FIU-Annual report 2010

Financial Intelligence Unit The Netherlands

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Preface

When it comes to sharing information, small investments lead to big returns. In 2010, as in earlier years, FIU-the Netherlands took this lesson to heart. FIU-the Netherlands' annual report for 2010 and look ahead to 2011 provides an insight into and overview of all the activities achieved in 2010 and outlines the steps we plan to take in 2011.

This was an excellent year for FIU-the Netherlands, in which we focused in an innovative way on cooperation with our partners in the law enforcement chain, but also examined our own internal organization. One good example of cooperation within the law enforcement chain is the FinEC project. This project continues to grow, with more regional police forces and the Netherlands Police Agency (KLPD) joining in 2010. But we also look back with pride at the results achieved by the Real Estate Intelligence Centre (Vastgoed Intelligence Centre) and the improvements in client relations with transaction-reporters. As far as internal organization is concerned, FIU-the Netherlands has invested a great deal of time and energy in streamlining and upgrading its internal work processes. Many employee hours over the last year went into developing and implementing the new business system GoAML. FIU-the Netherlands anticipates that this new system will enable them to investigate and analyse unusual transactions in an even more intelligent way.

2010 was also the year of constitutional reform, and this, too, called for special efforts from the FIU. On the accession of the BES islands (Bonaire, St Eustatius and Saba) as special municipalities of the Netherlands on 10 October 2010, the Disclosure of Unusual Transactions Act BES came into force. In the run up to the accession, FIU-the Netherlands, under the auspices of the Ministry of Finance, invested a significant amount of time in making the necessary preparations. These careful preparations ensured that the introduction of the obligation to report went smoothly. Reporting from the BES islands to FIU-the Netherlands is running according to plan, and FIU-the Netherlands can carry out its legal obligations on the islands through the agencies of the FIU liaison officer stationed there.

FIU-the Netherlands is an important link in the law enforcement chain, and as such it, too, underwent evaluation by the Financial Action Task Force (FATF) in 2010. To ensure that we had done the necessary ground work, a working group started work on the preparations already in the autumn of 2009. And this approach paid off: FIU-the Netherlands was well prepared and could provide the FATF with all the information it required. In the course of 2011, FIU-the Netherlands will address the areas of criticism regarding its own organization that emerged from the FATF evaluation.

Now that the year has come to a close, FIU-the Netherlands is looking forward as well as back. Various matters are on the agenda for 2011: tackling the areas for improvement that came out of the FATF evaluation, attuning FIU-the Netherlands to developments within the police organization, such as the expansion of the number of FinEC teams to encompass the KLPD, among other institutions, and the preparations for the introduction of the National Police. In addition, we will be working on closer cooperation with the major banks and other groups of reporting agents. The common denominator in all this is strengthening cooperation, which will increase our combined effectiveness in tackling money laundering and the financing of terrorism. This is FIU-the Netherlands' contribution to making society a safer place.

Hennie Verbeek-Kusters, EMPM
Head of FIU-the Netherlands

Management summary

In 2010, the Financial Intelligence Unit of the Netherlands (FIU-the Netherlands) undertook many activities with a view to bringing its operations even more closely into line with its partners both in the Netherlands and abroad. We took the first steps towards reorganizing our internal processes with the aim of working more efficiently and effectively to prevent money laundering and the financing of terrorism. To this end, we invested a great deal in developing the new ICT system GoAML, that will become operational in 2011. In addition, a great deal of time was invested in preparations for undergoing evaluation by the Financial Action Task Force. And thanks to these careful preparations, the evaluation went well. A few points did arise from the evaluation where there was room for improvement – such as FIU-the Netherlands' independence and its operational analyses. A task force has been put together to address these points.

On the operational side, large-scale investments were made in the Financial and Economic Crime Programme's regional FinEC teams. Regional Transaction Overviews were drawn up for each region, the teams carried out considerably more investigations of their own, and significant investments were made in public relations management. For instance, FIU-the Netherlands held consultations with many major banks about the way they report transactions. In addition, we hosted an information day for trust offices. The FIU participated in the Real Estate Intelligence Center (VIC) and worked on developing a national vision for the FinEC programme. Cooperation with many other parties, such as the Fiscal Intelligence and Investigation Service (FIOD) and the Regional Information and Expertise Centres (RIECs), was successfully continued and the exchange of information with other supervisory authorities was further improved.

FIU-the Netherlands successfully implemented its plan of approach to become the disclosure office for the Caribbean Netherlands from 10-10-2010. A liaison officer was appointed to serve as a contact for reporting agents and major investments were made in raising awareness. An account manager was also taken on in the Netherlands, who is responsible for contacts with the investigative services. FIU-the Netherlands' Counterterrorism and Financing Proliferation Team gave a large number of presentations at the national and international level and carried out various investigations. The team also developed a transaction profile for terrorist activities and shared it with the reporting agents, as well as participating in the CT-Infobox, exchanging information with strategic partners, and actively initiating projects and information sharing within the Egmont group.

At the international level, FIU-the Netherlands continued to cooperate closely with Sweden and the UK, and was an active participant in plenary and working group meetings of the FATF and the Egmont Group.

Unusual transactions

The number of reports of unusual transactions rose by 12% in the past year. This rise was due mainly to an increase in the number of money transfer reports and reports from the banking sector. In the credit card sector, too, there was a perceptible rise, though this was of limited effect on the number of reports in absolute terms. One noteworthy development is that for the first time in years credit card companies have been submitting subjective reports. In general it can be said that the last few years have seen a clear shift from objective to subjective reports. FIU-the Netherlands views this as a positive development, a reflection of the increasing commitment and awareness on the part of the reporting agents about the prevention and combating of money laundering and the financing of terrorism. The number of reports received from the trade sector has fallen. From this point of view, the raising of the compulsory reporting threshold in 2008 and the absence of substantial reports from tradespeople mean that small-scale money laundering transactions sometimes disappear from sight.

Suspicious transactions

Despite the rise in the number of reports, the overall number of suspicious transactions fell by 7%. This was due to the fall in reports of suspicious money transfers. The number of reports of suspicious transactions that were not money transfers rose by 28% in 2010.
The overall fall in the number of suspicious transactions is mainly due to the reduction in the number of reports forwarded by the National Public Prosecutor (known as LOvJ requests). The number of LOvJ requests forwarded fell by 43%. This disproportionately large fall in the number of requests forwarded was partly the result of developments beyond the control of FIU-the Netherlands. The total number of requests received by FIU-the Netherlands in 2010 was 15% lower than the previous year.

Cash flows

In 2010, Nigeria was prominent among the reports FIU-the Netherlands received from the Customs authorities. This West-African country tops the list of the five most frequently occurring import countries. In addition, in the list of the five most common transit routes, Nigeria is the country of origin of the cash in no fewer than four cases. In practice, it turns out to be difficult to classify this type of report under the heading 'suspicous transaction'. The main reason for this is that the subjects tend to come from abroad, meaning that FIU-the Netherlands often lacks the subject-related information needed to catergorize a transaction as suspicious. In 2011, FIU-the Netherlands will enter into collaboration with a partner from the Egmont group with a view to getting a better handle on this flow of cash from Nigeria.

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1 An organization on the move

1.1 Review of policy objectives

Each year, FIU-the Netherlands proceeds according to an annual plan that sets out the policy objectives, which are in turn based on FIU-the Netherlands' tasks as outlined in Article 13 of the WWFT, the recommendations of the Financial Action Task Force (FATF) about the tasks of FIUs and the Decision of the Council of the European Union concerning arrangements for cooperation between financial intelligence units of the Member States in respect of exchanging information (2000/642/JHA).

The key policy objectives for 2010 are broadly the same as those for 2009, namely:

- FIU-the Netherlands must effectively use the information at its disposal to prevent money laundering and the financing of terrorism;
- FIU-the Netherlands must encourage investigative bodies to use its information more frequently and more effectively;
- FIU-the Netherlands must use its information for research into trends in money laundering and the financing of terrorism;
- FIU-the Netherlands must play an active role in the international arena;
- FIU-the Netherlands must continue to develop as a professional organization.

These chief objectives are operationalized in concrete activities. Some of the most significant activities in relation to the various objectives and the results achieved are briefly described below. Naturally, the results are also discussed elsewhere in this Annual Report.

FIU-the Netherlands must use its data effectively

One of FIU-the Netherlands' initiatives in 2010 was to organize several awareness-raising meetings. Cooperation with the regulatory authorities was continued and the increased possibilities for exchanging information with these authorities were explored. In addition to exchanging information with the Hollands-Midden tax authorities' Unusual Transactions Unit, further steps were taken in the information exchange with De Nederlansche Bank (DNB). Cooperation with the Regional Information and Expertise Centres (RIECs) was formalized further and information was exchanged several times. Involvement in VIC was intensified; in 2010 the future of the VIC was discussed in relation to the plan to develop a Criminal Assets Infobox (CV-Infobox), which was one of the objectives of the Snatch programme (programma Afpakken).

FIU-the Netherlands must encourage investigative bodies to use its information

FIU-the Netherlands has put this objective into practice by seeking or intensifying collaboration with several partners. We made further investments in cooperation with, for instance, the FinEC regional teams, including the newest team, the KLPD, and the FIOD's two money laundering teams. In this context, FIU-the Netherlands became involved in the Flexible Intelligence and Expertise Team for Financial Matters (FIET-Financieel), which prepares the projects for the KLPD FinEC teams and the FIOD. In addition, several interesting cases in the field of terrorism financing were shared with the investigative authorities. Finally, we focused on training for the investigative authorities and awareness-raising initiatives.

FIU-the Netherlands must use its information for research into trends

This objective was met by generating various analysis products, including regional transaction monitors for the FinEC teams and international money flow reports for police liaison officers abroad, as well as several in-depth reports. A knowledge document was also drafted concerning Somalia's role in terrorism financing. This will be made available to various parties in 2011. In addition, FIU-the Netherlands was involved in projects organized by the Financial Expertise Centre (FEC).

FIU-the Netherlands must play an active role in the international arena

In 2010, FIU-the Netherlands played an active role in the international arena by continuing its cooperation projects with FIU Sweden and with the Serious Organised Crime Agency (SOCA) in the UK. In addition, we put a great deal of time into the preparations for and the implementation of the FATF evaluation, and, as in previous years, took part in the FATF meetings. We also participated in all the Egmont meetings in 2010, and the Head of FIU-the Netherlands continued her role as chair of the IT Working Group and member of the Egmont Committee. In addition, several policy memoranda were drawn up, including a contribution to the National Threat Assessment. Where the constitutional reforms in the Caribbean Netherlands were concerned, in 2010 FIU-the Netherlands implemented the plan of approach drawn up in 2009, to ensure that from 10-10-2010 the BES islands (Bonaire, Sint Eustatius and Saba) could report to FIU-the Netherlands.

FIU-the Netherlands must continue to develop as a professional organization

The year 2010 saw the implementation of the plans, thought out in 2009, for how to restructure FIU-the Netherlands so as to enable the organization to professionalize still further. This meant a break with the historical structure, in which the former organizations were still discernible as separate elements. The business processes were also remodelled. In addition, a great deal of time was spent in 2010 on designing and realizing an improved ICT system; due to various hitches, the new system did not actually come into use until early 2011.

2

2 Cooperation with partners in the investigative chain

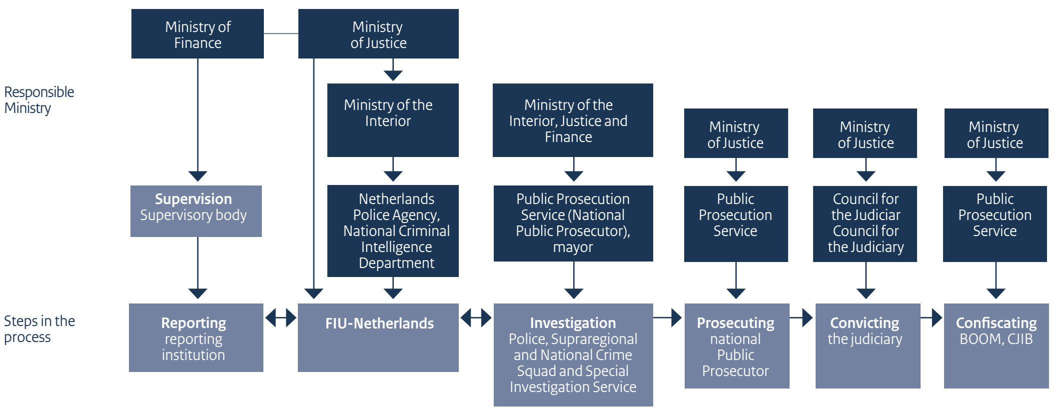
2.1 Links in the chain

Process chains make it possible to link together different activities in a coherent process in order to improve efficiency and overall performance. Organizations that are part of a process chain are better able to achieve goals due to their focus on an overarching, societal goal for the entire process chain.

'Fighting against and preventing money laundering and the financing of terrorism' is a goal that none of the organizations involved can achieve alone. Joining forces across the board – from monitoring to criminal investigation, prosecution, and deprivation of assets – is obviously needed to ensure that the action taken is effective. For this reason, the target applies to the entire investigative chain.

Various successive activities and efforts (reporting, monitoring, criminal investigation, prosecution, conviction, deprivation of assets) all help to achieve this process chain objective, which is also referred to as 'the law enforcement chain'. Various agencies contribute to law enforcement: reporting organizations, supervisory authorities, investigative bodies such as the special investigative services, the Public Prosecution Service (OM) and the judiciary. The Prosecution Service Criminal Assets Deprivation Bureau (BOOM) and the Central Judicial Collection Agency (CJIB) play a key role in the execution phase, involving not only sentencing, but also deprivation of illegally acquired assets.

Money Laundering and Terrorist Financing Enforcement Chain



2.2 Reporting

Various agents are obliged by law to report unusual transactions that involve or may possibly involve money laundering and/or the financing of terrorism to FIU-the Netherlands. A transaction is unusual if it meets the requirements of one or more reporting indicators. The indicators help reporting organizations to determine whether a transaction is linked to money laundering or the financing of terrorism. A list of the indicators can be found in Annex 3.

Unusual transactions must be reported without delay, but no later than 14 days after the discovery of the unusual nature of the transaction. The transaction must be reported in the case of an intended or performed transaction in the course of providing a service as stipulated in the Money Laundering and Terrorism Financing (Prevention) Act (WWFT).

All reports of unusual transactions are recorded in a highly secure database also known as 'the buffer'. As an unusual transaction is not by definition a suspicious transaction, reports of unusual transactions are treated with the utmost confidentiality. Only authorised FIU-the Netherlands employees have access to this secure database. The ability to maintain confidentiality in dealing with information about unusual transactions is a precondition of being permitted to work with reporting organizations and foreign FIUs.

Feedback
A good cooperative relationship with the reporting agents is extremely important to FIU-the Netherlands because high quality reporting is essential for quick and effective investigations into the possible involvement of natural persons and legal entities in money laundering or the financing of terrorism. This is why consultations are held on a regular basis with representatives of the reporting organizations to improve reporting quality. As part of those consultations, FIU-the Netherlands informs the organizations about features that can help to pick up high-risk transactions.

Indemnity from prosecution
Under the WWFT, reporting agents are indemnified from prosecution when reporting an unusual transaction. In other words, they can report unusual transactions without fear of legal action being taken against them. However, this only has force of law if the report is made in good faith and in a lawful manner. The legislators deliberately chose to include this indemnification clause to protect reporting agents if they report unusual transactions carried out at a customer's request.

Liability under civil law
Any individual or organization that performs a service in a professional or commercial capacity and submits a report to FIU-the Netherlands about an intended or already performed transaction could be taken to court by a customer under civil law on the grounds of being in breach of contract or of committing an unlawful act. However, under the WWFT, a reporting agent cannot be held liable for any damage that ensues from reporting an unusual transaction. Article 20 of the WWFT provides for liability under civil law, but only on condition that proof is presented to demonstrate that a report should not have been submitted in all due reasonableness given the facts and circumstances of the case.

From unusual to suspicious
The Head of FIU-the Netherlands can declare an unusual transaction suspicious. This can be prompted by:

1. A match with data in a police system;
2. An investigation by FIU-the Netherlands;
3. A request from the National Public Prosecutor's Office [1]/;
4. An inquiry from an FIU in another country.

Retention periods
Reports of unusual transactions are retained in the secure database for five years; after this period has expired, the records of transactions are deleted from the database. Suspicious transaction reports are retained for ten years.

2.3 Monitoring
As stated in Section 2.2, various types of agents are required by law to report unusual transactions to FIU-the Netherlands. These agents can be divided into different groups, such as independent professionals, financial institutions and dealers in items of great value. Monitoring to ensure proper compliance with the reporting duty is carried out by supervisory authorities, with whom FIU-the Netherlands consults on a regular basis. FIU-the Netherlands also works with the supervisory authorities to organize information sessions for various groups of reporting agents. This year, as in previous years, information was exchanged with the supervisory authorities on a regular basis, as envisaged by the WWFT.

[1]/
See Section 2.5 for more information about requests from the National Public Prosecutor's Office (LOvJ).

Independent professionals

FIU-the Netherlands holds regular consultations with the Financial Monitoring Office (BFT) to discuss a range of issues, including reporting behaviour and the quality of the reports submitted. Over the past year, the BFT requested an analysis with respect to the institutions under their supervision. Further, FIU-the Netherlands has regular meetings with representatives of the various professional organizations to discuss the issues that concern their members. One of the groups of independent professionals with a duty to report unusual transactions are the estate agents. The authority responsible for monitoring this group is the Unusual Transactions Unit of the Dutch Tax Authority. In addition to meeting with this supervisory authority, FIU-the Netherlands also held regular consultations with the professional associations for estate agents: the Dutch Association of Estate Agents (NVM), Real Estate Pro, VBO Estate Agency, and the Dutch Association of Land Agents (NVR). Discussions at these regular meetings focused on the possibilities for raising awareness among estate agents of their duty to report unusual transactions.

Financial institutions

The supervisory authority for financial institutions is De Nederlandsche Bank (DNB).
FIU-the Netherlands meets with the DNB three times per year for consultations. Standard items on the agenda include the most important supervisory tasks in relation to FIU-the Netherlands, such as the manner in which monitoring is carried out and making specific appointments for monitoring visits. Because of the increased possibilities for information exchange under the WWFT, information was exchanged on several occasions, especially concerning the reporting behaviour of financial institutions. The question of how the organizations can compelement each other in the powers they employ was also investigated. This year, monitoring in relation to money transfers and the implementation of the European Payment Service Directive (PSD) played a central role.

In 2010, the DNB, in its capacity of supervisory authority for the trust companies, organized an information day for this group, together with the trust companies' associations: the International Management Services Association (VIMS) and the Financial Administration Services Agency (DFA). The Ministry of Finance and the Public Prosecution Service also gave presentations. One of the most important aims of the information day was to improve the numbers and quality of reports from trust companies. The information day for money service firms, which proved such a success in 2009, was held again in 2010.

High Value Goods Dealers

In 2010, quarterly consultations were held with the Unusual Transactions Unit of the Dutch Tax Authority in relation to monitoring of high value goods dealers. At these meetings, the supervisory authority and FIU-the Netherlands analyzed the dealers' reporting behaviour by comparing the information in the various reports received. In addition, ad hoc consultations were held about individual cases.

On 16 March 2010, there was a joint information evening with the participation of the FIU and the Unusual Transactions Unit for car dealers who are members of BOVAG Brabant (organized by BOVAG Brabant in response to the monitoring inspections). In addition, at the end of 2010, in consultation with the Unusual Transactions Unit, an investigation was held on car brands most often reported. The idea behind the investigation was that in 2011, the supervisory authority could plan inspections on companies which sell these specific brands, but do not report at all. The supervisory authority aims to carry out inspections in the most targeted manner possible (best chance of "success"), and the information supplied by FIU-the Netherlands is an important instrument for this.

Supervisory authorities' general meeting

In addition to consultations with the individual supervisory authorities, FIU-the Netherlands also participates in the periodical general meeting of all the supervisory authorities, where matters of shared interest are discussed. In this way, each supervisory authority can provide those who file reports with more detail about how to comply properly and fully with their duty to report. One of the issues here is the quality of the reports of unusual transactions, which also means the quality of the input from FIU-the Netherlands. In 2010, the meeting of the supervisory authorities was one of the venues at which FIU-the Netherlands informed people about the new ICT system it was introducing.

2.4 Criminal investigations

The transactions declared suspicious by FIU-the Netherlands are made available to the criminal investigation agencies via the Suspicious Transactions Intranet (IVT) database. The police data from the IVT database can be used to perform police duties and related tasks as stated in the Police Data Act. The retention period for suspicious transactions is ten years. Special authority is required to access the IVT database. Section 2.4 looks first at the searches in the IVT database and then at cooperation with various partners.

IVT database searches

Overall, the number of database searches in 2010 was lower than in 2009. There was a striking increase, however, in searches by the KLPD, the KMAR, and two of the regional police forces: Noord- en Oost-Gelderland and Gelderland-Midden; taken together, these four carried out 10,000 more searches than in 2009. A striking decrease was seen in searches by the regional police forces for Kennemerland, Rotterdam-Rijnmond, Midden- en West-Brabant, Gelderland-Zuid, and by the Prosecution Service Criminal Assets Deprivation Bureau (BOOM); here, there were 15,000 fewer searches in 2010. It is particularly unusual that the Kennemerland regional police carried out fewer searches, since this is the base of one of the FinEC regional teams.

Table A shows the number of IVT database searches in 2009-2010.

	2010	Official			2009	Official		
		Police				Police		
Finec regional teams	Details	report	report	Total 2010	Details	report	report	Total 2009
Kennemerland	2,649	53	227	2,929	11,872	100	184	12,156
Flevoland	1,817	5	182	2,004	2,042	25	159	2,226
Gelderland-Midden	1,322	78	428	1,828	717	40	255	1,012
Hollands Midden	1,142	36	175	1,353	1,181	66	85	1,332
Ijsselland	817	14	190	1,021	1,038	105	158	1,301
Regional police forces and other investigative bodies								
Klpd	21,544	179	633	22,356	15,407	259	661	16,327
Rotterdam-Rijnmond	17,080	250	277	17,607	18,879	551	344	19,774
Kmar	9,302	306	420	10,028	8,258	188	304	8,750
Amsterdam-Amstelland	4,851	147	254	5,252	4,902	116	126	5,144
Utrecht	3,684	101	214	3,999	3,991	70	214	4,275
Haaglanden	3,075	107	206	3,388	3,265	134	157	3,556
Boom	2,841	9	44	2,894	3,581	8	68	3,657
Brabant-Noord	2,279	25	52	2,356	2,847	18	112	2,977
Noord- En Oost-Gelderland	1,635	26	397	2,058	1,014	32	183	1,229
Midden- En West-Brabant	1,754	37	43	1,834	3,266	10	113	3,389
Fiod	1,374	0	4	1,378	1,634	0	0	1,634
Groningen	1,176	13	35	1,224	857	13	49	919
Limburg-Zuid	964	31	24	1,019	730	41	22	793
Zeeland	734	17	268	1,019	803	5	210	1,018
Twente	705	16	207	928	910	13	244	1,167
Noord-Holland-Noord	794	38	55	887	1,258	73	49	1,380
Zaanstreek-Waterland	776	61	47	884	416	21	27	464
Zuid-Holland-Zuid	727	4	67	798	947	19	51	1,017
Brabant-Zuid-Oost	706	52	38	796	765	8	81	854
Friesland	469	8	319	796	300	5	150	455
Siod	384	0	213	597	830	16	322	1,168
Drenthe	370	8	38	416	527	8	57	592
Limburg-Noord	246	6	81	333	676	10	78	764
Gelderland-Zuid	224	4	71	299	782	8	324	1,114
Gooi En Vechtstreek	131	1	90	222	182	4	95	281
Natonal Crime Squad's Central Netherlands Unit	3	2	0	5	0	0	0	0
Overall total	**85,575**	**1,634**	**5,299**	**92,508**	**93,877**	**1,966**	**4,882**	**100,725**

FinEC

FinEC stands for financial and economic crime. The FinEC teams are regional police forces that are working with FIU-the Netherlands, with the support of the national FinEC programme, to improve the recognition and detection of financial and economic crime. In 2010, there were five FinEC teams, based with the following regional police forces: Flevoland, Gelderland-Midden, Hollands-Midden, IJsselland and Kennemerland. Late in 2010, the KLPD also set up a FinEC team. The joint approach of FIU-the Netherlands and the FinEC regional teams received a positive evaluation from the European Union's evaluation committee for combating organized crime. The committee praised FIU-the Netherlands' hybrid structure, combining an administrative and an investigative/law enforcement approach, and recommended this structure to the other EU member states.

FIU-the Netherlands accords a high priority to cooperation with the FinEC regional teams and undertakes a large number of activities to support them. One such activity, first of all, is the regular production of a Regional Transaction Overview, which provides the regional teams with insights and with answers to questions like: how many transactions take place in a given region, what sort of transactions are they, how much money is involved, what international money flows are discernible to and from the region in question, where in the region do the most transactions take place and what is the general profile of the subjects that carry out the transactions? FIU-the Netherlands worked with the regional teams to further improve the Regional Transaction Overviews, so that they can serve as important sources for the relevant Crime Pattern Analyses. Annex 5 provides a summary of the Regional Transaction Overviews drawn up for the FinEC teams in 2010. Secondly, FIU-the Netherlands devoted considerably more time to investigations of its own on behalf of the FinEC teams. This resulted in 59% more reports being forwarded to the FinEC regional teams in 2010 than in 2009. Thirdly, FIU-the Netherlands, and particularly its account managers, invested a great deal in client relations on behalf of the regional teams. A final example of cooperation with the FinEC teams was the launching of a joint project involving FIU-the Netherlands, the Kennemerland FinEC team, and the Real Estate Intelligence Centre.

Further, substantial investments were made in providing presentations and training sessions and courses for financial investigators. The courses were given at the request of the Dutch Police Academy, often in collaboration with a financial expert from one of the regional police forces. The focus here was not only on imparting knowledge, but also on drawing attention to the opportunities financial investigative techniques open up for a smarter approach to criminal investigations. FIU-the Netherlands also provided training for management in all five of the regional police forces with FinEC teams. The emphasis here was on gathering and using financial information as part of the tactical investigations process, as well as for recovery and removal of criminal assets.
Finally, 2010 saw the start of the project for the development of a FinEC vision document at the national level, in which FIU-the Netherlands plays a leading role. This document will be worked out in detail and finalized in 2011.

At the same time, however, there is room for improvement in many areas. Although investigations by FIU-the Netherlands resulted in a 59% increase in the number of suspicious transaction reports forwarded to the FinEC regional teams, not all of these teams made optimal use of the information received. For instance, 80% of the FinEC regional teams submitted fewer LOvJ requests than in 2009, whereas this is a significant means for the use of FIU information in investigations. It also seems as though some of the regional teams do not have sufficient experience in how to apply this information within an investigation. All too often, it goes no further than creating awareness about financial crime. The next step, therefore, is to ensure that fuller use is made of the information provided by FIU-the Netherlands and to focus investigative activities on the transactions, institutions and subjects that come to the fore in the FIU's analyses.

BIBOB

FIU-the Netherlands is also involved in investigations carried out by the Ministry of Justice's Public Administration Probity Screening Agency (BIBOB). In 2010, FIU-the Netherlands implemented 268 screening requests in connection with the Public Administration Probity Screening Act. In 2009, it carried out 263 such screening procedures. Under normal circumstances, information relating to suspicious transactions may only be used in connection with criminal proceedings. However, in the interests of preventing administrative involvement in criminality, an exception was made in the context of the Public Administration Probity Screening Act. Careful consideration is taken to ensure that the provision of information will not jeopardize a criminal investigation.

FIOD

The extremely good cooperation between FIU-the Netherlands and the Fiscal Intelligence and Investigation Service (FIOD) was continued in 2010. On the one hand, the FIOD provided assistance for analyzing transactions, both in the form of fiscal information and in the form of expertise in relation to fiscal matters and criminal investigations. This resulted in more transactions being forwarded, not only to the FIOD but also to other investigative services. On the other hand, the FIOD is also a recipient of transactions – received from LOvJ requests or categorized as suspicious by FIU-the Netherlands – to be submitted as a joinder or at the start of a criminal investigation.

Several of the FIOD's specific domains are worthy of separate mention because they have increasingly been the focus of attention of the past year: fraud in connection with allowances – particularly childcare allowances – and VAT carousel fraud. The FIOD is combating these types of fraud by analyzing the data together with FIU-the Netherlands.

The FIOD and the FIU collaborated on an incidental basis when a specific criminal phenomenon came to light, supplying the investigation team with evidence about the subjects of the investigation. This fruitful cooperation produced results, but sometimes even went further. One good example of this is a criminal investigation launched in 2004 on the basis of suspicious transactions. The case ran until 2010, when it concluded with a settlement, with 14.3 million euro being paid to the Tax Authority. A total of 3,992 suspicious transactions were forwarded to the FIOD. The majority of these (47%) were forwarded on the basis of a match in the VROS system (Verwijzingsindex Recherche Onderzoeken en Subjecten, the police's Index of Criminal Investigations and Subjects).

In 2010, the FIOD provided fiscal information to FIU-the Netherlands in relation to 1,992 subjects so that these subjects' unusual transactions could be analyzed. The fiscal information related not only to the subject, but also any natural and legal persons related to the subject.

Real Estate Intelligence Center (VIC)

Real estate provides many openings for criminal activities, both in terms of use (sex industry, cannabis cultivation, accommodation for illegal immigrants) and in terms of profit potential (fiscal fraud, identity fraud, mortgage fraud, swindling). In addition, real estate is regularly shown to be used as a repository for criminal assets, and value jumps in real estate transactions are a handy method of money laundering. In order to get a clearer picture, especially of these money laundering activities and the links to organized crime, the Public Prosecutions Service and the Tax Authority took the initiative of establishing the Real Estate Intelligence Centre (VIC), a forum for cooperation in this field at the national level, involving the FIOD, FIU-the Netherlands and the Dutch police. There is also close contact between the VIC and the police and municipalities' Regional Information and Expertisecentres (RIECs), which were set up to strengthen the administrative approach to combating organized crime.

FIU-the Netherlands provides information about transactions which may lead to the discovery of real-estate-related money laundering. Gradually, valuable steps have been taken. The information provided by FIU-the Netherlands has proved to be crucial for enabling the VIC to produce valuable products. Moreover, the FIU also contributed a great deal of knowledge and expertise in the field of organizational and programmatic planning. Innovative successes were achieved in the context of of criminal investigations and in a fiscal and administrative context, especially by increasing the visibility of cases which the authorities had failed to take up in the past. FIU-the Netherlands was also involved in the project Real Estate Kennemerland in 2010, a follow-up of the FinEC and Real Estate Kennemerland project. This took the form of signing up to an agreement with the Kennemerland regional police and the VIC, by which each of the three parties involved committed to sharing the information at its disposal within the framework of the agreement. The information is then analyzed in all its various interrelations. These analyses identify tactical and operational signals that point to unusual ownership, cannabis and facilitators in relation to real estate in the Kennemerland region. The ultimate aim is to use this information, once it has been converted into actionable intelligence, as input for operational investigative activities. Several analyses have now been carried out, but by the time of going to press, this had not yet led to a concrete case.

The VIC is a project organization that will cease to exist at the end of 2011. The project is currently being evaluated. Discussions will also take place in 2011 to decide whether, and if so, how the VIC will be continued. One obvious possibility would be to merge it with the Criminal Assets Infobox (CV-Infobox).

Terrorism Financing

In 2010, FIU-the Netherlands' Counterterrorism and Proliferation Financing Team (FIU-NL CT & PF Team) gave a great many presentations at national and international forums. These presentations focused primarily on aspects of profiling in relation to terrorism financing. One of these presentations was given to the Ministers' Consultation Body on Terrorism (BOT), presided over by the Minister of Internal Affairs.

In combating terrorism financing, the prevention of offences plays an especially significant role due to the devastating effects of terrorist attacks. With this in mind, a major investigation was carried out in 2010 into the characteristics of transactions that act as an indicator of the financing of terrorist activities. Characteristics of terrorists and terrorist organizations were put together from the FIU's own investigations, criminal investigations, reports from the Netherlands and abroad and research by experts in the field of terrorism. These characteristics were then translated into hypotheses about the financial wheeling and dealing of terrorists. The resulting transaction profile of financial activities was then presented to the reporting agents as a risk profile. The reporting agents reported transactions that met this profile to FIU-the Netherlands, which then analyzed the information in more detail and forwarded it where possible.

Optimal information sharing is vital in combating terrorism and terrorism financing. For this reason, intensive cooperation and information exchange occurs within the KLPD with the National Crime Squad and IPOL's Public Order and Security Unit in the field of counterterrorism and countering violent activism. FIU-the Netherlands' CT & PF Team also fulfills an advisory role to the National Coordinator for Counterterrorism (NCTb) and is a participating body in the Counterterrorism Infobox. FIU-the Netherlands dedicates resources to constantly scanning the EU list of terrorist individuals and groups and lists of EU sanctions. Transactions by persons who occur on these lists are investigated and the results are shared with the Public Prosecution Service and other investigative and intelligence services.

Independent research by FIU-the Netherlands' CT & PF Team results in files concerning individuals or groups who have possible links with terrorism or terrorism financing. This information is recorded in Alert Documents that are shared with the Public Prosecution Service and other investigative and intelligence services. In 2010, for instance, several leading members of the Sri Lankan terrorist organization LTTE, better known als the Tamil Tigers, were arrested and brought to trial in connection with membership of this organization and facilitation and financing activities on behalf of the LTTE. FIU-the Netherlands contributed suspicious transaction information to this file.

FIU-the Netherlands is also engaged in efforts to acquire better insight into money flows that can be related to politically instable areas or conflict zones, such as the border areas between Afghanistan and Pakistan, the Caucasus and the Horn of Africa, especially Somalia. There are more and more indications in media reports and international studies that the Somali militant group Al-Shabaab generates income from donations from the diaspora, the qat trade and piracy. For this reason, a strategic study was initiated in 2010 to investigate whether this phenomenon could be a factor in financial flows from the Netherlands to the Horn of Africa. The strategic report will be concluded in 2011.

Within the Egmont group, finally, FIU-the Netherlands, together with its Canadian counterpart FINTRAC, took a leading role in initiating projects in relation to terrorism financing and improving the international sharing of information in this field.

2.5 Prosecution

There is a special link between FIU-the Netherlands and the National Public Prosecutor charged with fighting money laundering and the financing of terrorism. The National Public Prosecutor works at the National Public Prosecutor's Office for Financial, Economic and Environmental Offences (FP) and represents the authorities within FIU-the Netherlands. Together with the other members of the management team of FIU-the Netherlands, the National Public Prosecutor is responsible for the efficient use of unusual and suspicious transactions, which means ensuring that information about transactions is used correctly, lawfully and in as many criminal investigations as possible. In order to encourage the use of transaction information, FIU-the Netherlands provides criminal investigation agencies and special investigation services with high-quality products – both on request and on its own initiative.

National Public Prosecutor (LOvJ) requests

The National Public Prosecutor can submit a request to the Head of FIU-the Netherlands to check whether subjects who occur as suspects in an investigation also occur in the unusual transactions database. The National Public Prosecutor submits such requests when asked to do so by the police. If such transactions do occur in the database, the Head of FIU-the Netherlands can declare them 'suspicious'. As suspicious transactions, they can then be forwarded to the investigative service that submitted the request. Chapter 6 of the present annual report presents an overview of the number of LOvJ requests submitted and the number of transactions forwarded on the basis of these requests.

2.6 Deprivation of assets

As the motivation behind criminal activity is usually financial gain, it is important to focus on depriving criminals of these financial gains. The FIU, too, recognizes the central importance of deprivation of assets, and the organization contributes to this objective by working closely with the Central Judicial Collection Agency (CJIB) and the Prosecution Service Criminal Assets Deprivation Bureau (BOOM), which focus on confiscating criminal proceeds. The motto is 'Crime Must Not Pay'.

Central Judicial Collection Agency (CJIB)

The CJIB and FIU-the Netherlands have been partners in the investigative chain ever since the CJIB was given the task of the actual implementation of confiscation orders once they have been declared final. This cooperation has intensified over the years. Since 2008, for example, special investigating officers have been appointed with the CJIB, which has made it possible to give the CJIB access to the IVT database. In addition, a search for matches is run several times a year between large CJIB databases and FIU data to assist in confiscation activities. In 2010, problems with submitting data meant that only one file was submitted for matching, but the expectation is that this problem will be solved in 2011, so that more searches will be carried out.

Prosecution Service Criminal Assets Deprivation Bureau (BOOM)

BOOM has three main tasks: depriving suspected criminals of their illegally acquired assets, disseminating knowledge and sharing expertise with respect to the deprivation process within the Public Prosecution Service and among the partners in the judicial process chain and managing prejudgement attachment at the national and international level. BOOM focuses above all on complex asset deprivation cases where it is expected that substantial illegally acquired assets will be confiscated (a threshold applies of at least EUR 100,000 in criminal gains).

In order to determine the extent of criminal assets and to establish more effectively where those assets have been concealed, BOOM and FIU-the Netherlands have signed a cooperation agreement that includes the following objectives:

- Within the relevant legislative framework, FIU-the Netherlands will analyze unusual transactions, distil out intelligence, and declare certain transactions suspicious on the basis of data provided by BOOM and/or other data;
- Within the relevant legislative framework, data will be exchanged regarding suspicious transactions for asset deprivation measures on behalf of the Public Prosecution Service (especially concerning the detection of assets and/or parts of overall assets in the context of ongoing investigations, an already imposed confiscation order or a confiscation order that is still to be imposed).

The cooperation agreement furnishes a range of good options for facilitating the confiscation of illegally acquired assets. The aim is to start implementing the agreement in 2011. FIU-the Netherlands will carry out searches to establish any matches between its own databases and the data supplied by BOOM.

Deprivation of assets in the FinEC regions

Deprivation of assets is the last step in the financial proceedings and often in the entire criminal proceedings. The aim of deprivation is to ensure that crime does not pay by removing all the benefits a criminal has accumulated. We attempted to establish the extent to which the information provided by FIU-the Netherlands contributed to deprivation proceedings in the areas covered by FinEC teams. This turned out not to be possible for all the FinEC regions. In Flevoland, approximately 3.5 million euro was recovered through deprivation proceedings, on the basis of data supplied by FIU-the Netherlands and with the support of an FIU-the Netherlands account manager. In addition, attachment was placed on bank accounts, cars and other goods. In the IJsselland region, no demands for a confiscation order were served in 2010 on the basis of information supplied by FIU-the Netherlands.
As far as the Kennemerland region is concerned, it is not known what proportion of the 11.2 million euro in confiscation order demands can be attributed to information supplied by FIU-the Netherlands. In the domain of the Hollands-Midden regional police, confiscation order demands totalled 2.8 million euro, but again it proved impossible to establish where information from FIU-the Netherlands played a role. FIU-the Netherlands concludes from this rather patchy picture that confiscation demands based in part on the data it has supplied can be extremely successful and that the efforts of investigative services in relation to assets deprivation are yielding results. For the coming years, the challenge will be to link the results for all the FinEC regions to the information supplied by the FIU.

3

3 Illustrative cases

3.1 Human trafficking for massage parlours

Two Chinese massage parlours employ illegal immigrants from China. These massage parlours were operated for the gain of an individual who was suspected of human trafficking. The work carried out by the illegal immigrants included hairdressing and massage, including full-body massages. The illegal immigrants had to work (probably under force) to pay back the debts they had incurred to the suspected criminal, and were entirely dependent on him for accommodation, employment, income and all basic necessities. The individual in question was suspected of being part of a criminal organization engaged in the trafficking and smuggling of human beings. The suspicion was that the proceeds of these activities were laundered in the massage parlours.

In response to a request to the National Public Prosecutor for searches to be carried out by FIU-the Netherlands, it emerged that various relevant files were known to FIU-the Netherlands. Analysis brought to light that unexplainable sums of money had disappeared by way of the business in question. The initial overview showed transactions to the value of 600,000 euro, but further investigation suggested that this is just a fraction of what has been siphoned off.

3.2 Professional criminal operating in Amsterdam

In 2007, the A7 motorway was the scene of a wild car chase when police pursued a car that had failed to stop at a red light. The police eventually managed to force the car to stop. The suspect turned out to have a baby in the car with him; police found a loaded firearm in the baby's car-seat and drugs in the child's nappy.

The suspect was well known to the police: he was a subject in a money laundering investigation, and also had a large number of criminal antecedents in connection with the Opium Act, the Weapons and Ammunition Act and other money laundering activities. The suspect had been on social welfare for several years, but drove expensive cars. Using fronts, he could gain access to luxury cars, whereas this was obviously at odds with his income. The cars were all paid for in cash. Prejudgment attachment had been imposed on two of the cars.

The money laundering investigation was shaped by the way the suspect went about trying to retrieve the cars that had been confiscated. This was carried out by a lawyer in the presence of the suspect by means of a cash payment to a third-party account. This sum was instantly transferred by telephone from the third-party account to BOOM's account as surety for the two confiscated cars. Furthermore, FIU-the Netherlands could prove that the deposited sum of 23,000 euro included thirteen 500 euro notes, but that the lawyer failed to report this. The lawyer was charged with facilitating the suspect's money-laundering activities. Investigation demonstrated that there was no legal explanation for the transaction, which meant that a criminal investigation could successfully be opened on the basis of Article 420 bis of the Dutch Penal Code.

The suspect was sentenced to 16 months' unconditional imprisonment, 8 months' disqualification from driving and repayment to the state of 100,000 euro in illegally obtained assets. The criminal proceedings against the lawyer were dismissed.

3.3 False passports

In 2010 and the immediately preceding years, FIU-the Netherlands investigated money flows which turned out to be related to a form of passport fraud. It emerged from this investigation that individuals who were members of criminal and terrorist networks very frequently used money transfers to send money to beneficiaries in Thailand. FIU-the Netherlands generated several suspicious transaction files relating to persons who were involved in passport fraud. The investigation also tallied with the image of Thailand as a source country for forged and falsified documents which are often used by human trafficking organizations and other organized crime groups. FIU-the Netherlands shared its files with other investigative and intelligence services.

In 2008 and 2009, the Thai police broke up several printing businesses on the basis of this information; in some cases they found more than 25,000 false passports, identity documents and visa stickers from over 35 countries, including the Netherlands. In 2010, the police in Spain and Thailand arrested ten people on suspicion of operating a network that supplied false European passports to terrorist groups with links to Al Qaeda. The intention was to make it easier for them to enter European countries. Seven suspects – six from Pakistan and one from Thailand – were arrested in Barcelona and three in Bangkok (two from Pakistan and one from Thailand.

The information gathered by FIU-the Netherlands has now been integrated into a risk profile that will be shared and discussed with the providers of money transfers in 2011. They will then be able to take the risk profile into account in assessing compliance and identifying possible high-risk transactions.

3.4 Bank employees involved in fraud

In June 2009, FIU-the Netherlands classified a certain transaction as suspicious. This transaction consisted of several financial actions (over 230 actions), including account-to-account transfers, cash withdrawals and payments via point-of-sale terminals. Although the exact extent is yet to be established, the entire sum in withdrawals and payments can be assumed to amount to some 750,000 euro.

Detailed investigation by the police revealed that accounts held by third parties were transferred to the suspect's complex of accounts. These transfers often took place when a single account was converted into a joint account: all the accounts under one client number would be transferred.

Money was removed from the accounts of four account-holders of the bank. All four were elderly, and by the time of the investigation two had already died. The account-holders' accounts were transferred to the suspect, who withdrew large sums of money from them. The information provided by the bank also revealed that the forms required for transferring the accounts were not filled in correctly and that the transactions were virtually all carried out with the assistance of one and the same bank employee.

The reporting agent made additional information available that revealed that a civil-law notary's office was involved in two of the transactions. The civil-law notary had transferred monies that these people had inherited from others to the suspect, rather than to the entitled parties, who were also elderly.

Initially it proved difficult to link the suspect and the bank employee. Eventually a link could be established on the basis of telecom information. The bank employee's Moroccan wife was in telephone contact with her uncle in Assen, with whom the suspect was also in contact. The money has not been traced. The suspicion is that the money was transported to Morocco and forwarded to another uncle of the bank employee's wife. This uncle is an estate agent who perhaps invested the money in real estate or deposited it into an account.

The investigation was limited to the two principal suspects, who were both sentenced to eighteen months' imprisonment and repayment of 400,000 euro each.

4

4 Products and services

The FIU provides a whole range of products and services in fulfilling its mission and its vision. A few of these products and services are discussed in this chapter.

4.1 Regional Transaction Overviews

A Regional Transaction Overview (previously known as a 'weather report') contains anonymized overviews of the relevant international cash flows in relation to the geographical 'hot spots' in a given police region. These assessments provide the regional police forces with a greater understanding of the cash flows at the local, regional, national and international level. The Regional Transaction Overview highlights new financial developments that regional police forces can take into account when deploying their enforcement and criminal investigation resources. Six Regional Transaction Overviews were produced in 2010, for each of the FinEC regions. As stated above, a summary of these Regional Transaction Overviews can be found in Appendix 5.

4.2 International cash flow reports

An international cash flow report provides an overview of relevant international cash flows in relation to specific countries. These cash flow reports are compiled at the request of the liaison officers of the KLPD's IPOL Department and contain overviews of unusual and suspicious flows of money between the Netherlands and the countries in the region where the liaison officer works. The reports also describe any particularly noteworthy developments. The reports increase the liaison officers' awareness of how they can use financial information. If they would like more information, they can submit an additional request for analysis to FIU-the Netherlands. Two international cash flow reports were drawn up in 2010.

4.3 Activities of the Financial Expertise Centre

The Financial Expertise Centre (FEC) is a multidisciplinary centre established by seven partners with supervisory, inspection, criminal investigation and prosecution tasks in the financial sector. The FEC's mission is to enhance the integrity of the financial sector by stimulating, coordinating, and intensifying cooperation between the partners through the exchange of information and the sharing of insight, knowledge and skills.
As in the preceding year, FIU-the Netherlands contributed to the FEC Mortgage Fraud Follow-Up Investigation, which was concluded in 2010. In addition, it participated in the FEC Information Unit, in which information is exchanged between partners within an agreed framework. A new information system also became operational in 2010, which facilitates the sharing of information between the partners. In 2010, the possibility was discussed of FIU-the Netherlands becoming a full partner within the FEC; the possibilities for this will be explored further in 2011.

4.4 Education and training

In 2010, as in other years, considerable investments were made in education and training. This year, as was indicated in Section 2.4, the main focus was on the FinEC regional teams.

5

5 Caribbean Netherlands

Midway through 2010, the Kingdom of the Netherlands still comprised the Netherlands, the Netherlands Antilles and Aruba. In recent years it had become evident that constitutional relations were ripe for reform. The local population had also voted for constitutional change. As of 10 October 2010, this constitional reform has been in place. Aruba retained its former position and separate status. Curaçao and Sint Maarten similarly acquired autonomous status, and the islands of Bonaire, Sint Eustatius and Saba (known collectively as the BES islands) became part of the Netherlands and are now known as the Caribbean Netherlands. The Charter for the Kingdom of the Netherlands (1954) was amended to reflect the current relations between the Netherlands and the islands and the pertaining forms of cooperation. This amendment also has consequences for the obligation to disclose irregular transactions within the framework of efforts to combat money laundering and terrorism financing. Since 10 October 2010, institutions on the islands of the Caribbean Netherlands have been required to report unusual transactions to FIU-the Netherlands.

A working group within FIU-the Netherlands was set up in 2009 to make the necessary preparations, which included a preliminary exploration of the consequences of this constitutional change for FIU-the Netherlands. On the basis of these findings, a project plan was drawn up to ensure that the transition in 2010 proceeded smoothly. The present chapter gives an account of the various activities undertaken by FIU-the Netherlands in the months leading up to and following the transition on 10 October 2010. Furthermore, FIU-the Netherlands devised various initiatives to pave the way for and improve cooperation between the countries that make up the Kingdom of the Netherlands. These initiatives will also be discussed in this chapter.

5.1 Reforms and their implications

The constitutional changes in effect from 10 October 2010 have various implications for the obligation on institutions on the islands to disclose unusual transactions. There were changes in legislation and in supervisory structures. In addition, a new set of indicators took effect and new groups and agents fall under the obligation to disclose unusual transactions. Moreover, from 1 January 2011, the U.S. dollar will replace the Antillian guilder as legal currency. Section 5.1 examines some of these changes in more detail.

Legislation of the Caribbean Netherlands

On 10 October 2010, the Disclosure of Unusual Transactions BES Act came into force. From 2012, this will be replaced by definitive legislation, provisionally referred to as the 'final model'. In the final model, the BES Disclosure of Unusual Transactions Act will be amalgamated with the BES Identification (Provision of Services) Act and the BES Cross-border Money Transports Act. The amalgamation of these Acts will make it easier for institutions affected by anti-money-laundering legislation to obtain an insight into the obligations they are required to meet. The new amalgamated Act will be known as the BES Money Laundering and Terrorism Financing Prevention Act.

One important change for all institutions is that monitoring is arranged from the Netherlands. The Unusual Transactions Unit of the Dutch Tax and Customs Administration has been appointed to monitor all non-financial institutions in the Caribbean Netherlands. This group of reporting agents requires specific attention because the Unusual Transactions legislation is new for the non-financial institutions in the BES islands. The financial instutions fall under the supervisory responsibilities of the DNB, who will carry out their supervisory duties in cooperation with the BNA (*Bank of the Netherlands Antilles*).

The BES Cross-border Money Transports Act has also been in force since 10 October 2010. This Act is the counterpart of the EU Directive 1889/2005 on controls of cash entering or leaving the EU. The Act includes the obligation on all persons entering or leaving Bonaire, Sint Eustatius or Saba to declare to

Customs any cash they are carrying with a value of USD 10,000 or more. The obligation to declare also applies to all persons entering or leaving these islands who are demonstrably travelling together and are carrying cash that jointly amounts to USD 10,000 or more.
The difference from EU Directive 1889/2005 is that the BES Cross-border Money Transports Act relates only to the import and export of money, whereas under the EU Directive securities and bearer cheques must also be declared.

Indicators for the Caribbean Netherlands

The aim of the Ministry of Finance is to bring the obligation to report in the Caribbean Netherlands in line with the rest of the Kingdom, creating a level playing field. In drawing up the new indicators that apply to the Caribbean Netherlands, use was made of the list of indicators then in use in the Netherlands Antilles. However, the list of indicators for Curaçao and Sint Maarten are currently under review, with the result that since 10 October 2010 the indicators for the BES islands have differed from those for Curaçao and Sint Maarten. This means that for the time being, there is no question of a truly level playing field. The initial experiences with the new list of indicators is that the reporting threshold, particularly for high value goods dealers, is extremely high. The threshold for objective reports is set at USD 11,000. The expectation is that this will mean that few, if any, unusual transactions are reported. However, the information concerning 2010 is as yet too limited to reach meaningful conclusions.

Introduction of the dollar (dollarization)

With effect from 1 January 2011, the U.S. dollar will replace the Antillian guilder as the legal currency of the BES islands. The Antillian guilder will remain legal tender throughout the month of January 2011. After that time there will still be possibilities to exchange guilders for dollars, but guilders will no longer be accepted as a means of payment. All bank balances will also be automatically converted into dollars on 1 January 2011.

5.2 Activities of FIU-the Netherlands in the lead-up to the constitutional reform

2010 saw the implementation of the plan of approach drawn up by FIU-the Netherlands in 2009 to ensure that the transition to the new structure went smoothly. A significant element of this was the extensive awareness campaign for the reporting agents on the three islands in April 2010. In the space of two weeks, employees of FIU-the Netherlands visited as many institutions as possible to inform the individuals who file the reports personally about the coming changes. Particularly the non-financial institutions, such as high value goods dealers and independent professionals, turned out to be in want of information. These groups did not have an obligation to report before 2010. In addition, the working visit provided an opportunity to initiate or strengthen contacts with partners to put in place arrangements for cooperation in the new situation.

Website

To support the awareness campaign and ensure that the reporting agents were well informed of the transition, what consequences it would have for them, and the reporting procedures, FIU-the Netherlands devoted a specific section of its website to the Caribbean Netherlands (bes.fiu-nederland.nl). The website also includes a web portal, through which instituitions can make reports to FIU-the Netherlands by way of a secure connection. The information on the website is available both in Dutch and in English.

Account manager

Within FIU-the Netherlands, an account manager was designated to act as a contact for the investigative authorities in the Caribbean Netherlands. This account manager plays an important role in raising awareness about the legislation and the possibilities for financial investigations. With this in mind, presentations and information exchange sessions were organized involving the policy makers, investigative services and the Public Prosecution Service. In November 2010, for instance, FIU-the Netherlands participated in a conference in Curaçao on the topic of financial investigations, which was

attended by the Public Prosecution Service and investigative officers from the Caribbean area who are involved in investigations of this kind. The account manager gave a presentation about FIU-the Netherlands in relation to the new position of the Caribbean Netherlands, focusing on the new legislation in the Caribbean Netherlands and the FIU's strong commitment to achieving excellent cooperation and information exchange. During his stay on Curaçao, the account manager also met with various officers of the police services involved and the Public Prosecution Service. An important matter to be discussed was how best to organize the exchange of information in the near future. The Public Prosecution Service also plays an important role in these discussions.
Various discussions were held, finally, about matters such as the introduction of the US dollar as the currency of the Caribbean Netherlands and the consequences of this transition, as well as possibilities for training in the field of financial investigation techniques.

Administrative liaison officer

FIU-the Netherlands has appointed an administrative liaison officer, who is responsible for relations with the reporting agents in the Caribbean Netherlands. He has been at work on the islands since 1 September 2010. In 2010, the liaison officer came to the Netherlands for two working visits, to gain experience and knowledge for his new position.

Awareness campaign

In the third quarter of 2010, officers of FIU-the Netherlands again visited the Caribbean Netherlands to give information sessions for representatives of the reporting agents, local government, Customs and the police. FIU-the Netherlands presented the best practices from the Netherlands. In addition, the reporting agents were given more information about the new legislation and regulations and the new reporting procedures. All the reporting agents were requested to register before 10 October by filling in the registration form on the FIU's website.

5.3 Activities of FIU-the Netherlands after the constitutional reform

The date of transition brought the preparatory phase to a close. This marked the beginning of a new period in which it was important to ensure that all reporting agents that had not yet registered did so as soon as possible. The administrative liaison officer for the Caribbean Netherlands played an important role in this, by actively seeking out and visiting the reporting agents. This meant that a large percentage of the reporting agents had already registered by the end of 2010, and the expectation was that these numbers would increase. New institutions are still opening business premises in the Caribbean Netherlands, especially estate agents, accountants and law firms.

In this initial phase, one of the main focuses of attention was the dollarization scheduled for 1 January 2011. In preparation for this currency conversion, the liaison officer visited all the major banks on the island of Bonaire and their central offices in Curaçao and gave a presentation about possible situations that could occur before, during and after the introduction of the U.S. dollar. For this presentation, he drew on the experiences of European countries during the conversion to the euro. In addition to the dollarization, attention was paid to knowledge transfer and the implementation of the new manner and methods for reporting unusual transactions.

Reports

In 2010, FIU-the Netherlands registered 44 reporting agents: 32 on Bonaire, 7 on Sint Eustatius and 5 on Saba. By the end of that year, these bodies had already reported a total of 164 transactions carried out in the Caribbean Netherlands. The vast majority of these reports were submitted by banks. Table A shows how many transactions were reported for each indicator. For a detailed description of the indicators, see Appendix 4.
What is striking is that the type of reports submitted differs considerably from the reports submitted in the Netherlands. In the Caribbean Netherlands, the emphasis is on cash transactions in excess of USD 11,000, relating to the purchase and/or cashing of cheques, traveller's cheques and similar means of payment. 78 such reports were received. Another commonly occurring indicator is that of

cash payments of over USD 2,800 to credit card accounts. Until now, the reports from the Caribbean Netherlands appear to be consistent, both in number and in use of indicators, with the picture that emerges from the historical data for the BES islands, which the former Netherlands Antilles Office for the Disclosure of Unusual Transactions made available for preliminary research. This would seem to indicate that the efforts undertaken by FIU-the Netherlands to raise awareness and provide support in respect of the changes in the obligation to report for institutions in the Caribbean Netherlands have proved their worth. In any case, there is certainly no question of any decline in the number or sort of reports as a result of the changes. Naturally the full extent of the consequences will only become visible with time.

Tabel A: Number of reports from the Caribbean Netherlands per indicator. Registration period: 10 October 2010 to 31 December 2010.

Indicator	Description	Number
XB0110261	Account-to-account transfer transactions in excess of USD 56,000 that meet two or more of the following criteria: a) from and/or to a foreign country; b) identification problems; c) unusual number of accounts; d) no explicable legal purpose or no visible relationship with business activities; e) transaction atypical of client; f) unusual offer of conditions; g) unusual turnover or unusual change in the balance of an account; h) incoming flow consisting of many small sums and outgoing flow of large sums, or vice versa; i) not on client's own account; j) to a country abroad without naming the beneficiary or using a code name.	12
XB9010211	Transactions where there is reason to assume that they might be connected with money laundering or terrorism financing.	2
XB9710133	Cash transactions in excess of USD 11,000 involving exchange to another currency.	2
XB9710134	Cash transactions in excess of USD 11,000 relating to the client purchasing and/or cashing cheques, traveller's cheques, or similar means of payment.	78
XB9710136	Cash transactions in excess of USD 11,000 that meet two or more of the following criteria: a) uncounted; b) in foreign currencies; c) not deposited into client's own account; d) transfer to account.	5
XF0410211	Transactions where there is reason to assume that they might be connected with money laundering or terrorism financing (fiduciary services)	1
XM0010134	Transactions where vehicles, precious stones, precious metals, jewellery, or gems were sold for payment entirely or partly in cash, in which the sum to be paid in cash amounts to USD 11,000 or more.	4
XM0010137	Cash deposit of over USD 2,800 by a client in the public body of Bonaire, Sint Eustatius or Saba to a credit card account.	48
XT0010211	Transactions where there is reason to assume that they might be connected with money laundering or terrorism financing (Money Transfers).	11
No indicator filled in		1
Total		**164**

The total sum of the reports in 2010 amounts to the value of approximately eleven million euro. The average sum per transaction amounts to 67,000 euro.

FIU-the Netherlands invested a great deal in putting in place cooperation agreements with the investigative authorities and other partners to ensure effective use of reporting procedures. The agreements related to, among other things, providing access to files for in-depth analysis and the investigative authorities submitting enquiries to FIU-the Netherlands. Due to various complications, this has not yet achieved the desired results. The aim is to firm up these agreements in the near future.

5.4 From project phase to regular work processes

FIU-the Netherlands' objective for 2011 is to ensure that the reports from the Caribbean Netherlands become part of the regular work processes as far as possible. The data from the Caribbean Netherlands will be integrated into the new Government Anti-Money Laundering system (GoAML[2]); as soon as files are made available for matching, automatic matches will also be carried out. Naturally the transactions will also be subjected to separate analysis. At the present time, this separate analysis is carried out in the Netherlands, but in the long term it is expected that the administrative liaison officer will make a significant contribution to this analysis.

FIU-the Netherlands aims in the short term to be able to receive files for matching, so that it can make a start on further analysis of the transactions. It will also make every effort to reach agreements with the Public Prosecution Service in 2011 concerning the submission of LOvJ requests to FIU-the Netherlands from the Caribbean Netherlands.

As is customary for the other activities of FIU-the Netherlands, for the Caribbean Netherlands, too, a year plan has been drawn up for 2011, outlining the performance indicators that apply specifically to the year to come. Progress in various areas will be monitored throughout the year.

Year plan for the Caribbean Netherlands, 2011

The emphasis of the year plan for 2011 again lies on increasing awareness among the reporting agents and strengthening the contacts with other important partners. The aim of the awareness-raising measures is to ensure the registration of as many reporting agents as possible and to achieve the greatest possible number of high quality reports.

In order to raise awareness among potential reporting agents, the liaison officer carries out a large number of visits. These include visits to the reporting agents on the Caribbean islands and to Curaçao, where many of the important reporting agents that ensure compliance for the Caribbean Netherlands have their main offices. In addition, the liaison officer brings out newsletters and places articles in the Caribbean Netherlands Information Bulletin, which is published regularly. The website is also frequently updated with new information. In addition, two information days will be held in 2011 for various groups of reporting agents. FIU-the Netherlands has gained considerable experience with this form of awareness-raising in the Netherlands in recent years, and the information days often prove to have a positive effect on reporting behaviour, especially in the case of new groups. The liaison officer has regular consultations with his colleagues in the Netherlands to share experiences and know-how so that wherever possible he can benefit from the know-how and experience FIU-the Netherlands has amassed over the years. The Caribbean Netherlands are also going to start using the new computer system GoAML, so the reporting agents will be informed in advance of the changes this will entail.
In addition to providing information, the liaison officer also holds regular meetings with the supervisory authorities for the Caribbean Netherlands.

Besides these activities to be carried out by the liaison officer in 2011, the investigations account manager has the task of providing information to the investigative authorities and the Public Prosecution Service in the Caribbean Netherlands. He is an important linchpin in operational cooperation: he is the recipient of LOvJ requests and reports back information on suspicious transactions to the investigative authorities. Another important objective for the coming year is to integrate the activities relating to the Caribbean Netherlands into the standard work processes of

[2] A detailed description of the GoAML computer system can be found in Section 7.3.

FIU-the Netherlands wherever possible. A vital precondition for this is for the reporting process to be integrated into the new computer system GoAML. In addition, further implementing operational cooperation with other partners in the investigative chain will be a significant focus for 2011. As far as analysis is concerned, FIU-the Netherlands will carry out a cash flow analysis for the Caribbean Netherlands in 2011 and will generate several indicator documents.

6

6 Across borders

6.1 International cooperation

The intensive attention devoted to various international cooperation projects in preceding years continued unabated in 2010. The Argus project with FIU Sweden was continued and has now reached the level of intensive information exchange; this cooperation will also be fostered in the year to come. Representatives of FIU Sweden visited FIU-the Netherlands in 2010, and information was exchanged regarding over 30 cases, leading to several arrests. This cooperation also prompted FIU-the Netherlands to draw up indicator documents for various authorities. In addition, five subjects were convicted in that year on the basis of old case files; they were sentenced to between five and ten years' imprisonment.
Cooperation with relation to terrorism financing was also intensified in 2010. The cooperation with the UK's Serious Organized Crime Agency, SOCA, which started in 2009, led to a large number of requests for information provision in both directions in 2010. FIU-the Netherlands also structurally matched information with a list of criminal subjects who are known to use false passports. This yielded a great deal of useful information. Furthermore, one of FIU-the Netherlands' employees paid a three-day visit to the SOCA to strengthen the exchange of information.

FIU-the Netherlands makes use of the FIU.NET and the ESW to exchange operational information concerning unusual transactions. The following tables show the top five countries with which information was exchanged in 2010, per means of communication. Both incoming and outgoing requests are shown.

Table: Top 5 countries for incoming and outgoing requests via FIU.NET

FIU.net			
	Incoming		Outgoing
Belgium	4353	Belgium	1144
Finland	551	Germany	266
Luxembourg	281	Luxembourg	194
France	235	Spain	123
Spain	105	France	100

Table: Top 5 countries for incoming and outgoing requests via ESW

ESW			
	Incoming		Outgoing
Belgium	113	UK	42
Luxembourg	31	Sweden	33
Netherlands Antilles	18	Belgium	16
Israel	13	germany	10
Jersey	12	Spain	9
USA	12		

The long-standing cooperation with FIU Belgium (CFI) also continued unchanged in 2010. In September 2010, consultations took place between the strategic analysts of the CFI and FIU-the Netherlands with the aim of exchanging knowledge and expertise about working methods. As in previous years, there was frequent cooperation between FIU-the Netherlands and colleagues in Germany.

In 2010, FIU-the Netherlands agreed an MOU with Serbia. In addition, many further MOUs were prepared that will be formally concluded in 2011.

6.2 Cooperation within the Kingdom of the Netherlands

Besides cooperating with international partners, FIU-the Netherlands works closely with the other parts of the Kingdom of the Netherlands and Aruba. Since various parts of the Kingdom do not count as 'foreign countries' in relation to one another, cooperation in this case is not international but interregional. There is intensive cooperation between Aruba and the Netherlands in the form of exchanging information concerning transactions. The two countries also liaise closely in investigating criminal offences and bringing such cases to court. The legislation and regulations in the various parts of the Kingdom is similar, as decreed in the Charter for the Kingdom of the Netherlands.

Various steps have been taken to strengthen cooperation between the countries within the Kingdom of the Netherlands. An analyst from the Aruba Disclosure of Unusual Transactions Office carried out an internship of several weeks, shadowing a strategic analyst of FIU-the Netherlands. As his internship assignment, he chose to carry out a strategic analysis of money flows in the Caribbean area. In addition, working arrangements were put in place to set up a ‘Caribbean Box’. The aim is for all the disclosure offices in the Kingdom of the Netherlands to match subject information in the info-box in a fully automized system. This subject information will be encrypted, so that none of the disclosure offices will have access to the names. If two encrypted names match, the system will inform the disclosure offices concerned. The subsequent exchange of underlying subject information will then occur in the normal way. In has been decided that all transactions of the preceding year will be included in the FIU.NET application (see Section 5.5). New transactions are added and the transactions that are over a year old are automatically erased on a daily basis. Further, it was decided that an initial matching process would be carried out at the Kingdom seminar on Aruba in March 2011, and that the results would be discussed in that forum. The further procedure subsequent to a successful match was also discussed.

6.3 Financial Action Task Force

The Financial Action Task Force (FATF) on Money Laundering is an intergovernmental organization set up in 1989 by the G7. The FATF focuses on the international fight against money laundering and has also been involved in the fight against terrorism financing since 2001. Members of the FATF, which include the Kingdom of the Netherlands, are bound by forty recommendations with regard to money laundering and nine regarding the financing of terrorism. The FATF recommendations are internationally recognized and are supported by more than 180 territorial jurisdictions throughout the world, as well as by the International Monetary Fund (IMF) and the World Bank. All the member countries of the FATF are evaluated regularly in accordance with the recommendations. As in previous years, FIU-the Netherlands devoted a good deal of time to the FATF. In fact, the FATF received even more attention than usual, since the Netherlands underwent evaluation by the FATF in 2010.

The Netherlands held the presidency of the FATF from 1 July 2009 to 30 June 2010 and FIU-the Netherlands participated in all the FATF plenary meetings throughout 2010. The first plenary meeting of 2010, in Abu Dhabi, was the second of the Dutch presidency. One of the important outcomes of this meeting was that the members agreed in principle that on the planned emendation of the FATF standards in advance of the fourth round of mutual evaluations, tax offences will be added to the FATF's list of predicate offences for money laundering. The Netherlands has always advocated inclusion of tax offences in the list and this was one of the priorities of the Dutch presidency.

A further outcome of the plenary meeting was the endorsement of a report about confiscation of assets, drawn up by a team headed by the Netherlands and the UK. The report includes best practices in the field of criminal investigations into illegally obtained assets, international cooperation in the recovery of such assets, provisional measures to secure assets and non-conviction based confiscation. The FATF's second plenary meeting for 2010 was held in Amsterdam in June. This meeting saw the endorsement of the ‘Global Threat Assessment’ typology report, which provides a model that can be used to detect risks of money laundering (whether actual or potential). The third plenary meeting of the year took place in Paris in October. At that meeting, the report on New Payment Methods was adopted. The report was based on research, carried out by a team co-chaired by a representative of FIU-the Netherlands, into the money laundering and terrorism financing risks associated with new payment methods, such as prepaid payment cards, sms mobile payments and internet transactions. FIU-the Netherlands recognizes the importance of this topic and is willing to invest in acquiring more knowledge and experience about it. For this reason, it has also carried out additional studies into the risks of new payment methods specifically in the Netherlands. On the basis of interviews with various public and private parties and analysis of the FIU-the Netherlands database, the researchers aimed to obtain an overview of innovative payment methods on the Dutch market and their potential for money laundering and terrorism financing. Broadly speaking, the researchers' conclusion was that the money laundering risks of such payment methods were no higher than those of traditional methods. The high degree of anonymity did, however, make it difficult to ascertain the identity of the customer. Several banks indicated in the course of the interviews that the introduction of internet banking had made it more difficult to pick up unusual transactions in certain cases, partly because of the absence of one-to-one contact with customers. This area offers considerable scope, and FIU-the Netherlands will continue to invest in it. An expert meeting was held on 1 September 2010 to share the preliminary findings of this research with the FIU's partners.

FATF Evaluation of the Netherlands

The Netherlands underwent evaluation by the FATF in 2010; it was the final country to be assessed in the third round of mutual evaluations. The evaluation was a lengthy and intensive process, in which all aspects of the combating of money laundering and terrorism financing were examined. The actual implementation of the evaluation was in the hands of the IMF. The aim was to establish to what extent the Netherlands meets the forty recommendations regarding the combating of money laundering and the nine special recommendations regarding terrorism financing. To this end, the Netherlands was visited by a team of researchers, whose task was to examine the state, and in some cases the effects, of the legislation and regulations for the prevention, or where necessary the detection and prosecution of financial crime. FIU-the Netherlands, as an important player in the fight against money laundering and terrorism financing, was also included in the evaluation. In anticipation of this, the FIU set up a working group in 2009 to make all the necessary preparations to ensure optimal cooperation with the evaluation team. In 2010, too, the working group was involved in the preparations. The group came together about ten times in 2010, in addition to which the various members of the group were involved in gathering information and carrying out the necessary analyses.

Notwithstanding all the careful preparations, the on-site visit by the research team and the accompanying interviews proved time-consuming. The evaluation team spent a total of two weeks with FIU-the Netherlands. This involved a full day of interviews with the project group, followed by a large number of interviews with individual members of the group and other employees. After this extensive visit, further information was gathered and forwarded as well. A week of consultations in New York followed in November, at which FIU-the Netherlands was represented by the head of the unit and a policy advisor. In the course of these consultations, too, information was gathered in the Netherlands and sent to the U.S.

The definitive report of the evaluation will not be concluded until 2011, but a few points of criticism have already come to light. These related particularly the operational analyses carried out by FIU-the Netherlands and the unit's independence. The FIU also received many compliments. The evaluation team was impressed by the unit's strategic analysis products, for instance, including the Regional Transaction Overviews drawn up for the various regional police forces. In 2011, FIU-the Netherlands will address the points of criticism that emerged from the evaluation.

6.4 Egmont Group

Since its establishment fifteen years ago, the Egmont Group (EG) has grown into an influential international organization which currently includes 120 FIUs from all over the world. A milestone! But this growth also necessitates a new look at the organization's structure and 'span of control'. It is time for new management strategies, structural changes and clear planning.

In light of the alternative technological possibilities available and the aspect of cost, it was decided to reduce the number of meetings of the Egmont Group from three to two per year with effect from 2011. The meetings of the working groups in 2010 were held in Mauritius and in Chisinau, Moldavia. The plenary meeting in the summer took place in Cartagena, Colombia. At this meeting, the decision was taken to admit the Financial Intelligence Units of Afghanistan (FINTRACA), Cameroon (NAFI-Cameroon), Ivory Coast (CENTIF Cote d'Ivoire) and Uruguay (UIAF-Uruguay) to membership of the Group.

The meeting of the Legal Working Group (LWG) in Moldavia in October recognized that from 10 October, as a result of the constitutional changes in the Caribbean area, the Netherlands Antilles Disclosure Office had become the Curaçao Disclosure Office and Sint Maarten now had its own disclosure office. The FIU for Curaçao is effectively the legal successor to the Netherlands Antilles Disclosure Office and there had otherwise been no essential changes of relevance to membership of the EG. As far as the new Disclosure Office on Sint Maarten is concerned, it will be required to undergo the full membership procedure if it wishes to become a member of the Egmont Group.

16-18 November 2010 marked a historic occasion: the first Joint Experts Meeting of the Egmont Group and the FATF took place in Cape Town, testifying to the closer relations between these two organizations. This laid the foundations for further initiatives and projects. Prior to this, members of the EG and the FATF had already exchanged views on how to interpret Recommendation 40, regarding international cooperation and information exchange. In Cape Town, they also discussed Recommendation 26, about how to best structure an FIU, noting that the degree of independence plays a crucial role in how well an FIU functions. Other topics included information exchange at the national and international level, as well as the impact of the financial crisis, piracy and human trafficking, and how to tackle these problems.

The various working groups of the Egmont Group continuously contribute to significant aspects of the fight against money laundering and terrorism financing. The Training Working Group, for instance, focuses on developing training and awareness initiatives, such as compiling and sharing money laundering typologies, producing an 'awareness video', providing support for tactical analyses, etc. The IT Working Group is working on refining and improving the Egmont Group's IT communication systems. It is essential to be able to share relevant information in a secure environment. Cooperation with the FIU.Net bureau is an important factor here.

6.5 FIU.NET

FIU.NET is a highly secure computer network set up in 2002 to facilitate the efficient exchange of data between European FIUs. In 2010, the process of bringing FIU.NET under Europol was set in motion. FIU-the Netherlands is one of the partners in this FIU.NET project. It was represented at the meetings of the Board of Partners, and three members of the FIU attended the meeting of FIU.NET users in London. In addition, the FIU.NET bureau is working on setting in place the necessary structures for the matching of data from the Kingdom Disclosure Offices. In this context, FIU-the Netherlands participated in a pilot study in which its data was matched with data from FIU Finland. In 2011, FIU-the Netherlands will be involved in a further pilot project where data will be matched with Spain and the UK.

6.6 AWF Sustrans

Since 2001, Europol and FIU-the Netherlands have been working together closely in the fight against money laundering and the financing of terrorism. This led to the Suspicious Transactions Analysis Work File (AWF Sustrans), which is a project that now includes the participation of over twenty Member States. All Member States supply financial information to AWF Sustrans. FIU-the Netherlands also sends most of its suspicious transaction information to Europol on a weekly basis. If a subject is known in two or more countries, Europol submits a request for additional information to FIU-the Netherlands. A total of 65 Europol requests were handled in 2010 using AWF Sustrans. The information provided is analysed to detect international organized criminal groups. Any criminal organizations found are then investigated more closely in cooperation with the Member States concerned.

7

7 FIU-the Netherlands in Figures

In the present Chapter, FIU-the Netherlands presents key facts and figures on unusual and suspicious transactions. This data not only highlights developments in the reporting sector, but also provides insight into the work of FIU-the Netherlands and its partners in 2010. Unusual transactions are represented here by the year in which they were registered, thus providing an overview of how many transactions FIU-the Netherlands scanned and registered in 2010.

7.1 Introduction

Unusual transactions form the primary input for the research and analysis processes of FIU-the Netherlands. The number of transactions reported to the FIU depends first and foremost on the reporting institutions. They bear the responsibility for monitoring transactions and reporting unusual ones. Other parties, particularly the supervisory authorities and FIU-the Netherlands, can influence the reporting agents' reporting behaviour. In this context, the influence of FIU-the Netherlands includes providing information and designating transactions suspicious. Information primarily serves to support reporting agents in recognizing and reporting unusual transactions. Designating transactions suspicious also contributes to the recognition of unusual transactions. After all, a transaction which has been deemed suspicious can be seen by reporting agents to be an important signal that any other transactions by a particular subject should also be reported. For this reason, reporting agents receive an end report from FIU-the Netherlands when a transaction they reported has been designated suspicious. The reporting agents remain responsible, however: the fact that previous reports have not led to transactions being designated suspicious is no reason to refrain from reporting other unusual transactions by the same subject. FIU-the Netherlands simply does not have the personnel to fully investigate all 224,000 reports its receives each year.

Suspicious transactions comprise the primary output of FIU-the Netherlands. The transactions are shown here by the year of forwarding, that is, the year in which a reported transaction was declared suspicious. This makes it clear how much output the organization has generated within a given year. Transactions may be declared suspicious on the basis of four different methods: (1) daily comparison with data stored in the Index of Criminal Investigations and Subjects (Verwijzingsindex Recherche Onderzoeken en Subjecten, VROS), (2) screening in response to LOvJ requests, (3) comparison with other databases, and (4) the organization's own investigations. Designating transactions suspicious under method 1 or 3 is greatly dependent on input from criminal investigations. The number of transaction reports forwarded on the basis of a database match is closely connected to the degree to which investigating officials enter information on subjects who also appear in the FIU databases. Of course the number of LOvJ requests submitted by the police (method 2) also correlates closely with the work of the investigative authorities, although the FIU can exert some influence here by ensuring the regional police forces are well informed about the use of LOvJ requests. Carrying out investigations itself (method 4) falls largely within the influence of FIU-the Netherlands; this method is related to the personnel and expertise available, as well as policy decisions made regarding their deployment.

In conclusion, it can be stated that the number of transactions declared suspicious by FIU-the Netherlands each year does not so much depend on how many transactions 'earn' that status, but rather on the investigative efforts that FIU-the Netherlands and its enforcement partners are able to provide. The same is true of the number of unusual transactions reported annually: this, too, is not determined solely by what actually occurs, but also by the capability and willingness of reporting agents to file reports on these occurrences.

Reader's guide to the figures

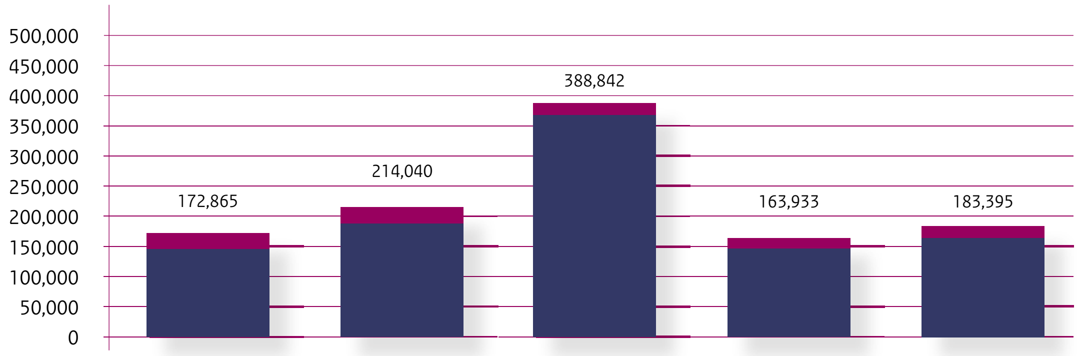
- ◊ Unusual transactions are called up by registration date, i.e. the date when FIU-the Netherlands recorded the transaction as unusual in the MOT database (database used for reporting unusual transactions).
- ◊ Suspicious transactions are called up by forwarding date, i.e. the date when FIU-the Netherlands forwarded the transactions as suspicious, following investigation. These forwarded transactions provide a quantitative representation of FIU-the Netherlands' productivity. It should be noted that FIU-the Netherlands cannot subject all reported transactions to comprehensive investigation to determine their possible suspicious status. However, every report recorded by FIU-the Netherlands is subjected to an automatic search for matches in the VROS register. Therefore some form of investigation always takes place.
- ◊ Due to rounding off, percentages may not add up to 100%.
- ◊ Amounts originally expressed in a foreign currency have been converted to euro based on the average exchange rate for the year in which the transaction was carried out. This means that the amounts stated are not precise, although they are a good indication of the actual amounts.
- ◊ The amounts calculated do not take into account reports of intended transactions.
- ◊ The amounts stated in tables have been rounded off.
- ◊ A single reported transaction can be forwarded to several investigating agencies.
- ◊ Processing times are stated for the various reporting sectors. The processing times are given for reports based on objective indicators and for those based on subjective indicators. If a transaction is made on the basis of an objective indicator, a statutory maximum reporting period of 14 days applies, starting from the moment the transaction takes place. If a reporting agent notes that a transaction is covered by a subjective indicator, a 14-day reporting period still applies, but this period starts from the moment it becomes evident that the subjective indicator applies.
- ◊ Report processing times are calculated from the 80% of the reports with the shortest processing times to ensure that excessively long processing times – e.g. as a result of late reporting – do not have a disproportionate impact on the average processing time.
- ◊ The duty to report based on subjective indicators for money transfers applies to both providers and their agents. It is therefore possible for a transaction to be reported twice to FIU-the Netherlands. FIU-the Netherlands filters out these double money transfer reports if both the agent and the agent's provider have reported the money transfer. In other words, the figures are based on unique money transfers only.
- ◊ Starting in the 2010 annual report, the group previously referred to as "internal forwarding" (see Table 4, Section 7, under "Other investigative partners") is no longer listed. This group covered reports which were also sent on to other recipients, and were thus already accounted for. The totals for 2009 are therefore lower here than in the 2009 Annual Report.

7. 2 Total figures

7.2.1 Unusual transactions

The figure below shows the number of unusual transactions reported annually from 2006 to 2010. The unusual transactions are broken down into money transfers and non-money transfers and are categorized by the year in which they were registered.

Graph 1: Registered unusual transactions, 2006 - 2010



	2006	2007	2008	2009	2010
not money transfers	26,707	25,093	21,472	16,105	19,331
money transfers	146,158	188,947	367,370	147,828	164,064

The total number of unusual transactions increased in 2010 over 2009 by 12%. The rise in the number of transactions other than money transfers can be considered significant; since the last major change in the indicator system in 2005, FIU-the Netherlands had received fewer reports in this category each year. The number of reports of unusual money transfers is also on the rise, with an increase of 11% in 2010.

The percentage of transactions reported on the basis of the subjective indicator increased from 55% of the total transactions reported in 2009, to 64% in 2010. The relation between these types of transactions reached 36% objective to 64% subjective. Until 2007, transactions reported on the basis of an objective indicator always had a majority, but in 2010, a clear shift could be seen.

The number of reporting agents that found their way to FIU-the Netherlands declined from 1190 in 2009 to 1038 in 2010. In absolute figures, the largest decrease is found in vehicle trading (down from 661 to 596 agents reporting). Among civil law notaries, a considerably smaller number of reporting agents made reports of unusual transactions to FIU-the Netherlands in 2010 (down from 169 to 113). Table 1 shows the number of unusual transactions reported per sector. The reports are broken down into money transfers and transactions other than money transfers, and each sector's share in the annual total is indicated.

Table 1: Unusual transactions per sector

Transactions not money transfers	2010		2009	
Sector	**No. of transactions**	**Percentage of annual subtotal**	**No. of transactions**	**Percentage of annual subtotal**
Banks	7,740	40%	3,656	23%
Dealers	3,703	19%	4,697	29%
Government agencies	2,773	14%	2,798	17%
Money service businesses	1,707	9%	1,832	11%
Credit card companies	1,308	7%	916	6%
Independent professionals	1,040	5%	1,178	7%
Casinos	1,014	5%	981	6%
Other dealers	30	0%	14	0%
Securities brokers	11	0%	18	0%
Finance companies	2	0%	5	0%
Life insurance companies	2	0%	9	0%
Insurance brokers	1	0%	1	0%
Investment firms	0	0%	0	0%
Non-money transfer subtotal	**19,331**	**100%***	**16,105**	**100%***

Money transfers	2010		2009	
Sector	**No. of transactions**	**Percentage of annual subtotal**	**No. of transactions**	**Percentage of annual subtotal**
Money service businesses	152,219	93%	135,108	91%
Banks	11,845	7%	12,720	9%
Money transfer subtotal	**164,064**	**100%**	**147,828**	**100%**
Total	**183,395**		**163,933**	

*Subtotals may not always add up to exactly 100% due to rounding off.

In the category of transactions other than money transfers, the banks filed more than twice as many reports as in 2009. Also noteworthy is the increase of 43% in the number of reports from credit card companies.

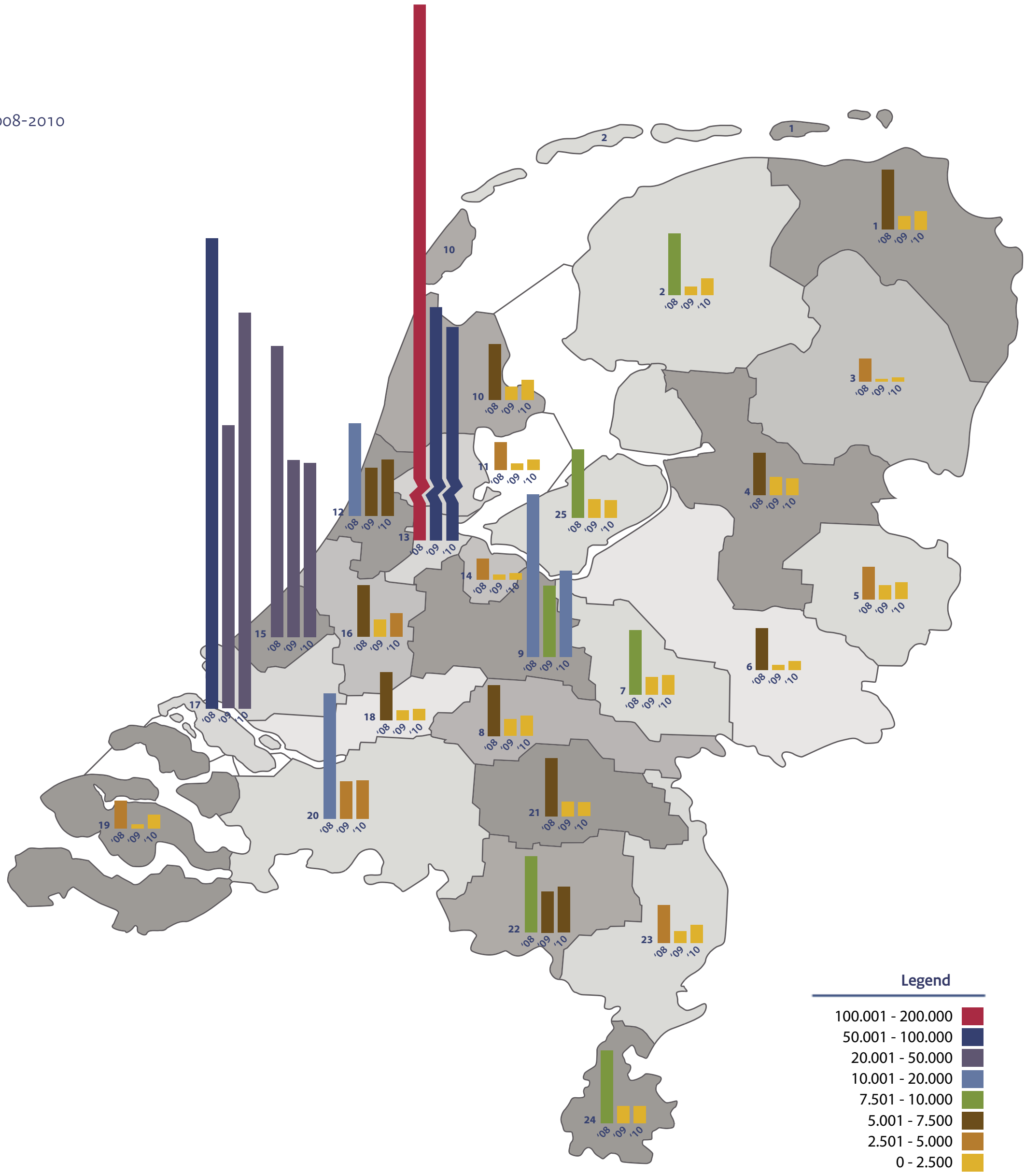
High value goods dealers, on the other hand, filed 21% fewer reports than in 2009. The reporting obligation for other dealers elicited more than double the amount of reports as in 2009, but the total quantity is still low. The rest of Chapter 7 goes into the developments in some depth regarding the number of unusual and suspicious transactions per reporting sector.

7.2.2 Unusual transactions per police region

In order to show where in the Netherlands the unusual and suspicious transactions take place, Figure 1 provides quantitative data on unusual transactions per police region.

Figure 1: Registered unusual transactions, 2008-2010

POLICE REGION	
Groningen	1
Friesland	2
Drenthe	3
IJsselland	4
Twente	5
Noord- en Oost-Gelderland	6
Gelderland-Midden	7
Gelderland-Zuid	8
Utrecht	9
Noord-Holland-Noord	10
Zaanstreek-Waterland	11
Kennemerland	12
Amsterdam-Amstelland	13
Gooi en Vechtstreek	14
Haaglanden	15
Hollands Midden	16
Rotterdam-Rijnmond	17
Zuid-Holland-Zuid	18
Zeeland	19
Midden- en West-Brabant	20
Brabant-Noord	21
Brabant-Zuid-Oost	22
Limburg-Noord	23
Limburg-Zuid	24
Flevoland	25



The largest absolute increase in the number of unusual transactions is found in the Rotterdam-Rijnmond police region. Increases of 223% in Zeeland and 95% in Friesland make these two regions the top risers. The increase in unusual transactions in Zeeland primarily has to do with a growing number of reports of money transfers filed by subagents of one main reporting agent. They involved shop-in-shops in the audio/visual and telecom sector. In Friesland, too, the larger number of reports related primarily to money transfers, but in this region the increase applied to four different reporting agents. The top three countries for outgoing unusual money transfers in the Friesland police region were Romania, the Dominican Republic and Bulgaria.

7.2.3 Suspicious transactions

Graph 2 depicts developments in the number of suspicious transactions reported annually. The suspicious transactions are broken down into money transfers and transactions other than money transfers and are categorized by the year in which they were reported to the investigative partners.

Graph 2: Suspicious transactions reported to investigative partners in 2006-2010

	2006	2007	2008	2009	2010
not money transfers	5,537	4,763	3,802	3,453	4,408
money transfers	28,994	40,893	50,803	28,647	25,387

The number of suspicious transactions that are not money transfers has risen by 28%. The total picture, however, is primarily influenced by the decrease in the number of reports that were forwarded to the investigative partners in relation to the money transfer sector. FIU-the Netherlands was able to forward some 7% fewer transactions than in 2009.

The number of subjectively reported transactions went up from 62% of the suspicious transactions in 2009 to 69% in 2010.

Table 2 shows the number of suspicious transactions per reporting sector. The suspicious transactions are broken down into money transfers and transactions other than money transfers, and each sector's share in the total is indicated.

Table 2: Suspicious transactions per sector

Transactions not money transfers		2010		2009
Sector	**Amount**	**Percentage of annual subtotal**	**Amount**	**Percentage of annual subtotal**
Banks	2,857	65%	1,475	43%
Dealers	391	9%	682	20%
Money service businesses	381	9%	469	14%
Independent professionals	356	8%	414	12%
Casinos	252	6%	227	7%
Government agencies	99	2%	148	4%
Credit card companies	67	2%	28	1%
Life insurance companies	2	0%	4	0%
Other dealers	2	0%	0	0%
Securities brokers	1	0%	1	0%
Insurance brokers	0	0%	1	0%
Investment firms	0	0%	0	0%
Finance companies	0	0%	4	0%
Non-money transfer subtotal	**4,408**	**100%***	**3,453**	**100%***
Money transfers		2010		2009
Sector	**No. of transactions**	**Percentage of annual subtotal**	**No. of transactions**	**Percentage of annual subtotal**
Money service businesses	18,829	74%	18,778	66%
Banks	6,558	26%	9,869	34%
Money transfer subtotal	**25,387**	**100%**	**28,647**	**100%**
Total	**29,795**		**32,100**	

*Subtotals may not always add up to exactly 100% due to rounding off.

The banks play a decisive role in the 28% increase in the number of suspicious transactions in the non-money transfer sector. This can also be seen in the banks' percentage, which moved from 43% in 2009 to 65% in 2010. An increase can also be seen in the sectors casinos and credit card companies, but the absolute figures are so low that they have little impact on the sector rankings.
There are also sectors in which the number of suspicious transactions has decreased considerably. The absolute number of suspicious transactions as well as the percentage has decreased for high value goods dealers (-43%). In 2010, the sectors government agencies (-33%), money service businesses (-19%), and independent professionals (-14%) also show a decrease in the number of suspicious transactions from the year before.

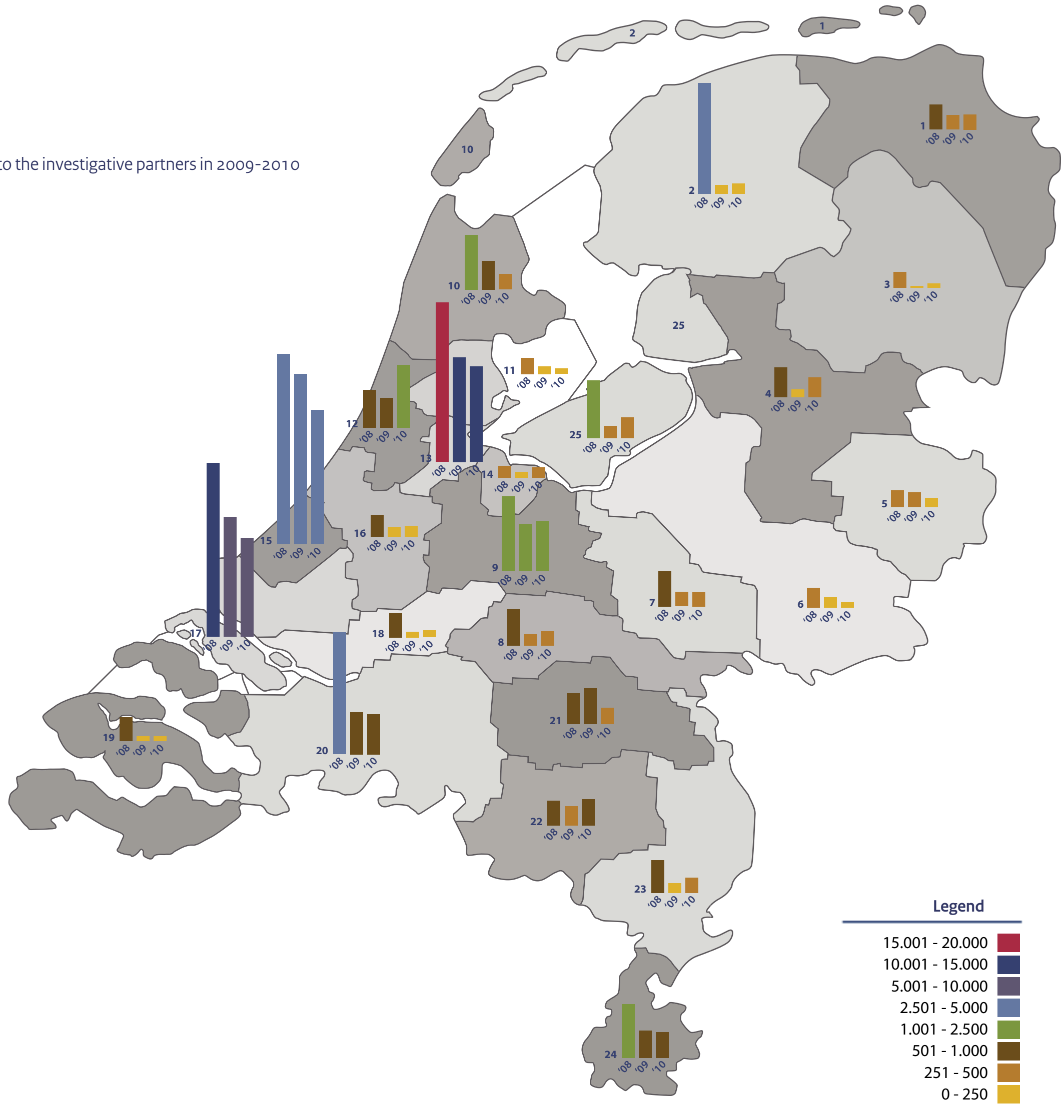
In the money transfers category, the number of suspicious transactions coming from money service businesses remains essentially unchanged, while the number from banks has decreased by 34%.

7.2.4 Suspicious transactions per police region

Figure 2 below provides quantitative data on the suspicious transactions that took place in the police regions. The suspicious transactions are listed by the year in which they were designated suspicious and forwarded to the investigative partners.

Figure 2: Suspicious transactions forwarded to the investigative partners in 2009-2010

POLICE REGION	
Groningen	1
Friesland	2
Drenthe	3
IJsselland	4
Twente	5
Noord- en Oost-Gelderland	6
Gelderland-Midden	7
Gelderland-Zuid	8
Utrecht	9
Noord-Holland-Noord	10
Zaanstreek-Waterland	11
Kennemerland	12
Amsterdam-Amstelland	13
Gooi en Vechtstreek	14
Haaglanden	15
Hollands Midden	16
Rotterdam-Rijnmond	17
Zuid-Holland-Zuid	18
Zeeland	19
Midden- en West-Brabant	20
Brabant-Noord	21
Brabant-Zuid-Oost	22
Limburg-Noord	23
Limburg-Zuid	24
Flevoland	25



7.2.5 Reasons for forwarding transaction reports, and police regions to which they were forwarded

Table 3 shows the reason for forwarding suspicious transactions in 2009 and 2010.

Table 3: Reasons for forwarding suspicious transactions to investigative partners

	2010		2009	
Reason for forwarding	**Number**	**Percentage of total**	**Number**	**Percentage of total**
Index of Criminal Investigations and Subjects (VROS)	15,222	51%	12,591	39%
Investigation by FIU	9,149	31%	9,819	31%
National Public Prosecutor's Office (LOvJ)	5,407	18%	9,442	29%
Central Judicial Collection Agency (CJIB)	17	0%	248	1%
Total	**29,795**	**100%**	**32,100**	**100%**

There was a striking drop (43%) in the number of transaction reports forwarded in response to an LOvJ request. FIU-the Netherlands studied this phenomenon and came to the conclusion that there was no single cause and that it was only in part related to factors within the FIU-the Netherlands' sphere of influence. On the one hand, the number of LOvJ requests submitted decreased, which meant fewer forwarded requests. And on the other, FIU-the Netherlands was able to forward fewer large files in 2010 on the basis of an LOvJ request than in previous years. The large files seen in recent years were largely due to the fact that the bulk of the 175,000 reports were received in 2008 from a single reporting agent. In addition, other factors contributed to the decrease in both requests received via the LOvJ and the number of suspicious transactions forwarded via the LOvJ, primarily for the regions or partners that receive the bulk of the forwarded reports. These factors included: policy changes of the investigative partners regarding LOvJ requests, changes in how FIU-the Netherlands advises the regional police regarding LOvJ requests and a resulting decline in awareness of the FIU among partners.

There was also a decline in the number of transaction reports forwarded as a result of a request from the Central Judicial Collection Agency (a "CJIB request"). This decrease in CJIB requests has to do with the fact that the FIU-the Netherlands received almost no files from the CJIB in 2010.

Table 4 provides an overview of the number of forwarded transaction reports, broken down by investigative agency. Totals for 2010 remain consistent with 2009 levels.

Table 4: Forwarded suspicious transaction reports, broken down by investigative partner [3]/

Investigative partner [4]/	2010				2009			
FinEC teams	FIU Investig.	matches	LOvJ requests	2010 total	FIU Investig.	matches	LOvJ requests	2009 total
Kennemerland	419	170	166	755	29	171	104	304
Flevoland	136	445	43	624	22	346	78	446
IJsselland	54	239	165	458	75	73	198	346
Hollands Midden	76	236	76	388	303	266	98	667
Gelderland-Midden	48	109	27	184	33	138	44	215
Other police regions								
Amsterdam-Amstelland	2,226	3,274	510	6,010	918	1,729	829	3,476
Rotterdam-Rijnmond	805	3,133	165	4,103	1,408	3,431	295	5,134
Haaglanden	330	1,210	334	1,874	450	645	449	1,544
Utrecht	212	632	65	909	111	417	107	635
Midden- en West-Brabant	95	719	19	833	172	656	55	883
Limburg-Zuid	95	417	0	512	211	230	4	445
Brabant-Noord	46	449	6	501	13	364	50	427
Zaanstreek-Waterland	31	419	23	473	21	415	29	465
Zuid-Holland-Zuid	79	326	0	405	111	331	118	560
Friesland	165	197	20	382	68	105	18	191
Zeeland	11	269	20	300	45	194	152	391
Brabant-Zuid-Oost	24	254	18	296	20	212	56	288
Noord-Holland-Noord	5	199	92	296	17	196	218	431
Noord- en Oost-Gelderland	49	189	44	282	24	97	25	146
Groningen	84	111	16	211	8	97	101	206
Limburg-Noord	3	186	0	189	5	108	18	131
Twente	60	116	7	183	6	247	11	264
Gelderland-Zuid	13	48	72	133	9	85	26	120
Drenthe	16	18	20	54	1	41	44	86
Gooi en Vechtstreek	2	50	1	53	7	52	2	61
Other investigative agencies								
Fiscal Intelligence and Investigation Service (FIOD)	846	1,884	1,262	3,992	1,374	1,030	1,806	4,210
National Crime Squad (a division of the Netherlands Police Agency or KLPD)	1,503	204	469	2,176	718	88	1,115	1,921
Other KLPD divisions	64	1,291	467	1,822	230	1,378	1,165	2,773
Royal Netherlands Marechaussee	2	1,035	775	1,812	137	881	952	1,970
Other agencies	20	330	242	592	11	504	925	1,440
Total	**7,519**	**18,159**	**5,124**	**30,802**	**6,557**	**14,527**	**9,092**	**30,176**

[3]/
A single suspicious transaction report may be forwarded to more than one investigative partner. For this reason, the total number of forwarded reports exceeds the total number of unique suspicious transactions.

[4]/
This table is based on the region to which a report is forwarded. Figure 2 in the preceding section is based on the region in which the transaction is performed.

The Table reveals that the FinEC teams of the Kennemerland, Flevoland and IJsselland regional police forces received more forwarded transaction reports as a result of investigations performed by the FIU. The number of forwarded reports that are the result of LOvJ requests or VROS matches, however, has dropped.

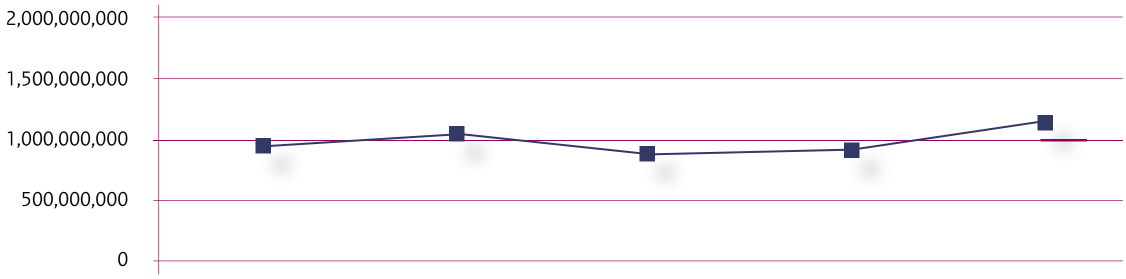
The regional police forces Amsterdam-Amstelland, Haaglanden, Utrecht, Friesland and Noord- en Oost-Gelderland also received significantly more suspicious transaction reports as a result of FIU investigations and VROS matches.

Forwarded transaction reports to the Rotterdam-Rijnmond Regional Police, the Netherlands Police Agency (KLPD) and other partners, including the Social Security Information and Investigation Service (SIOD), have decreased due to the fact that these partners submitted fewer LOvJ requests. The Twente and Zuid-Holland-Zuid Regional Police also received fewer suspicious transaction reports.

7.2.6 Amounts involved in suspicious transactions

Graph 3 represents the amount of money involved in all the suspicious transactions carried out in the period 2006-2010.

Graph 3: Amount of money (in euros) involved in all suspicious transactions, 2006-2010



	2006	2007	2008	2009	2010
amount in €	922,500,000	1,089,500,000	780,000,000	817,500,000	1,290,000,000

The amount of money involved in suspicious transactions rose substantially in 2010, and for a clear reason: about one fourth (327.5 million euro) of the total amount belongs to one file which FIU-the Netherlands forwarded in 2010. The file consists of 315 transactions that have to do with a VAT carrousel. The monetary amounts were reported in separate transaction reports to FIU-the Netherlands and included in the annual totals, but it is clear that the same amounts were sent again and again. Given that these amounts ran into the millions of euros per transaction, the total for 2010 rose inordinately.

If this file is not included, then the total for 2010 would be 963 million euro, which is still a considerable increase over 2009. This increase is primarily due to transactions reported by independent professionals.

7.2.7 LOvJ requests submitted

Table 5 shows the number of LOvJ requests submitted per year by the investigative partners. FinEC teams are listed individually.

Table 5: The number of LOvJ requests per region

Police regions	2010	2009
FinEC teams		
IJsselland	58	44
Kennemerland	45	54
Hollands Midden	27	36
Flevoland	13	23
Gelderland-Midden	13	10
FinEC teams subtotal	*156*	*167*
Other police regions		
Amsterdam-Amstelland	68	99
Haaglanden	59	47
Rotterdam-Rijnmond	48	50
Drenthe	29	30
Noord- en Oost-Gelderland	27	8
Zeeland	22	16
Utrecht	21	21
Noord-Holland-Noord	17	26
Limburg-Zuid	13	12
Friesland	12	11
Gelderland-Zuid	9	8
Groningen	9	14
Twente	7	6
Brabant-Noord	6	12
Brabant Zuid-Oost	6	13
Zaanstreek-Waterland	5	9
Midden- en West Brabant	4	10
Gooi- en Vechtstreek	2	1
Zuid-Holland-Zuid	2	3
Limburg-Noord	1	0
Other police regions subtotal	*367*	*396*
Police regions total	**523**	**563**

Other partners	2010	2009
Fiscal Intelligence and Investigation Service/Economic Investigation Service (FIOD-ECD)	274	371
Royal Netherlands Marechaussee (KMar)	166	124
Netherlands Police Agency (KLPD)	57	114
Social Security Fraud Dept.	47	68
Social Security Information and Investigation Service (SIOD)	21	41
Others	19	24
National Crime Squad (DNR)	10	8
National Police Internal Investigations Dept.	4	1
General Inspection Service (AID)	2	5
Cross-regional Criminal Investigation Team	0	3
Other partners total	**600**	**759**

In 2010, the regional police forces and other investigative partners submitted a total of 1123 LOvJ requests. This is 15% fewer requests than in the preceding year, when 1322 LOvJ requests found their way to FIU-the Netherlands. The FinEC teams show a smaller decrease (7%), primarily due to the fact that the IJsselland Regional Police submitted more LOvJ requests than in 2009. The number of LOvJ requests submitted by the Haaglanden and Noord- en Oost-Gelderland Regional Police also increased considerably. Haaglanden Regional Police indicated that the force had launched more money laundering investigations in 2010 and that this had led to an increase in the number of LOvJ requests, in part due to intensified support from FIU-the Netherlands.

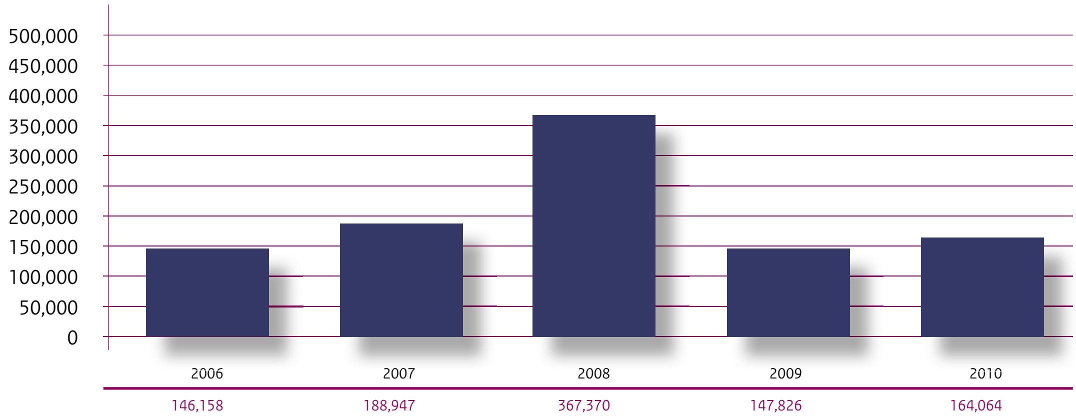
The decrease is sharpest in the category “Other services”, where a major drop can be seen at the main partners producing LOvJ requests. See section 7.2.5 for more on this phenomenon.

7.3 Money transfer providers

7.3.1 Unusual money transfers

Graph 4 shows the number of money transfer reports that FIU-the Netherlands registered each year from 2006 through 2010.

Graph 4: Unusual money transfers per registration year, 2006 - 2010



The number of reports of unusual money transfers rose by 11% in 2010 in relation to the previous year. The increase was primarily due to two reporting agents, one of whom performed more network analyses on the orders of the supervisory authority, so that subjective unusual transactions emerged more swiftly. This resulted in over 8500 more reports. Another agent began in 2010 to report all transactions that took place at particular branch locations, rather than only those which satisfied an objective or subjective indicator. The agent decided on this course to prevent any problems caused by employees failing to handle reporting duties in accordance with the internal guidelines. This resulted in an increase of some 23,000 reports. In addition, there were two medium-sized gainers among money transfer institutions.

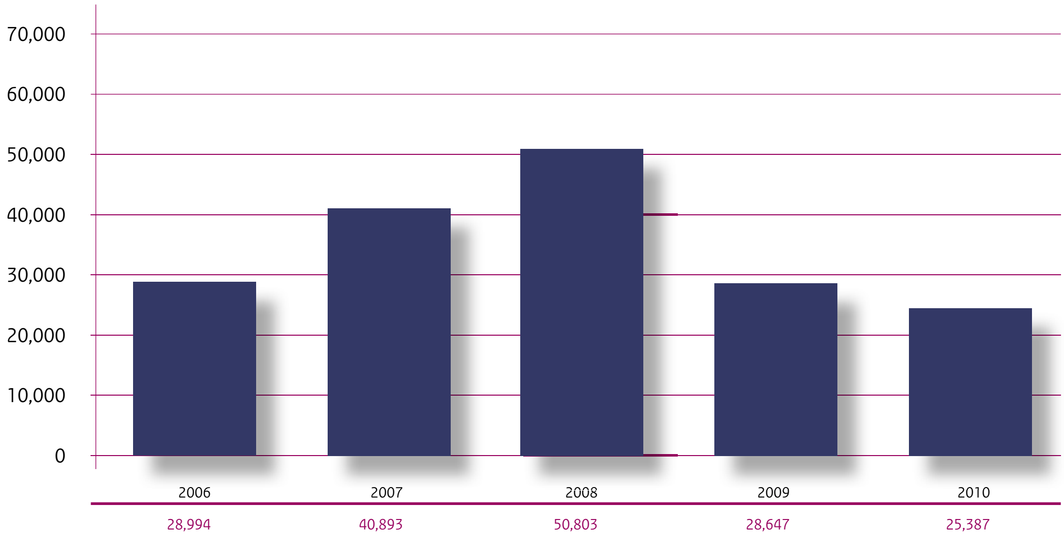
The 2010 increase can be attributed very specifically to the reporting agents and causes mentioned, and does not imply an overall upward trend in the money transfer sector in the Netherlands. The increase for the reporting agents mentioned was contrasted by a substantial drop in the number of reports from the two major money transfer providers. Together, these two submitted over 16,000 fewer reports than in 2009.

There is a 35 to 65 ratio between objectively and subjectively reported money transfers, a shift of nine percentage points towards subjective reports. The processing time for objective money transfer reports is eight days, a period which has remained stable over recent years.

7.3.2 Suspicious money transfers

Graph 5 indicates how many money transfer reports FIU-the Netherlands has declared suspicious each year from 2006 through 2010.

Graph 5: Suspicious money transfers by year of forwarding, 2006 - 2010



Despite the rise in the number of unusual money transfers in 2010, FIU-the Netherlands was able to designate fewer money transfers suspicious than in 2009. The main reason for this was a decrease in the number of reports forwarded on the basis of LOvJ requests. See section 7.2.5. for more on this phenomenon.
There is a 34 to 66 ratio between objective and subjective money transfer reports, a shift from 2009 of five percentage points towards subjective reports.

7.3.3 Amounts involved in suspicious money transfers

Table 6 shows the total amounts and the average amounts involved in suspicious money transfers carried out from 2006 through 2010.

Table 6: Total amount and the average amount of suspicious money transfers

Year	Total amount	Average amount
2010	40,430,000	1,610
2009	53,739,500	1,880
2008	81,535,000	1,620
2007	99,216,000	2,430
2006	93,919,500	3,240

A decreasing number of suspicious money transfers can be expected to involve a lower total amount of money. With a decline of 25% from 2009, the total amount involved dropped more, however, than the number of suspicious money transfers dropped (-11%), resulting in a lower average amount per money transfer. This is connected with the growing share of the subjective transaction reports: any money transfer reported on the basis of an objective indicator by definition involves € 2000 or more, whereas the amount in subjectively reported transactions will always be lower.

7.3.4 Reasons for forwarding suspicious money transfers

Table 7 indicates the grounds on which FIU-the Netherlands declared money transfers suspicious in the period 2009-2010.

Table 7: Reasons for forwarding suspicious money transfers to investigative partners

	2010		2009	
Reason for forwarding	**Number**	**Percentage of total**	**Number**	**Percentage of total**
VROS	12,615	50%	11,297	39%
FIU investigation	8,145	32%	8,354	29%
National Public Prosecutor'sOffice (LOvJ)	4,611	18%	8,762	31%
Central Judicial Collection Agency (CJIB)	16	0%	234	1%
Total	**25,387**	**100%**	**28,647**	**100%**

In the case of money transfers, too, the number of forwarded reports is primarily influenced by a decreasing number of transactions declared suspicious on the basis of a LOvJ request. The number of VROS-related forwarded reports have risen by 12% and reports forwarded on the basis of the FIU's own investigations show a slight decrease of 3%.

7.3.5 Money flows

Table 8 shows the Top 5 countries of destination and countries of origin for incoming and outgoing money transfer in the Netherlands.

Table 8: Top 5 destinations and origins of unusual and suspicious money transfers, 2010

	Unusual	Number	Suspicious	Number
from the Netherlands	83%		81%	
Top 5 destinations	Turkey	17,735	Suriname	2,295
	Suriname	10,532	Turkey	1,994
	Morocco	9,270	Dominican Republic	1,556
	China	6,484	Colombia	1,112
	Dominican Republic	6,113	Nigeria	1,052
to the Netherlands	17%		19%	
Top 5 origins	Italy	2,569	Italy	747
	UK	1,930	UK	583
	Turkey	1,764	Germany	346
	Spain	1,516	Spain	331
	France	1,495	U.S.	235

Unusual money flows

As always, the largest percentage (83%) of the unusual money transfers flows out of the Netherlands to countries abroad. Although the absolute number of money transfers to Turkey has declined by 7% since last year, this destination country still occupies the highest position in the top 5. The remaining positions are identical to last year's, with the exception of Morocco and China, which have switched places in the rankings. The decrease in absolute terms of the number of unusual money transfers to China is especially remarkable, considering the rising trend this country had shown in recent years.

The unusual money flow entering the Netherlands continues to be dominated by transactions from Italy. The U.S. and Germany have dropped out of the top 5 and have been replaced by Turkey and France.

Suspicious money flows
As last year, Suriname was in first place in the Top 5 countries of destination for money transfers out of the Netherlands. China, however, that was in second place in 2009, disappeared from the Top 5 entirely in 2010. FIU-the Netherlands thus designated considerably fewer money transfers to China suspicious. Perhaps this was also due to the overall decrease in the number of LOvJ requests: over three-quarters (78%) of the suspicious transactions to China were declared suspicious as a result of an LOvJ request, especially in relation to human trafficking and human smuggling.
Colombia made its appearance in the Top 5 at China's expense. The remaining countries of destination already featured in the Top 5 in 2009.

Where the countries of origin of incoming money transfers were concerned, the Top 5 consisted of exactly the same countries as in 2009; the only difference was that the U.S. dropped from first to fifth place, causing all the other countries to move up one place. FIU-the Netherlands could not identify any concrete cause for the decline in the number of suspicious money transfers from the U.S..

7.4 Figures for transactions other than money transfers

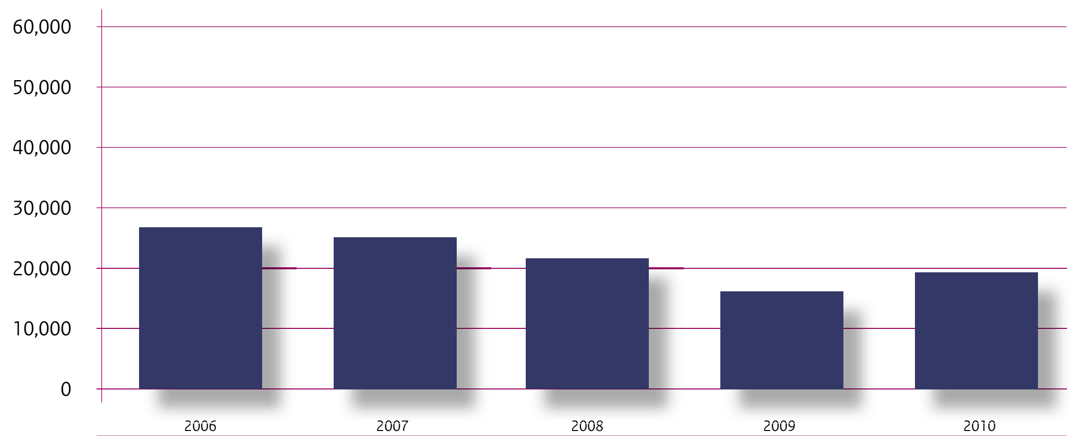
7.4.1 Introduction

Thanks mainly to increased reporting from the banking sector, 2010 saw a significant rise in the number of reports of unusual transactions other than money transfers. The number of reporting agents who reported to FIU-the Netherlands in 2010 showed a different picture, however: the number fell from 1,190 to 1,038. The biggest drop in absolute figures took place in vehicle trading (the number fell from 661 reporting agents to 596). The number of civil-law notaries reporting unusual transactions to FIU-the Netherlands also fell in 2010 (from 169 reporting agents to 113).

7.4.2 Numbers of unusual and suspicious transactions

Graph 6 shows the number of unusual transactions other than money transfer-reports registered by FIU-the Netherlands per year.

Graph 6: Unusual transactions other than money transfers 2006 - 2010



	2006	2007	2008	2009	2010
number unusual	26,707	25,093	21,472	16,105	19,331

2010 saw a 20% rise in the number of reports of unusual transactions other than money transfers, to 19,331 reports. At the same time, the indicators applied also changed: whereas in 2009 institutions reported 53% of unusual transactions on the basis of an objective indicator and 47% on the basis of a subjective one, in 2010 this shifted to just 42% on the basis of an objective indicator, and 58% on the basis of a subjective indicator. In absolute terms, the number of subjective reports rose sharply, from 7,700 reports in 2009 to over 11,000 in 2010. Over the past three years the proportion of subjective

reports has risen by a minimum of 8% each year. This development is connected to the drop in the number of objective reports.
Graph 7 shows the number of transactions other than money transfer reports that FIU-the Netherlands designated suspicious in 2006-2010.

Graph 7: Suspicious transactions other than money transfers 2006 - 2010

	2006	2007	2008	2009	2010
number suspicious	5,537	4,763	3,802	3,453	4,408

The number of suspicious transactions other than money transfers rose by 28% in 2010. The majority of the suspicious transactions (85%) were reported on the basis of a subjective indicator, 15% on the basis of an objective indicator.

7.4.3 Reasons for forwarding suspicious transactions (other than money transfers)

Table 9 shows on what basis FIU-the Netherlands designated unusual transactions suspicious in 2009 and 2010. The transactions in question do not include money transfers.

Table 9: Reasons for forwarding suspicious transactions other than money transfers

		2010		2009
Reason for forwarding	**Number**	**Percentage**	**Number**	**Percentage**
Investigation by FIU	1,004	23%	1,465	42%
Index of Criminal Investigations and Subjects (VROS)	2,607	59%	1,294	37%
National Public Prosecutor's Office (LOvJ)	796	18%	680	20%
Central Judicial Collection Agency (CJIB)	1	0%	14	0%
Total	**4,408**	**100%**	**3,453**	**100%***

The striking feature here is the increase in the absolute number of reports forwarded on the basis of a match in the VROS system. This was due mainly to the sharp rise in the reports of this type from the banking sector being forwarded. This resulted in a related rise in the percentage of this type of report, which reached 22%. In addition, there was a striking rise in the absolute number of reports forwarded from the National Public Prosecutor's Office; this contrasted with the number of reports from this source in the money transfer sector. This rise, too, was related to the banking sector. The percentage of transactions designated suspicious on the basis of investigations by FIU-the Netherlands itself fell from 42% to 23%. This was due to the absolute drop in the number of reports forwarded on the basis of the FIU's own investigations, but also to the absolute increases in the other categories of forwarded reports.

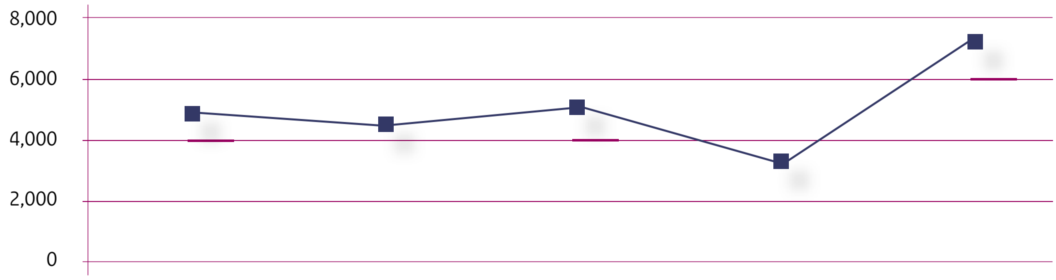
7.4.4 Traditional reporting agents

The traditional reporting agents are the institutions that have been subject to an obligation to report ever since, or shortly after, the introduction of the former Disclosure of Unusual Transactions (Financial Services) Act. These institutions comprise the banks, money service businesses, casinos, credit card companies and the 'other' traditional reporting agents (i.e. insurance brokers, collective investment schemes, securities brokers, life insurance companies and finance companies).

7.4.4.1 Banks

Graph 8 shows the number of reports of transactions other than money transfers received from banks in the period from 2006-2010.

Graph 8: Unusual transactions other than money transfers reported by banks, 2006 - 2010



	2006	2007	2008	2009	2010
number unusual	4,848	4,508	5,285	3,656	7,740

After a drop in the number of reports from banks in 2009, a significant increase in the number of reports could be observed in 2010. This is the highest ever number of reports from banks received since the revision of the system of indicators in 2005 – in which the number of indicators for the banking sector was greatly reduced. The rise was entirely due to one specific major bank, which submitted six times as many reports in 2010 as in the preceding year. There was a large increase in the number of reports concerning both cash and funds transfer transactions. The banks' use of indicators also moderated slightly: in 2009 the ratio of objective to subjective reports was 7%-93%, whereas in 2010 the ratio was 4%-96%.

The average processing time of the objective reports increased from ten days in 2009 to sixteen days in 2010. The average processing time for subjective reports also increased: from 34 days in 2009 to 47 days in 2010. The number of banking institutions that reported unusual transactions to FIU-the Netherlands in 2010 was 27, which is the same number as in 2009.

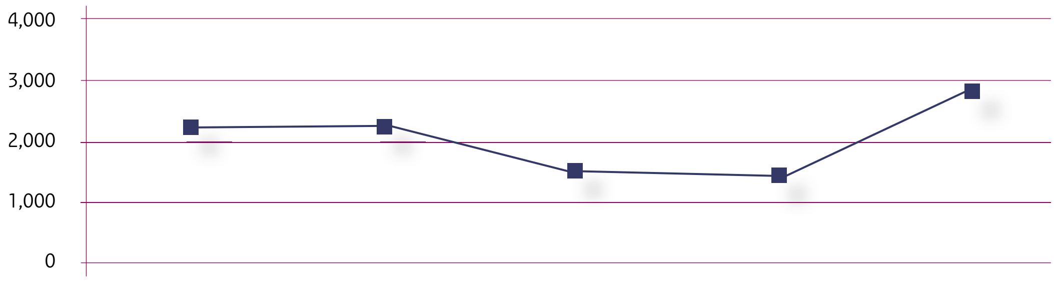
Developments in the banking sector

The decline of the number of reports in 2009 prompted FIU-the Netherlands to discuss the situation with the compliance departments of the major banks. The banks in question gave various explanations for the decline. One common explanation was the manner of dealing with cash transactions. Many major banks have exercised restraint in this connection in recent years. Several banks stated that they no longer carry out foreign currency transactions of any kind, or that they have regulated this service to such an extent that the risks have become negligible. This can be achieved, for instance, by requiring customers to order foreign currency in advance, or by imposing a strict maximum. Some banks indicated that they had closed down the cashier function of their branches entirely, or had starkly reduced the number of locations where cash transactions could be carried out. Nevertheless, sealed bag transactions can be carried out at all major banks. Reporting of such transactions varies, and the banks also have differing views of the risks involved, some viewing it as high, others as low. Perhaps this is related to which customer segments the banks serve. Variations in the maximum amounts set by the banks may also play a role. Measures to curtail the risks in relation to cash transactions led to a reduction in the number of reports in 2009. In addition, one major bank had changed its reporting policy. One effect of this change was that a transaction had to meet more or stricter criteria in order to be reported.

In its discussions with the major banks, FIU-the Netherlands asked whether they had observed any striking developments as a result of the financial crisis. The majority of banks stated that there had been a significant increase in the number of cash withdrawals and deposits, which the banks interpreted as a result of uncertainty about the stability of banks in times of financial crisis. They had not noted any genuinely new risks emerging as a consequence of the crisis. Another subject discussed was the growth in internet banking. Many banks indicated that the introduction of internet banking had made it more difficult in some cases to pick up unusual transactions. This was due to the absence of face-to-face contact with the customer. Finally, the processing times for some banks were high in 2009. The banks were frequently surprised when FIU-the Netherlands confronted them with this, which gives the impression that banks do not actively impose guidelines on reporting unusual transactions within the statutory period. The majority of the banks indicated that they would work on this. It is important to reduce the processing time to a minimum because the investigative authorities often require information concerning recent transactions.

Graph 9 shows the number of reports from the banks of transactions (other than money transfers) designated suspicious in 2006-2010.

Graph 9: Suspicious transactions other than money transfers reported by banks, 2006 - 2010



	2006	2007	2008	2009	2010
number suspicious	2,206	2,341	1,584	1,475	2,857

The number of suspicious transactions in the banking sector increased sharply in 2010 with respect to the preceding year: an increase of 94%. This increase is related to the rise in the number of reports in 2010: 86% of the suspicious transactions forwarded related to reports submitted in 2010. The remaining reports forwarded related to transactions reported 2010.

Table 10 shows the reasons for which transactions reported by banks were forwarded as suspicious.

Table 10: Reasons for forwarding transactions (other than money transfers) reported by the banks as suspicious

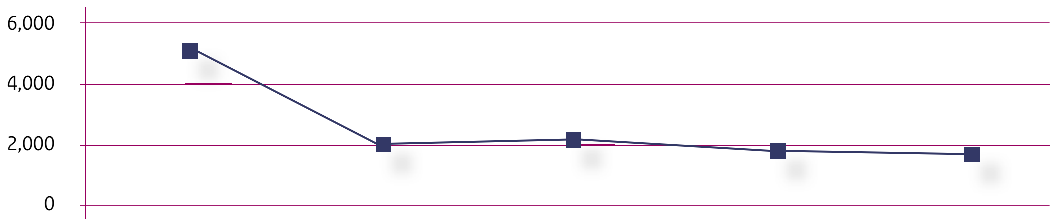
		2010		2009
Reason for forwarding	**Number**	**Percentage**	**Number**	**Percentage**
Investigation by FIU	622	22%	765	52%
VROS	1,757	61%	419	28%
LOvJ	478	17%	288	20%
CJIB	0	0%	3	0%
Total	**2,857**	**100%**	**1,475**	**100%**

The rise in the number of suspicious transactions can be seen above all in the number of reports of bank transactions forwarded on the basis of a match with data in the VROS system. In addition, the percentage of transactions designated suspicious on the basis of LOvJ requests also rose. The absolute number of reports forwarded on the basis of the FIU's own investigations fell by 19%.

7.4.4.2 Money service businesses

Graph 10 shows the number of reports received from money service businesses in 2006-2010 concerning transactions other than money transfers.

Graph 10: Unusual transactions other than money transfers reported by money business services in 2006 - 2010

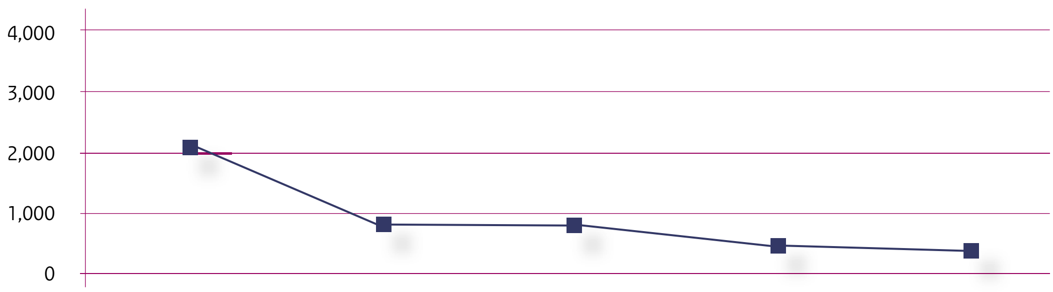


	2006	2007	2008	2009	2010
number unusual	5,145	2,009	2,172	1,832	1,707

The number of reports received from money service businesses fell again in 2010, this time by 7%. There was a slight shift in the use of indicators towards the use of subjective indicators. In 2008 and 2009, 70% and 88%, respectively, of the transactions were reported on the basis of a subjective indicator. In 2010, this percentage rose to 91%.
Reports reached FIU-the Netherlands more quickly in 2010: where in 2009 the average processing time for reports on the basis of an objective indicator was eleven days, in 2010 this processing time was reduced to seven days. The average processing time for subjective reports also fell slightly, from fifteen days in 2009 to thirteen days in 2010. The number of money service businesses that submitted reports to FIU in 2010 was ten, which was the same number as in 2009.

Graph 11 shows the number of suspicious transactions other than money transfers reported by money service businesses from 2006-2010.

Graph 11: Suspicious transactions other than money transfers reported by money service businesses, 2006 - 2010



	2006	2007	2008	2009	2010
number suspicious	2,080	810	795	469	381

The number of transactions reported by the money service businesses that were subsequently designated suspicious has fallen sharply over recent years. 2010 also saw a drop, this time by 19%. The drop in 2010 was mainly due to the drop in the number of reports of transactions involving the exchange of small denominations of notes for larger ones.

Table 11 shows on what basis FIU-the Netherlands designated unusual transactions reported by money service businesses suspicious in 2010. The reports concerned transactions other than money transfers.

Table 11: Reason for forwarding suspicious transactions (other than money transfers) received from money service businesses

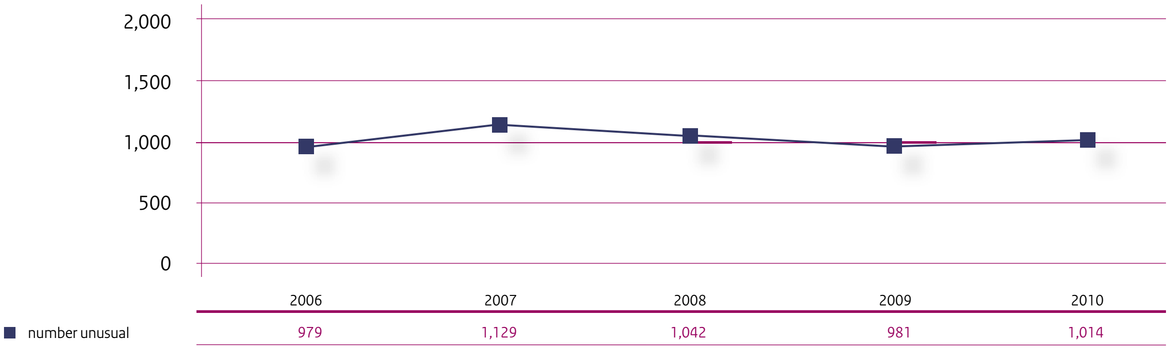
		2010		2009
Reason for forwarding	**Number**	**Percentage**	**Number**	**Percentage**
Investigation by FIU	45	12%	55	12%
VROS	257	67%	327	70%
LOvJ	78	20%	83	18%
CJIB	1	0%	4	1%
Total	**381**	**100%**	**469**	**100%***

In 2009, the reduction in numbers concerned mainly reports forwarded on the basis of the FIU's own investigations; in 2010, the most striking reduction concerned reports forwarded on the basis of a match in the VROS system.

7.4.4.3 Casinos

Despite casinos facing lower numbers of customers and lower turnover due to the economic crisis, the smoking ban, and increasing competition from illegal gaming on the internet, the number of unusual transactions reported has remained relatively constant in recent years (about 1000 transactions per year). Graph 12 shows the number of reports for the past five years.

Graph 12: Unusual transactions reported by casinos 2006 - 2010

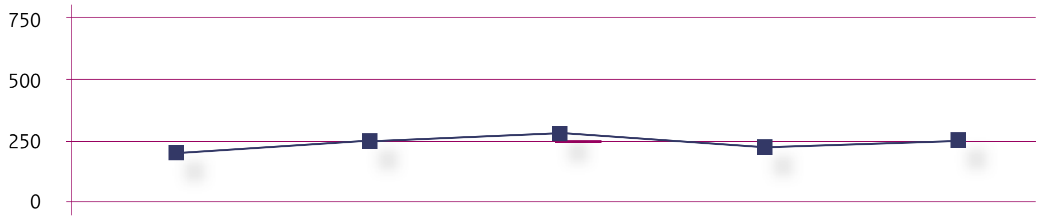


In 2010 there was a very slight rise (+3%) with respect to the preceding year. Casinos reported deposit and funds transfer transactions (of customers' winnings) and transactions involving exchanging small denominations of notes for larger ones. Where the latter is concerned, customers most commonly tried to use gaming machines or the purchase of chips to exchange smaller denominations to 500 euro notes.

Casinos' use of indicators has modified somewhat in favour of subjective indicators; where in 2009 the percentage of subjective reports was 52%, in 2010 this rose to 56%. The average processing time for objective casinoreports increased from five days in 2009 to eight days in 2010; for subjective reports, the average rose from six days in 2009 to nine in 2010.

Graph 13 shows the number of suspcious transactions reported by casinos. The number of suspicious transactions reported by casinos rose by 11% in 2010. This was due to an increase in the number of suspicious funds transfer transactions and the number of suspicious transactions involving exchanging small denominations of notes for larger ones.

Graph 13: Suspicious transactions reported by casinos 2006 - 2010

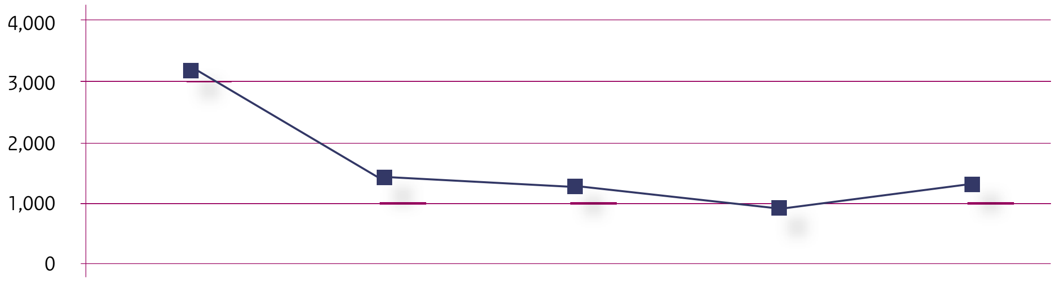


	2006	2007	2008	2009	2010
suspicious	207	250	269	227	252

7.4.4.4 Credit card companies

Graph 14 shows the number of reports received from credit card companies from 2006-2010. After several years of steady decline, in 2010 the number of reports from credit card companies rose by 43%.

Graph 14: Unusual transactions reported by credit card companies, 2006 - 2010



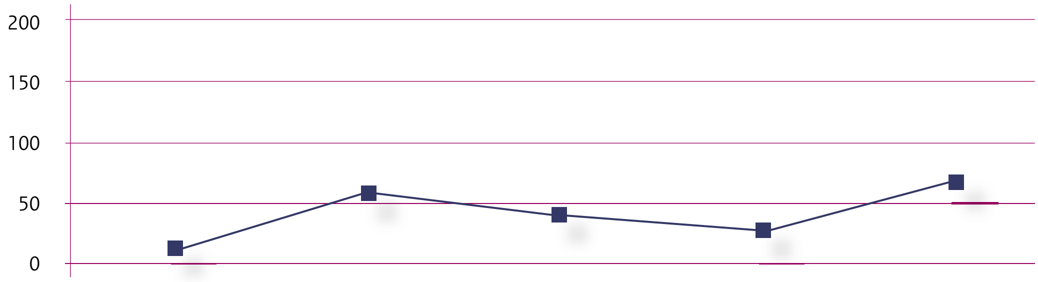
	2006	2007	2008	2009	2010
number unusual	3,180	1,415	1,271	916	1,308

One striking development is that for the first time in years, credit card companies made considerable use of the subjective indicator: in a total of 148 reports, which is 11% of the credit card reports. Three different credit card companies made use of the subjective indicator in 2010, whereas in the preceding years FIU-the Netherlands had received hardly any subjective reports from credit card companies. The subjective reports turned out to comprise useful information: 28% of these reports were designated suspicious and forwarded to the investigative authorities.

The average processing time for objective reports from credit card companies in 2010 was thirteen days, which was the same as in 2009. Subjective reports from credit card companies had a long average processing time: 363 days. The high processing time for subjective reports should not automatically be interpreted as a sign that the reporting agent was at fault. After all, in the case of a subjective indicator, the statutory period of fourteen days only applies from the moment when the reporting agent can establish that a subjectively unusual situation applies. It is possible for this moment to arise a considerable time after the completion of the transaction. From the point of view of reporting behaviour, indeed, a long processing time may even be interpreted as a positive sign, since it shows that the reporting agent does not only investigate recent transactions but also those that lie further in the past.

In 2010, as in the preceding year, the number of credit card companies that submitted reports was four. Graph 15 shows the number of suspicious credit card transactions for the past five years. De Nederlandsche Bank reported in its annual report for 2010 that it visited nine credit card companies that year as part of its supervisory duties in connection with the Money Laundering and Terrorism financing (Prevention) Act (WWFT). It emerged that in some cases there was room for improvement in the area of customer research, especially when it came to identifying the final beneficiary and verifying this identity. FIU-the Netherlands will monitor the credit card companies' reports with a view to quality improvement.

Graph 15: Suspicious transactions reported by credit card companies, 2006 - 2010



	2006	2007	2008	2009	2010
number suspicious	13	58	40	28	67

The number of suspicious transactions reported by credit card companies is the highest for several years. FIU-the Netherlands designated a total of 67 reports received from this reporting sector suspicious. One particular file played a role in this, involving approximately 40 suspicious credit card transactions. All of these transactions were reported on the basis of a subjective indicator.

Over the past few years, the credit card companies, FIU-the Netherlands and the supervisory authorities have met for consultations on several occasions, with the aim of making the credit card companies' obligation to report more effective. In 2011, FIU-the Netherlands will again aim to strengthen cooperation with the supervisory authority and the credit card companies in order to build up more knowledge about credit card transactions and the associated risks of money laundering and terrorism financing.

7.4.4.5 Other traditional reporting organizations

Table 12 shows the number of reports submitted by other traditional reporting agents in 2009-2010. The number of suspicious transactions reported by these agents is also shown.

Table 12: Number of unusual and suspicious transactions reported by other traditional reporting agents

		2010		2009
Sector	**Unusual**	**Suspicious**	**Unusual**	**Suspicious**
Securities brokers	11	1	18	1
Life insurance companies	2	2	9	4
Finance companies	2	0	5	4
Insurance brokers	1	0	1	1
Collective investment schemes	0	0	0	0
Total	**16**	**3**	**33**	**10**

Despite FIU-the Netherlands' efforts to raise awareness in these sectors, the number of reports remains small, as Table 12 shows. The number of reports fell sharply with respect to 2009.

7.4.4.6 Dealers

Table 13 shows the numbers of unusual and suspicious transactions reported by dealers in various kinds of goods in 2010. A distinction was made between dealers in high value goods (vehicles, precious materials, vessels, antiques and arts) and other dealers.

Table 13: Number of unusual and suspicious transactions in the dealers sector

		2010		2009
Dealers in	**Unusual**	**Suspicious**	**Unusual**	**Suspicious**
Vehicles	3,581	368	4,573	603
Precious materials	29	12	65	72
Vessels	84	11	44	7
Antiques	6	0	13	0
Art	3	0	2	0
Subtotal	3,703	391	4,697	682
Other dealers	30	2	14	0
Total	**3,733**	**393**	**4,711**	**682**

In 2010, the number of reports received from dealers fell for the third year in succession, this time by 21%. Vehicle dealers, as the largest reporting group in this sector, played a major role in this drop: they reported almost 2000 fewer transactions in 2010 than in the previous year. FIU-the Netherlands noted two developments that contributed to the reduction in the number of reports. Firstly, FIU-the Netherlands received indications that there is still a steady decline in the number of dealers who are prepared to accept large cash payments. Safety risks are not the only reason for dealers to refuse cash payments; loss of interest as a result of having large sums in the till also plays a role. In addition, analysis of the reports submitted in 2010 shows that an increasing number of dealers are aware of the fact that the objective reporting threshold has been raised from €15,000 naar €25,000. In 2009, vehicle dealers submitted over 1300 objective reports relating to a sum under €25,000, whereas in 2010 only 500 such reports were received. Since March 2008, FIU-the Netherlands has informed the vehicle dealers about the change in the reporting threshold several times. Finally, the amendment to the Money Laundering and Terrorism Financing (Prevention) Act (WWFT) in August 2008 removed the obligation for brokers in high value goods transactions to report such transactions; since then, it is the seller who is subject to the obligation. The supervisory authority has reported signs that dealers are moving from selling to brokerage, which means that, like auction houses, for instance, they are not subject to an obligation to report. This might explain the fall (-11%) in the number of dealers reporting unusual transactions to FIU-the Netherlands. For this reason, FIU-the Netherlands advocates amending the WWFT again to impose the obligation to report on brokers as well as sellers. This would ensure that dealers cannot evade the obligation to report in this way. There were also certain groups of reporting agents in which the number of reports rose, such as dealers in vessels and dealers in other items.

Despite the fact that dealers have a subjective obligation to report, this sector seldom makes reports on the basis of a subjective indicator. Only a small percentage (23 transactions) were reported on subjective grounds. This means that dealers seldom or never report a transaction because they suspect that money laundering or terrorism financing may be involved, but rather almost exclusively when transactions are 'objectively unusual' because they exceed the threshold of €25,000. It is not the case that no suspicious transactions under €25,000 occur in this sector; rather that these transactions are not discerned or reported by the dealers who make them. As a consequence, there is little insight into possible laundering of 'smaller amounts' in the dealers sector.

The average processing time for objective transaction reports from this sector in 2010 was sixteen days, which was a considerable improvement on 2009's figure of 27 days. The total number of dealers who reported unusual transactions to FIU-the Netherlands fell from 715 in 2009 to 650 in 2010 (-9%). It is striking that the number of 'other dealers' submitting reports rose from eight in 2009 to twelve in 2010. The obligation on 'other dealers' to report has been in force since 1 August 2008; it applies to everybody who deals in goods by way of a profession or business and who accepts €15,000 or more in cash. Only the subjective indicator applies to these dealers. Table 14 shows the grounds on which suspicious transactions reported by high value goods dealers were forwarded.

Table 14: Reasons for forwarding suspicious transactions received from high value goods dealers

		2010		2009
Reason for forwarding	**Number**	**Percentage of total**	**Number**	**Percentage of total**
Investigation by FIU	82	21%	255	37%
VROS	173	44%	184	27%
LOvJ	138	35%	240	35%
CJIB	0	0%	3	0%
Total	**393**	**100%**	**682**	**100%**

In 2010, FIU-the Netherlands was not able to devote as many resources as usual to its own investigations into transactions by dealers. This is reflected in the 68% fall in the number of transactions designated suspicious on the basis of investigations by the FIU itself. The number of reports forwarded on the basis of LOvJ requests also fell (-43%).

7.4.5 Independent professionals

Table 15 shows the number of unusual and suspicious transactions reported by independent professionals. The number of reports from this sector fell by 12% in 2010.

Table 15: Number of unusual and suspicious transactions in the independent professions sector

		2010		2009
Sector	**Unusual**	**Suspicious**	**Unusual**	**Suspicious**
Accountants	456	87	617	99
Lawyers	18	4	22	7
Corporate financial advisers	68	42	50	17
Tax consultants	129	22	92	14
Property brokers	1	0	0	0
Real estate agents	45	2	3	0
Civil-law notaries	304	194	389	270
Independent legal advisors	6	0	0	6
Trust companies	13	5	5	1
Total	**1,040**	**356**	**1,178**	**414**

This drop was related mainly to the decline in the number of reports from accountants and civil-law notaries. Where the accountants were concerned, the reduction was for the greater part due to the smaller number of reports in connection with the voluntary disclosure scheme played. In the case of the civil-law notaries, whose reports relate mainly to real estate transactions, the sluggish housing market probably played a role in the number of reports; the Dutch Association of Estate Agents reported that 2010 saw the lowest number of house sales since 1992. Among other groups, there was an increase in the number of reports; this was most striking in the case of real estate agents. In 2010, FIU-the Netherlands received the highest number of reports from this group since the introduction of the obligation to report. However, almost all the reports were received from one real estate agent. Once these reports had been investigated, the majority were classified as non-suspicious, i.e. after investigation of the relevant data, no link could be found with money laundering or terrorism financing. The considerable rise in the number of reports from real estate agents should thus not be interpreted as a sign that this professional group has become more aware of their obligation to report. The number of estate agents who reported unusual transactions is still small (see Table 16 below), even in proportion to the number of active reporting agents from the other groups of independent professionals. Table 16 shows the number of reporting agents per professional group.

Table 16: Number of reporting agents per independent profession

	2010	2009
Reporting agents	**No. of reporting agents in 2010**	**No. of reporting agents in 2009**
Accountants	121	152
Lawyers	14	15
Corporate financial advisers	21	26
Tax consultants	37	33
Property brokers	1	0
Real estate agents	5	3
Civil-law notaries	113	169
Independent legal advisors	3	0
Trust companies	8	5
Total	**323**	**403**

FIU-the Netherlands was pleased to note that the number of trust companies that reported unusual transactions increased after the information day for this group in March 2010. The number of transactions reported by trust companies also rose. Though the number of reports is still small, the many questions and comments FIU-the Netherlands has received in response to the information day also indicate that trust companies have become more aware of their obligation to report.

Independent professionals mainly report on the basis of the subjective indicator: 90% of the reports were made on the basis of the V211 indicator (suspicion of money laundering or terrorism financing). The remaining 10% of reports were made on the basis of the objective indicator. The average processing time for the subjective reports was 42 days; for the objective reports, the average was 134 days. This long average processing time for objective reports was due mainly to one reporting agent (an estate agent), who made a large number of objective reports with an extremely long processing time. In general it is the case that there are delays in the submission of objective reports: the statutory period of fourteen days is exceeded in 73% of the reports based on an objective indicator. Table 17 shows the amounts involved in the suspicious transactions reported by independent professionals.

Table 17: Total value in euros of suspicious transactions reported by independent professionals

	2010	2009
Sector	**Value of transactions in €**	**Value of transactions in €**
Accountants	343,865,400	273,487,000
Lawyers	60,801,000	390,000
Corporate financial advisers	911,000	3,492,100
Tax consultants	6,378,300	5,656,700
Property brokers	0	0
Real estate agents	0	0
Civil-law notaries	147,325,900	144,974,600
Independent legal advisors	0	700
Trust companies	0	300
Total	**559,281,600**	**428,001,400**

7.5 Government agencies

The vast majority of reports that FIU-the Netherlands receives from government agencies are submitted by the Customs Service. Table 18 shows the number of reports received from the various government agencies.

Table 18: Unusual and suspicious transactions from government agencies

	2010		2009	
Government agency	**Unusual**	**Suspicious**	**Unusual**	**Suspicious**
Customs	2,736	78	2,716	113
Tax authority	37	21	81	34
Supervisory authority	0	0	1	1
Total	**2,773**	**99**	**2,798**	**148**

There was little change in 2010 in the number of reports FIU-the Netherlands received from the Customs. The number of Customs reports designated suspicious, on the other hand, showed a relatively large drop (-31%). This can be traced back to the fall in the number of transactions being designated suspicious on the basis of the FIU's own investigations: from 30 suspicious transactions in 2009 to five in 2010. The number of reports forwarded on the basis of LOvJ requests fell from seventeen in 2009 to twelve in 2010, and the number forwarded on the basis of a VROS match fell from 66 to 61 suspicious transactions. Despite the fact that Article 25 paragraph 2 of the Money Laundering and Terrorism Financing (Prevention) Act explicitly provides supervisory authorities to report to FIU-the Netherlands if, in the course of their monitoring activities, they encounter facts that could indicate money laundering or terrorism financing, no such reports were received in 2010.

Under EU Regulation 1889/2005, anyone carrying €10,000 or more in cash on entering or leaving the European Union is required to declare it to Customs. In accordance with the Regulation, the Customs [5/] then forwards the report to FIU-the Netherlands. The majority of Customs reports in 2010 (95%) were related to this EU Regulation. The remaining Customs reports fell into the category 'other'; most of these related to finds of money on travellers (53%). Money found was reported if the person travelling had neglected to declare it. The other reports related to finds of precious stones and precious metals (16%), and watches and jewellery (14%).
Table 19 shows the numbers of cases and amounts involved in the reports of persons entering, leaving or travelling through the Netherlands with cash.

5/ Regulation on controls of cash entering or leaving the Community (Regulation (EC) No. 1889/2005).

Table 19: Cash imported, exported and in transit in numbers of cases and amounts in 2010 [6]

Type of report [7]	Number	Total amount	Average amount
Cash imported into the Netherlands	1,169	64,635,500	55,291
Cash exported from the Netherlands	710	28,471,600	40,101
Cash in transit through the Netherlands	707	17,444,900	24,675
Total	**2,586**	**110,552,000**	**42,750**

The total number of reports under the EU Regulation fell slightly from 2,638 in 2009 to 2,586 in 2010 (-2%). The number of reports concerning the export of cash from the Netherlands rose from 923 reports in 2009 to 1,169 reports in 2010 (+27%), whereas the number of reports of cash entering the Netherlands fell from 824 in 2009 to 707 in 2010 (-14%). The number of reports of cash in transit through the Netherlands fell from 891 to 707 (-21%). The total amount of cash reported in 2010 fell 4% in respect of 2009; the average amount fell by 3%. Table 20 shows the five countries that were the most common destinations for cash exports.

Table 20: Countries of destination for cash leaving the Netherlands

Destination	Number	Total in €	Average in €
Turkey	90	1,819,700	20,219
China	51	1,007,700	19,758
Morocco	39	566,200	14,518
Thailand	33	887,700	26,900
U.S.	30	819,100	27,303

The top three countries of destination remained unchanged from 2009, though it should be noted that the number of reports concerning these countries fell significantly. In 2009, FIU-the Netherlands received 196 reports concerning cash exports to Turkey, with a combined value of 4.6 million euro, so this cash flow fell by more than half in 2010. The cash flow to China and Morocco also fell: in 2009 there were 81 reports for China with a combined value of 1.7 million euro, and the cash flow to Morocco consisted of 66 reports with a combined value of 1.2 million euro. Thailand and the U.S. were newcomers to the Top 5.
Table 21 shows the five most common countries of origin in the reports of cash entering the Netherlands.

Table 21: Countries of origin of cash entering the Netherlands

Destination	Number	Total in €	Average in €
Nigeria	339	33,856,900	99,873
Egypt	152	6,527,000	42,941
Ghana	99	4,379,600	44,239
Libië	70	2,794,300	39,919
Iran	49	1,398,600	28,543

The Top 5 countries of origin in 2010 was identical to 2009, with the exception of Iran, which replaced Syria in fifth place. The incoming cash flow shows a very different development to that of the outgoing flow: for the countries that were on the list last year, there was a rise both in the number of reports and in the amounts involved. Where the number of reports of cash imports from Nigeria in 2009 was 273, with a combined value of 26.8 million euro, in 2010 this rose to 339 reports to the value of 33.9 million

[6] In the tables relating to transporting cash, sums in the 'Total amount' column have been rounded off, whereas the average amounts are given without rounding off and are calculated on the basis of the exact total amounts.

[7] If both the country of origin and the country of destination lie outside the Netherlands, FIU-the Netherlands categorizes reports as 'cash in transit'. In 160 reports, there was no mention of the country of origin or destination, so that it was impossible to tell whether this was cash in transit. In principle, then, the actual number of reports of cash in transit could be higher than the table suggests.

euro. The cash flow from Egypt in 2009 consisted of 122 reports to the value of 5.2 million euro, but this rose to 152 reports in 2010, with a combined value of 6.5 million euro. Table 22 shows the routes stated in the reports of cash in transit via the Netherlands.

Table 22: Transit via the Netherlands

Route	Number	Total in €	Average in €
Nigeria – Netherlands – Germany	171	9,330,700	54,565
Nigeria – Netherlands – Belgium	61	2,725,400	44,679
Nigeria – Netherlands – U.S.	18	862,400	47,913
Georgia – Netherlands - Germany	16	837,400	52,338
Nigeria – Netherlands – Switzerland	15	399,900	26,660

As in 2009, Nigeria featured four times in the Top 5 of the routes for cash in transit reported by the Dutch Customs. It is striking that the number of reports for the route Nigeria – Netherlands – Germany increased by 10%, whereas the amount decreased by 75%; in 2009 the amount of cash in transit on this route was over 10.7 million euro.

Table 23 shows the amounts concerned in suspicious transactions reported by government agencies.

Table 23: Amount in € involved in suspicious transactions reported by government agencies

	2010	2009
Government agency	**Total amount in €**	**Total amount in €**
Customs	3,095,900	8,245,300
Tax authority	18,029,000	17,377,000
Supervisory authority	0	74,000
Total	**21,124,900**	**25,696,300**

The amounts involved in the reports received from the Customs that were designated suspicious fell by over five million euro. This drop was caused mainly by several peaks in the figures for suspicious transactions received from the Customs in 2009. In that year, there were nine reports relating to the import of extremely large amounts of cash, both from Nigeria (6 reports) and from Ghana (3 reports). The total sum involved in these nine reports alone amounted to 4,2 million euro.

8

8 Investing in the future

8.1 Looking back

Throughout 2010, FIU-the Netherlands carried out many activities with the aim of meeting the policy objectives for that year. These initiatives have been outlined in detail in the preceding chapters. For 2011, too, FIU-the Netherlands has agreed various policy objectives. The present chapter looks back on the policy objectives for 2010 and looks ahead to those for 2011.

8.2 Policy objectives for 2010

FIU-the Netherlands' policy objectives for 2010 came about in accordance with the prevailing governance structure, meaning that a policy letter was formulated jointly by the Ministries of Justice, Finance and the Interior, together with the KLPD and FIU-the Netherlands. The letter was presented to the mandated force manager of the KLPD and passed on to FIU-the Netherlands, which is then responsible for operationalizing the policy objectives as part of its year plan.
If one looks at the policy objectives for 2010, the following important themes stand out:

- FIU-the Netherlands will invest in improving the entire process from monitoring to criminal investigations and prosecution; the unit is organizing a large number of meetings for this purpose.
- FIU-the Netherlands will invest in research into new trends and developments in the field of combating money laundering and terrorism financing, and will carry out the requisite analyses and produce the requisite knowledge documents.
- FIU-the Netherlands will play an active role in international networks. To this end, FIU-the Netherlands will participate in cooperative ventures with its partners abroad and will be an active participant in various international consultative bodies.
- FIU-the Netherlands will set up a disclosure office for the BES islands in the context of constitutional reforms in the Netherlands Antilles.
- FIU-the Netherlands will continue to develop as a professional organization. This implies, among other things, that a new ICT system will become operational in 2010.

The important thing is that FIU-the Netherlands will maintain its profile as a proactive, dependable partner in the investigative chain, with a great deal of expertise to offer.

8.3 Looking forward

2011 will be an intensive year for FIU-the Netherlands. The new ICT system will be implemented and will be developed further. It is already clear that this will demand a great deal of input on the part of FIU-the Netherlands in 2011. In addition, the definitive version of the FATF evaluation will also be concluded in 2011. The resulting recommendations, concerning the independence of FIU-the Netherlands and the quality of the analyses, for instance, will be taken up in 2011 by an internal project group. This group will work closely with the various partners involved to develop and implement improvements.

As far as the operational side is concerned, the emphasis will continue to lie with providing support for the FinEC programme and the various FinEC regional teams. In 2011, the focus will be with the KLPD, that was added as a new FinEC team in 2010. FIU-the Netherlands hopes to make a substantial contribution to the project preparation for the KLPD's investigation teams and the KLPD/FIOD's combined investigation teams, with the aim of further improving the interface between the FIU and investigative practice. FIU-the Netherlands will also continue to play a leading role in developing a national vision in the area of FinEC investigations.

A further aim for 2011 is to contribute to the Snatch (Afpakken) programme, a multi-agency programme to snatch back criminal assets throughout the entire law-enforcement chain. Special attention will be paid to the Criminal Assets Infobox (CV-Infobox). Close cooperation with the major banks and other reporting groups will also continue to play an important role in the coming year. Possibilities for even more far-reaching forms of cooperation are being explored with several major banks.

In addition, the necessary arrangements will have to be put in place to ensure that the Caribbean Netherlands can submit their reports using the GoAML ICT system. As yet, though reports are being submitted, the number of reporting agents is small. For this reason, awareness-raising is high on the agenda. The intention is also for the activities for the Caribbean Netherlands to be integrated as far as possible into the standard operational processes in the course of 2011. An important precondition for this is for FIU-the Netherlands to achieve access to police files in the near future, so that it can analyze the data and pass it on where necessary. The Public Prosecution Service has a significant role to play here.

Finally, 2011 will see the start of the implementation of the Dutch National Police. The changes this will entail within the police organization as a whole will also impact on FIU-the Netherlands. It has already been announced, for example, that the cross-regional crime squads, one of FIU-the Netherlands' 'clients', will disappear. It will also be necessary to re-examine the matter of FIU-the Netherlands' own position, taking into account the results of the FATF evaluation.

9

9 FIU-the Netherlands as an organization

9.1 Profile of FIU-the Netherlands

FIU-the Netherlands' goal is to help improve the quality of criminal investigations and prosecutions and to fight and prevent crime – crimes involving money laundering and the financing of terrorism in particular – at the national and international level. FIU-the Netherlands achieves this goal, within the framework of the relevant legislation and regulations, by providing its expertise to the investigative services, special investigation services, intelligence services and security services, both at home and abroad, and by making available transaction information that has been collected, recorded, processed, and analyzed.

Mission

FIU-the Netherlands' mission is to fight and prevent crime, money laundering and the financing of terrorism in particular, with a view to guaranteeing the integrity of the financial system both in the Netherlands (in first instance) and abroad. This mission is achieved by:

- providing investigating agencies, special investigation services, intelligence services and security services with the specific, current and enriched transaction information and analyses available at FIU-the Netherlands;
- informing reporting agents and supervisory authorities about 'new' trends, methods, technologies and types of crimes; making expertise available;
- building international cooperation with and between other FIUs and investigating agencies;
- developing a network of current and relevant contacts.

Vision

FIU-the Netherlands' vision is 'to be a leader in providing high-quality products (such as transaction information/transaction intelligence, financial analyses and expertise based on this information/intelligence) in a timely fashion to relevant partners in the investigative chain with a view to the national and international fight against crime, particularly money laundering and the financing of terrorism'. In fulfilling this vision, the FIU also significantly contributes to safeguarding the integrity of the financial world, maintaining the public's confidence in the companies and institutions that provide financial services, and guaranteeing the safety of the general public.

9.2 Human resources policy

Without wishing to discuss all aspects of FIU-the Netherlands' human resources policy, a number of major developments in 2010 are outlined below.

Knowledge and expertise

FIU-the Netherlands is aware of the importance of consolidating and developing the knowledge and expertise of its staff. In 2010, as before, various members of the FIU team participated in job-related courses and training and/or attended conferences. In addition, their knowledge increased due to the new structure of the organization from 1 January 2010, which entails more opportunities for staff to exchange knowledge and duties.
In 2010, several members of the team took a course in internet investigation, which familiarized them further with investigation techniques using open sources and the associated opportunities and risks. The aim is for many more members of the team to take his course in 2011. In addition, a large sum has been made available from FinEC resources to finance training in 2011. The training courses on the market do not always exactly dovetail with the requirements of FIU-the Netherlands, so tailormade courses are being developed for various groups of positions. The first such courses will start in 2011.

Workforce

FIU-the Netherlands' workforce consists of 56 employees. As regards its policy for filling vacancies, a number of requirements continue to be important for FIU-the Netherlands when selecting new staff members. These requirements include screening, but training and work experience are also a major factor.

Due to external developments over the past few years, the demands on FIU-the Netherlands in various areas – such as processing information requests, carrying out its own research, and analyzing and interpreting the information available to FIU-the Netherlands – are constantly increasing. The prediction is that these expectations will increase still further over the coming years. This is a positive development, but it is evident that FIU-the Netherlands has insufficient resources to meet all the expectations. For this reason, a well-grounded proposal will be made in 2011 to expand FIU-the Netherlands' capacity in crucial areas.

Development-oriented human resource management

In 2010, as before, FIU-the Netherlands implemented the principles of the Development-oriented Human Resource Management (OPB) system as developed by the KLPD. Staff agree certain developmental goals with their line managers within the yearly OPB cycle, giving them the opportunity to invest in their own competences. The various tools of development-oriented personnel policy – such as the annual interview, the personal development plan (POP), competencies and individual target agreements – are applied during manager-employee interviews, during which a link is established between tasks to be carried out for the organization and personal growth of the individual employee.

Almost all employees at FIU-the Netherlands had an annual interview and/or personal development plan interview with their manager in 2010.

Appendix 1 – Important abbreviations

AWF	Analysis Work File
BES	Bonaire, Sint Eustatius, Saba
BFT	Bureau Financieel Toezicht (Financial Supervision Office)
BIBOB	Bureau Bevordering Integriteit Beoordelingen Openbaar Bestuur (Public Administration Probity Screening Agency)
BOOM	Bureau Ontnemingswetgeving Openbaar Ministerie (Prosecution Service Criminal Assets Deprivation Bureau)
CIE	Criminele Inlichtingen Eenheid (Criminal Intelligence Unit)
CJIB	Centraal Justitieel Incasso Bureau (Central Judicial Collection Agency)
CN	Caribisch Nederland (Caribbean Netherlands)
CV-Infobox	Crimineel Vermogen Infobox (Criminal Assets Infobox)
DFA	Dienstverlening Financiële Administratie (Financial Administration Services
DNB	De Nederlandsche Bank (Dutch central bank)
ESW	Egmont Secure Web
FATF	Financial Action Task Force
FEC	Financieel Expertise Centrum (Financial Expertise Centre)
FIET	Flexibel Intelligence & Expertise Team (Flexible Intelligence and Expertise Team)
FinEC	Programma Financieel Economische Criminaliteit (Financial and Economic Crime Programme)
FIOD	Fiscale Inlichtingen- en Opsporingsdienst (Fiscal Intelligence and Investigation Service)
FIU-Nederland	Financial Intelligence Unit Nederland (Financial Intelligence Unit Netherlands)
GoAML	Government Anti Money Laundering software system
IVT	Intranet Verdachte Transacties ('Suspicious Transactions Intranet' intranet database of suspicious transactions)
KLPD	Korps Landelijke Politie Diensten (Netherlands Police Agency)
KMar	Royal Netherlands Marechaussee
LOvJ	Landelijke Officier van Justitie (National Public Prosecutor/National Public Prosecutor's Office)
MOT	Meldpunt Ongebruikelijke Transacties (Office for the Disclosure of Unusual Transactions)
MOU	Memorandum of Understanding
NVM	Nederlandse Vereniging van Makelaars (Dutch Association of Estate Agents)
NVR	Nederlandse Vereniging van Rentemeesters (Dutch Association of Land Agents)
OM	Openbaar Ministerie (The Netherlands Public Prosecution Service)
OPB	Ontwikkelingsgericht Personeelsbeleid (Development-Oriented Personnel Policy)
OT	Ongebruikelijke transactie (Unusual transaction)

POP	Persoonlijk Ontwikkelingsplan (Personal Development Plan)
PSD	Payment Service Directive
RIEC	Regionaal Informatie en Expertise Centrum (Regional Information and Expertise Centre)
RTB	Regionaal Transactie Beeld (Regional Transaction Overview)
SOCA	Serious Organized Crime Agency
VIC	Vastgoed Intelligence Centre (Real Estate Intelligence Centre)
VROS	Verwijzingsindex Recherche Onderzoeken en Subjecten (Index of Criminal Investigations and Subjects)
VT	Verdachte transactie (Suspicious transaction)
WWFT	Wet Witwassen en Financiering Terrorisme (Money Laundering and Financing of Terrorism [Prevention] Act)

Appendix 2 - Money laundering case law established in 2010

- **LOVJ-2 request from KMAR and transaction reported as unusual declared suspicious Amsterdam Court of Appeal, 18 October 2010, LJN: BO6031**

Appeal proceedings were brought to the Amsterdam Court of Appeal in a case where the charges included money laundering, where the offences were committed between 1 January 2006 and 30 July 2008. The accused had been convicted by Haarlem District Court on 1 April 2009. The defence made a plea for acquittal, since merely finding a sum of money in a car that belonged to the accused's brother did not constitute a suspicion of any criminal offence, and did not otherwise warrant further investigation. The results subsequently found equally were not sufficient to serve as a basis for further investigation or a criminal investigation, in the defence's judgement. On 5 March 2008, the Royal Netherlands Marechaussee (KMar) had checked a black Audi A3 in the course of inspections in the context of the Weapons and Ammunition Act. The vehicle was being driven by a fellow suspect of the accused's. In the course of the inspection, the sum of €70,000 was found in the car. When the driver was bodysearched, a further €1000 was found, whereupon the driver was declared a suspect. He stated that he did not know how much money was in the plastic bag or who it belonged to. He was to hand the bag over to someone at Schiphol airport. He was to receive a phone call telling him the location. Later he stated that the money came from Morocco. A man he did not know had asked him to give it to another person so that the latter could buy a car in Germany. The Audi belonged to the fellow suspect's brother, and he, the accused, was allowed to use it. On the same day, 5 March 2008, the KMar submitted a LOvJ-2 request to the Unusual Transactions Disclosure Office, requesting them to investigate whether any relevant unusual transactions had been reported. If this generated a hit, the transaction information could be declared 'suspicious' and could then, under the terms of the Disclosure of Unusual Transactions Act, be forwarded to the investigative authorities by the intervention of the National Public Prosecutor. The LOvJ request outlined the suspicion and included the relevant information. The then Unusual Transactions Disclosure Office (now the Financial Intelligence Unit Netherlands, FIU-NL), was able to forward one transaction to the investigative authorities, since this transaction had now been declared suspicious. This was a foreign exchange transaction by the accused, who exchanged 180,000 Norwegian krona to the value of approx. € 22,000 at Schiphol airport on 19 December 2005. In accordance with the Disclosure of Unusual Transactions Act then in force and the Police Data Act and Police Data Decree (which came into force on 1-1-2008), the grounds for the transaction being declared suspicious lay in the fact that the accused was the subject of an LOvJ request. At the same time, FIU-NL had made enquiries with the FIOD in Haarlem regarding the accused's salary and tax data from the period from 2003 to 2008. After that date the investigative authorities carried out searches in numerous other registers and the databases of the Central Fine Collection Agency (CJIB), the Dutch Road Transport Directorate (RDW), etc. and collected information. There followed demands for data (in accordance with Articles 126nc and 126nd of the Dutch Code of Criminal Procedure) and for searches of the accused's residence. As is evident from their questioning, the KMar wondered how the accused had come by a car of this kind. The Court of Appeal ruled that on 5 March 2008 there were no grounds for suspicion as defined in Article 27 of the Dutch Code of Criminal Procedure. The Court of Appeal deemed the exchange transaction that the FIU-NL declared suspicious not to be relevant in this context. Until the point when it was assessed in connection with the LOvJ request, the exchange transaction was only known to the FIU-NL as an unusual transaction and was not included in the intranet database of suspicious transactions, IVT. The Court of Appeal indicated that the transaction *'was declared suspicious purely on the grounds that the accused's name was mentioned in the [LOvJ] enquiry'.*
The Court of Appeal's judgment was clear ***'The police have not been assigned authority to carry out an investigation focused on an individual as in the present case unless there is a reasonable suspicion of guilt'.***
With regard to the legal consequences, the Court of Appeal continued: *The aforementioned gathering of personal data concerning a person who was not a suspect led to a suspicion arising on unlawful grounds, aside from the fact that the underlying offences and circumstances can scarcely be considered sufficient for a reasonable suspicion of guilt of a criminal offence on the part of the accused. For this reason this is a question of an irreparable procedural error*

stipulated in Article 359a paragraph 1 of the Dutch Code of Criminal Procedures. In addressing the question of the legal consequences to be attached to this procedural error, the Court of Appeal took into account factors as stated in Article 359a paragraph 2 of the Dutch Code of Criminal Procedure, i.e. the interests served by the violated provision, the severity of the error, and the injury caused. In this case, the accused's personal data were, without lawful grounds, used for a purpose other than that for which they had been gathered and they prompted the use of far-reaching investigative methods (including a search of residential premises). This – as the KMar must have known – constitutes an infringement of Article 10 of the Constitution and Article 8 of the ECHR – which serve to protect individuals' private and family life – and of Article 27 of the Dutch Code of Criminal Procedure. In this context, the Court of Appeal also referred to Article 3 of the Police Data Act, which includes the provision that police data will only be processed insofar as this is necessary for the purposes formulated in or pursuant to this Act and insofar as they are lawfully obtained, relevant, and not excessive.

On the grounds of the above, the Court of Appeal concludes that the case in hand is a matter of a grave infringement of legal provisions, including those of the Code of Criminal Procedure, and that any data acquired or documents seized as a direct or indirect consequence of this must be excluded from the evidence, which leads to acquittal of the charges.
The Court of Appeal overturns the judgment of the district court and acquits the accused and also orders the restitution of all the items seized from the accused.

- **Having at one's disposal an object obtained by means of a serious offence committed by the accused. Dutch Supreme Court, 26 October 2010, National Case Law Number: BM4440**

The appeal in cassation was brought against a judgment of the Arnhem Court of Appeal of 18 March 2009. In the case in question, the accused had been charged with violating Article 420bis of the Dutch Penal Code (WvSr): that in the period from 1 October 2005 to 30 November 2005 he acquired, had at his disposal and/or transferred and/or turned over and/or made use of an object (sum of approx. €137,500 and premises) where he, the accused, knew that this sum of money and these premises had been obtained – either directly or indirectly – by means of a serious offence. The accused had acquired a mortgage loan from the SNS bank on the basis of false salary slips.

The court of first instance had acquitted the accused of money laundering because, in the judgement of the court, the accused had not carried out any other actions aimed at obfuscation to the end of concealing the unlawful origins of the money. The accused's actions could not be qualified as money laundering, since this would be at odds with the intention and the purport of Article 420bis WvSr and there was no question of the accused having the money at his disposal and/or transferring it as defined in this provision.

Referring to the legal definition of the offence, as stated in Article 420bis of the WvSr, the Court of Appeal noted that for the variant of money laundering with which the accused was charged it is not a requirement to establish whether the accused carried out actions to conceal the illegal origins of an object. The Court of Appeal cited among other cases a ruling by the Supreme Court of the Netherlands (HR), [8] which states that neither the text of the law, nor legislative history provides any support for the view that merely having such an object at one's disposal is insufficient to consider this money laundering. The deliberations took into account that which is set out in the Explanatory Memorandum to the money laundering provisions as well as that which is stated in the first EC Directive on money laundering, dating from 1991. [9] The 'Schutznorm' [10] of the money laundering provisions in light of the EC Directives and the Explanatory Memorandum were also borne in mind in the deliberations. The purpose of the money laundering provisions is to prevent and counteract the infringement of the integrity of financial and economic markets. Even the mere act of having an object obtained by means of a serious offence at one's disposal can be defined as money laundering. There are no grounds of any kind to infer that the actions must be directed towards hiding or concealing the object's origins. The means of recourse, instituted on behalf of the accused, was deemed to have failed. Article 420bis includes a paragraph 1 sub a and a paragraph 1 sub b. In sub a it is clear that there is a relationship with hiding or concealment. In that which is stated sub b, this is not the case; there it is sufficient merely to have an object at one's disposal where one knows that this object has been obtained – either directly or indirectly – by means of a serious offence.

[8] HR, 2 October 2007, Dutch Law Reports 2008, 16.

[9] Council Directive 91/308/EEC. This Directive is now no longer in force (see Article 44 of Directive 2005/60/Ec of the European Parliament and of the Council of 26 October 2005).

[10] Schutznorm is a term that indicates that the effects of norms are determined – and restricted – by their purpose.

- **Unexplained assets, and unusual transaction report**
  Rotterdam District Court, 17 December 2010, National Case Law Number: BO8457

The final relevant ruling for 2010 was pronounced by the Rotterdam District Court in a money laundering case in which the defence submitted that the Disclosure Office, then the Office for the Disclosure of Unusual Transactions (MOT), had forwarded data to the Public Prosecution Service without investigating whether this data gave rise to a reasonable suspicion that a serious offence had been committed. The defence believed that certain data should not have been provided to the MOT and should be excluded from the evidence.

The accused was charged with habitual money laundering in the period from 14 December 2001 to 12 December 2006. In 2005, an LOVJ-2 [11] request was submitted on the basis of Article 12, paragraph 1, sub 2 of the Police Files Decree (Bpolr). This request was forwarded, through the intervention of the National Public Prosecutor responsible for the Disclosure of Unusual Transactions Act, to the head of the MOT office. On the basis of this LOvJ request, one transaction (a cash deposit of €20,000 to an account in 2004) could be declared 'suspicious' and could then be reported to the National Public Prosecutor. In the judgement of the Court, it did not follow from the mere circumstance of somebody depositing €20,000 to another person's account that that person had committed a serious offence. The Court indicated that this data should not have been provided by the MOT and excluded the 'MOT report' [*i.e. forwarding the data or declaring the transaction suspicious*] from the evidence. The Court subsequently examined whether the file in question contained fruit of this MOT report. Such fruit, if based only on the MOT report, must also be excluded from the evidence, since it would then be 'fruit of the poisoned tree'. [12] This turned out not to be the case. Ultimately, the accused was acquitted because the Court ruled that it had not been proved that the objects (sums of money) had been obtained by means of a serious offence (including fiscal offences).

In the account relating to the MOT report , specific attention is given to FIU-the Netherlands. The publication of the ruling reveals that the Public Prosecution Service indicates with regard to the MOT report that the Public Prosecution Service is not accountable for the actions of the Office for the Disclosure of Unusual Transactions. It also indicates that in the opinion of the Public Prosecution Service the interests of the accused were not damaged. The Court focused especially on Article 12, paragraph 1, sub 2 of the Police Files Decree (Bpolr) and indicated that no data from the Unusual Transactions Register will be provided unless the data itself gives rise to a reasonable suspicion that a certain person has committed a serious offence.

On the basis of the Disclosure of Unusual Transactions Act (then in force) and the Police Files Act and Police Files Decree then in force (WPol and BPolr), the Head of the Disclosure Office can declare an unusual transaction 'suspicious'. In this context, the term 'suspicious', both then and now, has a broader meaning than that which is stated in Article 27 of the Dutch Code of Criminal Procedure. In designating a transaction as suspicious, the Disclosure Office establishes that the transaction information may be of importance to the investigative authorities. An unusual transaction may be designated suspicious if unusual transaction information matches with information from criminal investigations. A request made to the Head of the Disclosure Office by the intervention and testing of the National Public Prosecutor responsible for the Disclosure of Unusual Transactions Act is treated by the Disclosure Office as a request from the investigative authorities that is submitted in the framework of a criminal investigation. In the case of a 'hit' with the Unusual Transactions Register, the transaction information is regarded as being of importance to the investigative authorities and is provided to the National Public Prosecutor. In accordance with the Disclosure of Unusual Transactions Act, the transaction originally reported as an unusual transaction will now be designated 'suspicious'.

A 'MOT report' can be used as evidence if the investigative authorities take it into account in constructing a suspicion or relate it to a suspect as defined in Article 27 of the Dutch Code of Criminal Procedure.

11/
LOvJ-2 refers to a request that is forwarded by the investigative services for testing, by way of the National Public Prosecutor responsible for the Disclosure of Unusual Transactions Act; the Head of the Disclosure Office is requested to check whether there is information relating to unusual transactions in the Unusual Transactions Register, a protected register of unusual transactions reported by institutions that have an obligation to report under the Disclosure of Unusual Transactions Act. The figure 2 refers to Article 12, paragraph 1 sub 2 of the Police Files Decree.

12/
'Fruit of the poisoned tree' or 'fruit of the poisonous tree' is a legal metaphor taken from U.S. law, referring to evidence that has been unlawfully obtained. If the initial evidence has been illegally obtained, then any subsequent evidence that stems from this initial evidence is also contaminated and must also be excluded from the proceedings.

Appendix 3 - List of Indicators for the Netherlands

The Money Laundering and Financing of Terrorism (Prevention) Act (WWFT) requires certain organizations (reporting agents) to report unusual transactions to the disclosure office, i.e. FIU-the Netherlands.

The reporting indicators specified below help to determine whether a transaction is linked to money laundering and/or the financing of terrorism. A transaction is unusual if it meets the requirements of one or more indicators. In the case of objective indicators, it is compulsory to submit a report. In the case of subjective indicators, it is compulsory for the organization to submit a report if it believes that the situation described in the indicator applies.

The amounts stated are in euros or are the equivalent of foreign currency in euros. All transactions must be reported without delay and in any event within 14 days of the unusual nature of the transaction being determined.

Credit institutions, financial institutions, investment firms, collective investment schemes and money service businesses

Objective indicators

B0510100	Transactions involving persons that are resident or legal entities that are established or have their registered offices in countries or territories that have been designated by the Minister of Finance and the Minister of Justice as presenting an unacceptable risk of money laundering or financing of terrorism.
B0510111	Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.
B0510133	Cash transactions involving EUR 15,000 or more, in which cash is changed into a different currency or is changed from small to large denomination notes.

Subjective indicator

B0510211	Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

Money transfers

Objective indicators

T0510100	Transactions involving persons that are resisdent or legal entities that are established or have their registered offices in countries or territories that have been designated by the Minister of Finance and the Minister of Justice as presenting an unacceptable risk of money laundering or financing of terrorism
T0510111	Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.
T0810141	Cash transactions involving EUR 2,000 or more in which the money is made available in the form of notes and coins or cheques, or by means of a credit or debit card, or made payable in the form of notes and coins, cheques or through a deposit into an account, unless the transaction is performed by a money service business that leaves the actual settlement of the transaction to another money service business to which the duty to report, as referred to in Article 16 of the WWFT, also applies.

Subjective indicator

T0510211	Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

Life insurance companies and insurance brokers

Objective indicators

L0510100 Transactions involving persons that are resident or legal entities that are established or have their registered offices in countries or territories that have been designated by the Minister of Finance and the Minister of Justice as presenting an unacceptable risk of money laundering or financing of terrorism.

L0510111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.

Subjective indicator

L0510211 Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

Credit card companies

Objective indicators

M0510111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.

M0510134 Use of a credit card in connection with a transaction involving EUR 15,000 or more at an affiliated company in the Netherlands.

M0510137 Cash deposit of EUR 15,000 or more into a credit card account

Subjective indicator

M0510211 Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

Casinos

Objective indicators

C0510111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.

C0510133 Sale to a client of chips worth EUR 15,000 or more in return for cheques or foreign currency.

C0510161 Transactions by funds transfer involving EUR 15,000 or more.

C0510181 Taking coins, bank notes or other securities worth EUR 15,000 or more on deposit.

Subjective indicator

C0510211 Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

High value goods dealers

Objective indicators

H0510111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.

H0810141 Transactions in which vehicles, ships, works of art, antiques, precious stones, precious metals, jewellery or jewels are sold partly or entirely for cash where the cash amount to be paid is EUR 25,000 or more.

Subjective indicator

H0510211	Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

Other dealers

Objective indicators

G0810111	Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.

Subjective indicator

G0810211	Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

Independent professionals

Objective indicators

V0510111	Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.
V0510141	Transactions involving EUR 15,000 or more paid to or through the intermediary of an independent professional in cash, by cheques made out to the bearer or similar means of payment.

Subjective indicator

V0510211	Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

Appendix 4 - List of Indicators for the Caribbean Netherlands

The amounts stated are in U.S. dollars or the equivalent in foreign currency.

Credit card transactions

Objective indicators

XM0610111	Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.
XM0010134	Use of credit card to make transactions over USD 11,000 in or from the public body of Bonaire, Sint Eustatius or Saba.
XM0010137	Cash deposit of over USD 2,800 by client in or from the public body of Bonaire, Sint Eustatius or Saba to a credit card account.
XM1010138	Transactions which could indicate terrorism financing, that involve, as counterparty or in any other way, a natural person, legal person, group or entity mentioned in a list indicated by Our Minister of Finance.

Subjective indicators

XM0010211	Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.
XM0010231	Client's preference for transactions under the agreed reporting limit where there is reason to assume that this is done to prevent a transaction being reported.

Money transfer transactions

Objective indicators

XT9810111	Transactions involving persons or legal entities that are resident or have their registered offices in countries or territories that have been designated by Our Minister of Finance and Our Minister of Justice as presenting an unacceptable risk of money laundering or financing of terrorism.
XT0010111	Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.
XT0010141	Cash transactions to the value of over USD 2,800 in which the monies are made available in the form of notes and coins, in cheques, or by deposit into an account, or which involve cash exchange to another currency or from small to large denominations.
XT1010138	Transactions which could indicate terrorism financing, that involve, as counterparty or in any other way, a natural person, legal person, group or entity mentioned in a list indicated by Our Minister of Finance.

Subjective indicators

XT0010211	Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.
XT0010231	Client's preference for transactions under the agreed reporting limit where there is reason to assume that this is done to prevent a transaction being reported.

Fiduciary services

Objective indicators

XF0410111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.

XF0410133 All transactions, whether cash or bearer cheques or similar means of payment, in excess of USD 5,600 or the equivalent in foreign currency, in which the person with the duty to report is directly or indirectly involved.

Subjective indicators

XF0410211 Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

XF0410223 Transactions of USD 56,000 or more, including the purchase or cashing by the client of cheques, traveller's cheques, or similar means of payment (hereinafter referred to as 'cheques'), that meet two or more of the following indicators:

- a) no explicable lawful purpose and no visible relation with business or other activities;
- b) transaction atypical of client;
- c) incoming flow consisting of large quantity of small amounts and outgoing cheque(s) for large amounts, or vice versa, where flow is not in keeping with client's profile;
- d) endorsed in the name of the client;
- e) striking number of accounts;
- f) striking turnover or striking change in the balance of the account that cannot reasonably be explained in light of the client's activities;
- g) unusual range of conditions.

XF0410261 Funds transfer transactions of USD 560,000 or more that meet two or more of the following indicators:

- a) Problems with identification;
- b) Striking number of transactions;
- c) no explicable lawful purpose and no visible relation with the client's profile;
- d) unusual range of conditions;
- e) striking turnover or striking change in the balance of the account that cannot reasonably be explained in light of the client's activities;
- f) incoming flow consisting of large quantity of small amounts and outgoing cheque(s) for large amounts, or vice versa, where flow is not in keeping with client's activities;
- g) Incoming transaction not mentioning the name of the commissioning party or using a code name;
- h) The basis of the transaction is not documented or the transaction lacks a valid legal title;
- i) The transaction runs through the client's bank account, but is at the risk and expense of a third person (“fiduciary” use of the account).

XF0410262 Client's preference for transactions under the agreed reporting limit where there is reason to assume that this is done to prevent a transaction being reported.

Transactions in relation to games of chance

The indicators for these transactions also apply to lotteries.

Objective indicators

XC0110111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.

XC0110181 Taking coins, bank notes or other securities worth USD 11,000 or more on deposit.

XC0110161 Funds transfer transactions of over USD 11,000.

XC0110133 Sale to a client of chips worth USD 11,000 or more in return for foreign coins or banknotes.

XC0110134 Sale to a client of chips worth USD 11,000 or more in return for one or more cheques.

Subjective indicators

XC0110211 Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

XC0110231 Client's preference for transactions under the agreed reporting limit where there is reason to assume that this is done to prevent a transaction being reported.

Services, other than taking out individual life insurance coverage

'Abroad' or 'a foreign country' is taken to mean a part of the Kingdom of the Netherlands, other than the public body of Bonaire, Sint Eustatius or Saba, or another State.

Objective indicators

XB9710111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.

XB9710131 Cash transactions in excess of USD 140,000.

XB9710132 Cash transactions in excess of USD 11,000 involving exchange into larger denominations of banknotes.

XB9710133 Cash transactions in excess of USD 11,000 involving exchange into other currencies.

XB9710134 Cash transactions in excess of USD 11,000 involving the purchase or cashing by the client of cheques, traveller's cheques, or similar means of payment.

XB9710135 Cash transactions in excess of USD 11,000 involving securities.

XB9710136 Cash transactions in excess of USD 11,000 that meet two or more of the following criteria:

- e) uncounted
- f) in foreign currency;
- g) deposited to third-party account;
- h) transfer to an account abroad.

XB9710161 Funds transfer transactions by non-account-holders in excess of USD 20,000 destined for abroad.

XB9810111 Transactions involving persons or legal entities that are resident or have their registered offices in countries or territories that have been designated by Our Minister of Finance and Our Minister of Justice as presenting an unacceptable risk of money laundering or financing of terrorism.

XB1010138 Transactions which could indicate terrorism financing, that involve, as counterparty or in any other way, a natural person, legal person, group or entity mentioned in a list indicated by Our Minister of Finance.

Subjective indicators

XB9010211 Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

XB9710221 New accounts where two or more of the following indicators apply:

a) account holder is not resident in the public body of Bonaire, Sint Eustatius or Saba;
b) problems with identification;
c) unusual range of conditions;
d) striking number of accounts.

XB0110222 Transactions in excess of USD 140,000 relating to a loan provided or proposed, where two or more of the following indicators apply:

a) no explicable lawful purpose and no visible relation with business or other activities;
b) securities, held by the credit institution or by third parties, of which the origin cannot be verified and which are not in line with the client's business or other activities;
c) provision of security by third parties who have no visible relation to the client;
d) use not in accordance with purpose of the loan;
e) unexpected and unexplained resolution of a loan (whether or not the loan had been problematic);
f) incoming consists of a large number of small sums from unknown third parties or without any indication of the commissioning party.

XB0110223 Transactions of USD 56,000 or more, including the purchase or cashing by the client of cheques, traveller's cheques, or similar means of payment, that meet two or more of the following indicators:

a) to/from a foreign country;
b) no explicable lawful purpose and no visible relation with business or other activities;
c) transaction atypical of client;
d) incoming flow consisting of large quantity of small amounts and outgoing cheque(s) for large amounts, or vice versa;
e) endorsed in the name of the client;
f) striking number of accounts;
g) client is acting as dummy;
h) striking turnover or striking change in the balance of the account;
i) unusual range of conditions.

XB0110271 Transactions involving securities in excess of USD 11,000, including the physical transport of securities in and out of the country, where two or more of the following indicators apply:

a) to/from a foreign country;
b) problems with identification;
c) unusual range of conditions;
d) transaction atypical of client;
e) client is acting as a dummy;
f) client is nervous for no apparent reason;
g) client is accompanied and controlled;
h) no explicable lawful purpose and no visible relation with business or other activities;
i) client has never been to office before;
j) incoming flow consists of large number of small amounts and outgoing flow of large sums or vice versa.

XB9710232 Transactions in excess of USD 11,000, where two or more of the following indicators apply:

a) problems with identification;
b) unusual range of conditions;

c) transaction atypical of client;
d) small denominations;
e) unusual packaging;
f) frequent deposits by person other than the account-holder;
k) client is nervous for no apparent reason;
g) client is accompanied and controlled;
h) client is acting as a dummy;
i) no explicable lawful purpose and no visible relation with business or other activities;
j) striking turnover or striking change in the balance of the account;
k) incoming flow consists of large number of small amounts and outgoing flow of large sums or vice versa;
l) client produces uncounted money without this being related to business or other activities;
m) client deposits money in account of third party who is not an employee;
n) sum deposited to the credit of an account with a foreign bank.

XB0110241 Transactions in excess of USD 2,800, whereby monies are made available at a financial institution in the public body of Bonaire, Sint Eustatius or Saba or abroad for a non-account-holder, where two or more of the following indicators apply:

a) no explicable lawful purpose and no visible relation with business or other activities;
b) problems with identification;
c) transaction atypical of client;
d) client is nervous for no apparent reason;
e) client is accompanied and controlled;
f) client is acting as a dummy.

XB0110261 Funds transfer transactions in excess of USD 56,000 where two or more of the following indicators apply:

k) to and/or from a foreign country;
l) problems with identification;
m) striking number of accounts;
n) no explicable lawful purpose and no visible relation with business or other activities;
o) transaction atypical of client;
p) unusual range of conditions;
q) striking turnover or striking change in the balance of the account;
r) incoming flow consists of large number of small amounts and outgoing flow of large sums or vice versa;
s) not to the client's own account;
t) to a foreign country without naming the beneficiary or using a code name.

XB9710231 Client's preference for transactions under the agreed reporting limit where there is reason to assume that this is done to prevent a transaction being reported

Taking out individual life insurance

Objective indicators

XL9810111 Transactions involving persons or legal entities that are resident or have their registered offices in countries or territories that have been designated by Our Minister of Finance and Our Minister of Justice as presenting an unacceptable risk of money laundering or financing of terrorism.

XL9710111 Life insurance policies or applications for life insurance that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.

XL9710112 A life insurance policy in which the initial premium or single premium is paid in cash and exceeds USD 56,000.

XL1010138 Transactions which could indicate terrorism financing, that involve, as counterparty or in any other way, a natural person, legal person, group or entity mentioned in a list indicated by Our Minister of Finance

Subjective indicators

XL9710211 A life insurance policy or an application for life insurance where there is reason to assume a possible link with money laundering or the financing of terrorism.

XL9710212 Life insurance policies in which the initial premium or single premium is paid in cash and exceeds USD 14,000, and where three or more of the following indicators apply:

- a) the policy-holder resides outside the public bodies of Bonaire, Sint Eustatius and Saba;
- b) the policy-holder does not state a fixed address of his/her own;
- c) the payment of the initial premium or the single premium occurs from an account with a bank outside the public bodies of Bonaire, Sint Eustatius and Saba;
- d) the insurance policy is for a term of three years or less, unless it is a question of capital sum insurance, the scheme of which is laid out in a pension letter which makes clear that the scheme derives from an employment relationship;
- e) the premium/single premium payment exceeds USD 140,000;
- f) in the current calendar year, the policy-holder has already taken out three or more single-premium policies with your company, or, in the case of brokers, through your brokerage, paid for in cash;
- g) payment in small denominations, with uncounted money, in unusual packaging, in foreign currency, with postal orders, cheques, or other securities;
- h) there are problems with identification;
- i) the insurance policy differs considerably from what one would expect or would have expected, taking into account all the circumstances (such as income, profession, previous insurance policies); in other words, the insurance policy is unusual for the policy-holder;
- j) the policy-holder accepts very unfavourable conditions that are not connected with his/her health or age;
- k) no realistically insured interest can be explained;

Settlement of individual life insurance agreements

Objective indicators

XL9710151 Life insurance payments that are reported to the police or the judicial authorities on suspicion of money laundering must also be reported to the Disclosure Office.

XL9710152 A life insurance payment in excess of USD 56,000 to a bank outside the public bodies of Bonaire, Sint Eustatius and Saba within five years of taking out the insurance policy.

XL9710153 A life insurance payment in excess of USD 56,000 dollar in connection with an insurance policy that was transferred within two years of its expiry date, pledging or surrender, or of which the beneficial entitlement is changed within this period (this indicator does not apply in the case of transfer to, or change in beneficial entitlement to the benefit of a child or grandchild).

XL9710154 A life insurance payment in cash exceeding USD 28,000.

XL9810111 Transactions involving persons or legal entities that are resident or have their registered offices in countries or territories that have been designated by Our Minister of Finance and Our Minister of Justice as presenting an unacceptable risk of money laundering or financing of terrorism.

XL1010138 Transactions which could indicate terrorism financing, that involve, as counterparty or in any other way, a natural person, legal person, group or entity mentioned in a list indicated by Our Minister of Finance.

Subjective indicators

XL9710251 Life insurance payment where there is reason to assume a possible link with money laundering or the financing of terrorism.

Investment institutions

Objective indicators

XE1010111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering or terrorism financing must also be reported to the Disclosure Office.

XE1010133 All cash transactions in excess of USD 5,600 dollar in which the provider of management services is directly or indirectly involved.

XE1010138 Transactions which could indicate terrorism financing, that involve, as counterparty or in any other way, a natural person, legal person, group or entity mentioned in a list indicated by Our Minister of Finance.

Subjective indicators

XE1010211 Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

XE1010223 Transactions of or in excess of USD 56,000, including the purchase or cashing by the investor of cheques, traveller's cheques, or similar means of payment (hereinafter referred to as 'cheques'), where two or more of the following indicators apply:

- a) transaction is atypical of the invester;
- b) the investor requests a cheque in the name of a third person in the case of entire of partial sale of his investment in the investment institution;
- c) cheque endorsed to the investor in payment of the purchase of an investment by the investor in the investment institution;
- d) problems with identification;
- e) unusual pattern of purchase(s) and sale(s) by the investor van investment in the investment institution;
- f) unusual range of conditions.

XE1010261 Funds transfer transactions of or in excess of USD 2,800,000, where two or more of the following indicators apply:

- a) problems with identification;
- b) unusual pattern of purchase(s) and sale(s) by the investor of investments in the investment institution;
- c) transaction atypical of investor;
- d) unusual range of conditions;
- e) payment of an investment in the investment institution occurs in the form of several successive payments instead of one payment;
- f) investor requests that payment of the returns on full or partial sale of an investment occur in several successive transactions;
- g) returns on the investment on full or partial sale are not transferred to the investor's own account;
- h) transfer of the returns on the full or partial sale of the investment in the investment institution without stating a beneficiary or under a code name;
- i) transfer to the investment institution to pay for the investment without stating the name of the commissioning party or using a code name.

XE1010261 Client's preference for transactions under the agreed reporting limit where there is reason to assume that this is done to prevent a transaction being reported

Administrators of investment institutions

Objective indicators

XA1010111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering or terrorism financing must also be reported to the Disclosure Office.

XA1010133 All cash transactions in excess of USD 5,600 in which the provider of management services is directly or indirectly involved.

XA1010138 Transactions which could indicate terrorism financing, that involve, as counterparty or in any other way, a natural person, legal person, group or entity mentioned in a list indicated by Our Minister of Finance.

Subjective indicators

XA1010211 Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

XA1010223 Transactions of or in excess of USD 56,000, including the purchase or cashing by the investor of cheques, traveller's cheques, or similar means of payment (hereinafter referred to as 'cheques'), where two or more of the following indicators apply:

a) no explicable lawful purpose and no visible relation with business or other activities the investment institution;
b) transaction atypical of investment institution;
c) transaction atypical of investor;
d) cheque endorsed to the investment institution;
e) cheque endorsed to the investor in payment for the purchase by the investor of an investment in the investment institution;
f) problems with identification;
g) investor requests a cheque in the name of a third party in the case of full or partial sale of his/her investment in the investment institution;
h) unusual pattern of purchase(s) and sale(s) by the investor of investments in the investment institution;
i) unusual number of accounts;
j) unusual range of conditions.

XA1010261 Funds transfer transactions of or in excess of USD 5,600,000, where two or more of the following indicators apply:

a) problems with identification;
b) unusual pattern of purchase(s) and sale(s) by the investor of investments in the investment institution;
c) transaction atypical of investor;
d) transaction atypical of investment institution;
e) unusual range of conditions;
f) payment of an investment in the investment institution occurs in the form of several successive payments instead of in the form of one payment;
g) investor requests that payment of the returns on full or partial sale of an investment occur in several successive transactions;
h) returns on the investment on full or partial sale are not transferred to the investor's own account;
i) transfer of the returns on the full or partial sale of the investment in the investment institution without stating a beneficiary or under a code name;
j) transfer to the investment institution to pay for the investment without stating the name of the commissioning party or using a code name.

XA1010231 Client's preference for transactions under the agreed reporting limit where there is reason to assume that this is done to prevent a transaction being reported.

High value goods dealers

Objective indicators

XH1010111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering or terrorism financing must also be reported to the Disclosure Office.

XH1010134 Transactions in which vehicles, ships, works of art, antiques, precious stones, precious metals, jewellery or jewels are sold partly or entirely for cash where the cash amount to be paid is or exceeds USD 11,000.

Subjective indicators

XH1010211 Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

XH1010231 Client's preference for transactions under the agreed reporting limit where there is reason to assume that this is done to prevent a transaction being reported.

Independent professionals

Objective indicators

XV1010111 Transactions that are reported to the police or the judicial authorities on suspicion of money laundering or terrorism financing must also be reported to the Disclosure Office.

XV1010134 Transactions of USD 11,000 or more paid to or through the intermediary of an independent professional in cash, by cheques made out to the bearer or similar means of payment.

Subjective indicators

XV0510211 Transactions where there is reason to assume a possible link with money laundering or the financing of terrorism.

XV0310231 Client's preference for transactions under the agreed reporting limit where there is reason to assume that this is done to prevent a transaction being reported

XV1010241 Transactions involving real estate where two or more of the following indicators apply:

a) the ownership of the real estate is not clear;
b) the request is made, on the purchase or sale of real estate, to state an assessed value that differs sharply from the real value;
c) the purchase price differs sharply from the normal market value;
d) a non financially viable party is involved in an ABC transaction, or the purchase prices differ sharply;
e) the financing or financing agreement is not clear.

Appendix 5 - Summary of the Regional Transaction Overviews (RTBs) for the FinEC regions

Regional Transaction Overview for Flevoland

The Regional Transaction Overview for the Flevoland region shows that over 5,200 unusual transactions took place in this region in the period from January 2008 to March 2010, with a combined value of 28 million euro. Of these, 6% had been designated as suspicious by the survey date (12 April 2010). FIU-the Netherlands received reports from seven cities in Flevoland in the period in question. The highest percentage of transactions in Flevoland occurred in Almere (75%) and Lelystad (21%).

The majority of unusual transactions in Flevoland consisted of outgoing money transfers (64%). In addition, there were a considerable number of incoming money transfers (27%) and cash payments on purchase (4%). The latter category relates mainly to transactions by traders. Although reports of funds transfer transactions make up only a tiny percentage of the total number of reports (<1%), this category accounts for a large amount of money, namely 2.7 million euro.

The number of transactions made from Flevoland to foreign countries amounted to 3,321 transactions with a combined value of 6.5 million euro. The most frequent country of destination was Suriname (16% of the transactions). This flow of money has demonstrated a sharply increasing trend since August 2008. After Suriname, the countries receiving the most transactions were Nigeria (7%), China (6%), and Turkey (4%). A relatively large proportion (20%) of the money flow to Turkey was designated suspicious.

The incoming flow of money into the Flevoland region from abroad consisted of 1,482 transactions, with a combined value of over 7.1 million euro. The highest number of transactions were sent from Italy (14% of the transactions), the U.S. (9%), Germany (5%), and the UK (5%).

7,563 individual subjects were active in the Flevoland region during the period researched. Of these, 39% were involved in transactions from the Netherlands to other countries; the remaining 61% were involved in the transactions in the role or commissioning party or beneficiary abroad. The vast majority of the subjects in the Netherlands (99%) are natural persons. Within this group of natural persons, one can distinguish 123 countries of origin. The most common foreign countries of origin among this group were Nigeria (8%) and Suriname (2%).

Regional Transaction Overview for Kennemerland

The regional transaction overview for the Kennemerland region shows that 2,927 unusual transactions took place in this region in the period from January 2009 to March 2010, with a combined value of over 30 million euro. Of these, 21% had been designated suspicious by the survey date (30 July 2010). This percentage is high in comparison with the Flevoland region, for instance. The suspicious transactions had a combined value of eleven million euro. The number of unusual transactions carried out in the Kennemerland region in the period under investigation demonstrated a sharply rising trend. There was a sharp rise especially in outgoing money transfers and cash deposits to bank accounts.

FIU-the Netherlands received reports from 23 different towns and cities in Kennemerland. The largest numbers of reports were received from Haarlem (53%), IJmuiden (16%), and Beverwijk (16%). The number of transactions sent from Kennemerland to countries abroad came to 1,724 transactions, with a combined value of over 2.7 million euro. The most common country of destination was Turkey (15% of the transactions), followed by Nigeria (8%), Morocco (7%), and the Dominican Republic (4%). One striking development in 2010 with respect to the preceding year was the entrance of Bulgaria and Romania as countries of destination. In 2009, these countries were not represented in the top 10, but in 2010 they take a striking 7th and 8th place, respectively. The countries of destination can be linked with various forms of crime, such as human trafficking and skimming. The transactions to Bulgaria were mainly made from Haarlem, and to a lesser extent from Beverwijk. The transactions to Romania were also mainly made from Haarlem and Beverwijk.

The incoming money flow to Kennemerland from other countries consisted of 333 transactions with a combined value of over one million euro. The highest number of transactions were sent from Turkey (11% of the transactions), Ireland (8%), Germany (7%), and the UK (5%). No major changes occurred in these money flows in 2010 in comparison with 2009.

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Excluding reports from the Customs Service and Money Transaction Offices at Amsterdam Airport Schiphol.

3,753 individual suspects were active in the Kennemerland region in the period in question. Of these, 47% were involved in transactions from the Netherlands, whereas the remaining 53% were involved in transactions in the role of commissioning party or beneficiary abroad. The majority of suspects in the Netherlands were natural persons (99%); the majority (78%) were also resident in the Kennemerland region. Within this group of natural persons, one can distinguish 78 countries of origin. The most common foreign countries of origin among this group were Turkey (4%) and Bulgaria (2%). The number of suspects of Bulgarian background in the Kennemerland region doubled in 2010 with respect to 2009.

Regional Transaction Overview for Gelderland-Midden

The regional transaction overview for the Gelderland-Midden region shows that over 3,248 unusual transactions took place in this region in the period from January 2009 to March 2010, with a combined value of over 233 million euro. Of these, about 6% had been designated suspicious by the survey date (24 May 2010). These suspicious transactions amounted to almost 194 million euro. The exorbitantly high value of the transactions was caused by reports received from accountants in connection with a real estate fraud case.

The majority of reports related to outgoing money transfers (49%). Besides this, there was mention especially of large cash purchases (23%) and incoming money transfers (15%). FIU-the Netherlands received reports from 35 different municipalities in Gelderland-Midden. The highest number of transactions took place in Arnhem (72%) and Barneveld (17%).

The number of transactions made from Gelderland-Midden to countries abroad numbered 1,605, with a combined value of over 4.4 million euro. The most frequent country of destination was Turkey (15% of the transactions), followed by China (10%), Morocco (4%) and Nigeria (4%).
The incoming flow of money to Gelderland-Midden from abroad consisted of 621 transactions, to the value of 17.3 million euro. The highest numbers of transactions were sent from Angola (11% of the transactions), Turkey (11%), Germany (10%), and China (6%). The money flow from Germany mainly related to cash payments for vehicles – the average sum amounting to over €38,000. The relatively large amount of money involved in the incoming money flow was caused by a large number of funds transfer transactions from various countries.

3,981 individual subjects were active in the Gelderland-Midden region in the period under investigation. Just over half of these were involved in transactions from the Netherlands. The other subjects were involved in the transactions in the role of commissioning party or beneficiary abroad. The majority of suspects in the Netherlands were natural persons (99%), and most of them (78%) were resident in the Gelderland-Midden region. Within this group of natural persons, one can distinguish 80 countries of origin. The most common foreign countries of origin among this group were China (4%) and Turkey (2%).

Regional Transaction Overview for the IJsselland region

The regional transaction overview for the IJsselland region shows that 2,830 unusual transactions took place in this region in the period from January 2009 to June 2010, with a combined value of over 28.1 million euro. Of these, about 4% had been designated suspicious by the date of survey (12 April 2010). The combined value of the suspicious transactions was 10.1 million euro. This relatively large sum was due in part to a single transaction to the value of over five million euro. This transaction was designated suspicious.

FIU-the Netherlands received reports from 27 different municipalities in the IJsselland region. The highest number of transactions in IJsselland were carried out in Zwolle (77%) and Deventer (13%). The majority of reports related to outgoing money transfers (59%); incoming money transfers (17%) and cash payments on purchase (14%) were also reported. The number of transactions sent from IJsselland to countries abroad numbered 1,682 transactions with a combined value of 3.2 million euro. The most frequent country of destination was Turkey (11% of the transactions), followed by China (9%), Ghana (7%), and Nigeria (4%).

The incoming flow of money to IJsselland from abroad consisted of 568 transactions, with a combined valued of 2.9 million euro. The largest numbers of transactions were sent from Angola (11% of the transactions), Turkey (7%), Germany (7%), and the UK (5%).

3,794 individual subjects were active in the IJsselland region in the period under investigation. Of these, 44% were involved in transactions from the Netherlands, whereas the remaining 56% were involved in transactions in the role of commissioning party or beneficiary abroad. The majority of suspects in the Netherlands were natural persons (>99%), and 51% gave an address in the IJsselland region when carrying out the transaction. Within this group of natural persons, one can distinguish 95 countries of origin. The most common foreign countries of origin among this group were Turkey (3%) and China (2%).

Regional Transaction Overview for Hollands-Midden

The regional transaction overview for the Hollands-Midden region shows that 2,244 unusual transactions took place in this region in the period from January 2009 to August 2010, with a combined value of over 72.9 million euro. Of these, about 4% had been designated suspicious by the survey date (13 September 2010). The suspicious transactions had a combined value of 23.9 million euro. This relatively large sum was largely due to six transactions with a combined value of 52 million euro. Four of these transactions were designated suspicious.

FIU-the Netherlands received reports from 40 different towns and cities in the Hollands-Midden region. The highest numbers of transactions in the Hollands-Midden region were carried out in Leiden (52%) and Alphen aan den Rijn (25%). The majority of reports related to outgoing money transfers (70%), followed by incoming money transfers (16%) and cash transactions (5%). The number of transactions sent from Hollands-Midden to countries abroad numbered 1,568 transactions, with a combined value of 3.3 million euro. The most frequent country of destination was China (17% of the transactions), followed by Morocco (7%), Turkey (7%), and Nigeria (7%).

The incoming flow of money to Hollands-Midden from abroad consisted of 204 transactions with a combined value of 1.3 million euro. The higest number of transactions were sent from Italy (7% of the transactions), Spain (7%), Greece (6%), and Angola (5%).

3,355 individual subjects were active in the Hollands-Midden region in the period under investigation. Of these, 47% were involved in transactions from the Netherlands, whereas the remaining 53% were involved in transactions in the role of commissioning party or beneficiary abroad. The majority of suspects in the Netherlands were natural persons (>99%), and 63% gave an address in the Hollands-Midden region when carrying out the transaction. Within this group of natural persons, one can distinguish 68 countries of origin. The most common foreign countries of origin among this group were China (7%) and Turkey (1%). The striking aspect here was the significant rise in the number of people of Chinese origin involved, which rose from 2% in the last RTB to 7% in the present RTB. In total, there were 184 transactions in which one of the subjects involved was of Chinese background.

Colophon

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editors: Financial Intelligence Unit The Netherlands
KLPD – IPOL Department

Zoetermeer, September 2011