transaction	1,296	1,916	2,014	4,494

Table 10: Numbers of files related to terrorism financing from 2013 to 2016

Development of files on terrorism financing 2013-2016				
Year	2013	2014	2015	2016
Number of suspicious transaction	176	251	286	623

-  Table of contents
-  Executive Summary
-  1 Developments
-  2 Receiving reports of unusual transactions
-  3 Analysis of unusual transactions received
-  4 Dissemination of transactions identified as suspicious
-  5 Financing of terrorism
-  6 Caribbean Netherlands
-  I Key figures 2016 FIU-the Netherlands
-  II Concerning FIU-the Netherlands
-  III List of abbreviations used





# 6. Caribbean Netherlands

The reporting entities located in the Caribbean Netherlands must also report unusual transactions to FIU-the Netherlands. This is done based on the Money Laundering and Terrorism Financing (Prevention) Act Bonaire, Sint Eustatius and Saba (Wwft BES). In order to remain in contact with reporting entities and to keep them informed of the amendments, a client manager from FIU-the Netherlands is stationed as a permanent liaison in this part of the Kingdom. In this way, reporting entities are kept informed and encouraged to correctly meet the compliance requirement with regard to the reporting of unusual transactions. In addition, this liaison is important for maintaining the good relationship between the other FIUs in the region or improving it.

- Table of contents
- Executive Summary
- 1 Developments
- 2 Receiving reports of unusual transactions
- 3 Analysis of unusual transactions received
- 4 Dissemination of transactions identified as suspicious
- 5 Financing of terrorism
- 6 Caribbean Netherlands**
  - I Key figures 2016 FIU-the Netherlands
  - II Concerning FIU-the Netherlands
  - III List of abbreviations used



## 6.1 Receiving and analysing unusual transaction reports from The Caribbean Netherlands

### Investment in quality reporting

In 2016, FIU-the Netherlands focused specific on the quality of the reports of unusual transactions, with the aim of further improving and increasing the quality and number of suspicious transactions from The Caribbean Netherlands. In 2016 the reporting entities were instructed on use of the online reporting system of FIU-the Netherlands (GoAML) and on applying the right indicators. In 2016, two client days were held on Saba and St. Eustatius. During these client days, the emphasis was on client investigations in relation to money laundering and terrorism financing. The purpose of these client days was to inform reporting entities about identity and document fraud in relation to money laundering. In addition, the administrative liaison contributed to a Wwft-BES training session at the invitation of the Association of Administration Offices and Tax Consultants.

### Received reports

In The Caribbean Netherlands, there were, in 2016, a total of 1,281 reports made of unusual transactions. Most of these were derived from reports from banking institutions, followed by the number of reports from the Customs Administration in The Caribbean Netherlands.

Table 11: Number of unusual transactions per type of informant in 2016 for The Caribbean Netherlands

Type of informant	Number Of Unusual Transactions
Tax consultants	5
Banks	1,109
Customs Administration The Caribbean Netherlands	121
Precious metal trading	2
Trader in Vehicles	9
Real estate agents	5
Notary Public	30
<b>Total</b>	<b>1,281</b>

### Analyseren; van OT naar VT

In 2016 is toegang gerealiseerd tot de database van de Koninklijke Marechaussee. Dit zal op termijn leiden tot een verbetering in de onderzoeken van de gemelde ongebruikelijke transacties door de administratief liaison. Mede door de toegang tot het Border Management System (BMS) kan er een effectievere analyse plaatsvinden van personen die onder meer met grote contante bedragen Caribisch Nederland regelmatig in- en uitreizen. In 2016 had de administratief liaison nog geen toegang tot de databases van Nationale Politie in Caribisch Nederland, dit was een hinderpaal voor een effectieve analyse. In de loop van 2017 zal deze toegang daadwerkelijk gerealiseerd worden.

## 6.2 Dissemination of suspicious transaction information in The Caribbean Netherlands

In 2016, 231 transactions in the Caribbean area were declared to be suspicious; these were bundled into 13 files and transferred to the Public Prosecutor's Office BES, The Caribbean Netherlands Constabulary (KPCN) and investigation services, RST BES Curaçao. These suspicious transactions represent a combined value of more than eight million Euros. Among the 231 reported transactions were three proposed transactions. Again, it was the banks which reported the majority of the suspicious transactions. A number of colleagues within FIU-the Netherlands are thematically connected to The Caribbean Netherlands. The aim is to increase the number of suspicious transactions and files from The Caribbean Netherlands.

Table 12: Number of Suspicious Transactions per type of informant in 2016

Type of informant	Number Of Suspicious Transactions
Administration offices	0
Banks	225
Precious metal trade	0
Trader in Vehicles	1
Real estate agents	0
Notary Public	5
<b>Total</b>	<b>231</b>

-  Table of contents
-  Executive Summary
-  1 Developments
-  2 Receiving reports of unusual transactions
-  3 Analysis of unusual transactions received
-  4 Dissemination of transactions identified as suspicious
-  5 Financing of terrorism
-  **6 Caribbean Netherlands**
  -  I Key figures 2016 FIU-the Netherlands
  -  II Concerning FIU-the Netherlands
  -  III List of abbreviations used



The bulk of the files was declared suspicious following an investigation by FIU-the Netherlands itself. (Semi) Automatic matches, as supplied in the Netherlands, have limited success with reports from The Caribbean Netherlands, partly because of the limited availability of external sources, as previously indicated in Section 6.1.

*Table 12: Number of Suspicious Transactions and Files in 2016, by reason for dissemination*

Reason for dissemination	Number of transactions	Percentage (%)	Number of files	Percentage (%)
FIU investigations	219	95%	14	70%
LOvJ	8	3%	4	20%
VROS (Index of Criminal Investigations and Subjects)	4	2%	2	10%
<b>Total</b>	<b>231</b>	<b>100%</b>	<b>20</b>	<b>100%</b>

Following the transactions declared suspicious, six police reports and /or intelligence reports were prepared by FIU-Netherlands for the benefit of The Caribbean Netherlands. Of these, two files are still in preparation or under investigation.

## 6.3 Kingdom cooperation

In 2016, there was a joint discussion with the Kingdom FIUs on how unusual transactions could be investigated in an unambiguous way. Arising from these consultations, a format was drafted in the form of a working paper to conduct investigations on unusual transactions in an unambiguous way. This is expected to facilitate, in 2017, the continued sharing information about unusual transactions and makes the declaring of transactions as suspicious less ambiguous within the kingdom FIUs.

-  Table of contents
-  Executive Summary
- 1** Developments
- 2** Receiving reports of unusual transactions
- 3** Analysis of unusual transactions received
- 4** Dissemination of transactions identified as suspicious
- 5** Financing of terrorism
- 6** Caribbean Netherlands
  - I** Key figures 2016 FIU-the Netherlands
  - II** Concerning FIU-the Netherlands
  - III** List of abbreviations used

# Appendix I - Key Figures of FIU-the Netherlands 2016

Table: Number of unusual transactions\* per sector and group of reporting entities, in the period 2014 - 2016

Sector	Group of reporting institutions	2014		2015		2016	
		Number	of which Money Transfers	Number	of which Money Transfers	Number	of which Money Transfers
Independent professionals	Accountants	1,402		1,042		1,260	
Independent professionals	Lawyers	17		10		12	
Banks	Banks	14,696	7,341	11,051	3,464	13,599	4,763
Independent professionals	Tax consultants	255		118		138	
Other sectors	Investments institutions and firms	0		2		4	
Other sectors	Life insurers	1		1		0	
Payment Service Provider	Payment service providers	233,989	230,090	275,338	270,067	360,234	338,528
Payment Service Provider	Payment Service Providers - PSP	462		7,040		12,315	1,152
Other sectors	Registrated office Payment Service Providers	New reporting entity	New reporting entity	New reporting entity	New reporting entity	1	
Other sectors	Domicile provider	14		22		10	
Other sectors	Electronic money provider	New reporting entity	New reporting entity	New reporting entity	New reporting entity	1	
Traders	Trader - Gemstones	413		512		396	
Traders	Trader - Art and antiques	7		2		4	
Traders	Trader - Vessels and boats	58		41		49	
Traders	Trader - Vehicles	3,871		3,969		5,041	
Traders	Trader - Other goods	30		90		62	
Credit card compagnies	Non-Bank Credit cards	1,597		3,968		14,694	
Other sectors	Non-Bank loan providers	11		30		51	
Other sectors	Non-Bank leasing	New reporting entity	New reporting entity	New reporting entity	New reporting entity	2	
Other sectors	Life insurers	2		6		2	

\*Unusual transactions are retrieved on the basis of registration date, i.e. the date on which an unusual transaction is registered in the database of FIU-the Netherlands.

Next page >

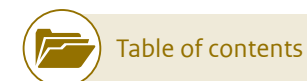


Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 of FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used






# Appendix I - Key Figures of FIU-the Netherlands 2016

Table: Number of unusual transactions\* per sector and group of reporting entities, in the period 2014 - 2016

Sector	Group of reporting institutions	2014		2015		2016	
		Number	of which Money Transfers	Number	of which Money Transfers	Number	of which Money Transfers
Independent professionals	Real-Estate agent	49		81		140	
Government	Government	18,031		5,939			
Government	- Tax authorities - Right of notification					1	
Government	- Customs - Declaration of duty					5,492	
Government	- Supervisor					3	
Independent professionals	Notary	226		322		529	
Other sectors	Pawnshop	2		61		74	
Casino's	Casino's	2,196		2,364		2,666	
Other sectors	Valuer	2		3		7	
Independent professionals	Trustoffice	201		148		280	-
<b>Total</b>		<b>277,532</b>	<b>237,431</b>	<b>312,160</b>	<b>273,531</b>	<b>417,067</b>	<b>344,443</b>

\*Unusual transactions are retrieved on the basis of registration date, i.e. the date on which an unusual transaction is registered in the database of FIU-the Netherlands.

 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 of FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used

Table: Number of (new) institutions from which reports were received per group in the period 2014 - 2016

Sector	Group of reporting institutions	2014	2015	2016
Independant professionals	Accountants	250	227	237
Independant professionals	Lawyers	4	8	9
Banks	Banks	43	47	47
Independant professionals	Tax consultants	55	43	58
Other sectors	Investments institutions and firms	0	2	3
Other sectors	Life insurers	1	1	0
Payment Service Provider	Payment Service Provider	21	21	21
Payment Service Provider	Payment Service Provider - PSP	8	10	13
Other sectors	Registrated office service providers	New reporting entity	New reporting entity	1
Other sectors	Domicile providers	7	7	5
Other sectors	Electronic money providers	New reporting entity	New reporting entity	1
Traders	Trader - Gemstones	35	28	30
Traders	Trader - Art and antiques	4	2	3
Traders	Trader - Vessels and boats	26	22	28
Traders	Trader - Vehicles	513	493	506
Traders	Trader - Other goods	14	13	20
Credit card compagnies	Non-Bank Credit cards	5	7	6
Other sectors	Non-Bank loan compagnies	2	3	4
Other sectors	Non-Bank leasing	New reporting entity	New reporting entity	1
Other sectors	Life insurers	1	2	2
Independant professionals	Real-Estate Broker	32	49	83
Government	Government	4	3	
Government	- Tax authorities - Right of notification			1
Government	- Customs - Declaration of duty			1
Government	- Supervisory Authorities			1
Independant professionals	Notary Public	115	119	181
Other sectors	Pawnshops	1	3	2
Casino's	Casino's	1	1	1
Other sectors	Valuer	2	3	6
Independant professionals	Trust office	31	30	50
	<b>Total</b>	<b>1,175</b>	<b>1,144</b>	<b>1,321</b>

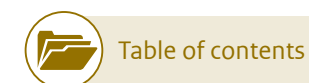


Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 of FIU-the Netherlands

II

Concerning FIU-the Netherlands


III


List of abbreviations used

Table: Number of suspicious transactions\* per sector and group of reporting entities, in the period 2014-2016

Sector	Type of informant	2014		2015		2016	
		Number	of which Money Transfers	Number	of which Money Transfers	Number	waarvan Money Transfers
Payment service providers	Payment service providers	25,190	23,758	36,896	35,979	47,775	42,828
Payment service providers	Payment service providers - PSP	13		71		72	
Other sectors	Address for service provider	3		16			
Banks	Banks	2,089	578	2,121	484	2,261	294
Traders	Trader in gemstones	136		71		39	
Traders	Trader - Other Goods	3		9		17	
Traders	Trader in water craft	3		3		2	
Traders	Trader in Vehicles	411		174		2,029	
Traders	Trader - art and antiques	0		1			
Other sectors	Life insurers	0		3			
Independent professionals	Accountant	285		445		277	
Independent professionals	Lawyer	7		6		5	
Independent professionals	Tax consultants	28		23		20	
Independent professionals	Real estate broker	8		6		16	
Independent professionals	Notary Public	178		173		181	
Independent professionals	Trust offices	149		77		60	
Casinos	Game casinos	322		275		360	
Government	Government	499		382			
Government	- Tax Administration Office - Right to report	-		-		17	
Government	- Customs Administration - Declaration Obligation	-		-		253	
Government	- Customs Administration- Right to report	-		-		2	
Government	Supervisory authorities	-		-		3	
Credit card companies	Non-bank - Credit cards	53		183		124	
Other sectors	Investment institution/company	0		1		1	
Other sectors	Non-bank - Loan companies	1		7		5	
Other sectors	Assessor	1					
Other sectors	Hock shop	3		16		14	
<b>Grand total</b>		<b>29,382</b>		<b>40,959</b>		<b>53,533</b>	

\*Suspicious transactions are retrieved on the basis of dissemination date, i.e. the date on which an unusual transaction was declared suspicious. This way, suspicious transactions in a certain year cannot be compared with the unusual transactions (retrieved on the basis of registration date) in a certain year.

 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 of FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used



# Appendix II- concerning FIU-the Netherlands

Under the Dutch Money Laundering and Terrorism Financing (Prevention) Act (Wet ter voorkoming van witwassen en financieren van terrorisme, Wwft), the Financial Intelligence Unit [FIU-Netherlands] is the designated authority to which various reporting entities must report unusual transactions. FIU-the Netherlands analyses these reports, exposing transactions and money flows that can be related to money laundering, terrorism financing or related crimes. Unusual transactions that have been declared suspicious by the head of FIU-the Netherlands are made available to various enforcement and investigation services.

This appendix provides a general introduction to what FIU-the Netherlands is and addresses the mission, the legal task and the (inter) national playing field in which FIU-the Netherlands operates. Also, an explanation is given of the statutory reporting obligation and how FIU-the Netherlands implements these statutory duties.

## A II.1 Positioning, statutory function and mission

### Positioning of FIU-the Netherlands

FIU-the Netherlands is formally part of the legal entity, State of the Netherlands. Organisationally, it has been placed under the National Police as an independent entity that operates in a recognisable manner. By means of (sub) mandates, the head of the FIU- Netherlands has the powers required with respect to staff and resources, which guarantees the organisation's independence. The policy line runs directly from the Minister of Security and Justice to the head of FIU-the Netherlands.

### Statutory tasks

The statutory tasks of FIU-the Netherlands are defined in Section 13 of the Wwft. Its core task is to receive, record, process, and analyse unusual transaction data in order to determine whether these data may be of importance for the prevention and detection of crimes.

In addition to this core task, FIU-the Netherlands also focuses on tasks derived from its core task, including the provision of information to public and private partners and the investigation of trends and developments regarding money laundering and terrorism financing. FIU-the Netherlands has, in order to implement the tasks described, a workforce of 57 FTEs and has an annual budget of 5.3 million Euros. In Figure 1, the structure of the organization is shown schematically.

Money laundering usually involves a sequence of acts, financial or otherwise, by which someone attempts to make the source of the proceeds of crime appear legitimate. In the case of terrorism financing, the money does not necessarily originate from an illegal source. It is precisely, in this case, the destination of the money, namely, the terrorist activities or, for example, the support of terrorists that could make a particular transaction illegal.

Figure 1: Organizational design FIU-Netherlands

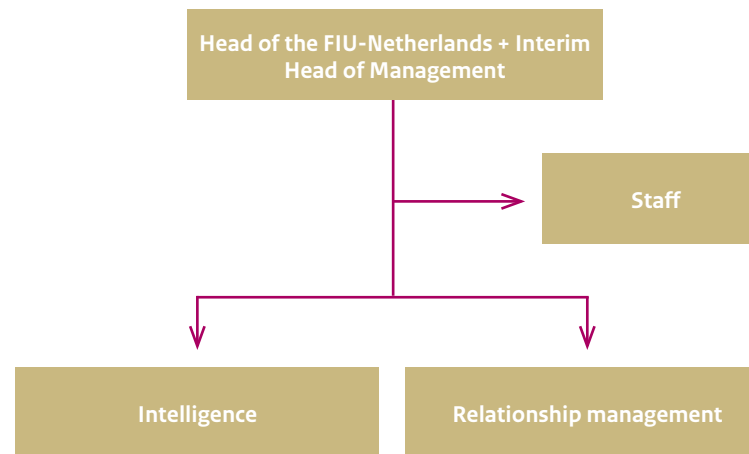


Table of contents

Executive Summary

1 Developments

2 Receiving reports of unusual transactions

3 Analysis of unusual transactions received

4 Dissemination of transactions identified as suspicious

5 Financing of terrorism

6 Caribbean Netherlands

I Key figures 2016 FIU-the Netherlands

II Concerning FIU-the Netherlands

III List of abbreviations used

## Mission

The mission of FIU-the Netherlands is to prevent and combat crime – in particular, money laundering and terrorism financing – by means of the financial intelligence it has gathered, with a view to ensuring the integrity of the financial system in the Netherlands and in other countries.

FIU-the Netherlands is the designated authority in the Netherlands that has exclusive access to data on reported unusual transactions, which may be declared suspicious after further investigation. FIU-the Netherlands, therefore, forms a unique liaison between the institutions reporting unusual transactions and government partners that play a role in combating national and international crime. FIU-the Netherlands does this by offering timely financial intelligence and expertise within relevant networks.

## A II.2 The Act on the Prevention of Money Laundering and Financing of Terrorism (Wwft)

The objective of the Wwft is to prevent money laundering and terrorism financing in order to guarantee the integrity of the financial and economic system.

### Duty to report unusual transactions

The Wwft is aimed at various categories of business service providers, which are referred to in the Act as “institutions,” and imposes two obligations on them. Firstly, there is the duty to conduct (risk-oriented) client due diligence and, secondly, there is the duty to report unusual transactions. Client due diligence contributes to identifying and controlling risks associated with specific clients or specific types of services. FIU-the Netherlands plays a crucial role in the duty to report; institutions must report any unusual transactions that are (possibly) related to money laundering or terrorism financing to the “Financial Intelligence Unit”, the name of FIU-the Netherlands that is used in the Wwft.

Reporting entities not only include financial institutions; casinos, trust offices, various types of traders and independent professionals, for example, also have a duty to report. A transaction, either completed or intended, is unusual if it meets one or more reporting indicators. These indicators differ

by group of reporting entities and are defined in the Wwft Implementation Decree. In this context, a distinction can be made between objective and subjective indicators. Objective indicators result in a duty to report if a transaction exceeds a specific threshold amount. Money transfer offices, for example, have a duty to report to FIU-the Netherlands all money transfers exceeding an amount of €2,000. A subjective indicator means that an institution has a duty to report a transaction if it has “reason to suspect” that the transaction is connected with money laundering or terrorism financing.

The Wwft stipulates which information must, at the very least, be included in an unusual transaction report. Expeditious and effective investigations into any involvement of individuals in money laundering or terrorism financing are only possible if the reports are of high quality. Various supervisory authorities shall monitor the compliance with the Wwft. The failure to report unusual transactions, or the failure to do so in time, correctly or completely, is a punishable offence.

### FIU-the Netherlands as a buffer

All unusual transaction reports are recorded in the secure database of FIU-the Netherlands, also referred to as “the buffer”. The reports are carefully protected. Only authorised FIU employees have access to this protected database. Maintaining confidentiality regarding unusual transaction information is a precondition for being able to cooperate with reporting entities and foreign FIUs. Only when reported transactions have been investigated further and an interest for the prevention of money laundering, terrorism financing or any underlying crime has been confirmed, will the head of FIU-the Netherlands declare the transaction “suspicious” and will the suspicious transaction be disseminated to various enforcement and investigation services.

-  Table of contents
-  Executive Summary
-  1 Developments
-  2 Receiving reports of unusual transactions
-  3 Analysis of unusual transactions received
-  4 Dissemination of transactions identified as suspicious
-  5 Financing of terrorism
-  6 Caribbean Netherlands
-  I Key figures 2016 FIU-the Netherlands
-  II Concerning FIU-the Netherlands
-  III List of abbreviations used

## A II.3 Policy and multi-annual objectives

### Long-term objectives

For the period 2014-2017, FIU-the Netherlands has set itself four multi-annual targets. These policy objectives are based on the tasks of FIU-the Netherlands, as defined in Article 13 of the Wwft, and in international regulations. These long-term objectives are:

- The optimizing of the primary FIU processes so that high-quality information and intelligence can be efficiently produced;
- The encouragement of widespread use of FIU information; and visible profiling of the organisation;
- The development of a better insight into trends and phenomena and;
- The continued development of international and interregional exchange of information.

FIU-the Netherlands aims for a broad and effective use of FIU information and the gaining of more insight into the use of FIU products. It consequently aims to achieve maximum alignment with the information need of its partners and structural use of FIU information. Various developments, such as the formation of the National Police, national programmes and the establishment of multidisciplinary cooperation have provided FIU-the Netherlands with new possibilities to improve the effectiveness of its information and the feedback on the use thereof. In particular the position of FIU-the Netherlands at the National Police, an important investigation partner, contributes to this.

Due to its unique information position, FIU-the Netherlands has a large amount of data on possible cases of money laundering and terrorism financing, providing insight into trends and phenomena. International cooperation and data exchange offer FIU-the Netherlands – and, subsequently, also the national investigation partners – valuable financial intelligence for combating money laundering and terrorism financing.

## A II.4 The national and international playing field

FIU-the Netherlands is at the interface between the public and private sector. It cooperates with reporting entities, supervisory authorities, foreign FIUs, and various investigation services, and other partners (or their representatives) that play a role in the prevention and investigation of crimes. FIU-the Netherlands aims to bring its working processes (receiving, analysing, and declaring suspicious) in line with the priorities of its partners. Conversely, it wishes to draw the attention of its partners to relevant data, trends and phenomena, which may be translated into both reporting policy and investigation procedures.

### The national and international playing field

The FIU Netherlands maintains good contacts and works with a network of organizations involved in the prevention and combating of crime, such as investigation agencies and supervisory authorities. In order to intensify the approach within the areas of money laundering and the confiscation of unlawfully acquired assets, some new partnerships have been set up in recent years with the help of special funds. For the sake of effective anti-crime measures, FIU-the Netherlands is a partner in the Infobox Criminal and Unaccountable Assets (iCOV), which was set up in 2013, and cooperates closely with the FIOD's AMLC.

For the past three years, FIU-the Netherlands has been a full partner within the Financial Expertise Centre (FEC). The joint objective of the FEC partners is to promote the integrity of the financial sector through mutual cooperation and the exchange of information (see box). As a partner, FIU-the Netherlands holds a seat in the FEC Council, the point of contact consultations and the information platform. Furthermore, it also takes part in a number of (sub) working groups of the FEC.

### International cooperation

Financial transactions often have an international character. Also, crime in general and money laundering and terrorism financing, in particular, are often associated with cross-border money flows. To combat this, international cooperation is, therefore, indispensable. Through the relevant international forums, FIU-the Netherlands seeks policy-based cooperation.



Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used





## Egmont Group

FIU-the Netherlands is part of the Egmont Group, an international cooperation of 151 FIUs that forms the basis for international data exchanges among FIUs. A new strategic policy plan, “Egmont Strategic Plan 2014-2017”, was formulated in 2014. The plan focuses on intensifying regional cooperation between FIUs and organising an effective and future-proof infrastructure within the Egmont Group. In order to ensure a proper implementation of this strategic multi-year plan, a Task Team was set up, in which FIU-the Netherlands assumed a coordinating role. According to the implementation plan approved in 2015, a new working group structure was set up in early 2016 which makes the fast-growing organization future-proof. FIU-the Netherlands provides an active contribution to various Egmont working groups. The head of FIU-the Netherlands is chairman of the Technical Assistance and Training Working Group. In addition, FIU-the Netherlands also takes part as a member in two working groups focusing on, on the one hand, operational cooperation (Information Exchange Working Group) and, on the other hand, policy and procedural development (Policy and Procedures Working Group).

## EU FIU Platform

Since 2006, the FIUs within the European Union (EU) have met at the EU Financial Intelligence Units’ Platform (EU FIU-Platform) to intensify and streamline information exchanges among them. This initially informal platform of FIUs received, in 2014, the formal status of expert group. In the fourth European anti-money laundering directive – which entered into force in June 2015 and will be implemented 2017 – this status was again explained. In doing so, the EU recognises the importance of cooperation among the European FIUs and their specific expertise in the area of the prevention of money laundering and terrorism financing. The expert group shall perform, according to the directive, a formal role in advising the European Commission (EC).

## FIU.NET

The FIUs of the EU countries make use of FIU.NET for the purpose of operational cooperation. FIU.NET is a decentralised computer network that facilitates a safe and efficient exchange of data among EU FIUs. The decentralized infrastructure of the system guarantees the autonomy of the individual FIUs; the FIUs themselves determine what is shared and with whom and when, without a central storage of their data. All 28 FIUs of the EU Member States are now connected to the network and, jointly an average

of 1,000 FIU.NET requests are made per month. In the fourth European anti-money laundering directive, FIUs are encouraged to make use of FIU.NET in mutual communication.

FIU.NET has developed a cross-border reporting module which makes it easier for European FIUs to share transaction reports among themselves. Through a so-called ‘joint case’ in the FIU.NET application, EU FIU’s experiences can be shared and operationally collaborated with, which allows for, for example, infringement of EU sanctions to be rapidly detected.

## FATF

The Financial Action Task Force is an intergovernmental organization known primarily for the 40 recommendations to the FATF participating countries to prevent and combat money laundering and terrorism financing. The FATF has granted the FIUs an important role and has, in its recommendations, also established rules on the powers and degree of independence that FIUs must have. The participating countries have committed themselves to following these recommendations and, periodically, the countries evaluate each other to see to what extent they actually adhere to them. FIU-the Netherlands participates in the Dutch delegation to the FATF, when FIU issues are concerned.

## GoAML user community

Since 2011, FIU-the Netherlands has used the GoAML business process system, an application developed by the United Nations Office on Drugs and Crime (UNODC) and intended for FIUs. FIU-the Netherlands is part of the group of first users, playing an active role in optimising the application. In 2014, it was re-elected chairman of the GoAML international user community for the period 2014-2017. This makes FIU-the Netherlands the point of contact for the countries working with GoAML. The aim is to intensify cooperation with the UNODC and to bring the application more in line with the wishes of the user group.



Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used





## A II.5 Activities of FIU

FIU-the Netherlands uses the following work processes to interpret and implement to its statutory duties.

### Received

The FIU Netherlands is the designated authority to which the designated organizations in the Wwft should report unusual (intended) transactions. There are more than 30 different types of reporting entities, ranging from banks and notaries to art and car traders. In total, there are more than 1000 reporting entities who annually report more than 200,000 unusual transactions. The FIU Netherlands promotes the reporting behaviour of the institutions required to report through active communication. Client managers maintain direct contact with the reporting entities and work with industry associations and supervisory authorities to promote reporting obligations and provide information. Via a service point, reporting entities are supported when submitting notifications. Not only is the fact that it is being reported is encouraged, but also the quality of the reports are improved in this way. It goes without saying that qualitative and complete reports are the most valuable for FIU-the Netherlands.

### Analysing

FIU-the Netherlands analyses all received notifications and the Head of FIU-the Netherlands declares the transactions suspicious when there is reason to do so. FIU-the Netherlands uses various types of investigations that could lead to declaring a transaction to be suspicious. Roughly speaking, a distinction can be made among;

- Matches with external data files;
- LOvJ requests;
- Requests from foreign FIUs and;
- Strategically steered FIU investigations.

### Matches with external data files

FIU-the Netherlands has access to a number of data files from network partners that -- with a certain frequency -- make a semi-automatic comparison (a so-called match). Important data files are the police's VROS (Reference Index Criminal Investigations and Subjects) file which is matched weekly. Unusual transactions of persons appearing in criminal investigations can then be declared suspicious and reported to the investigative services without much further investigation.

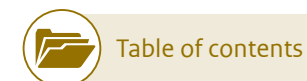


Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used



43



In addition to the VROS file, FIU-the Netherlands also matches, with more or less regularity, with other strategically interesting sources, such as those of the CJIB and of various DWIs.

### LOvJ requests

When an investigating authority investigates a particular suspect, it often pays to make an LOvJ request to FIU-the Netherlands. FIU-the Netherlands may, on the basis of the request, declare unusual transactions to be suspicious as relating to this investigated subject and supply this information to the investigation service. These financial traces left by the suspect are, contrary to what is generally the case with intelligence, hard information that can and may be used for evidence in a criminal case.

An LOvJ request can be done at any time during an on-going investigation and can also be repeated during the investigation. An LOvJ request may also, during a confiscation procedure, provide valuable information on the financial conduct of a subject being investigated. Every year, FIU-the Netherlands receives and processes between 1000 and 1500 LOvJ requests which can vary widely in size.

### Requests from foreign FIUs

FIU-the Netherlands is part of a global network of (currently) 153 FIUs that are united in the Egmont Group. This forms the basis for operational cooperation using a secure digital environment, the Egmont Secure Web. In addition, FIU-the Netherlands has concluded MoUs [Memorandum of Understanding] with some FIUs from other countries.

Within the EU, the cooperation is even closer. This is reflected in the EU FIU-Platform in which all FIUs of the EU are united. At the operational level, thanks to the technological capabilities offered by FIU.NET, it is easy and effective to collaborate and safely exchange information. In addition to targeted requests, FIU-NET can, using the Match technology of FIU.NET, match the databases of the EU FIUs in an anonymous, encrypted and decentralized manner. In this way, FIU-the Netherlands can evaluate in a very efficient and safe manner whether a particular subject under investigation has left financial traces elsewhere in Europe. The structures for the exchange of FIU information offer great advantages over regular police and criminal justice channels.

FIU-the Netherlands receives requests from foreign FIUs and makes requests

itself to foreign FIUs. Both cases can lead to declaring transactions suspicious. Foreign requests are often part of FIU-the Netherlands own investigations and, increasingly, also of LOvJ requests.

### Strategically steered FIU-Netherlands investigations

In addition to handling LOvJ requests and conducting matches, FIU-the Netherlands also initiates and conducts its own investigations. When doing their own investigation, FIU-the Netherlands develops a file with transactions into a high-quality product that often allows investigation partners to immediately declare a case to be suspicious and can then take the next steps. When doing its own investigations, FIU-the Netherlands not only uses its own database, but also uses information from open sources, consults police systems and may request tax information.

FIU-the Netherlands database with unusual transactions is full of interesting transactions that may indicate money laundering or other forms of crime. It is, with the current capacity of FIU-the Netherlands, but also with that of investigation authorities, not possible and also not desirable to subject all transactions to an equally in-depth investigation. FIU-the Netherlands has developed a model of strategic control and tactical selection enabling, as much as possible, the right issues to be examined which reflect the priorities of the administering investigation partners.

### Dissemination

Transactions declared suspicious are transferred by FIU-the Netherlands to investigation authorities and/or the public prosecutor. The information is used as control information and insight into criminal activities and criminal collaboration, as initial information for a criminal investigation or as an immediate part of the evidence in a criminal case. Client managers at FIU-the Netherlands actively encourage the use of FIU information and make the connection between the information position of FIU-the Netherlands and the priorities of the criminal investigation services and the public prosecutor.

The biggest users of the FIU information are the criminal investigation services of the National Police and the FIOD. FIU-the Netherlands focuses on both wide and targeted dissemination of FIU information. Wide dissemination takes place through the police-wide application, 'Blueview,' which nearly the entire police force has access to. FIU-the Netherlands



Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used





carries out targeted distribution by making agreements with the recipients of the information. This is a part of the above model of strategic and tactical control that FIU-the Netherlands uses.

In addition to the investigation partners, FIU-the Netherlands provides information – at an aggregated level – to the Wwft supervisory authority for the benefit of their supervisory tasks. There is also feedback to the reporting entities when a report they have provided is declared suspicious. This allows the informant to assess transactions for their usability in a even more focused manner.

Sometimes, FIU-the Netherlands, by having a good relationship with reporting entities, on the one hand, and with investigation services on the other, can ensure that a transaction can be intercepted before the money gets beyond the reach of the Dutch investigation services. Catching such cases in the act requires a perfect alignment and cooperation with all parties.

### Trends and phenomena

The unique information position of FIU-the Netherlands offers the ability to detect new trends and phenomena. With a high-quality reporting and analysis tool, FIU-the Netherlands can draft focused reports and analyses from the available data. FIU-the Netherlands seeks, by means of qualitative investigation, to identify so-called red flags by which those transactions can be filtered from the database, linking them to a particular form of crime. Because of capacity constraints, FIU-the Netherlands must be innovative and constantly balance interests in order to be able to carry out these qualitative investigations. Nevertheless, visible results are achieved by which FIU-the Netherlands shapes its monitoring function.

### Strategic control

The extensive database of FIU-the Netherlands can be consulted by intelligence staff of FIU-the Netherlands on its own initiative in order to upgrade unusual transactions to direct opportunities for the investigation services, insight for the supervisory authorities, or for the benefit of information material for the informant groups. There are various reasons for FIU-the Netherlands to start its own investigation. These could be, for example, the monitoring of current risks and threats, of sectors providing services with an increased risk of money laundering or of services provided by new reporting entities. Also, questions from foreign FIUs and signals from partners can give rise to initiating their own investigation.

The investigation capacity of FIU-the Netherlands is limited so that conscious choices have to be made for starting self-initiated investigations. FIU-the Netherlands has developed a strategic control model with which their own investigations are managed at the strategic, tactical and operational levels. Two important bodies within this model are the strategic management consultation (SSO) and the tactical selection consultation (TSO).

The SSO determines the strategic framework of FIU-the Netherlands, based on policy priorities in investigation partners, signals from informant groups and supervisory authorities, trends in the reported transactions and international agreements in the field combating crime. Current events and incidents of interest can cause an adjustment of this framework.

On the basis of the priority themes selected by the SSO, and taking into account the available capacity, FIU-the Netherlands own investigations are managed, on a tactical level, by the tactical selection consultation (TSO). Proposals for specific investigations can be submitted from the organization to the TSO, which shall assess and weigh those proposals and, if necessary, request added information and then provide them with capacity and a deadline. Operational management is done by a team leader.



Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands

III

List of abbreviations used

# Appendix III - List of abbreviations used

<b>AFM</b>	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)	<b>KMar</b>	Koninklijke Marechaussee (Royal Netherlands Marechaussee)
<b>AMLC</b>	Anti-Money Laundering Centre of the FIOD	<b>LOvJ</b>	Landelijk Officier van Justitie (National Public Prosecutor / National Public Prosecutor's Office)
<b>BES</b>	public sector bodies Bonaire, Sint Eustatius and Saba (The Caribbean Netherlands)	<b>MT</b>	Money transfer
<b>BFT</b>	Bureau Financieel Toezicht (Financial Supervision Office)	<b>NCTV</b>	Nationaal Coördinator Terrorismebestrijding en Veiligheid (National Coordinator for Security and Counterterrorism)
<b>BVI</b>	Basic service information, an application of the National Police	<b>NOVA</b>	Netherlands Bar Association
<b>CJIB</b>	Centraal Justitieel Incasso Bureau (Central Fine Collection Authority)	<b>NVB</b>	Nederlandse Vereniging van Banks (Dutch Banking Association)
<b>CT Infobox</b>	Counterterrorism Infobox	<b>NVGTK</b>	Nederlandse Vereniging van Geldtransactiekantoren (Dutch Association of Money Transfer Offices)
<b>DIKLR Finec</b>	Service Information Hub National Investigation Service, De Nederlandsche Bank (Dutch Central Bank)	<b>NVIK</b>	Nationaal Vreemdelingen Informatieknooppunt (National Aliens Information Hub)
<b>DNB</b>	De Nederlandsche Bank (Dutch Central Bank)	<b>OM</b>	Openbaar Ministerie (Public Prosecution Service)
<b>DWI</b>	Department for Work and Income	<b>RIEC</b>	Regionaal Informatie en Expertise Centrum (Regional Information and Expertise Centre)
<b>EC</b>	European Commission, executive body of the EU	<b>SNRA</b>	Supra National Risk Assessment
<b>ESW</b>	Egmont Secure Web	<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>EU</b>	European Union	<b>VROS</b>	Verwijzingsindex Recherche Onderzoeken en Subjecten (Reference Index of Criminal Investigations and Subjects)
<b>FATF</b>	Financial Action Task Force	<b>Wwft</b>	Wet ter voorkoming van witwassen en financieren van terrorisme (Dutch Money Laundering and Terrorist Financing (Prevention) Act)
<b>FEC</b>	Financieel Expertise Centrum (Financial Expertise Centre)	<b>Wwft BES</b>	Money Laundering and terrorism financing (Prevention) Act for The Caribbean Netherlands
<b>FinCEN</b>	Financial Crimes Enforcement Network		
<b>FinEC</b>	Financial and Economic Crime Programme		
<b>FIU</b>	Financial Intelligence Unit		
<b>FIOD</b>	Fiscale Inlichtingen- en Opsporingsdienst (Fiscal Intelligence and Investigation Service)		
<b>GAFILAT</b>	Financial Action Task Force of Latin America		
<b>GoAML</b>	Government Anti-Money Laundering, ICT application built by UNODC		
<b>iCOV</b>	Infobox Crimineel en Onverklaarbaar Vermogen (Infobox Criminal and Unaccountable Assets)		

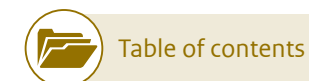


Table of contents



Executive Summary

1

Developments

2

Receiving reports of unusual transactions

3

Analysis of unusual transactions received

4

Dissemination of transactions identified as suspicious

5

Financing of terrorism

6

Caribbean Netherlands

I

Key figures 2016 FIU-the Netherlands

II

Concerning FIU-the Netherlands



List of abbreviations used



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 Table of contents

 Executive Summary

**1** Developments

**2** Receiving reports of unusual transactions

**3** Analysis of unusual transactions received

**4** Dissemination of transactions identified as suspicious

**5** Financing of terrorism

**6** Caribbean Netherlands

**I** Key figures 2016 FIU-the Netherlands

**II** Concerning FIU-the Netherlands

**III** List of abbreviations used

