Financial Intelligence Unit - the Netherlands

Annual Report 2013

Financial Intelligence Unit-the Netherlands

Contents

Preface

Dear relation,

When this annual report is published, the duty to report unusual transactions in the Netherlands will have existed for twenty years. For two decades, unusual transaction reports have formed the basis for the analysis and investigation processes of the Financial Intelligence Unit-the Netherlands (FIU-the Netherlands), and the transactions that have been declared suspicious have made a valuable contribution to criminal investigations and enforcement activities. In 2013, a total of 202,164 unusual transaction reports were received from various groups of reporting entities. I am very satisfied with the improved quality of the reports received by FIU-the Netherlands. The intensive consultations held with the reporting entities have proved fruitful. In this light, the increase in the number of reports from banks and from Holland Casino compared to the preceding year is also worth mentioning.

In the past year, FIU-the Netherlands has once again produced solid results. Well over 25,321 transactions were declared suspicious and handed over to the investigative services, involving a total of €1.1 billion. The suspicious transactions were bundled into 4,260 investigation files, which contained relevant financial intelligence for our investigation and enforcement partners. In the past year, significant contributions were made to numerous criminal investigations. This annual report includes practical examples that clearly illustrate the value of FIU information to our partners. In addition to the many investigation files on money laundering, we also handed to the investigative services a large number of files on VAT fraud, income-related benefit fraud, and social security fraud. In the area of combating terrorism and the financing thereof, FIU-the Netherlands shared alert documents and risk profiles. Files that could be related to hard/soft drugs, human trafficking and child pornography or child abuse were forwarded to the investigative services, and one alert document on internet fraud was drawn up. However, we will continue our consultations with investigation and enforcement partners on the usefulness of the information they receive from us.

For FIU-the Netherlands, 2013 was a very eventful year from a policy and organisational perspective. Since 1 January 2013, FIU-the Netherlands has officially been part of the legal entity of the State of the Netherlands. However, administratively, it falls under the administrative jurisdiction of the National Police of the Netherlands (NPN) and carries out its activities as an autonomous, independent, and recognisable entity. From a policy perspective, it comes directly under the Ministry of Security and Justice - just as in the past. In order to realise this positioning, we worked on the organisation decrees together with the administrative partners until mid-2013, and these decrees came into effect with retroactive force on 1 January 2013. Since the date of publication in the Government Gazette, we have held talks with the NPN, which is in a process of reorganisation, in order to properly manage FIU-the Netherlands.

In addition, I am very pleased that – since November 2013 – FIU-the Netherlands has had access to a provisional version of the reporting and analysis tool. We can now carry out 'live' analyses on the database, as a result of which important steps are made with respect to achieving 'real-time intelligence'. Furthermore, FIU-the Netherlands and the Netherlands Forensic Institute (NFI) are working together on advanced data analysis instruments, in a one-year project financed by the National Coordinator for Security and Counterterrorism (NCTV).

The year 2013 was productive and successful. I am proud of the solid results achieved. In order to be able to continue our fight against serious crimes, such as money laundering and the financing of terrorism, the cooperation with our various partners remains vital. I hope you find this annual report enjoyable and informative.

Hennie Verbeek-Kusters MA, May 2014
Head of FIU-the Netherlands

Executive Summary

On the basis of the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act (Wwft), the Financial Intelligence Unit (FIU-the Netherlands) is the organisation to which various reporting entities must report all unusual transactions. Through analyses of unusual transactions, FIU-the Netherlands exposes money flows that can be related to money laundering, the financing of terrorism, or predicate offenses to these crimes. After the transactions have been declared suspicious by the Head of FIU-the Netherlands, they are disseminated to various enforcement and investigative services.

Policy-related and organisational developments at FIU-the Netherlands

Since 1 January 2013, FIU-the Netherlands has officially been part of the legal entity of the State of the Netherlands, although it falls under the administrative jurisdiction of the legal entity the National Police the Netherlands (NPN). Within the NPN, it is positioned as an autonomous, independent, and recognisable entity. From a policy perspective, it comes directly under the Ministry of Security and Justice - just as in the past. The Head of FIU-the Netherlands is fully mandated in the field of managing people and means, thus ensuring the autonomy and independence of the organisation.
In this way, the findings from the 2011 Financial Action Task Force (FATF) evaluation have been implemented succesfully. In addition, FIU-the Netherlands has set new priorities regarding the performance of its tasks and ambitions. This has resulted, among other things, in phasing out activities that do not belong to the core tasks of the organisation and in seeking co-creation. In the next four years, focus will be on the following four long-term objectives:

- To encourage widespread use of FIU information;
- To obtain insight into the use of FIU information;
- To identify trends and phenomena;
- To strengthen international and interregional information exchange.

The annual report provides an overview of the primary activities of FIU-the Netherlands and of the activities undertaken to realise the long-term objectives.

Unusual transactions reports received

In 2013, a total of 202,164 unusual transaction reports were received by FIU-the Netherlands from various groups of reporting entities.
In order to draw attention to money laundering and to optimise the content of the reports, FIU-the Netherlands has engaged in various activities in the past few years, from comprehensive information provision to direct contacts with individual entities and trade associations. Examples of these activities are outreach events, sharing trends and phenomena through news flashes, and giving feedback on suspicious transactions at an aggregate level.

In addition, consultations were held with supervisory authorities and information was shared on a regular basis. FIU-the Netherlands participated in the Non-Reporting Entities Project, which resulted, among other things, in a law enforcement operation on which visits were paid to several reporting entities that were suspected of not complying with the duty to report. The enforcement operation in 2012 has furthermore led to actual convictions. As a result of the intensive cooperation with groups of reporting entities and supervisory authorities, we received more and qualitatively better reports.

Analysis of unusual transactions

Unusual transactions constitute the primary input of the analysis and investigation processes of FIU-the Netherlands. Transactions may be declared suspicious based on matches, requests for additional information from the National Public Prosecutor (so-called LOvJ requests), requests from foreign FIUs, and our own investigations. In 2013, a total of 1,167 LOvJ requests were submitted by various investigation and enforcement partners. Information exchange with foreign FIUs is essential to FIU-the Netherlands. This annual report includes various practical examples of cases in which decisive cooperation among FIUs played a crucial role in freezing assets and arresting suspects. In 2013, FIU-the Netherlands received 597 requests from foreign FIUs and it submitted 496 requests to foreign FIUs. There has been close contact with particularly the FIUs from Belgium, Luxembourg, Sweden, Germany, and Great Britain.

In carrying out its analyses and investigations, special attention was paid to the phenomena of human trafficking, child pornography and child abuse, and internet fraud.
The long-awaited reporting and analysis tool was delivered at the end of 2013. This has made it possible to carry out analyses on the actual database, as a result of which important steps have been made in achieving 'real-time intelligence'. FIU-the Netherlands furthermore started a cooperation project with the NFI last year – financed through a subsidy from the NCTV – which makes it possible to approach the FIU database with other analysis methods and techniques.
In addition, FIU-the Netherlands participates in the Ma³tch pilot project, which is coordinated by FIU.NET. In this project, a new type of match is used, which makes it possible to match subjects from the database of FIU-the Netherlands with subjects from databases of foreign FIUs in an autonomous and anonymous way.

Use of transactions declared suspicious
In 2013, a total of 25,321 transactions were declared suspicious, together forming part of 4,260 investigation files. Most of the 25,321 transactions were declared suspicious following our own investigations, approximately 12,400 transactions.

The types of crimes involved have been recorded for the files disseminated to the investigative services on the basis of LOvJ-requests or our own investigations. In addition to money laundering and the financing of terrorism, other types of crime that frequently occurred were fraud, drugs, human trafficking, ram raids, and explosive attacks on ATMs. The practical examples in this annual report show that FIU information may be of great value to criminal investigations. Suspicious transactions not only provide relevant information at the start or in the process of criminal financial investigations or possible evidence for financial and economic crimes; financial intelligence may also provide insight into criminal networks involved in, for example, drug trafficking or ram raids or robberies.
In the past year, the Counterterrorism and Proliferation Financing team made a valuable contribution by sharing more than 50 alert documents with the investigative and intelligence services and by disseminating FIU files to the investigative services. In addition, risk profiles were shared with reporting entities through various mechanisms.

In its long-term plan, FIU-the Netherlands aims to obtain more insight into the use of suspicious transactions. In 2013, it started documenting the use of information on suspicious transactions in a structural way. For this purpose, FIU-the Netherlands receives updates on views of suspicious transactions in the police database BlueView, and follows up on outcomes of LOvJ requests and our own investigations.

The Caribbean Netherlands
On the basis of the Anti-Money Laundering and Counter-Terrorist Financing Act for the Caribbean Netherlands (Wwft BES), FIU-the Netherlands is the organisation to which various reporting services providers from the Caribbean Netherlands (CN) must report all unusual transactions. An administrative liaison of FIU-the Netherlands maintains an intensive working partnership with the reporting service providers, by organising outreach events and conducting visits. In 2013, FIU-Netherlands received 1,338 unusual transaction reports from the CN service providers. Out of this number, 16 transactions were disseminated to investigative partners in the CN, as part of 11 investigation files.

1 Introduction of FIU-the Netherlands

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On the basis of the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act (Wwft), the Financial Intelligence Unit (FIU-the Netherlands) is the organisation to which various reporting entities must report unusual transactions. Through analyses of unusual transactions, FIU-the Netherlands exposes money flows that can be related to money laundering, the financing of terrorism or predicate offenses to these crimes. After the transactions have been declared suspicious by the Head of FIU-the Netherlands, they are disseminated to various enforcement and investigative partners. This chapter provides an introduction to the mission and statutory tasks of FIU-the Netherlands as well to the national and international playing field in which it operates. In addition, it provides insight into important policy-related and organisational developments that occurred in the past year.

1.1 Mission and statutory tasks of FIU-the Netherlands

The mission of FIU-the Netherlands is to prevent and combat crime – in particular money laundering and the financing of terrorism – 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 only authority in the Netherlands that has data on unusual transactions, which may be declared suspicious after further investigation. It is a professional liaison between the entities reporting unusual transactions and government bodies that play a role in combating national and international crime. It aims to accomplish this mission by timely providing unique financial intelligence and expertise within relevant networks.

The statutory task of FIU-the Netherlands is 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 to the prevention and detection of crimes.
In this annual report, the following themes are addressed:

- Receiving unusual transaction reports (Chapter 2)
- Analysing unusual transaction reports (Chapter 3)
- Disseminating suspicious transaction information (Chapter 4)

In addition to its core task, FIU-the Netherlands also focuses on tasks derived from its core task, including providing information to public and private partners and detecting trends and developments regarding money laundering and the financing of terrorism.
Money laundering involves a sequence of acts, financial acts or otherwise, by which someone attempts to make the source of the proceeds of crime appear legitimate. Large amounts of money are often involved. In case of the financing of terrorism, the money does not necessarily originate from an illegal source. The destination of the money, the terrorist activities, renders the transaction illegal.

1.2 Wwft

The objective of the Wwft is to maintain the integrity of the financial system. Public confidence in the financial system is seriously undermined if parts of this system are used for money laundering or the financing of terrorism.

Duty to report unusual transactions

Two core parts of the Wwft are the risk-oriented client screening by reporting entities, and the reports of unusual transactions from these entities. Client screening contributes to identifying and controlling risks associated with specific clients or specific types of services. Entities furthermore have a duty to report an unusual transaction, which is or could possibly be connected with money laundering or the financing of terrorism, to FIU-the Netherlands. Pursuant to the Wwft, the reporting entities include exchange institutions, banks, casinos, credit card companies, different types of dealers, and independent professionals (see box on the right).

Reporting entities

- Banks
- Credit institutions
- Securities institutions
- Exchange institutions
- Providers for exchange institutions
- Life insurers
- Insurance brokers, in so far as they mediate in life insurance policies
- Credit card companies
- Casinos
- Dealers in high-value goods who sell vehicles, vessels and boats, art, antique, precious stones, precious metals, jewels or jewellery
- Other dealers
- Accountants
- Lawyers
- Business advisors
- Tax consultants
- Intermediaries in real estate
- Real estate brokers
- Civil-law notaries
- Legal advisors
- Trust offices
- Investment firms
- Investment institutions
- Branch offices of financial enterprises with registered offices abroad
- Paying agent/Payment service agent
- Payment service provider
- E-money institution
- Natural person, legal person or company that makes a residential address or postal address available on a professional or commercial basis
- Real estate appraisers

A transaction, either completed or intended, is unusual if it meets one or more reporting indicators, which differ by group of reporting entities. These different reporting indicators are defined in the Wwft Implementation Decree and can also be found at the website of FIU-the Netherlands. In this context, a distinction can be made between objective and subjective indicators. In the case of an objective indicator, transactions exceeding a specific threshold amount must be reported at all times. Exchange institutions, for example, have a duty to report all money transfers exceeding an amount of €2,000. In the case of a subjective indicator, the reporting entity has a duty to report the transaction if it suspects money laundering or the financing of terrorism.

The Wwft stipulates which information must at least be included in an unusual transaction report. Expeditious and effective investigations into any involvement of individuals in money laundering or the financing of terrorism are possible only if the reports are of high quality.
Various supervisory authorities supervise compliance with the Wwft. The failure to report unusual transactions, reporting too late, or making incomplete reports is punishable (see Section 2.2).

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.

Amendments to the Wwft

Several provisions of the Wwft were amended with effect from 1 January 2013. The reason for these amendments was the FATF's Mutual Evaluation Report (MER) (see also Section 1.4). The Ministry of Finance drew up guidelines on the application of the new provisions for use by the reporting entities. At the beginning of 2013, FIU-the Netherlands furthermore distributed an information sheet among the reporting entities in which the most important amendments to the Wwft were highlighted.
Amendments were, for example, made to the duty of FIU-the Netherlands to provide feedback (Section 13(c) Wwft). FIU-the Netherlands has the duty to inform reporting entities of trends detected and of noteworthy phenomena at an aggregate level instead of an individual transactional level. Section 2.1 explains how this duty to provide feedback is implemented.

1.3 Policy and organisation of FIU-the Netherlands

Due to policy-related and organisational changes, the year 2013 was eventful for FIU-the Netherlands. Since 1 January 2013, it has officially been part of the legal entity of the State of the Netherlands. However, administratively, it falls under the administrative jurisdiction of the NPN and carries out its activities as an autonomous, independent, and recognisable entity. In addition, FIU-the Netherlands has started setting new priorities for the performance of its tasks, ambitions, and organisational structure.

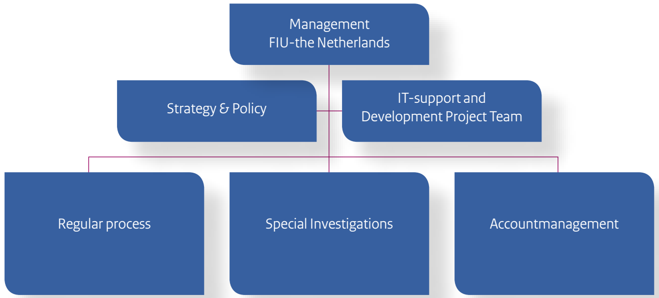
Positioning

FIU-the Netherlands seized upon the formation of the NPN as an opportunity to reduce the complexity of its administrative position and to enhance its independence, in accordance with the recommendations in the 2011 FATF evaluation report.
The new organisation decrees were published in the Government Gazette on 24 May 2013. The new Establishment Decree for FIU-the Netherlands, the ‘Mandate from the Minister to the Commissioner for the support of FIU-the Netherlands 2013’[1] and a ‘Mandate and sub-mandate from the Commissioner to the Head of FIU-the Netherlands for the support of FIU-the Netherlands’[2] came into effect retroactively on 1 January 2013.
FIU-the Netherlands used to operate as a semi-autonomous division of the Department of International Police Information (IPOL Department) of the Netherlands Police Agency (KLPD). Since 1 January 2013, FIU-the Netherlands has officially been part of the legal entity of the State of the Netherlands. The administrative responsibility comes under the Minister of Security and Justice, via the Commissioner of the NPN to the Head of FIU-the Netherlands. The NPN thus enables FIU-the Netherlands to perform its statutory tasks and, in doing so, FIU-the Netherlands will make use of NPN’s infrastructure and services, where possible. The Head of FIU-the Netherlands is fully mandated in the field of managing people and means, thus ensuring the autonomy and independence of the organisation. The policy line runs directly from the Minister of Security and Justice to the Head of FIU-the Netherlands.
In the second half of 2013, FIU-the Netherlands – in cooperation with the police organisation – made preparations to optimise this new administrative structure. The basic principle is achieving maximum alignment with the investigative services, and, at the same time, remaining a reliable partner to reporting entities, supervisory authorities, and foreign FIUs.

Staff and organisational structure

FIU-the Netherlands has a workforce of 57 FTE and an annual budget oft €5.3 million. The organisation chart below provides a picture of the organisational structure.

Organisation chart of FIU-the Netherlands



Long-term objectives

FIU-the Netherlands has formulated four long-term objectives in its policy plan, and it intends to achieve these objectives in the period 2013-2017. The policy objectives are based on the core tasks of FIU-the Netherlands, as defined in Section 13 of the Wwft.

These long-term objectives are:
- To encourage widespread use of FIU information;
- To obtain insight into the use of FIU information;
- To identify trends and phenomena;
- To strengthen international and interregional information exchange.

FIU-the Netherlands considers the widespread and effective use of FIU information and obtaining more insight into the use of FIU products essential. It consequently aims to achieve maximum alignment with the information required by its clients and structural use of FIU information. Various developments in its environment, such as the formation of the NPN, national programmes (e.g. projects on human trafficking and on the confiscation of criminal assets), 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 positioning and incorporation of FIU-the Netherlands into the NPN, an important investigative partner, provide many possibilities to come to a more widespread use and improved feedback of FIU information. In order to achieve these long-term objectives, various activities were undertaken in 2013. These activities and their results are described in Chapters 3 and 4.

Due to its unique information position, FIU-the Netherlands has a large amount of data on possible cases of money laundering and the financing of terrorism. FIU-the Netherlands investigates unusual transactions reports and disseminates transactions declared suspicious in order to combat money laundering and the financing of terrorism, to confiscate criminal assets, and to prevent and investigate other types of crime. As a result of its unique information position, it furthermore has insight into trends and phenomena. For the realisation of this long-term objective, the

[1] Mandaatregeling Beheer FIU-Nederland 2013
[2] (Onder)Mandaatbesluit beheer van de FIU-Nederland 2013

availability of a high-quality reporting and analysis tool (R&A tool) is a precondition. FIU-the Netherlands started using this R&A tool in November 2013. Chapter 3 will discuss the different activities aimed at realising this long-term objective.

International cooperation and data exchange provides FIU-the Netherlands – and subsequently also its investigative partners – with much valuable financial intelligence for combating money laundering and the financing of terrorism. For this reason, it will continue to focus on international cooperation and wants to enhance its position on the international playing field. In 2013, FIU-the Netherlands once again frequently cooperated with foreign FIUs and it participated, among other things, in the FIU.NET Ma³tch pilot project. Chapter 3 and 4 will give a description of the activities undertaken by FIU-the Netherlands to achieve this long-term objective.

Setting new priorities

In the past few years, expectations of FIU-the Netherlands have increased regarding handling information requests, own investigations, and the analysis of the information available at FIU-the Netherlands. Due to changes in its environment and the fact that the workforce of 57 FTE will not be expanded, FIU-the Netherlands started evaluating its tasks and capacity. It reviewed its current tasks, ambitions, and organisational structure in order to realise the ambitions formulated and organise its primary process more efficiently, and as far as possible independently. This evaluation has resulted in setting new priorities aimed at making the organisation more 'lean and mean', for example by phasing out activities that do not belong to its core tasks, and by focussing on more co-creation with partners. The measures will be developed further and implemented in 2014.

1.4 The national and international playing field

As a result of its statutory tasks, FIU-the Netherlands has a unique information position regarding money laundering and the financing of terrorism, and in the financial approach to tackling crime in the broad sense. It is the only authority in the Netherlands that has data on unusual transactions.
FIU-the Netherlands is at the interface between the public and private sector. It cooperates with reporting entities, supervisory authorities, foreign FIUs, and different investigative 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. The other way around, 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.

Developments on the national playing field

Regarding combating money laundering, several developments occurred in 2013 that have affected FIU-the Netherlands. Examples are the establishment of the Infobox Criminal and Unaccountable Assets (iCOV) and the expansion of the Fiscal Information and Investigation Service (FIOD) with the Anti-Money Laundering Centre (AML Centre). FIU-the Netherlands was engaged in these initiatives and it will, wherever it can, contribute to these efforts from its aim to combat crimes more effectively, and in particular, those crimes concerning money laundering and the financing of terrorism. At the same time, objectives and activities of organisations engaged in combating money laundering must prevent overlapping.
With the establishment of the AML Centre at the end of 2013, cooperation between the FIOD and FIU-the Netherlands has expanded. The AML Centre functions as the central intake centre of the FIOD for criminal investigations into money laundering. Agreements have been made with the AML Centre about the intention to share financial intelligence and expertise on money laundering cases. This will be expanded in 2014. The cooperation with the iCOV will be dealt with in Section 3.2.

International cooperation

FIU-the Netherlands invested in international cooperation in 2013 through the relevant international forums.

Financial Action Task Force

The Financial Action Task Force (FATF) is an intergovernmental organisation that aims at combating money laundering and the financing of terrorism internationally. In February 2011, the FATF published a Mutual Evaluation Report (MER), [3] in which it evaluated compliance with the recommendations by the Netherlands.
In January 2013, the Netherlands submitted a first follow-up report in which it described the progress made with respect to various recommendations from the evaluation report. This report was updated once again at the end of 2013. The aim is for the Netherlands to leave the evaluation process of the FATF in February 2014.
In addition to attending various FATF meetings, FIU-the Netherlands participated in the FATF sub- working group "Vulnerabilities of legal professions", [4] where it shared practical examples and indicators for possible abuse of independent professionals.

3/ FATF / OECD and IMF (25 February 2011), Mutual Evaluation Report: Anti-Money Laundering and Combating the Financing of Terrorism - The Netherlands, http://www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20Netherlands%20full.pdf

4/ http://www.fatf-gafi.org/media/fatf/documents/reports/ML%20and%20TF%20vulnerabilities%20legal%20professionals.pdf

Egmont Group

FIU-the Netherlands is part of the Egmont Group, an international cooperation of 141 FIUs that forms the basis for international operational data exchanges. FIU-the Netherlands attaches great value to improving cooperation and, therefore, it was closely involved in reviewing the founding documents of the Egmont Group.
In addition, FIU-the Netherlands was actively involved in the Egmont-FATF project "Money Laundering and Terrorist Financing through Trade in Diamonds", and the Terrorist Financing project group. These activities will be described in Section 3.4.

EU FIU Platform

Since 2006, the FIUs from EU Member States meet on a regular basis to intensify and streamline information exchange. In the past year, FIU-the Netherlands contributed actively to the activities within the EU Financial Intelligence Units' Platform. The platform has formulated a joint contribution to the fourth EU Anti-Money Laundering Directive, in which it proposes to harmonise the powers of the European FIUs more and to give the European FIU's Platform a formal status, with clarity about its role. Agreement was also reached on the preconditions under which FIU.NET, a computer network among the European FIUs, may embedded in Europol. The European FIUs and the European Commission aim at incorporating FIU.NET into Europol in 2016 at the latest. Important steps have furthermore been made with regard to cooperation in "cross-border reporting". For instance, the development of a module by FIU.NET will make it easier for European FIUs to share transaction reports. In this way, it will be easier for a European FIU to exchange unusual transaction reports from a reporting entity, which is active in several European jurisdictions, with other FIUs in Europe.

2 Receiving Unusual Transactions Reports

2 Receiving Unusual Transactions Reports

The entities identified in the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act, (Wwft) have a duty to report to FIU-the Netherlands all unusual transaction which is or could possibly be connected to money laundering and/or the financing of terrorism. Good cooperation with the reporting entities is crucial for FIU-the Netherlands. For FIU-the Netherlands to be able to conduct expeditious and effective investigations into any involvement of individuals in money laundering or the financing of terrorism, it is essential that the reports are relevant and of sufficient quality. Therefore, consultations with representatives of reporting entities and the supervisory authorities are held on a regular basis to inform the entities regarding characteristics that may result in improved recognition of high-risk transactions, and to improve the quality of future reports.
In 2013, FIU-the Netherlands received a total of 202,164 reports of unusual transactions from the various groups of reporting entities. This chapter focuses on the cooperation with the reporting entities and the authorities supervising these entities. It will furthermore discuss noteworthy trends and developments in the unusual transaction reports received. Appendix 1 includes an overview of the number of unusual transactions reported by each group of reporting entities, the number of entities from which reports were received, and the number of transactions declared suspicious.

2.1 The reports received and cooperation with entities and sectors

The Wwft distinguishes 24 groups of reporting entities. These groups differ substantially from each other as regards the nature of their services and – related to this – the money laundering risks. The different groups of reporting entities vary widely in size and also

202.164

reports of unusual transactions in 2013

in the way in which they have organised the representation of interests and cooperation within the relevant sectors. FIU-the Netherlands tailors its communication to and cooperation with a group of reporting entities to accommodate these differences.

2.1.1 Cooperation with reporting entities and sectors

In order to draw attention to money laundering risks and to optimise the contents of the reports, account managers of FIU-the Netherlands, responsible for relations with the reporting entities and supervisory authorities, undertook various activities in the past year, from comprehensive information provision and communication to direct contacts with individual entities and sector organisations.

Provision of information via outreach events and presentations

In order to draw attention to the Wwft, the duty to report, and current issues, FIU-the Netherlands organises outreach events for different groups of reporting entities on an annual basis. In 2013, it organised outreach events – in cooperation with the different sector organisations – for the trust offices, lawyers, and the exchange institutions. The outreach events contribute to a greater awareness among the entities of the money laundering risks within the sector. This often results in an increase in the number of unusual transaction reports and in the number of actively reporting entities. For example, in cooperation with the association for trust offices, Holland Quaestor, FIU-the Netherlands organised an outreach event for the trust sector in the past year. After this outreach event, the number of unusual transaction reports rose from 38 in 2012 to 88 in 2013. The number of active entities increased as well.
In addition, presentations were given at sector-related meetings of the following groups of reporting entities: life insurers, financing companies, real estate agents, and the foreign banks with branch offices in the Netherlands.

Website and twitter

The website of FIU-the Netherlands was given a new layout in 2013. The homepage currently features the latest news items, and it has eye-catching buttons with references to pages of the various groups of reporting entities and to case examples. Just as in 2012, FIU-the Netherlands published anonymised case examples on its website every week. In this way, feedback is provided to the entities on the usefulness of the transactions reported to the investigative authorities.
Through the use of tweets, the reporting entities and partners are informed of, among other things, new case examples, news items, and scheduled outreach events.

Sharing trends and phenomena

Since 2013, the trends and the possible risks of specific phenomena have been brought to the attention of the reporting entities through so-called news flashes. These news flashes are supplemental to the information sheets published, and are not meant to be interpreted as guidelines. In 2013, FIU-the Netherlands shared three news flashes with specific sectors on the bitcoin, corruption of public servants, and child pornography and child abuse.
In addition, specific groups of reporting entities received targeted information on trends observed in the unusual transactions reported, for example through sector-specific transaction overviews. For instance, in cooperation with the Dutch Association of Money Transfer Offices (NVGTK), various individual money transfer offices, and the Dutch Central Bank, (DNB), transaction profiles were built aimed at recognising high-risk transactions in the sector. These profiles give insight into the volumes and direction of money flows

in a specific period, and into the location in the Netherlands from which money is sent or where money is received.

Close contacts with reporting entities

The account managers of FIU-the Netherlands maintain personal contact with entities and the representatives of the different sector organisations. In these contacts, attention is drawn to the contents and scope of the duty to report, the recognition of unusual transactions, and the quality of the reports. A telling example is the dialogue with Holland Casino on the excessive decrease in the number of transactions with a subjective indicator since 2012. During the discussions on this issue in the past year, it became evident that Holland Casino interpreted the reporting of subjective transactions (and its consequences) differently than it used to do and it had adjusted its internal guidelines in line with this interpretation. DNB and FIU-the Netherlands indicated that this interpretation was incorrect. At the end of 2013, a large number of transactions were reported after all, as a result of which the total number of reports in 2013 eventually reached 1,539.

Feedback on transactions declared suspicious

Once a reported transaction has been declared suspicious, the entity automatically receives a so-called dissemination report. FIU-the Netherlands cannot provide any information to the reporting entities on what happened with the transaction declared suspicious and to which authority the transaction has been disseminated (see also Section 4.5). In conformity with the amendments to the Wwft, FIU-the Netherlands provides feedback to the entities at an aggregate level. Each week, it publishes a practical example on its website, which shows the value of the information on the suspicious transactions for an investigative or enforcement partner. In addition, anonymised feedback on the usefulness of suspicious transaction reports is provided to groups of reporting entities in anonymous form, and the 'red flags' identified with respect to specific offences are shared. This feedback has, for example, resulted in more and qualitatively better reports from the exchange institutions.

Unusual transaction reports received in 2013

The unusual transaction reports constitute the primary input of the analysis and investigation processes of FIU-the Netherlands. The number of unusual transaction reports received by FIU-the Netherlands differs annually. This difference depends primarily on the reporting behaviour of the entities. They are responsible for monitoring and reporting unusual transactions. Other parties – in particular the supervisory authorities and FIU-the Netherlands – may exert influence on the reporting behaviour of the entities. The influence of FIU-the Netherlands consists, among other things, of the provision of information on money laundering risks, the process of declaring transactions suspicious, and the provision of general feedback in the form of trends and phenomena. The primary purpose of this information is to support reporting entities in recognising and reporting unusual transactions. The process of declaring transactions suspicious also contributes to the recognition of unusual transactions. A transaction that has been declared suspicious may be interpreted by a reporting entity as an important sign that possibly more transactions with respect to a subject should be reported. Therefore, entities are automatically notified by FIU-the Netherlands when a transaction has been declared suspicious.

Appendix 1 of the annual report includes a table of the unusual transaction reports, by group of reporting entities, in the period 2011-2013. In addition, an overview is given of the number of entities from which reports were received in the period 2011-2013.

Table: Number of unusual transaction reports in 2013, by sector

Sector of reporting entities	Number	Of which MT*
Exchange institutions	166,684	160,374
Banks	18,222	11,150
Government	7,522	53
Dealers	5,381	
Casinos	1,539	
Credit card companies	1,435	
Independent professionals	1,109	
Other	272	
Total	**202,164**	**171,577**

*MT=Money transfers

Table: Number of unusual transaction reports in 2013, by type of transaction

Type of transaction	Number
Money transfer	171,577
Cash transaction	22,600
Other	4,097
Wire transfers	3,890
Total	**202,164**

2.1.2 Trends in the unusual transaction reports received

Below is an overview of the noteworthy trends and developments in the reporting behaviour and the unusual transaction reports received with respect to several groups of reporting entities. Please refer to Sections 3.5.2 and 4.3.1 for other phenomenon-related investigations conducted in the past year.

Exchange institutions

Out of the total number of 202,164 unusual transaction reports received by FIU-the Netherlands in 2013, by far most reports originated from the exchange institutions: approximately 166,700 reports, which is 82% of the total number of unusual transaction reports. The greater part of the reports concerned money transfers reports (approximately 160,400). The remaining 6,300 reports mainly concerned prepaid card and exchange transactions.
New payment methods and services, such as prepaid cards and virtual currencies (e.g. the bitcoin), may be used for money laundering

CASE EXAMPLE: Fugitive leaves a financial trail

After analysing the use of prepaid cards, the financial institution providing the prepaid card established that drug trafficking might be involved. In addition to the use of prepaid cards, the man also made money transfers to persons in his country of origin, each time transferring money from different locations.
FIU-the Netherlands searched its databases and established that its user was a fugitive. The man, who had been sentenced for drug trafficking, appeared to be subject to an international alert. He still had to serve six years of imprisonment, but he had managed to escape at the beginning of his sentence.
The information was declared suspicious and was made available to a special police investigation team. This team tracks down sentenced fugitives and uses, among other things, FIU information to trace the whereabouts of escapees.

purposes. Once charged, prepaid cards can be used for payments in shops (online or otherwise) and for withdrawals at cash machines. In addition, prepaid cards can easily be transferred abroad, where the money is subsequently spent. In 2013, FIU-the Netherlands received 4,549 unusual transaction reports with respect to prepaid cards. The first reports about these phenomena were received in 2010, and the number has risen ever since. FIU-the Netherlands currently sees only part of the scope of use of the prepaid cards, in which an amount of money is deposited on or withdrawn from the card in the Netherlands. In order to obtain proper insight into prepaid payments, it is important that an overall view is obtained, (at least) at European level, as most providers of prepaid cards are established outside the Netherlands. This issue will receive more attention in 2014.
To date, FIU-the Netherlands has not received any reports of payments by telephone; this is due to the low, limited amounts associated with this type of payment.
In 2013, it received dozens of reports regarding virtual currencies, which pertain to the conversion of the bitcoin into 'hard' currencies. Through a news flash, several characteristics of these transactions were shared with entities, after which FIU-the Netherlands received supplemental or new reports. A number of reports were shared with the investigative services and included in investigations after they had been declared suspicious.

Reports on possible financing of terrorism

In 2013, the financial institutions recognised relevant money flows that could be related to terrorism and, in particular, to Dutch citizens who travelled to Syria. This risk profile resulted furthermore in new reports of unusual transactions. This was made possible, in part, by the platform established together with the NVB in 2012. The aim of the Financing of Terrorism Platform is to inform financial institutions more effectively about trends and developments identified in relation to the financing of terrorism. In 2013, the cooperation through this platform was intensified further.
In 2013, FIU-the Netherlands furthermore received relevant reports from, in particular, exchange institutions, which were important for investigation files on counterterrorism and the financing of terrorism. It was the result of a risk profile on the presence of financial institutions in the border area of Afghanistan and Pakistan shared by FIU-the Netherlands with entities and interested international partners in 2012.

Banks

In 2013 FIU-the Netherlands met regularly with representatives of the major banks. In addition, the parties had a good cooperation regarding specific themes and phenomena in 2013. They conducted joint research into a trade sector, and the phenomenon of human trafficking was brought to the attention of the banks (see also Section 3.5.2). In the Financing of Terrorism Platform, which FIU-the Netherlands started together with the Dutch Banking Association (NVB), attention is paid to relevant money flows that may be related to the financing of terrorism (see box on the left). By paying attention to specific themes and phenomena together with banks – and the investigative services – the effectiveness of the unusual transaction reports is increased. All parties concerned were satisfied with this project-based cooperation, and it will therefore be continued in 2014.
FIU-the Netherlands and the banks have also been successfully cooperating at the level of specific investigation files. There was, for example, regular contact in the process of making reports and in the feedback of disseminated transactions. This cooperation yielded good results, which is illustrated by the practical example in the box.

This increased cooperation seems to have resulted in an increase in the number of unusual transactions reported by banks and in the number of bank reports forwarded to the investigative services in 2013. In total, FIU-the Netherlands received 18,222 reports from banks in the past year: 11,150 money transfers and 7,072 other types of bank transactions, such as wire transfers, cash withdrawals from or cash deposits on accounts. The number of unusual transaction reports (excluding the money transfers) from banks rose substantially compared to 2012, when FIU-the Netherlands received well over 4,800 reports. This number also exceeds the level of 2011, when nearly 6,500 reports were received.

CASE EXAMPLE: Beating the fraud to the punch

With an urgent report, a bank notified FIU-the Netherlands of an intended withdrawal of €140,000 that was about to take place from a private account of a client with a foreign nationality. The bank strongly doubted the legitimacy of the transaction, enough reason to report the intended cash transaction.
The account holder had had a checking account with the bank for some time when, within a short period of time, a total amount of €150,000 was credited to the account. Once this amount had been received, the account holder called at a local bank branch and announced that he wanted to withdraw €140,000 in cash. When asked, he stated to need the money for the purchase of real estate in his homeland.
FIU-the Netherlands analysed the report and immediately contacted the FIU of the aforementioned account holder's country of origin.
It soon turned out that the account holder had shortly before been a suspect in an extensive fraud investigation in his homeland, but that the case had been dismissed due to insufficient evidence.
This fact, combined with the findings of our own investigation, resulted that same day in the transfer of the investigation file to a financial investigation unit. This unit complemented the investigation file and contacted the PPS. Based on the data from FIU-the Netherlands and the investigation unit, the PPS initiated a money laundering investigation, as a result of which the balance of the account could be confiscated.
Because of this fast and adequate cooperation between the reporting entity, FIU-the Netherlands, and its FIU counterpart as well as the financial investigation unit, the balance of the account could be secured and the money laundering investigation could be initiated.

Dealers

The Wwft distinguishes between[5] 'dealers in high-value goods' and 'other dealers'. Dealers in high-value goods are engaged in selling[6] vehicles, vessels and boats, art, antiques, precious stones, precious metals, jewellery or jewels.
In 2013, a total of 5,381 unusual transactions were reported by dealers, nearly all of them on the basis of objective indicators.
Just as in previous years, most reports originated from dealers in vehicles, approximately 4,500. FIU-the Netherlands already saw a considerable increase in the number of reports from dealers in precious metals in 2012, from 99 reports in 2011 to 798 reports in 2012. In 2013 as well, FIU-the Netherlands received 785 unusual transaction reports from this sector. The reports concerned, in particular, reports of cash purchases by brokers dealing in gold. Most dealers in precious metals started reporting after a supervisory visit, as is apparent from data exchange with the AML/CFT Supervisory Bureau. In addition, 62 reports were received from dealers in vessels and boats.
In order to gain more insight into one of these commercial sectors, a study was conducted in cooperation with the FIOD and several banks. This has resulted in a joint confidential knowledge document together with the FIOD and a number of concrete FIU investigation files.

Customs

Since 2007, individuals have been obligated to declare liquid assets (e.g. cash money, shares or cheques) worth €10,000 or more upon entering or leaving the European Union. Customs makes these declarations of liquid assets available to FIU-the Netherlands.
In 2013, FIU-the Netherlands observed a qualitative improvement of these reports.
In total, FIU-the Netherlands received 6,990 declarations of liquid assets in 2013, out of which 5,097 originated from airports and 1,886 from seaports. Out of the 5,097 declarations at airports, 2,373 declarations related to the import of cash money, 1,494 to the export of cash money, and 1,230 to the transit of cash money via the Netherlands.

Together with Customs, the Public Prosecution Service (PPS), the FIOD, and the NPN (Flexible Intelligence and Expertise Team, Financial Economic Crime, FIET FinEc), FIU-the Netherlands participates in a working group led by the Ministry of Finance, which explores the possibilities for the legal right to report for Customs.

Independent professionals

The amendments to the Wwft effective on 1 January 2013 (see Section 1.2) have consequences for, in particular, independent professionals. The duty to report for lawyers, notaries, and accountants has been extended. In addition, real estate appraiser currently also have the duty to report. In 2013, five real estate appraisers companies registered themselves, but to date FIU-the Netherlands has not yet received any reports from this new group of reporting entities.
In fact, FIU-the Netherlands investigates all unusual transaction reports from independent professionals, thus providing good insight into this category of unusual transaction reports.

The duty to report for accountants has been extended by the amendments to the Wwft; the forensic activities of the accountants currently also fall under the duty to report. In 2013, FIU-the Netherlands received 532 reports from accountants. This is an increase of as much as 65% compared to 2012 and 2011. This has also resulted in an increase in the number of reports from accountants that have been declared suspicious. In the estimation of FIU-the Netherlands, this increase in the number of unusual transaction reports is connected to the expansion of the duty to report and visits of the supervisory authority. In 2013 there were 43 newly registered and active accountants, but there was also an increase in the number of reports from accountants who had already been registered.

2.2 Cooperation with supervisory authorities

The Ministry of Finance has appointed the following four supervisory authorities to supervise compliance with the duty to report: The Dutch Central Bank (DNB), the Financial Supervision Office (BFT), the Netherlands Authority for the Financial Markets (AFM), and the AML/CFT Supervisory Bureau of the Dutch Tax Authorities. Each of these authorities supervises different groups of reporting entities. An important element of the supervision is to check whether the entities have an adequate administrative organisation and internal controls. The organisation of an entity must be at such a level that it is able to perform client screening and that employees are able to recognise unusual transactions and report them to FIU-the Netherlands. The supervisory authorities furthermore ensure that the entities actually perform client screening and report all unusual transactions.

[5] Both 'dealers in high-value goods' and 'other dealers' have a subjective duty to report if a cash payment amounts to €15,000 or more. Only traders in high-value goods also have an objective duty to report if a cash payment amounts to €25,000 or more. It sometimes happens that 'other dealers' wrongly make an objective report of cash payments. In 2013, FIU-the Netherlands removed dozens of this type of reports from 'other dealers' from the database, because they do not fall under the duty to report. This has been discussed with the reporting entities concerned.
[6] The purchase of goods by a dealer, such as gold or metal, consequently does not fall under the duty to report.

Teamwork

FIU-the Netherlands regularly meets with the different supervisory authorities. In cooperation with the supervisory authorities, information is provided to various groups of reporting entities. In conjunction with AFM, for example, FIU-the Netherlands performed a preliminary study among investment institutions and firms that focused on their familiarity with the Wwft and their awareness of money laundering risks, as hardly any reports – or no reports at all – have been received from this sector per year. The recommendations from this confidential study will give direction to future cooperation between FIU-the Netherlands, AFM, and the sector, which will be followed up in 2014.

Information exchange

Pursuant to the Wwft, each year FIU-the Netherlands and the supervisory authorities exchange information regularly. This may concern requests from a supervisory authority about the reporting behaviour of an entity, but also the sharing of information on specific trends and phenomena. At the end of 2013, various supervisory authorities were asked by FIU-the Netherlands to identify which information products and standard reports on the reporting behaviour of entities are desired. In 2014, such products will be provided at regular intervals.

The supervisory authorities in turn notify FIU-the Netherlands when they have discovered facts that may point to money laundering or the financing of terrorism. In 2013, FIU-the Netherlands received a total of 53 signals or reports of unusual money transfers from DNB.

Measures against the failure to report

Entities that do not comply with the duty to report under the Wwft violate the Dutch Economic Offences Act (WED). These violations may concern the failure to report unusual transactions, reporting too late, or submitting incomplete reports. In 2013, FIU-the Netherlands participated in the Non-Reporting Entities Project, which is led by the PPS, and in which project the FIOD, the Central Division of the NPN, the BFT, the AML/CFT Supervisory Bureau of the Dutch Tax Authority, DNB, and FIU-the Netherlands cooperate to improve compliance with the Wwft. During a law enforcement operation in October, various reporting entities were inspected, including several dealers and one real-estate agent. This operation resulted in attention from the national media. In addition, cases were brought to court following previous operations, which resulted in the imposition of criminal sanctions (see box on the right).

Judgements in the failure to report

The District Court of The Hague imposed fines of €18,000 and €17,000 on a car dealer, with a conditional amount of €6,000 in each case. In 2011, he had sold cars in his companies for cash payments of amounts between €35,000 and €88,000. The car dealer did not consider this unusual. The court judged that he should have reported the transactions.

The court imposed a fine of €16,000, with half the amount being conditional, on a dealer in boats. In 2011, he had accepted cash payments from customers without establishing the identities of its customers in nine cases. Upon inspection, he was not able to show copies of their identity documents. The payments concerned amounts from €15,000 to €21,000.

The court also imposed a conditional fine of €10,000 on a former notary. In 2009, he had rendered his cooperation in the sale of shares in a private limited company to a Luxembourg company for €1. At the same time, the private limited company transferred a claim amounting to approximately €75,000 to another private limited company of the same buyer for only €10,000. Immediately following the transfer, the claim was waived. The court judged that the notary had had sufficient indications that this was possibly a case of money laundering. He therefore had the duty to report these two transactions to FIU-the Netherlands under the Wwft. As the notary had already been put out of office due to this matter, the court only imposed a conditional penalty.

3

Analysing Unusual Transaction Reports

3 Analysing Unusual Transaction Reports

5.165
files investigated in 2013

Unusual transaction reports constitute the primary input of the analysis and investigation processes of FIU-the Netherlands. Given the large quantity of unusual transaction reports received annually, it is impossible for FIU-the Netherlands to analyse all of these transaction reports one by one. However, through the periodical matching with the Index of Criminal Investigations and Subjects (VROS) (Section 3.1), a limited analysis or screening always takes place. FIU-the Netherlands must make sound choices about which unusual transaction reports to investigate. In setting priorities, FIU-the Netherlands takes into account the needs of the Dutch investigation and enforcement partners and foreign FIUs.

If unusual transaction reports to be investigated are related, they are combined into one investigation file. For example, several transactions conducted by one person or – in the broader sense – transactions conducted by persons that are part of the same criminal network. The only person authorised to declare unusual transactions suspicious is the Head of FIU-the Netherlands. In 2013, FIU-the Netherlands investigated more than 29,000 unusual transaction reports, which totalled 5,165 investigation files.

This chapter focuses on the analyses of the unusual transaction reports received and the cooperation with investigation and enforcement partners and foreign FIUs. These activities must be seen in conjunction with the other core tasks of FIU-the Netherlands, which are described in Chapter 2 and Chapter 4, respectively.

3.1 Reasons for declaring transactions suspicious

The unusual transactions received can be declared suspicious through various channels, which can roughly be broken down into matching with external databases, screening following LOvJ requests, requests from foreign FIUs, and our own investigations.

Matches

FIU-the Netherlands searches its databases and the VROS file of the NPN for matches on a weekly basis. VROS stands for Index of Criminal Investigations and Subjects, and includes subjects who occur in current criminal investigations. The hits are checked before they are declared suspicious.
At the request of investigation and enforcement authorities, FIU-the Netherlands also investigates if there are matches on the basis of external files. In 2013, more than 15 searches for matches were conducted for various partners. This matching contributed, among other things, to the execution of fines (CJIB), the tracing of assets (BOOM), the investigation of cases of misuse of social security benefits in Rotterdam and Amsterdam, and area scans, such as dockyards and large free markets.

LOvJ requests

The investigative services may submit so-called LOvJ requests to FIU-the Netherlands to check whether subjects, who occur as suspects in criminal investigations, also occur in the FIU database. For such requests, FIU-the Netherlands conducts a comprehensive investigation, since also contacts of the subjects of investigation can be investigated and foreign FIUs can be approached (also see Section 3.4).

Table: LOvJ requests submitted in 2013, by investigative authority

Authority submitting the LOvJ request

NPN		Other authorities	
Central Division	129	FIOD	278
Den Haag Division	100	KMar	105
Midden-Nederland Division	84	Inspectorate SZW	31
Oost-Nederland Division	77	BOOM	21
Rotterdam Division	68	Social Security Fraud Department/DWI	21
Amsterdam Division	66	FP*	11
Noord-Nederland Division	48	NVWA-IOD	7
Noord Holland Division	39	RST	5
Zeeland West Brabant Division	32	National Police Internal Investigation Department	3
Oost Brabant Division	29	National Prosecutor's Office	2
Limburg Division	11		
Subtotal NPN	**683**	**Total other authorities**	**484**

*National Public Prosecutor's Office for Financial, Economic and Environmental Offences

In 2013, a total of 1,167 LOvJ requests were received from the investigative authorities. Out of this number, 683 requests originated from the NPN and 484 from other authorities, such as the FIOD, the Royal Netherlands Marechaussee (KMar), the Inspectorate of the Ministry of Social Affairs and Employment (Inspectorate SZW), and municipal Social Security Fraud Departments (see Table). In 2013, FIU-the Netherlands received 70 requests more from the investigative authorities than in 2012.

FIU investigations

In addition to handling the matching and requests, FIU-the Netherlands also conducts its own investigations. There are various reasons for FIU-the Netherlands to start its own investigation. It conducts (red flag) queries, which generates transactions that are worth investigating. In addition, a foreign FIU may submit requests, in order to –among other things – investigate specific subjects, and signals are received from reporting entities or investigation and enforcement partners, which require further investigation.

Transactions not declared suspicious

In 2013, FIU-the Netherlands completed 5,165 investigation files. Not all files investigated were declared suspicious: with respect to 884 investigation files (17%), there was no reason or insufficient reason (at the time) to declare the files suspicious. These 884 investigation files included a total of 3,479 unusual transaction reports that had been investigated. Out of the 5,165 completed investigation files, 4,260 files were declared suspicious (82%) and consequently disseminated to the investigation and enforcement partners. In addition, 21 investigation files (1%) were provided under embargo [7] to an investigation team.

Chapter 4 deals extensively with the characteristics of suspicious transactions and the relevance of the investigation files for the investigation partners, and it provides practical examples.

Received requests in 2013

- *1.167 LOvJ requests*
- *1.594 from AFM and DNB*
- *283 from BIBOB*
- *597 from foreign FIUs*

3.2 Cooperation with investigation and enforcement partners

At a national level FIU-the Netherlands cooperates with different investigation and enforcement partners. The Table on the LOvJ requests submitted in 2013 shows that all divisions of the NPN, the special investigative services, and various enforcement authorities have found their way to FIU-the Netherlands. The five account managers of FIU-the Netherlands maintain intensive contact with these investigation and enforcement authorities, encourage the use of these requests, and draw attention to disseminated investigation files of FIU-the Netherlands.
In 2013, FIU-the Netherlands entered into cooperation agreements with new partners, but it also terminated partnerships.
These developments are discussed below.

NPN

Since 1 January 2013, the Netherlands has had one national police organisation. It consists of ten regional divisions and one central division. The account managers of FIU-the Netherlands maintain daily contact with departments of these divisions. In 2013, the working procedure was modified to ensure that the services provided meet the demands more effectively. FIU-the Netherlands entered into several agreements about specific themes, including agreements about mutual efforts. As far as possible, alignment is furthermore sought with the themes on NPN's National Intelligence Agenda (NIA) in order to maximise the use of FIU files in criminal investigations.

FIOD

The FIOD and FIU-the Netherlands have a good operational cooperation. Four liaison officers of the FIOD support FIU-the Netherlands in analysing transactions by providing input of tax-related information and knowledge of criminal tax law.
In 2013, for example, information was requested regarding more than 1,400 subjects.
FIU-the Netherlands frequently receives unusual transaction reports that are relevant to the FIOD, such as reports on possible VAT carousels, income-related benefit fraud, or bankruptcy fraud.

[7] Investigation files provided under embargo include transactions declared suspicious which, due to the risk of disruption of the criminal investigation, are not disseminated to BlueView.

This cooperation results in better dissemination of transactions, also to investigative services other than the FIOD. The FIOD uses suspicious transactions to consolidate cases or to initiate criminal investigations (see Section 4.3.1).

iCOV

As a follow-up to the Real-Estate Intelligence Centre project organisation, in 2013 the Infobox Criminal and Unaccountable Assets (iCOV) was established. The iCOV is a joint organisation in which the PPS, the NPN, the Dutch Tax Authorities, the FIOD, and FIU-the Netherlands participate. The purpose of this cooperation is to provide an overview of unaccountable or criminal assets, to expose money laundering or fraudulent schemes, and to be able to collect amounts owed to a state entity. FIU-the Netherlands disseminates its dataset of suspicious transactions on a monthly basis, thus enabling the iCOV to include them in its analyses.

RIECs and LIEC

The Regional Information and Expertise Centres (RIECs) and the National Information and Expertise Centre (LIEC) have been established to strengthen the integrated and administrative approach to organised crime that has been adopted by public administration. FIU-the Netherlands supports the RIECs and the LIEC in the performance of its tasks. The parties agreed on an information protocol, which was tightened in October 2013, enabling the RIECs to provide tactical information to FIU-the Netherlands with the request to compare it with its database. The question still is whether it would not be desirable for FIU-the Netherlands to join the group of RIECs partners as a partner for the purpose of providing RIEC information.

IND

In October 2013, FIU-the Netherlands concluded an agreement with the Immigration and Naturalisation Service (IND). The assessment of admitting wealthy foreign nationals to the Netherlands and granting them residence permits is subject to the condition that the foreign national invests at least €1.25 million in a company registered in the Netherlands. Before a residence permit is granted, the IND verifies whether the capital to be invested has possibly been obtained in an illegal manner. FIU-the Netherlands fulfils a role in this verification. The Dutch Aliens Act Implementation Guidelines 2000 (Vc 2000) was amended to this end (with effect from 1 October 2013).

BIBOB

In November 2013, FIU-the Netherlands terminated the longstanding cooperation with the National BIBOB Agency. Every year, FIU-the Netherlands handled approximately 250 screening requests from BIBOB to check whether specific subjects were involved in suspicious transactions. Since mid-2012, FIU-the Netherlands has disseminated its suspicious transaction reports through the police-based BlueView application. The screening consequently has no longer any added value, as the suspicious transaction information can also be requested through the NPN.

DNB and AFM

In the past year, FIU-the Netherlands conducted screenings for the purpose of permit applications at the request of the AFM and DNB. These requests concerned 1,594 screenings, of which 66 files were submitted to the PPS for further assessment. FIU-the Netherlands intends to transfer these tasks to an appropriate implementing agency, and aims to realise this in 2014.

3.3 Cooperation to combat the financing of terrorism

The Counterterrorism and Proliferation Financing Team (CT & PF) of FIU-the Netherlands cooperated with various agencies.
It furthermore gave several presentations in 2013. These presentations were aimed at drawing attention to specific aspects of money flows that can be related to terrorist groups or networks.

CT Infobox
The following parties are engaged in the CT Infobox: the General Intelligence and Security Service (AIVD), the NPN, the IND, the Military Intelligence and Security Service (MIVD), the FIOD, the KMar, Inspectorate SZW, FIU-the Netherlands, the PPS, and the NCTV. The parties engaged in the CT Infobox collect information on networks and individuals that are possibly involved in terrorism. These data are subsequently compared and analysed in a multidisciplinary fashion, i.e. with the expertise of various organisations. Because the information is available at one location, mutual connections are recognised and, sometimes, a quick scan is used to assess whether the data includes information that is important to one or more CT Infobox partners.

CT Infobox
FIU-the Netherlands is an active partner within the Counterterrorism Infobox (CT Infobox) (see box above). FIU-the Netherlands together with the FIOD and the Inspectorate SZW form the financial core of this cooperation, and it thus contributes to the improved recognition of financing aspects in terrorist networks. In the past year, various recommendations were made to and for the benefit of FIU-the Netherlands from the CT Infobox, for example, to investigate unusual transaction reports further and, where necessary, declare them suspicious.

FEC Financing of Terrorism Project
The Financial Expertise Centre (FEC) is a cooperation of various government bodies (FEC Partners) that cooperate pursuant to an agreement providing for information exchange on risks to the integrity of the financial system. Although FIU-the Netherlands was not a FEC Partner in 2013, it was invited to participate in the FEC Financing of Terrorism Project. The purpose of this project is to increase insight into the financing of and the financial infrastructure used by a specific terrorist organisation and, subsequently, to draw up a programmatic approach. In addition to FIU-the Netherlands, the IND, the NCTV, and the Customs – as non-FEC partners – also participated in the project.

Consultations on sanctions
Pursuant to the Dutch Sanctions Act, authorities may impose sanctions – such as freezing funds – in order to interfere with the preparations of terrorist attacks. Together with various departments of DNB, the Ministry of Foreign Affairs, the NCTV, and the Minister of Security and Justice, FIU-the Netherlands holds consultations on these financial sanctions and the resulting transactions reported. The knowledge (and consequences) of the financial sanctions and the sector confronted with trade restrictions provide input to FIU-the Netherlands' own investigations.

3.4 Cooperation with foreign FIUs
Contacts with foreign FIUs are essential to FIU-the Netherlands when conducting its investigations. It exchanges information with foreign sister organisations through the Egmont Secure Web and the FIU.NET on a daily basis. Enquiries are made between the partners about whether specific subjects are referenced in the FIU database of the relevant country. The reason for making enquiries at a foreign FIU may arise from investigations by FIU-the Netherlands itself or from LOvJ requests.

Operational cooperation
In 2013, FIU-the Netherlands received 597 requests from foreign sister organisations and it submitted 496 requests to foreign FIUs. The Table shows a top 5 of foreign FIUs from which FIU-the Netherlands received the most requests and to which the most requests were submitted. In total, FIU-the Netherlands received requests from 70 different foreign FIUs in the past year, and it submitted requests to 59 foreign FIUs. Intensive contacts were maintained with, in particular, the FIUs from Belgium, Luxembourg, Sweden, Germany, and Great Britain.

Table: Top 5 of requests received from and submitted to foreign FIUs in 2013

Top 5	Requests received from	Number
1	FIU Belgium - CFI	197
2	FIU Luxembourg - CRF	85
3	FIU Italy - UIC S.A.R.	22
4	FIU Slovakia	22
5	FIU England - SOCA	21

Top 5	Requests submitted to	Number
1	FIU Belgium - CFI	67
2	FIU Sweden - NFIS	62
3	FIU Germany	59
4	FIU Spain - SEPBLAC	35
5	FIU England - SOCA	24

The Table shows that the information exchange with the Belgian FIU is intensive. The Belgium counterpart is authorised to freeze bank accounts, making it possible to take quick measures when it becomes evident that a Dutch subject of investigation is also known to the Belgian FIU. The practical example (see box on the next page) shows how one of FIU-the Netherlands' own investigations formed the basis for a effective international cooperation, which eventually resulted in the freezing of criminal proceeds and the arrest of a suspect who subsequently confessed his guilt.

FIU.NET and Ma³tch
The FIU.NET is a decentralised computer network among the EU FIUs that ensures that data exchange among these FIUs can be realised efficiently. Nearly all EU Member States are connected to this system. In 2012, the development of FIU.NET received a major boost with the introduction of the so-called 'ma³tch technology'.

CASE EXAMPLE: Postman's criminal proceeds intercepted by cooperating FIUs

A number of reported wire transfers draw the attention of an investigator of FIU-the Netherlands. Further investigation learned that the transactions fitted in with a current criminal investigation. A Dutch exporter had reported fraud. The exporter had sent invoices to its clients and its clients had paid the invoices, but no money was credited to the exporter's account. It became evident from the criminal investigation that a postman had intercepted the company's invoices, had changed the account number to which the payments had to be transferred, and had subsequently returned the envelopes with invoices to the mailroom. The new account number was used by the postman, who saw an amount of €400,000 credited to his account in a short time. Immediately after receipt, he transferred amounts to accounts in Belgium and Turkey.

When the fraud was discovered, FIU-the Netherlands contacted its counterpart in Belgium. Based on the Dutch information, the Belgian FIU was able to freeze the bank accounts used in Belgium, as a result of which part of the criminal proceeds could be intercepted. After the freezing, the assets were seized under criminal law at the request of the Dutch PPS.

Due to decisive action, both in the international cooperation between the FIUs and in the cross-border cooperation between the judicial authorities, part of the criminal proceeds could be kept beyond the reach of the suspect, who was on the run at the time.

When the suspect tried to enter the Netherlands again, he was arrested at the passport check by the KMar. He has been detained and is awaiting trial. The suspect has confessed being guilty of the criminal offences.

That same year, FIU-the Netherlands arranged the required functionality and trained its employees so that the pilot project could commence in 2013. In 2013, FIU-the Netherlands participated in the Ma³tch-engaged pilot project – coordinated by FIU.NET – together with the FIUs of Belgium, Denmark, Estonia, Finland, and Slovenia. The Ma³tch functionality within FIU.NET makes it possible, among other things, to match subjects from the own database with subjects in databases of other foreign FIUs connected to the system, in an automated and anonymous way. The FIU immediately gains insight into which other FIU(s) have information on specific subjects, without sensitive data (personal data or other data) being revealed. Only if there is a hit will it be possible for the FIUs to trace this information back to the personal data of the subject concerned. In this way, it has become easy to detect international cases which would have remained unnoticed if countries were to look only at their own subject data.

The purpose of the Ma³tch-engaged pilot project is to arrive at a standard work method that indicates when and how FIUs might apply the cross match (see box on the right), how they could process the hits as efficiently as possible, and how they could follow up the cases ensuing from these hits. The pilot project has already resulted in a number of interesting cases that have shown the added value of the cross match. FIU.NET has also made several technical improvements to the system, based on findings from the project team. In the continuation of the project in 2014, attention will be paid to prioritising and following up on the hits generated by the cross match.

Knowledge exchange

In addition to financial intelligence, foreign FIUs also exchange knowledge of trends and phenomena. This can be done through the secure digital environment of Egmont Secure Web and FIU.NET, but also through meetings of the FATF and the Egmont Group.

In 2013, FIU-the Netherlands participated actively in the Egmont-FATF project "Money Laundering and Terrorist Financing through Trade in Diamonds" of the Egmont Operational Working Group. For this purpose, FIU-the Netherlands analysed unusual transactions reported in relation to the diamond market, and it entered into discussions with market parties and financial institutions active in this sector. The report on the diamond market in the Netherlands was included in the Egmont-FATF project. FIU-the Netherlands furthermore contributed to the final report [8]/ by analysing data provided by the other participating partners.

Two match functions of Ma³tch

The Ma³tch functionality distinguishes between the case match and the cross match:

- Case match: specific subjects of a FIU are matched with subjects from other FIUs. The subjects concerned are already the subject matter of an international investigation.
- Cross match: a list of subjects from one FIU is matched with subjects from other FIUs. The subjects may be all subjects in the database or a part thereof to be defined by the particular FIU.

Within the Egmont Group, FIU-the Netherlands – together with the Canadian FIU (FINTRAC) – is coordinator of the Financing of Terrorism Project Group. This project group develops initiatives that may support all 141 Egmont members worldwide in recognising terrorism-related transactions and high-risk money flows.

In addition, FIU-the Netherlands shared risk profiles bilaterally with other FIUs.

3.5 Detecting trends and phenomena

Due to its unique information position, FIU-the Netherlands has a large quantity of transaction data, enabling it to detect new trends and phenomena. Analysing these data cleverly requires a high-quality reporting and analysis tool (R&A tool). In the past year, the development of the R&A tool made significant progress. Furthermore, through a one-year project with the Netherlands Forensic Institute (NFI), knowledge was gained regarding high-quality data-analysis tools of the Knowledge and Expertise Centre for Intelligent Data (KECIDA) of the NFI.

[8]/ See http://www.fatf-gafi.org/documents/news/ml-tf-through-trade-in-diamonds.html

When researching into en detecting trends and phenomena information exchange with partners is indispensable. In order to act responsively to signals from entities and from the investigative authorities, FIU-the Netherlands aims at optimising the process of receiving, analysing and declaring unusual transaction suspicious. In the past year, special attention was paid to various trends and phenomena, including human trafficking, child pornography and child abuse, and corruption.

3.5.1 Analysis tools and methods

Reporting & Analysis tool

Since November 2013, FIU-the Netherlands has worked with a provisional version of the R&A tool, which has enabled it to run queries and analyses on the updated database. This has resulted in significant steps towards 'real-time intelligence'. In 2014, a variety of analyses and products will be realised for both internal and external clients, varying from management and control information to operational information. Next year, the functionalities of the R&A tool will be expanded and made suitable for the new, major GoAML release, which is scheduled for mid-2014. In addition, FIU-the Netherlands will consult with the Business Intelligence Competence Center (BICC) of the Central Intelligence Service (DLIO) of the NPN to include operational sources as an additional database in the reporting and analysis environment.

Red flag queries

In 2013, a number of red flags or risk profiles have been developed that may be applied to the database of FIU-the Netherlands. With the arrival of the R&A tool, the implementation of these red flags will be accelerated in 2014. It will be possible to use the defined risk profiles in the database, creating an up-to-date overview of transactions that meet the relevant risk profiles and may be investigated. In 2013, the risk profiles were elaborated and prioritised. Next year, the relevant red flags will be further specified, so that it will actually be possible to implement them in the R&A tool. Red flags are, for example, indicators that point to a specific type of crime, such as human trafficking (see also Section 3.5.2). A series of unusual transactions by the same person may also be an indicator of money laundering, as the practical example shows (see box on the right).

NFI project: experimenting with new tools

In addition to the new R&A tool, FIU-the Netherlands has been experimenting with the advanced data-analysis tools developed by KECIDA, part of the NFI. It concerns a one-year project that is financed by a subsidy from the programme "Secure through Innovation" (*Veilig door Innovatie*) of the NCTV. In addition to the existing analysis methods, FIU-the Netherlands needs more effective and more efficient analysis techniques to process the transaction data in its database in a proactive and more 'intelligent' way. This will make it possible to provide an overview of new or unknown criminal structures, modi operandi or fluid criminal networks at an earlier stage, and to reveal other complex relationships among financial transactions more rapidly. The project commenced in July 2013. By experimenting with new methods and techniques, a dozen investigation files were compiled already in a short period of time, which will be elaborated further by FIU analysts. Network analysis, for example, identified subjects who were involved, among other things, in human trafficking and drug trafficking, on the basis of patterns in transaction behaviour. Thanks to data preparation (cleaning and deduplication of subjects), several unusual transactions of subjects could thus be identified, which were suitable for labelling as 'suspicious', but which had not yet been declared suspicious.

CASE EXAMPLE: Financial analysis leads to network of cannabis growers and facilitators

In February 2013, a financial institution reported that a man regularly deposited cash money and subsequently transferred the money to bank accounts of different persons. FIU-the Netherlands found a total of 28 transactions carried out by the man concerned in their database. In all cases, the man did indeed transfer amounts of money to persons or companies, established in the Netherlands or abroad, which amounts he had initially deposited in cash.
FIU-the Netherlands conducted a background check and concluded that the man had been repeatedly associated with cannabis growing. In the past landlords had complained about him several times. The man had rented the houses and had subsequently installed a cannabis-growing operation in them. The houses concerned were non-subsidised houses, which had been advertised in daily newspapers or on the Internet.
The man always paid the rent demanded in advance.
Additional analysis of the data in the FIU database resulted in the detection of several of the man's accomplices. They, too, rented premises, which were often unsaleable, and in which growing operations were found later on. The accomplices paid rent and also transferred amounts to recipients in the country of origin of the members of this group.
A total of 86 transactions could be attributed to this group.
The transactions were declared suspicious and disseminated to the investigative services.

At the end of the project in July 2014, the knowledge gained by the FIU analysts through this project will be transferred to the other analysis at FIU-the Netherlands, and the results of the project will be shared with other AML/CFT Enforcement chain partners. FIU-the Netherlands is examining whether – and if so, how – the innovative products and knowledge can be implemented in its organisation.

3.5.2 Phenomenon-oriented analyses

In the analyses of unusual transaction reports, special attention was paid to specific phenomena. Project-based cooperation with private and public partners in this context has proved fruitful as well. For example, FIU-the Netherlands analysed a trade sector together with the banks and the FIOD. This has resulted in better insight into this sector, a joint knowledge document with the FIOD, and several concrete investigation files from FIU-the Netherlands. Several phenomenon-oriented analyses are explained in this subsection.

Human trafficking

Human trafficking is one of the themes on the NIA of the NPN. FIU-the Netherlands, too, paid much attention to this theme in 2013, both in its own analyses and investigations and in its support to the investigation teams (see also Chapter 4). For example: It conducted qualitative research into the financial red flags of human trafficking, with a focus on transactions in relation to several East European countries. The research results were presented during the outreach day for exchange institutions. A written elaboration of the results will follow in 2014.
Nearly all disseminated investigation files on human trafficking appeared to contain almost exclusively money transfers. In order to gain more insight into possible wire transfers that can be related to human trafficking, FIU-the Netherlands maintained contacts with various investigation partners and other partners. This information exchange resulted in a number of indicators for human trafficking, which were shared with reporting banks at an aggregate level. This has already resulted in more reports of unusual transactions by a major bank. In 2014, FIU-the Netherlands will continue to pay attention to the reporting by banks of human-trafficking related transactions, and it will tighten the financial indicators.

Child pornography and child abuse

FIU-the Netherlands is currently analysing transactions in its database that may be related to child pornography and child abuse. The Dutch government is committed to do anything to prevent or detect these types of crime, also by means of transaction data. In 2013, a number of unusual transactions were reported that could be associated with child pornography and child abuse. The transactions were declared suspicious and made available to the investigative services. FIU-the Netherlands currently maintains close cooperation with the Combating Child Pornography and Child Sex Tourism Team of the Central Division of the NPN. The suspicious transactions constitute a valuable contribution to the criminal investigations for this Team. One of the FIU files could be included in a current criminal investigation. Other files have been incorporated into project proposals and are awaiting the availability of investigation capacity.
FIU-the Netherlands built a risk profile and disseminated its findings to the reporting entities through a news flash. In 2014, this phenomenon will be researched further.

Internet scams

In the past year, FIU-the Netherlands provided an overview of the number of reports on internet scams, more specifically the non-delivery of merchandise. Examples are non-payment of products that have already been received or non-delivery of products that have already been paid for. Indicators for these internet scams are, for example, popular products that are underpriced; a web shop that does not have a quality mark or that uses a false quality mark; or cases where customers are requested to transfer money through an exchange institution or to a foreign bank account (see box on the right). In particular, financial institutions report transactions that may be related to fraudulent practices through the Internet. In 2013, FIU-the Netherlands received more than 2,000 reports on this type of fraud, involving an amount of approximately €6 million. FIU-the Netherlands drew up a alert document on this phenomenon.

Politically exposed persons

In 2013, FIU-the Netherlands started investigating reports involving so-called politically exposed persons (PEPs) on a structural basis. In its investigation, it has used the Ma³tch module of FIU.NET (see Section 3.4). Subjects who have conducted unusual transactions and who are also registered as PEPs will be recognised automatically. Transactions made by PEPs are subject to an increased risk of, among other things, corruption. In this context, FIU-the Netherlands issued a news flash to the reporting entities that included red flags that could be used for recognising corruption-related transactions. In addition, several meetings were held with the National Police Internal Investigation Department (Rijksrecherche), which is a user of corruption-related FIU investigation files. This has resulted in more understanding of each other’s procedures and of the needs of the Rijksrecherche.

CASE EXAMPLE: Cross-border Internet fraud

A Dutchman bought a number of goods in England for an amount of nearly €1,000 through a professional looking web shop. He had to transfer the amount to a bank account in Hungary, after which he received a confirmation of payment and a code he could use to track the package. However, the man did not receive the goods and found out that the website was no longer operative. Hoping that the bank in Hungary could help him, and any other victims, the man wrote a letter. He also reported the fraud to the police.

The Hungarian bank contacted FIU Hungary about the case, which subsequently contacted FIU-the Netherlands. FIU-the Netherlands verified the Dutchman’s story for its Hungarian counterpart in Dutch police systems, and other relevant systems, and contacted the Dutch bank where the transaction had been conducted. The Dutch bank subsequently took over the case to see whether the money could be reclaimed quickly.

4

Disseminating Suspicious Transaction Information

4 Disseminating Suspicious Transaction Information

25.321

transactions declared suspicious in 2013

Unusual transaction reports analysed by FIU-the Netherlands and qualified as important for the prevention or investigation of crimes are declared suspicious by the Head of FIU-the Netherlands and subsequently disseminated to the different investigative and enforcement partners. The dissemination of suspicious transactions is, in fact, effected through the police application BlueView.
The suspicious transactions of FIU-the Netherlands contain relevant strategic, tactical and operational information for investigation teams. Suspicious transactions do not just provide important information at the start of or during the criminal financial investigation or provide possible evidence with respect to financial and economic crimes. Financial intelligence may also, for example, provide insight into the relationships in a criminal network that is involved in drug trafficking, advance fee fraud, or the financing of terrorism. Not all criminal investigation partners are aware of the usefulness of financial intelligence to their investigation. FIU-the Netherlands considers it its task, and the task of its investigative partners, to increase this awareness.
This chapter focuses on the number of transactions declared suspicious and the types of files disseminated to the various investigative and enforcement partners. It also provides a description of the different activities undertaken by FIU-the Netherlands in the past year in order to encourage the use of information of suspicious transactions.

4.1 Availability of suspicious transactions to investigative and enforcement partners

Transactions declared suspicious by FIU-the Netherlands are automatically disseminated to BlueView. BlueView is a national police application that enables Dutch investigative authorities to access various data collections. Police officers may view BlueView through their regional and national information desk. In 2013, suspicious transactions were viewed nearly 230,000 times in BlueView. The views[9] related to more than 76,000 suspicious transactions.
Mid-2013 – pursuant to user requirements from the investigative services and FIU-the Netherlands – the interface of GoAML to BlueView was improved. This has resulted in quality improvement of the suspicious transaction information shown in BlueView.

9/ The log-in data regarding BlueView show how many times a transaction has been viewed (the “views”) and include the number of exports (to Excel or PDF) of the transaction data. With respect to the number of views, the following comments should be made: firstly, a specific transaction may be viewed in BlueView more than once by the same person, as a result of which multiple views are registered. Secondly, the views of employees of FIU-the Netherlands are included in the number of views by the NPN. Thirdly, the log-in data regarding BlueView do not provide a complete picture of the use of FIU information. The fact is that not every investigative authority submitting LOvJ requests to FIU-the Netherlands has access to BlueView. Employees of FIU-the Netherlands have direct contact with these organisations and the suspicious transactions are provided in a different manner.

Transactions declared suspicious in 2013

The annual number suspicious transactions by FIU-the Netherlands depends on multiple factors. Of course, the number and quality of the unusual transaction reports play a role in this regard. In addition, not every transaction investigated receives the status of suspicious (at that particular time), because there is insufficient ground to disseminate it to the investigative services. The number of suspicious transactions furthermore depends on the efforts of FIU-the Netherlands and the various investigative and enforcement partners. In the event of matches and LOvJ requests, FIU-the Netherlands acts primarily reactive and matches, or screens the subjects of investigation that have been submitted by its partners (see also Chapter 3). The decision to conduct its own investigations depends more on the available expertise and capacity.
Suspicious transactions are retrieved by dissemination date, i.e. the date on which FIU-the Netherlands, after investigation, disseminated the transactions as suspicious.

Appendix 1 of the annual report includes a table of the suspicious transactions, arranged by group of reporting entities, in the period 2011-2013.

Table: Number of suspicious transactions in 2013, by sector

Sector of reporting entities	Number	Of which MT*
Exchange institutions	21,331	19,604
Banks	2,463	1,060
Dealers	560	
Independent professionals	516	
Government	267	
Casinos	144	
Other	19	
Credit card companies	21	
Total	**25,321**	**20,664**

*Money transfers

Table: Number of suspicious transactions in 2013, by type of transaction

Type of transaction	Number
Money transfer	20,664
Cash transaction	3,203
Wire transfer	795
Other	659
Total	**25,321**

Table: Number and amounts involved in suspicious transactions (completed), in percentages, in 2013

Amounts involved in suspicious transactions	Number	In %	Total amount	In %
< €10,000	22,601	90%	€27,956,000	3%
€10,000 to €100,000	1,723	7%	€57,692,000	5%
€100,000 to €1,000,000	569	2%	€149,024,000	14%
€1,000,000 to €5,000,000	95	0%	€184,722,000	17%
€5,000,000 to €10,000,000	21	0%	€148,790,000	14%
≥ €10,000,000	10	0%	€533,113,000	48%
Total	**25,019***	**100%**	**€1,101,295,000**	**100%**

*Intended transactions (N=302) not included

Once an investigation team has submitted a LOvJ request, it receives a message from FIU-the Netherlands stating the file number under which the results can be found in BlueView. The users furthermore have the possibility of creating so-called subscriptions, on the basis of which the user automatically receives a message when a new entry is available on a subject of investigation, including new suspicious transactions. This may be useful to the investigative services, in particular for transactions disseminated by FIU-the Netherlands following VROS matching.

4.2 Overview of suspicious transactions and investigation files

The suspicious transactions constitute the primary output of FIU-the Netherlands. Below is an overview of the results in key figures from 2013. Out of the total of 5,165 files investigated in 2013, 4,260 files were declared suspicious.

Number of suspicious transactions and investigation files

In 2013, a total of 25,321 transactions were declared suspicious, together forming part of 4,260 different investigation files (see table on the next page). Most of the 25,321 suspicious transactions (49%) were declared suspicious following own investigations, i.e. approximately 12,400 transactions. VROS matching resulted in nearly 7,700 disseminations (30%) and the LOvJ requests received resulted in more than 5,000 suspicious transactions (20%). Considered at investigation file level, the main reason for dissemination (58%) is the match with the VROS database, nearly 2,500 investigation files. More than 1,200 of the files disseminated were created following own investigation (28.5%). Out of the number of investigation files, 11% were drawn up following LOvJ requests and the remaining 2% on the basis of matches with BOOM and CJIB database.

Scope of suspicious transactions

Out of the total of 25,321 suspicious transactions, 25,109 were labelled ‘completed’; this means that the transactions actually

Table: Number of investigation files and transactions disseminated in 2013, by reason for dissemination

Reasons for dissemination	Number of STs	In %	Number of files	In %
VROS	7,660	30.3%	2,496	58.5%
FIU investigations	12,363	48.8%	1,219	28.5%
LOvJ request	5,021	19.8%	461	11.0%
CJIB/BOOM	277	1.0%	84	2.0%
	25,321	**100.0%**	**4,260**	**100.0%**

occurred. The completed suspicious transactions represent a total value of more than €1.1 billion. This is a huge amount, half of which is, however, made up of a dozen transactions involving very large amounts of money (see box on previous page). The greater part (90%) of the transactions disseminated represent an amount lower than €10,000. This is due to the fact that FIU-the Netherlands receives many money transfer reports and declares them suspicious, whereas the amounts of money involved are relatively low, varying from several hundreds to thousands of euros.

Content of investigation files

The type of investigation file (collections of suspicious transactions) disseminated is, on the one hand, tailored to the needs of the investigative services. This is done through matches and by responding to LOvJ requests. On the other hand, policy choices and signals received by FIU-the Netherlands give direction to its own investigations.
Since 2013, FIU-the Netherlands has registered the probable type(s) of crimes related to investigation files it compiles based on an own investigation or following a LOvJ request. [10]/ In total, the types of crimes have been registered in respect of 1,680 investigation files. As it is possible to register more than one type of crime per investigation file, the table total is higher. The type of crime occurring most is money laundering, which was registered in 34% of the investigation files. This does not mean that money laundering did not occur in the other 66% of the investigation files, but rather that a different type of crime emerged as most prominent from these investigation files.

Table: Types of crimes, by investigation file disseminated*, in 2013

Type of crime	Number	In %
Money laundering	678	34%
Fraud	631	32%
Hard drugs	155	8%
Soft drugs	122	6%
Terrorism	108	5%
Human trafficking	70	4%
Other	68	3%
Other drugs	33	2%
Human smuggling	33	2%
Murder/manslaughter	31	2%
Burglaries	18	1%
Robberies	13	1%
Violence	13	1%
Child pornography	9	0%
Arms trafficking	8	0%
Synthetic drugs	5	0%
Cyber Crime	4	0%
Environmental crime	1	0%
Total	**2,000**	**100%**

* Only investigation files following a LOvJ request and own investigation

4.3 Value of suspicious transactions to investigative and enforcement partners

By matching, handling LOvJ requests, and providing official reports or pre-decision documents, FIU-the Netherlands once again made a valuable contribution to many criminal investigations and enforcement operations in 2013. In order to encourage the use of suspicious transaction information, the account managers of FIU-the Netherlands keep in close contact with the various partners. The suspicious transaction information may be of importance to varying criminal investigations and may be used in different ways. In this section, the contents of the investigation files (Section 4.3.1) and the use of financial intelligence (Section 4.3.2) are illustrated by collaborative efforts from the past year.

4.3.1 Common types of crimes in investigation files

With its suspicious transactions, FIU-the Netherlands contributed to various kinds of criminal investigations, including human trafficking, the financing of terrorism, drug trafficking, ram raids and explosive attacks on ATMs, and various types of fraud.

Fraud

Out of the 631 FIU investigation files from 2013 that may be related to fraud, a large number was disseminated to the FIOD. The FIOD received at least 400 files [11]/ from FIU-the Netherlands. Most of these files related to VAT fraud (24%), followed by income-related benefit fraud (22%), and tax fraud (10%). Suspicious transactions furthermore provide insight in suspected fraud in real-estate transactions and bankruptcies, 28 and 23 investigation files

[10]/ FIU-the Netherlands uses a limited list of types of crimes that is partly based on the priorities of its investigative partners, such as the NIA themes of the NPN. The type of crime registered is usually the starting point for an investigation. For example, if a file has been compiled following a LOvJ request regarding human trafficking, it is also registered under this type of crime. Files related to types of crime not included in this list are labelled 'other'.

[11]/ The investigation files concerned are those which are disseminated to the FIOD following FIU-the Netherlands' own investigations and LOvJ requests without urgency. Urgent LOvJ requests are disseminated to the relevant FIOD team without intervention of the liaison officers. The results of the VROS matching are monitored, ensuring that files on subjects that are currently being investigated by the FIOD end up at the relevant FIOD investigation team as soon as possible.

CASE EXAMPLE: Careless transactions

A woman held a checking account with a bank. At a given moment, amounts originating from an account of a healthcare foundation, which was engaged in the accommodation of mentally impaired adolescents, were credited into her account. In this way, she received more than €200,000 from the healthcare foundation in a specific period.
The unusual thing was that, as soon as the money from the healthcare foundation had been received, it was withdrawn in cash shortly afterwards or it was immediately transferred to checking accounts of several other persons. This caused the bank to ask the bank account holder to provide clarity about this course of events. When asked, the woman stated that it concerned a management fee charged by her. The bank considered this explanation insufficient. It didn't make logical sense that the 'fee' from the foundation was immediately withdrawn in cash or transferred. In addition, the woman had never received income on this account before, and suddenly large amounts of money were credited into this account. This was enough reason for the bank to report the transactions to FIU-the Netherlands.
Investigation by FIU-the Netherlands revealed that the woman had not earned any income from employment at all. It was furthermore established that the accounts, to which the money from the healthcare foundation had been transferred, belonged to two members of the board of the health care foundation. An analysis of the accounts of the board members revealed that amounts had furthermore been transferred directly from the foundation to the private account of one the board members without any apparent reason.
The investigated transactions strongly indicated that the healthcare foundation was frauded systematically by the board members and that government subsidies were misused. FIU-the Netherlands compiled an investigation file and disseminated it to an investigative service for a criminal investigation.

respectively. In addition to these FIOD cases, files were compiled on social security fraud in major cities, and misuse and suspected misuse of 'individual care benefits' (see box).

VAT fraud

FIU-the Netherlands provided nearly 100 investigation files on possible cases of VAT carousel fraud. This type of fraud always involves multiple enterprises, with at least one of these enterprises charging VAT but not paying VAT to the Dutch Tax Authorities. Furthermore, it concerns cross-border transactions in the EU, in which the 0% VAT rate charged for the provision of services and goods in EU countries is misused. Because the VAT received is not paid to the Dutch Tax Authorities, the a source of revenue is illegally withheld from the government of the Netherlands. The FIU files on VAT fraud have a total value of more than €80 million.

Income-related benefit fraud

FIU-the Netherlands investigated income-related benefit fraud in the past year. The problem of the misuse of income-related benefits by Bulgarians received much media and political attention in the spring of 2013. FIU-the Netherlands contributed to the investigation of this type of fraud by disseminating information on 147 transactions to the FIOD for further investigation.

Social security fraud

In order to combat the misuse of social security benefits, transaction information on specific subjects from concluded criminal investigations was disseminated to the Department for Work and Income (DWI) of the Municipality of Amsterdam. The transactions conducted by subjects who emerged as suspects or persons involved in criminal investigations of, for example, drug trafficking, money mules, robberies, mugging, and theft were declared suspicious. FIU-the Netherlands disseminated 435 suspicious transactions regarding these subjects. The DWI used this information in its investigations on social security fraud with respect to 55 persons. The fraud established amounted to approximately €550,000.
Since October 2013, the project-based cooperation with DWI has been organised differently; transaction overviews of postal code areas with a high fraud risk, and with striking transactions, are shared. FIU-the Netherlands declared 582 transactions suspicious

with a total value of nearly €1.3 million. These transactions were conducted in the social security benefit period by 21 subjects. As a result of own investigation, DWI Amsterdam established a total fraud amount of approximately €350,000. The subjects involved must repay not only the fraud amount, but also a fine equal to 100% of the fraud amount. The municipality will claim back the fraud amounts and fines, or deduct the amounts from the current social security benefits.

Drugs

In 2013, FIU-the Netherlands disseminated more than 300 investigation files that could be related to the production, import or export of hard drugs, soft drugs, or synthetic drugs. The investigation files were disseminated to various investigative partners. Its financial intelligence does not just provide proof for drug-related money flows; transactions may also provide insight into the criminal network and mutual relationships involved. This is illustrated by the following practical example (see box on the next page).

Human trafficking

In 2013, FIU-the Netherlands disseminated in total 103 investigation files on human trafficking and human smuggling to the

CASE EXAMPLE: Financial intelligence exposes network of drug traffickers

Early in 2013, the police raided a house in connection with a large drug-related criminal investigation. The raid had not been in vain, for the police found two hundred kilos of cocaine with the two suspects that were arrested. A further search of the house revealed many statements of money transfers.

On the basis of these statements, FIU-the Netherlands conducted a further investigation in its database. This investigation revealed that not only the suspects, but also several relatives had frequently conducted money transfers. Each time, the amount concerned was approximately the same, as were the recipients. Based on the suspicious transaction information it was also possible to identify several persons who had conducted transactions.

In the end, 158 money transfers amounting to a total of €78,815 – to, in particular, the Dominican Republic – and 8 money transfers amounting to a total of €5,410 – from, in particular, Costa Rica and the Dominican Republic – were declared suspicious and disseminated to the investigation team.

At the end of 2013, the first defendant was sentenced to three years' imprisonment for drug trafficking, money laundering, and fraud. The criminal proceedings against his co-defendants will follow in the first half of 2014.

investigative services following LOvJ requests and own investigations. In total, these investigation files involved approximately €68 million. Important recipients of these investigation files included the KMar, the Inspectorate SZW, the NPN, and the Expertise Centre for Human Trafficking and Human Smuggling (EMM). [12] Following LOvJ requests, FIU-the Netherlands thus disseminated 18 investigation files to the EMM in 2013. These files were included in the assessment of pre-decision documents by the pre-decision committee, of which committee the National Human Trafficking Officer is a member.

FIU-the Netherlands expects to receive more requests from the investigative services regarding human trafficking in 2014. A legislative amendment with effect from 1 January 2014 will enable the enforcement authorities to have a defendant's assets seized before judgment, for the purpose of establishing a compensation scheme for the benefit of victims. As a result of such a preservation seizure, it will be easier to impose and execute the compensation order, which is helpful to, in particular, victims of human trafficking and sexual crimes. The Instructions for Human Trafficking 2013 from the PPS and this legislative amendment are expected to result in more financial investigations related to human trafficking. Consequently, FIU-the Netherlands expects more LOvJ requests to search its database. Suspicious transaction information give investigative services better insight into the suspect's assets and mutual relationships – financial or otherwise – among suspects. Information on assets abroad may be obtained through the foreign FIUs.

Aggravated robberies, ram raids, and explosive attacks on ATMs

In 2013, the Central Intelligence Service (DLIO), a part of the Central Division of the NPN which gathers information on serious and organised crime, submitted more than 20 LOvJ requests to check whether subjects who were involved in aggravated robberies and ram raids and explosive attacks on ATMs also occurred in the FIU database. In June 2013, a large police operation was held, in the course of which 23 arrests were made and some fifty locations were searched. Prior to and at the end of this law enforcement operation, FIU-the Netherlands provided DLIO with valuable financial intelligence on different subjects involved.

Combating terrorism and the financing thereof

The suspicious transaction information and other financial intelligence obtained by FIU-the Netherlands nationally and internationally were able to be used in investigations of the financing of terrorism and counterterrorism in general. In 2013, too, FIU-the Netherlands disseminated relevant transaction files to the investigative and security services. The CT&PF team of FIU-the Netherlands cooperates closely in this area with the Central Criminal Investigations Service (DLR), a part of the Central Division of the NPN. This FIU team was directly involved in several national and international counterterrorism investigations and intelligence files, and it conducted analyses for ongoing and concluded criminal investigations. In 2013, this resulted, among other things, in the issue of more than 50 alert documents for investigative and intelligence services.

4.3.2 Common use of financial intelligence

FIU information may be exploited in several ways. It may lead, for example, to the identification of suspects (unknown until that time) or to the detection of proceeds of crime, or it may be a ground for imposing a sanction or order.

[12] The EMM is a cooperation among the NPN, the KMar, the IND, and the Inspectorate SZW. It gathers information, knowledge and experience in the area of human smuggling and human trafficking in order to support the investigative services.

CASE EXAMPLE: The buyer only enjoyed his (cash paid) racing car for one year

In 2012, a man visited a car dealer and bought a BMW X5. The customer paid the purchase amount of €57,000 entirely in cash. The car dealer reported the cash payment to FIU-the Netherlands in accordance with his statutory obligation.
After analysing the unusual transaction report, FIU-the Netherlands established that the buyer was not exactly of irreproachable conduct. He had been in contact with the police several times before. It was furthermore established that his legitimate income could never have justified such a purchase. FIU-the Netherlands suspected that the car had been bought with proceeds of crime, and handed over the case to the confiscation team of the police.
The team did extra research and proceeded to search the buyer's house and business premises. The buyer himself was not found at home at the time, but the money detection dog indicated that money was to be found in one of the bedrooms. Investigators searched the room and found an amount of almost €40,000 in a secret hiding place. They not only seized the money, but also found 13 expensive watches in the house. These watches were also neatly packed and sealed and brought to the police station. The investigators found equipment for manufacturing drugs in the business premises.
Several days after the search, the suspect and his wife were able to be arrested. They stated that they wished to exercise their right to remain silent and they gave a rather unconvincing statement about the purchase of the BMW X5. All goods remained seized, and the case was handed over to the PPS.
The unusual transaction report directly caused the investigative services to initiate a criminal investigation of money laundering, and it indirectly caused the confiscation of property.

Confiscation of criminal proceeds

When discussing the use of suspicious transaction information in criminal investigations, its usefulness for providing insight in criminal money flows and proceeds of crime, immediately come to mind. In 2013, different Regional Divisions requested FIU-the Netherlands to provide concrete financial intelligence aimed at the confiscation of proceeds of crime. Although by no means all suspicious transactions provide direct leads for confiscation, there are successful examples (see box on the left).
FIU-the Netherlands furthermore supported the Infra Information Hub Service (DIK Infra), a part of the Central Division of the NPN, in the project on unusual property on water. This service keeps a list of vessels, the purchase of which was possibly financed from an illegal source of income. FIU-the Netherlands analysed its transactions and declared 59 transactions suspicious, amounting to a total value of nearly €1 million. Eight owners of vessels were included in a criminal investigation based on the financial intelligence provided. Several vessels were seized and a forfeiture order confiscating several other vessel owners is under preparation.

Collection of fines and demands for confiscation orders

Within the context of the project on the confiscation of criminal assets 'Afpakken', the BOOM and the CJIB investigate assets of sentenced persons in which respect the court has also issued a confiscation order. These data are matched with the FIU database, and unusual transactions are declared suspicious and disseminated to the requesting authority. In total, 79 investigation files were disseminated to the CJIB, with a total value of more than €630,000. The suspicious transactions provided evidence that individuals who did not comply with CJIB's payment obligation actually do have financial resources. This makes it easier for the CJIB to use coercive measures, such as the deprivation of liberty.
FIU-the Netherlands received various LOvJ requests from the BOOM and matched the BOOM database with its own. This resulted in 12 investigation files, with a total value of more than €503,000, which

contributed to the recovery of assets and the issuing of confiscation orders by the court.

Urgent report and quick action

Although in most cases a suspicious transaction has already occurred, it also happens that fast cooperation with an investigative service and the PPS is necessary to, for example, freeze a bank account, to prevent an intended suspicious. In a number of cases, suspicious transaction information was quickly acted upon by FIET FinEc – which is a part of the Central Division of the NPN – and FIU-the Netherlands, after which the suspects were arrested. In this manner the withdrawal of cash money that was destined to be used for criminal purposes could be prevented.

Tactical information on transaction parties

Suspicious transactions may provide insight into relations between persons; for example into which persons are part of a criminal network, but also into which persons are exploited by others. The practical example shows how FIU information resulted in the identification of victims of human trafficking.

Suspicious transactions furthermore provide insight into the presence of persons at a location, at a specific moment in time. For example: FIU-the Netherlands supports a cooperation, which consists of the FIOD, the Dutch Tax Authorities, the Amsterdam Division, and the Central Division, and which focuses on crimes committed by foreign criminals in the Netherlands. It provided information with respect to 222 suspicious transactions, with a value of more than €2.3 million. These transactions were used by the investigative partners to enhance and support their information position.

4.4 Value of suspicious transactions to foreign partners

Through the comprehensive network of foreign FIUs and police services, FIU-the Netherlands provides and receives valuable information to and from foreign criminal investigations. Chapter 3 already discussed the information exchange with the foreign sister organisations. In 2013, FIU-the Netherlands furthermore received 211 requests from foreign police services, with and without the intervention of the National International Legal Assistance Centre (LIRC) of the NPN. In addition, 28 requests were sent to the foreign police services. FIU-the Netherlands maintains good contacts, in particular, with the Belgian and German police in the border regions. Each year, priority is furthermore given to cooperation with a number of FIUs, with special focus on the confiscation of proceeds of crime abroad.

Strategic countries

In its cooperation with foreign FIUs, FIU-the Netherlands has designated several priority countries on the basis of its own and mutual interests. In 2013, the priority countries were Colombia, Sweden, Denmark, England, Thailand, and Turkey.
In order to achieve strong international cooperation, a method was developed in 2013 which will be applied in the coming year to enable identification of strategic countries. The method combines the information that emerges from analyses of unusual and suspicious transactions with information from chain partners on countries that have been given priority by them, such as the strategic country programme of the NPN.

CASE EXAMPLE: Victims identified as a result of transaction information

In North-West Netherlands, a criminal investigation was initiated in the first half of 2013 against a criminal organisation that was engaged in the recruitment of women in Romania and Hungary. The organisation subsequently put them to work in prostitution in the Netherlands and arranged transport and accommodation. However, the very moment the women started working, there was no going back for them. Some women knew that they were going to work in prostitution, but found that they had to give up all their earnings. Other women had been promised other work, whereas they were forced to prostitute themselves immediately upon arrival. The money earned was taken away from them in those cases as well.
The investigation team requested FIU-the Netherlands to investigate its database. This showed that various women had apparently been forced to transfer money of the organisation to particular recipients in the homeland under their own names. After the analysis of the unusual transaction database, it was established that 22 persons that could be linked to the organisation had conducted transactions. The total value involved in those transactions was more than €80,000.
Following the analysis conducted by FIU-the Netherlands, the investigation team was able, among other things, to detect victims, as a result of which multiple reports of human trafficking could be recorded. The members of the criminal organisation were arrested and taken to court in the autumn of 2013. In addition to giving prison sentences, the court also imposed confiscation orders on the defendants, partly on the basis of the transactions reported. These confiscation orders involved values which varied from €5,000 to €415,000. Adding up all the confiscation orders, the total amount concerned was €900,000.

Confiscation abroad

In the context of the project “Confiscation Abroad”, FIU-the Netherlands cooperated closely with the Colombian FIU in 2013. The purpose of the cooperation is the confiscation of proceeds earned in the Netherlands from drug trafficking, which have been subsequently invested in Colombia’s legitimate business sectors. In Colombia, a joint analysis of files of both FIUs was conducted, which led to the identification of eight files that were liable for confiscation in Colombia. In cooperation with the LIRC, two files were disseminated to the PPS in Bogota, Colombia, which provide insight in several thousands of transactions. Out of six other files, four are likely to result in successful confiscation of criminal proceeds. The investigation files shared up to now involve more than 500 transactions in the Netherlands alone.
This joint analysis resulted furthermore in more insight into Colombian criminal organisations active in drug trafficking in the Netherlands. It turned out that the different large criminal investigations – which have been concluded by now – were linked.

Cooperation with the Belgian and German police forces

One of FIU-the Netherlands’ account managers maintains contact with the *Landeskriminalambt* (LKA) in Nordrhein Westfalen and the LKA Niedersachsen, two German federal states bordering on the Netherlands. In many cases in this context, information requests on Dutch individuals involved in transactions in Germany are handled by FIU-The Netherlands and suspicious transactions are disseminated and – the other way around – German individuals involved in suspicious transactions in the Netherlands are also dealt with. In the past year, FIU-the Netherlands handled more than 80 German requests. In 2014, the substantive cooperation between the FIU-the Netherlands and the two German federal states will be evaluated.
Since 2003, FIU-the Netherlands has also cooperated with DJF-Ecofin of the Federal Police in Belgium, in which context police information and other information on money-laundering cases is exchanged. At the end of 2013, it was decided to terminate this cooperation with the Belgian police, since this is not a core task of FIU-the Netherlands. From 2014 onwards, the LIRC will handle the information requests of the Belgian police, through which it is still possible to consult FIU-the Netherlands. This will not have any consequences for the cooperation with the Belgian FIU.

EUROPOL

In order to strengthen the fight against organised crime at the European level, nine Empact projects (European Multidisciplinary Platform Against Criminal Threats) have been prioritised that are managed by Europol. In the context of the Empact project “Trade in human beings”, FIU-the Netherlands provided a few analyses. More specifically, it concerned the ETUTU file, which is aimed at promoting information exchange on Nigerian human trafficking in the European Union. By following the money flows, international relationships become more visible, and in this case it turned out that human trafficking is committed by suspects with Nigerian backgrounds in nearly all European Member States. Although the exchange of financial intelligence through Europol is still in its early stages, the participating countries have been encouraged to include financial intelligence in this file.

4.5 Better insight into the use of suspicious transactions

There are countless examples of cases in which the financial intelligence of FIU-the Netherlands has had added value to a criminal investigation. Several practical examples illustrating this have been included in this annual report, and are furthermore published on the website every week. In its long-term plan, FIU-the Netherlands aims at obtaining more insight, in a more structured manner, into the use of its suspicious transactions. This was prompted partly by the FATF evaluation from 2011, which indicated that the degree of effectiveness – the value and the effect of the suspicious transaction information – was not clear. It is the ambition of FIU-the Netherlands to document the feedback from the investigative services to FIU-the Netherlands on the use of suspicious transactions in a structured manner in the next few years. In order to realise this ambition, it undertook different activities in the past year.

Views in BlueView

In order to obtain insight into the views of suspicious transaction information in BlueView, FIU-the Netherlands receives overviews of the suspicious transactions viewed at meta level on a monthly basis. In 2013, the suspicious transactions were viewed in BlueView nearly 230,000 times (see also Section 4.1). In 2014, this information will be included in the reporting and analysis environment as an additional database, thus ensuring that FIU-the Netherlands will obtain more overview of and insight into the potential use of suspicious transactions by the investigative services. BlueView does not provide any insight into how the suspicious transaction information is used by the party consulting BlueView, for example whether it is processed in an official report.

Feedback on investigation files

The account managers of FIU-the Netherlands have been monitoring the use of the results of the LOvJ requests since 2013. The investigation teams that submitted LOvJ requests are contacted after some time with questions about the value of the financial intelligence to the current criminal investigations. The investigative partners usually provide quick feedback on these questions.
The value of the suspicious transactions to the investigation teams varies; some teams stated that it contributed to the evidence; other teams stated that it did not provide any new insights.
In 2013, FIU-the Netherlands furthermore started asking, in a structured manner, for feedback on investigation files that had been initiated by FIU-the Netherlands itself. This working procedure will be further embedded in the organisation in 2014.
In 2013, approximately 15 searches were conducted for matches with external investigative or enforcement partners, such as those of the CJIB and the BOOM (see also Section 4.3.2). FIU-the Netherlands made agreements with its partners about feedback on the results. It received aggregate feedback from the CJIB and the BOOM. Several of these cases concerned current investigations, to which the hits made valuable contributions.

CASE EXAMPLE: Respectable businessman not respectable at all

In 2013, a Dutch businessman was sentenced to a prison sentence of several years for bribery and fraud. Many years prior to this conviction, FIU-the Netherlands had investigated signals of transactions of the businessman's company. The transactions concerned involved millions of euros, and deviated from the usual, economically explicable transactions. In addition, substantial cash transactions were conducted, whereas these transactions could not be explained economically at all. After the transactions had been declared suspicious, the investigation file was disseminated to the investigative services. The findings of FIU-the Netherlands contributed to the direction of the investigation and were part of the evidence presented in court.

Complete insight not possible

Complete insight into the use of all transactions disseminated is not realistic. Many transactions are, for example, disseminated on the basis of the weekly VROS matching. Due to this semi-automatic working procedure of FIU-the Netherlands, it is impracticable to find out which investigation team entered the subject of investigation in the VROS database and how the suspicious transaction was subsequently used. This is a consequence of the choice made by FIU-the Netherlands to make as much information as possible – that is potentially useful to the investigative services – available through BlueView.

Furthermore, many years may lapse before a criminal investigation is completed and the defendants have been sanctioned, whether or not by court intervention. A criminal financial investigation may last even longer. This makes it difficult to state in concrete terms which role the suspicious transactions finally played in the conviction. In 2013, several cases were covered by the media (see box on the left) in which FIU information played an important role, but in which a defendant was only convicted years later. With respect to this feedback, FIU-the Netherlands furthermore depends on the investigative services and the PPS.

5 The Caribbean Netherlands

5 The Caribbean Netherlands

Based on the Anti-Money Laundering and Counter-Terrorist Financing Act for the Caribbean Netherlands (Wwft BES), FIU-the Netherlands is the organisation to which various reporting service providers[13] from the Caribbean Netherlands (CN) must report unusual transactions. FIU-the Netherlands is represented permanently by an administrative liaison in the CN.
In 2013, the report "*Veiligheidsbeeld BES-eilanden 2013. Criminaliteit, regelovertreding en overlast op Bonaire, Sint Eustatius en Saba*" (Security assessment report on BES Islands. Crime, violation of regulations, and public nuisance on Bonaire, Sint Eustatius and Saba) was published. This report was written by the KMar and the Central Division of the NPN. For the purpose of this study, FIU-the Netherlands provided aggregated data on the number of unusual and suspicious transactions in the research period. The researchers processed[14] the data provided. In their report, they give an overview of the unusual and suspicious transactions for each island.

5.1 Unusual transaction reports and cooperation with service providers and sectors

Administrative liaison

Due to the small size of the CN, FIU-the Netherlands has opted for building an intensive relationship with the reporting service providers by means of an administrative liaison. This administrative liaison plays a key role in informing service providers in the CN on the obligation to report, the reporting procedure, and the relevant legislation and regulations. In addition, he is responsible for maintaining contacts with the representatives of the sectors, the supervisory authorities, and other reporting centres for unusual transactions in the Kingdom of the Netherlands.

Outreach days and information

In this part of the Netherlands as well, FIU-the Netherlands organised outreach days in 2013 for the service providers – targeted, in particular, at the financial institutions. The outreach days were organised in cooperation with the AML/CFT Supervisory Bureau of the Dutch Tax Authority. In cooperation with the KMar, workshops (certified workshops and otherwise) on identity and document fraud were given to representatives of service providers, in order to support their duty to screen their clients.

In 2014 – now that compliance with the obligation to report is at an appropriate level – the focus of the efforts will be shifted to improving the analyses and investigations of reports in this area.

[13] The Wwft BES uses different terminology from the Dutch Wwft. The Wwft BES imposes an obligation to report on "service providers", whereas in the Wwft this obligation to report is imposed on "reporting entities".
[14] The figures on the unusual and suspicious transactions included in this security assessment report cannot be compared with the figures presented by FIU-the Netherlands in its annual report. FIU-the Netherlands usually presents the unusual transaction reports on the basis of registration date; i.e. the date on which the report of the unusual transaction was received. The suspicious transactions are shown by dissemination date; i.e. the date on which the unusual transaction was declared suspicious. In this security report, however, the researchers have taken the transaction date of an unusual transaction as starting point; i.e. the date on which a transaction was conducted according to the reporting entity. This results in differences in the figures presented, as a transaction may, for example, have been reported in 2012 and disseminated in 2013, whereas it was actually conducted in 2011.

Unusual transaction reports from the Caribbean Netherlands
In 2013, a total of 1,338 unusual transaction reports were received from the CN; this number is approximately equal to the number in 2012. By far the greater part of the reports (93%) originates from banks. Reports were furthermore received from exchange institutions, dealers, and independent professionals.
FIU-the Netherlands received reports from 17 different service providers, namely 8 financial institutions, 5 dealers, and 4 independent professionals. Of these, 3 independent professionals reported unusual transactions for the first time.

5.2 Suspicious transactions and cooperation with investigative authorities

In the CN, FIU-the Netherlands maintains contact with the Criminal Investigation Cooperation Team Special Task Force (RST), the KMar, the National Police Internal Investigation Department, the Caribbean Netherlands Police Force (KPCN), and the PPS. In 2013, it gave presentations on the relevance of financial intelligence in criminal investigations to many of these organisations. An account manager of FIU-the Netherlands is the point of contact for the investigative authorities in the CN.

Matching of data files
In 2013, police data of the KPCN was matched with the FIU database, with the consent of the Procurator General of the public prosecution offices of Curaçao, Sint Maarten, and The Caribbean Netherlands. This has resulted in several investigation files. In addition, talks were held on systematically embedding this matching process in the going concern of FIU-the Netherlands.

Submitting LOvJ requests
For the purpose of submitting LOvJ requests, the investigative authorities in the CN receive guidance from the account manager. These requests are submitted through the public prosecutor responsible for criminal investigations of the Office of the Procurator General.[15] In 2013, the RST submitted four LOvJ requests relating to specific types of crimes on Bonaire. One LOvJ request was furthermore received from the KMar.

CASE EXAMPLE: Evidence of unusual transactions within the Kingdom
It is self-evident that individuals with criminal records travel and reside within the Kingdom as well. A Dutchman, who was suspected of having committed serious crimes in the Netherlands, resided one part of the year in the Netherlands and another part of the year in the Caribbean Netherlands. Reporting entities and service providers in the Netherlands and the Caribbean Netherlands, respectively, reported – independently of each other – unusual transactions conducted by the man, his wife, and his company.
FIU-the Netherlands received, for example, 41 unusual transaction reports regarding cash deposits, international money transfers, and cashing of cheques, within a period of 18 months. This enabled FIU-the Netherlands to disseminate an analysis on in total €110,000 worth of transactions to the Dutch investigation team, for further investigation.

Suspicious transactions from the Caribbean Netherlands
The suspicious transactions of FIU-the Netherlands are disseminated to BlueView. The account manager responds to the LOvJ requests submitted and is responsible for the dissemination of the suspicious transactions. FIU-the Netherlands' own investigations are submitted through an official report through the public prosecutor responsible for criminal investigations of the Office of the Procurator General.

In 2013, a total of 16 transactions were disseminated to the CN, together forming part of 11 different investigation files. Following the matching of subject data with the files of the KPCN, 3 transactions were declared suspicious and, following the VROS matching, 4 transactions were declared suspicious. The LOvJ requests resulted in 2 suspicious CN reports.[16] Finally, 7 transactions were declared suspicious on the basis of own investigation, together forming part of 3 different investigation files.

[15] The Office of the Procurator General of Curaçao, Sint Maarten, and of Bonaire, Sint Eustatius, and Saba.
[16] Next to the dissemination of CN reports, these LOvJ requests also resulted in Dutch reports having been declared suspicious.

Appendix

Appendix 1 - FIU-the Netherlands in Key Figures

Table: Number of unusual transaction reports, by sector and by group of reporting entities, in the period 2011-2013

Sector	Group of entities	2011		2012		2013	
		Number	Of which MT*	**Number**	Of which MT*	**Number**	Of which MT*
Banks	Banks	19,299	12,830	16,333	11,511	18,222	11,150
Casino	Casinos	1,734		980		1,539	
Credit card companies	Credit card companies	1,444		1,474		1,435	
Dealers	Dealers in precious metal	99		798		785	
	Dealers in art and antiques	2		1		8	
	Other dealers	67		58		25	
	Dealers in vessels and boats	39		37		62	
	Dealers in vehicles	3,750		4,334		4,501	
Government	Government	4,287	0	6,767	0	7,522	53
Independent professionals	Accountants	325		322		532	
	Administration office	0		71		40	
	Lawyers	11		10		10	
	Business advisors	15		11		17	
	Tax consultants	35		46		79	
	Real estate agents	23		39		36	
	Notaries	359		440		344	
	Legal advisors	0		0		3	
	Trust offices	26		38		88	
Exchange institutions	Exchange institutions	135,714	132,799	177,460	172,305	166,684	160,374
Other	Insurance brokers	1		1		0	
	Domiciliary companies	0		0		8	
	Investment institutions and firms	0		0		1	
	Securities brokers	1		0		1	
	Financing companies	8		5		12	
	Life insurers	0		13		13	
	Pawnshop	0		0		11	
	Payment service providers	0		1		186	
	Total	**167,239**	145,629	**209,239**	183,816	**202,164**	171,577

* Money transfers

Table: Number of entities from which reports were received by group in the period 2011-2013

Sector	Group of reporting entities	2011	2012	2013
Banks	Banks	31	38	43
Casino	Casinos	1	1	1
Credit card companies	Credit card companies	4	5	5
Dealers	Dealers in precious metal	25	40	42
	Dealers in art and antiques	2	1	5
	Other dealers	11	22	20
	Dealers in vessels and boats	22	21	26
	Dealers in vehicles	512	471	534
Government	Government	4	4	5
Independent professionals	Accountants	87	83	116
	Administration office	0	20	19
	Lawyers	7	10	7
	Business advisors	8	2	8
	Tax consultants	23	17	28
	Real estate agents	6	23	34
	Notaries	100	123	136
	Legal advisors	0	0	2
	Trust offices	8	6	22
Exchange institutions	Exchange institutions	24	22	23
Other	Insurance brokers	1	1	0
	Domiciliary companies	0	0	4
	Investment institutions and firms	0	0	1
	Security brokers	1	0	1
	Financing companies	2	1	2
	Life insurers	0	2	3
	Pawnshop	0	0	2
	Payment service providers	0	1	5

Table: Number of suspicious transactions by sector and Group of reporting entities in the period 2011-2013

Sector	Group of reporting entities	2011		2012		2013	
		Number	Of which MT*	**Number**	Of which MT*	**Number**	Of which MT*
Banks	Banks	5,717	4,069	3,016	2,228	2,463	1,060
Casino	Casinos	354		182		144	
Credit card companies	Credit card companies	114		23		21	
Dealers	Dealers in precious metal	10		8		261	
	Dealers in art and antiques	2		0		0	
	Other dealers	2		0		4	
	Dealers in vessels and boats	7		4		4	
	Dealers in vehicles	458		238		291	
Government	Government	86		216		267	
Independent professionals	Accountants	66		89		235	
	Administration office	0		7		16	
	Lawyers	4		8		1	
	Business advisors	6		9		8	
	Tax consultants	9		9		5	
	Real estate agents	2		11		17	
	Notaries	199		248		179	
	Legal advisors	0		0		0	
	Trust offices	3		10		55	
Exchange institutions	Exchange institutions	16,185	15,502	19,754	19,023	21,331	19,604
Other	Insurance brokers	0		0		0	
	Domiciliary companies	0		0		2	
	Investment institutions and firms	0		0		0	
	Security brokers	0		0		0	
	Financing companies	0		0		0	
	Life insurers	0		1		8	
	Pawnshop	0		0		0	
	Payment service providers	0		1		9	
	Total	**23,224**	19,571	**23,834**	21,251	**25,321**	20,664

Appendix II - List of Important Abbreviations

AIVD	*Algemene Inlichtingen- en Veiligheidsdienst* (General Intelligence and Security Service of the Netherlands)
AFM	*Autoriteit Financiële Markten* (Netherlands Authority for the Financial Markets)
BES	BES islands of the Carribbean Netherlands: **B**onaire, Sint **E**ustatius and **S**aba)
BFT	*Bureau Financieel Toezicht* (Financial Supervision Office)
BIBOB	*Bevordering integriteitbeoordelingen door het openbaar bestuur* (Public Administration (Probity Screening Act)
BICC	Business Intelligence Competence Center, a part of the National Police of the Netherlands
BOOM	*Bureau Ontnemingswetgeving Openbaar Ministerie* (Prosecution Service Criminal Assets Deprivation Bureau)
CIE	*Criminele Inlichtingen Eenheid* (Criminal Intelligence Division)
CJIB	*Centraal Justitieel Incasso Bureau* (Central Fine Collection Authority)
CN	The Caribbean Netherlands
CT&PF	Counterterrorism and Proliferation Financing
CT-Infobox	Counterterrorism Infobox
DLIO	*Dienst Landelijke Informatie Organisatie* (Central Intelligence Service, a part of the National Police of the Netherlands)
DLR	*Dienst Landelijke Recherche* (Central Criminal Investigations Service, a part of the National Police of the Netherlands)
DNB	*De Nederlandsche Bank* (Dutch Central Bank)
DWI	*Dienst Werk en Inkomen* (Department for Work and Income)
EMPACT	European Multidisciplinary Platform Against Criminal Threats
ESW	Egmont Secure Web
FATF	Financial Action Task Force
FEC	Financial Expertise Centre
FIET FinEC	*Flexibel Intelligence en Expertise Team Financieel Economische Criminaliteit* (Flexible Intelligence and Expertise Team Financial and Economic Crime)
FIOD	*Fiscale Inlichtingen- en Opsporingsdienst* (Fiscal Information and Investigation Service)
GoAML	Government Anti-Money Laundering, ICT application built by UNODC
iCOV	*Infobox Crimineel en Onverklaarbaar Vermogen* (Infobox Criminal and Unaccountable Assets)
IND	*Immigratie- en Naturalisatiedienst* (Immigration and Naturalisation Service)
Kecida	*Kennis- en expertisecentrum voor intelligente data-analyse* (Knowledge and Expertise Centre for Intelligent Data Analysis, a part of the NFI)
KMar	*Koninklijke Marechaussee* (Royal Netherlands Marechaussee)
KPCN	*Korps Politie Caribisch Nederland* (The Caribbean Netherlands Police Force)
LIEC	*Landelijk Informatie en Expertise Centrum* (National Information and Expertise Centre)
LIRC	*Landelijk Internationaal Rechtshulpcentrum* (National International Legal Assistance Centre, part of the National Police of the Netherlands)
LOvJ	*Landelijk Officier van Justitie* (National Public Prosecutor / National Public Prosecutor's Office)
MER	Mutual Evaluation Report (MER)
MIVD	*Militaire Inlichtingen- en Veiligheidsdienst* (Military Intelligence and Security Service)
MOT	*Meldpunt Ongebruikelijke Transacties* (Office for the Disclosure of Unusual Transactions)
MRO	*Melding Recherche Onderzoek* (Notification of Criminal Investigation)
MT	Money transfer
NFI	*Nederlands Forensisch Instituut* (Netherlands Forensic Institute)
NIA	*Nationale Intelligence Agenda, van de nationale politie* (National Intelligence Agenda, of the National Police of the Netherlands)
NCTV	*Nationaal Coördinator Terrorismebestrijding en Veiligheid* (National Coordinator for Security and Counterterrorism)
NPN	*Nationale Politie* (National Police of the Netherlands)
NVB	*Nederlandse Vereniging van Banken* (Dutch Banking Association)
NVWA	*Nederlandse Voedsel- en Warenautoriteit* (Netherlands Food and Consumer Product Safety Authority)
PPS	Public Prosecution Service
PPP	*Politiek prominent persoon* (Politically exposed person)
RIEC	*Regionaal Informatie en Expertise Centrum* (Regional Information and Expertise Centre)
RST	*Recherche Samenwerkingsteam Nederlandse Antillen en Aruba* (Criminal Investigation Cooperation Team, Special Task Force, Netherlands Antilles and Aruba)
SZW	*Inspectie van het Ministerie van Sociale Zaken en Werkgelegenheid* (Inspectorate of the Ministry of Social Affairs an Employment (Inspectorate SZW)
UNODC	United Nations Office on Drugs and Crime
VROS	*Verwijzingsindex Recherche Onderzoeken en Subjecten* (Index of Criminal Investigations and Subjects)
WED	*Wet Economische Delicten* (Dutch Economic Offences Act)
Wft	*Wet op het financieel toezicht* (Financial Supervision Act)
Wwft	*Wet ter voorkoming van witwassen en financieren van terrorisme* (Dutch Prevention of Money Laundering and Financing of Terrorism Act)
Wwft BES	*Wet ter voorkoming van witwassen en financieren van terrorisme BES* (Anti-Money Laundering and Counter-Terrorist Financing Act for the Caribbean Netherlands)

Colophon

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Organisation chart of FIU-the Netherlands

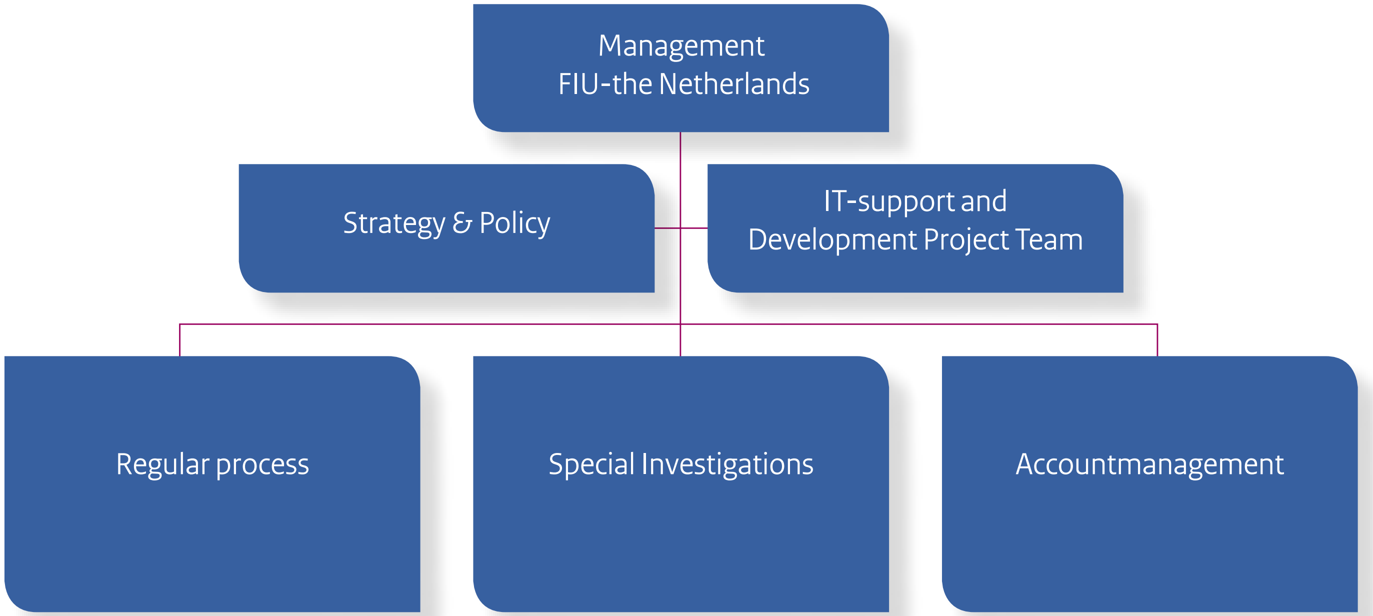

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Table: Number of unusual transaction reports in 2013, by sector

Sector of reporting entities	Number of reports	Of which MT*
Exchange institutions	166,684	160,374
Banks	18,222	11,150
Government	7,522	53
Dealers	5,381	
Casinos	1,539	
Credit card companies	1,435	
Independent professionals	1,109	
Other	272	
Total	**202,164**	**171,577**

*MT=Money transfers

Table: Number of unusual transaction reports in 2013, by type of transaction

Type of transaction	Number
Money transfer	171,577
Cash transaction	22,600
Other	4,097
Wire transfers	3,890
Total	**202,164**

Table: LOvJ requests submitted in 2013, by investigative authority

Authority submitting the LOvJ request			
NPN		**Other authorities**	
Central Division	129	FIOD	278
Den Haag Division	100	KMar	105
Midden-Nederland Division	84	Inspectorate SZW	31
Oost-Nederland Division	77	BOOM	21
Rotterdam Division	68	Social Security Fraud Department /DWI	21
Amsterdam Division	66	FP*	11
Noord-Nederland Division	48	NVWA-IOD	7
Noord Holland Division	39	RST	5
Zeeland West Brabant Division	32	National Police Internal Investigation Department	3
Oost Brabant Division	29	National Prosecutor's Office	2
Limburg Division	11		
Subtotal NPN	**683**	**Total other authorities**	**484**

*National Public Prosecutor's Office for Financial, Economic and Environmental Offences

Table: Top 5 of requests received from and submitted to foreign FIUs in 2013

Top 5	Requests received from	Number
1	FIU Belgium - CFI	197
2	FIU Luxembourg - CRF	85
3	FIU Italy - UIC S.A.R.	22
4	FIU Slovakia	22
5	FIU England - SOCA	21

Top 5	Requests submitted to	Number
1	FIU Belgium - CFI	67
2	FIU Sweden - NFIS	62
3	FIU Germany	59
4	FIU Spain - SEPBLAC	35
5	FIU England - SOCA	24

Table: Number of suspicious transactions in 2013, by sector

Sector of reporting entities	Number	Of which MT*
Exchange institutions	21,331	19,604
Banks	2,463	1,060
Dealers	560	
Independent professionals	516	
Government	267	
Casinos	144	
Other	19	
Credit card companies	21	
Total	**25,321**	**20,664**

*MT=Money transfers

Table: Number of suspicious transactions in 2013, by type of transaction

Type of transaction	Number
Money transfer	20,664
Cash transaction	3,203
Wire transfer	795
Other	659
Total	**25,321**

Table: Number and amounts involved in suspicious transactions (completed), in percentages, in 2013

Amounts involved in suspicious transactions	Number	In %	Total amount	In %
< €10,000	22,601	90%	€27,956,000	3%
€10,000 to €100,000	1,723	7%	€57,692,000	5%
€100,000 to €1,000,000	569	2%	€149,024,000	14%
€1,000,000 to €5,000,000	95	0%	€184,722,000	17%
€5,000,000 to €10,000,000	21	0%	€148,790,000	14%
≥ €10,000,000	10	0%	€533,113,000	48%
Total	**25,019***	**100%**	**€1,101,295,000**	**100%**

*Voorgenomen transacties (N=302) zijn buiten beschouwing gelaten

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Table: Number of investigation files and transactions disseminated in 2013, by reason for dissemination

Reasons for dissemination	Number of STs	In %	Number of files	In %
VROS	7,660	30.3%	2,496	58.5%
FIU investigations	12,363	48.8%	1,219	28.5%
LOvJ request	5,021	19.8%	461	11.0%
CJIB/BOOM	277	1.0%	84	2.0%
	25,321	**100.0%**	**4,260**	**100.0%**

Table: Types of crimes, by investigation file disseminated*, in 2013

Type of crime	Number	In %
Money laundering	678	34%
Fraud	631	32%
Hard drugs	155	8%
Soft drugs	122	6%
Terrorism	108	5%
Human trafficking	70	4%
Other	68	3%
Other drugs	33	2%
Human smuggling	33	2%
Murder/manslaughter	31	2%
Burglaries	18	1%
Robberies	13	1%
Violence	13	1%
Child pornography	9	0%
Arms trafficking	8	0%
Synthetic drugs	5	0%
Cyber Crime	4	0%
Environmental crime	1	0%
Total	**2,000**	**100%**

* Only investigation files following a LOvJ request and own investigation