



Financial Intelligence Unit -  
the Netherlands

# FIU-the Netherlands

## Annual Review

# 2019



# Foreword

Dear reader,

This annual review was prepared in a period that will forever remain in our memories. The Netherlands is currently engaged in an ‘intelligent lockdown’ and finds itself facing an uncertain future on many fronts. Looking back on 2019 in this annual review, it seems almost like a different era.

In this annual review, FIU-the Netherlands gives you an insight into the activities it conducted in 2019 to combat money laundering, predicate offences and terrorist financing. Each year has its milestones, but 2019 was not only a special year for FIU-the Netherlands, but also for me personally. In recent years, FIU-the Netherlands has developed more and more into a public organisation that shares, cooperates, coordinates and leads in the field of financial intelligence wherever possible. It is by no means only FIU-the Netherlands we have to thank for this: it is due in equal measure to the public and private parties who recognise the value of an intensive joint approach to combating money laundering, terrorist financing and – accordingly – subversive crime.

FIU-the Netherlands received 541,236 ‘regular’ unusual transaction reports in 2019, a substantial rise compared to 2018. This does not include transactions based on the objective reporting indicator for high-risk countries. In 2019, FIU-the Netherlands identified a total of 39,544 transactions as suspicious, combined in 5,302 case files. This resulted in a decrease in the number of transactions declared suspicious and case files created compared to 2018, but the total value of suspicious transactions doubled in 2019 to a surreal value totalling more than €19 billion. All 39,544 suspicious transactions have been handed over to the investigative, intelligence and security services for further investigation and possible prosecution.

FIU-the Netherlands invested mainly in two areas in 2019: intensifying cooperation and improving technology. More than ever before, cooperation took place in a very constructive setting, from public to private and from national to international.

Together with four banks, FIU-the Netherlands launched the Fintell Alliance Nederland, an intensive form of public-private partnership, in 2019. The Serious Crime Task Force and the Terrorist Financing Task Force worked together with the public services under the auspices of the Financial Expertise Centre (FEC). These are national forms of cooperation that achieved good results in 2019 at case, knowledge and insight level. 2019 also saw the 25th anniversary of the introduction of reporting obligations in the Netherlands, which FIU-the Netherlands marked by organising a seminar and publishing the book ‘After the Gatekeepers, 25 years of unusual transactions’, the first copy of which I presented to the Minister of Justice and Security during his working visit to FIU-the Netherlands. FIU-the Netherlands also played an international role in 2019, for example by organising the annual plenary meeting of the Egmont Group of Financial Intelligence Units in the Netherlands. The central theme of this meeting was how to improve public-public partnership from an FIU point of view. The Queen and the Minister of Justice and Security opened this meeting, and both gave a speech to the approximately 500 guests representing no fewer than 163 nationalities. This international meeting took on a personal note for me when at its conclusion the time arrived for me to hand over my two-year chairmanship of the Egmont Group of Financial Intelligence Units.

The investment on the second point, technology, also received a great deal of attention in 2019. FIU-the Netherlands is investing in data science, further automation and new and more efficient ways of analysing and enriching data. This is a process covering several years, with more work being done on a solid foundation in 2019.

I would like to take the opportunity in my foreword to highlight a particular day in 2019. The 18th of March, the day of the tram attack in Utrecht. During its search for the perpetrator, the police decided to release his name. This gave many organisations the opportunity to contribute.



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During those terrible hours, FIU-the Netherlands received a phone call from a bank employee who had come across that name in the bank's own data and was also able to provide a phone number. This intelligence was immediately declared highly suspicious and passed on to the relevant police services. The number ultimately helped to pinpoint the attacker.

This example makes me all the more grateful for the short lines of communication between all relevant parties and the alert response of the obliged entity concerned.

The following aspect of this review of a number of important insights from 2019 is of particular importance to me. As a public body, FIU-the Netherlands is showing itself more and more to be a valuable, useful and in many cases vital partner in tackling money laundering, terrorist financing and subversive crime. The results achieved in 2019 would not have been possible without the efforts of all the partners FIU-the Netherlands works with, both nationally and internationally, and the strong commitment of FIU-the Netherlands' staff. Despite the current coronavirus situation, I look forward with full confidence to 2020, in which the joint approach to money laundering, terrorist financing and subversion will continue to receive our full attention, thus contributing to the integrity of the financial system for a safe society and economic stability.

With these insights in mind, I trust that you will enjoy reading this 2019 Annual Review.



**Hennie Verbeek-Kusters, MA, June 2020**

Head of FIU-Netherlands



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# Management Summary

## Developments in 2019

In previous years, FIU-the Netherlands has noted an increase in the annual number of unusual transactions, and this remained the case in 2019. This increase led in turn to a further rise in demand for FIU-the Netherlands products. This was anticipated in 2019 because FIU-the Netherlands is facing developments in money laundering methods, transaction complexity and the further digitisation of payment transactions. FIU-the Netherlands addressed these developments in 2019 by focusing on technological solutions. This calls for an automated and digital approach to analysing and processing information. The targeted use of data science, automation processes, new applications and data analysis are intended to ensure that FIU-the Netherlands keeps pace with developments. This is important to analysing virtual assets and gaining insights into complex international corporate structures, for example. In 2019 FIU-the Netherlands worked on making it easier for dealers to report unusual transactions. The data sharing from the FIU-the Netherlands to Europol was transferred to the National Police in 2019, as was the task of screening the financial system.

In 2019 FIU-the Netherlands also considered more ways of using open sources (OSINT) for analysis purposes.

## Cooperation

There was more visible cooperation in 2019, both nationally and internationally. This cooperation took place not only at public level, but also specifically with private partners. In 2019 FIU-the Netherlands took part in new and ongoing projects at the Financial Expertise Centre (FEC). In 2019 FIU-the Netherlands also took part in several Field Labs: innovative forms of cooperation that focus intensively on a specific criminal issue. The government strengthened its approach to subversion in 2019, and FIU-the Netherlands made an important contribution to this. FIU-the Netherlands is able to use the available data to generate insights into how subversive crime is given shape financially. In 2019, additional funding was allocated to FIU-the Netherlands for manpower and resources related to the intensified approach to subversion. This funding is expected to be received in 2020.

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Based on an initial pilot in 2018, a collaborative effort with several individual banks was established in 2019 under the name Fintell Alliance. This public-private partnership is aimed at exchanging knowledge and strengthening the effectiveness of reporting unusual transactions. The purpose of the Fintell Alliance is to gain a clearer insight into criminal networks, facilitators, modus operandi and the laundering of criminal assets.

Another public-private partnership was developed in 2019 under the name of Serious Crime Taskforce (SCTF). This public-private partnership between the Public Prosecution Service (PPS), the National Police, the Fiscal Intelligence and Investigation Service (FIOD), FIU-the Netherlands and the major banks aims to combat subversive crime and to protect the integrity of the financial sector on the basis of cooperation and sharing more information.

In 2019, FIU-the Netherlands had the honour of organising the 26th plenary Egmont Group meeting in The Hague. The theme of this meeting was improving public-public cooperation from an FIU perspective. The meeting was chaired by the head of FIU-the Netherlands and opened by Her Majesty Queen Máxima as special advocate of the United Nations (UN) Secretary-General for inclusive financing for development, and by the Minister of Justice and Security, who both gave speeches.

### Analysis of unusual transactions

2019 saw a huge upturn in the number of unusual transactions, rising to no fewer than 2,462,973 reports received. This rise can be ascribed mainly to a statutory indicator in relation to high-risk third countries that came into force in 2018. Of these 2,462,973 reports, a total of 541,236 were filed for other reasons. Other than the indicator mentioned above, this led to a significant increase in the number of unusual transaction reports in 2019. In 2019, FIU-the Netherlands compiled 5,302 files containing 39,544 suspicious transactions. This represents a fall in the number of transactions declared suspicious compared to 2018 and the number of files opened in 2019 also went down. The total value of all suspicious transactions doubled to over 19 billion euros in 2019. Based on the rising trend in the number of unusual transactions, FIU-the Netherlands made preparations in 2019 to facilitate the use of more technological analysis resources in the near future.

In 2019, FIU-the Netherlands prepared itself for the approaching legislation on virtual assets. This concerns exchanges and custodian wallets. For FIU-the Netherlands, cooperation with these new obliged entities is important because they are new gatekeepers within the financial system. In 2019, four reports were made available to assist obliged entities in recognising and identifying unusual transactions. The public part of the reports has been placed on FIU-the Netherlands' website for further review. FIU-the Netherlands shares knowledge and experiences by means of anonymised cases via its website. There are now more than two hundred and fifty anonymised cases available for online viewing for each reporting group.

In 2019, FIU-the Netherlands received a total of 1,298 targeted requests from the National Public Prosecutor (LOvJ) from criminal investigations, the complexity of which increased in 2019. FIU-the Netherlands plans to automate some of the processing of LOvJ requests in the future,

Each year, FIU-the Netherlands conducts targeted investigations within the set themes. In 2019, this topic focused on trafficking in human beings and sexual and labour exploitation under the theme of money laundering in relation to criminal assets. With a view to public-private partnerships, a number of banks cooperated in the area of human trafficking in 2019. This led to an improvement in the reports of unusual transactions involving human trafficking in 2019. FIU-the Netherlands also devoted extra attention to the subject of drugs in 2019. This involved inspecting companies that import fruit from cocaine-producing countries, and not without success. An analysis carried out by FIU-the Netherlands showed that there were some remarkable aspects concerning a number of these fruit companies. A project-based approach led to a large number of fruit companies being identified, and cocaine was intercepted at an early stage by the investigative services in 2019. Attention was also paid in 2019 to case files with an aspect relating to healthcare fraud. In 2019, FIU-the Netherlands conducted another analysis to gain an impression of the scale of healthcare fraud-related transactions. In 2019, FIU-the Netherlands once again established that some of the unusual transactions related to healthcare fraud may have had to do with terrorist financing, although this went down proportionally compared to the previous year. FIU-the Netherlands also held talks with a number of partners in 2019 with a view to making arrangements for the development of a healthcare fraud monitor. The idea is to put this monitor into operation in 2020 as a semi-automated way of uncovering healthcare fraud transactions.



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In 2019, FIU-the Netherlands received 538 Requests For Information (RFIs) from eighty different FIUs and sent 501 RFIs to 79 other FIUs dealing with subjects that may have been involved in an analysis or investigation into money laundering and/or terrorist financing.

### Transactions declared suspicious

In 2019, FIU-the Netherlands declared 39,544 transactions suspicious on the basis of investigations and analyses. All transactions declared suspicious are passed on to the investigative, intelligence and security services, after which they are used for various purposes. FIU-the Netherlands compiled a total of 5,490 case files, 5,302 of which involved transactions declared suspicious. A further 150 files were given the provisional status 'not suspicious' because no link could yet be made with criminal offences. In 2019, 38 files were assigned the status of 'embargo suspicious'. In 2019, FIU-the Netherlands made the policy decision to conduct more of its own investigations into declaring transactions suspicious, as a result of which the number of suspicious transactions and the number of case files drawn up on the basis of a match in the Index of Criminal Investigations and Subjects (*Verwijzingsindex Recherche Onderzoeken en Subjecten*, VROS) will be lower for 2019. The number of transactions declared suspicious on the basis of an LOVJ request increased in 2019 and these requests became more complex.

The largest number of suspicious transactions in 2019 came from the payment service providers sector. The dealers' sector, too, saw an increase of more than fifty percent in 2019 in the number of transactions declared suspicious.

### Terrorist financing

In 2019, FIU-the Netherlands declared 49 unusual transactions suspicious and formed 11 case files in relation to the Sanctions Act, mainly involving non-cash transactions and money transfers.

Where necessary, FIU-the Netherlands proactively provides the financial intelligence requested in connection with possible terrorism-related situations or does so on the basis of a specific request. This contributed in 2019 to a number of suspects being prosecuted for financing combatants who may have taken part in the armed struggle in Syria.



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In 2019, FIU-the Netherlands worked on the development of terrorist financing risk profiles. An example of these TF risk profiles is an alert on the misuse of foundations for terrorist financing. In 2019, FIU-the Netherlands drew up the fact sheet 'Vulnerability of Non-Profit organisations in the Netherlands'. This fact sheet has been shared with approximately 4300 obliged entities in order to disseminate more knowledge on this subject. FIU-the Netherlands also invested in 2019 into gaining insights into financing aspects surrounding the ISIL organisation and the relocation of Foreign Terrorist Fighters to other geographical locations. An investigation was also carried out in 2019 into funds that were moved immediately after the fall of the caliphate. This led, among other things, to the first inclusion of a foundation on the Dutch sanctions list and the freezing of related assets in 2019.

In 2019, the Terrorist Financing Task Force (TF Task Force) was set up on a permanent basis. This TF Task Force ensures that analytical models to detect terrorist financing are developed together with the banks. The TF Task Force deals with current cases in the field of terrorist financing, which leaves room for an increase in knowledge and experience. Based on risk profiles, banks investigate which people are flagged as potentially being involved in the financing of terrorism and compare these unusual transactions bilaterally with the other participating banks, after which they report them to FIU-the Netherlands.

In 2019, FIU-the Netherlands, together with the Financial Crimes Enforcement Network (FinCen), the American FIU, concluded the international Egmont Group of Financial Intelligence Units (Egmont Group of FIUs) project 'Lone Actors and Small Cells', aimed at improving the observation of individuals with a motive to commit a terrorist act. The result was an internationally published report entitled 'Counter Terrorist Financing - Lone Actors and Small Cells' for the current 164 FIUs of the Egmont Group. In 2019, FIU-the Netherlands declared 2,515 transactions suspicious on the basis of a possible link with terrorist financing combined in 594 files. As a result, the number of case files being formed has more than doubled since the emergence of the Islamic State.

## Caribbean Netherlands

All service providers on the BES Islands are obliged to report unusual transactions to FIU-the Netherlands in accordance with the Money Laundering and Terrorist Financing (Prevention) Act for the Caribbean Netherlands (Wwft BES). To ensure that attention is focused on the service providers with a reporting obligation, they are, where necessary, in contact with a liaison officer of FIU-the Netherlands. In 2019, FIU-the Netherlands received 1,031 unusual transactions from the service providers with a reporting obligation and located on the BES Islands. The majority of these unusual transactions came from the banks, Customs, civil-law notaries and tax advisers. There is only a small fluctuation in the number of unusual transactions received each year.

In 2019, FIU-the Netherlands declared 276 unusual transactions related to the BES Islands suspicious. FIU-the Netherlands combined these 276 suspicious transactions into 26 case files, representing a combined value of more than 21 million euros. The reported suspicious transactions included ten intended transactions. Once again, the majority of suspicious transactions were reported by banking institutions in 2019. In 2019, the majority of the unusual transactions within the BES Islands were declared suspicious by FIU-the Netherlands on the basis of its own investigations. FIU-the Netherlands received 24 LOvJ requests in 2019. All transactions declared suspicious were transferred by FIU-the Netherlands to the investigative, intelligence and security services and/or to the Public Prosecution Service and the National Police Criminal Investigation Cooperation Team (RST) operating in the region.



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# 1. Developments in 2019

This chapter outlines the internal and external developments that affected FIU-the Netherlands in 2019. They include the steps FIU-the Netherlands took in 2019 in the area of automation and analysis methods based on advancing insights into data analysis on the one hand, and the optimisation of the process for reporting unusual transactions on the other. The chapter also sets out the challenges faced by FIU-the Netherlands in 2019 and how these challenges were taken on in a changing environment.

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## 1.1 Prioritising identified themes

In keeping with recent years, the themes pre-set by FIU-the Netherlands formed a basic structure for prioritising topics in 2019. These themes are shaped partly on the basis of the National Risk Assessment and the priorities of the investigative, intelligence and security services. This method is used by FIU-the Netherlands on the basis of a logical process of supply and demand and its own insights into specific subjects. The insights, phenomena and trends are gleaned from the analyses carried out by FIU-the Netherlands or through national and international cooperation, for example. The themes identified are sometimes specifically adapted from a content point of view. Changes in the content of these themes may result from progressive insight based on a changed need on the part of the investigative, intelligence and security services or necessary prioritisation.

By carrying out thematically targeted investigations into the significance of unusual transactions, FIU-the Netherlands contributes to preventing and combating money laundering, terrorist financing and predicative offences.

In 2019, FIU-the Netherlands operated the following prioritised themes:

- Known and unknown threat in relation to terrorist financing
- Corruption
- Money laundering in relation to criminal assets, including a focus on:
  - money laundering schemes
  - financial facilitators
  - misuse of virtual assets
  - human trafficking/smuggling
  - drugs
  - confiscating criminal assets
- Fraud, including targeted attention to healthcare-related fraud;
- Caribbean Netherlands
- Notable changes in reporting patterns and case files.

As well as paying attention to the prioritised themes, FIU-the Netherlands took a keen approach in 2019 to creating an insight into subjects that fall within the themes but from a different angle. Examples include the administrative approach to subversion or urgent situations, in the event of a possible terrorist threat, for instance. FIU-the Netherlands can use its financial insights to analyse unusual transactions, help uncover preparatory acts and identify criminal offences.

In the world of today, it is almost impossible to live, do business and move around without leaving a paper trail. This is expected to become even more the case in the near future. It is a matter for FIU-the Netherlands to decide whether these paper trails form grounds for declaring an unusual transaction suspicious. This insight gives FIU-the Netherlands a unique information position that can be used not only in normal and criminal investigations, but also for situations in which a financial insight can contribute to timely intervention.

## 1.2 Towards a ‘new’ FIU-the Netherlands

Over the past few years, FIU-the Netherlands has noted a further increase in the number of unusual transactions reported to it. This was also the case in 2019 (see also Chapter 3 and Annex I). The extent to which FIU-the Netherlands cooperates nationally and internationally and the need for the intelligence that FIU-the Netherlands provides are also increasing in equal measure. Developments in legitimate society (e.g. due to the strong emergence of digital payment methods) and developments in the underworld (e.g. due to money laundering-as-a-service<sup>1</sup>) may cause transactions to become increasingly fragmented and conducted in a network with the aim of concealing money laundering. The complexity and speed (instant payment) of individual transactions is also increasing (the increase in digital payment transactions makes transfers abroad faster and easier). The form of certain types of transactions (such as crypto services), which are reported to FIU-the Netherlands, is also changing. Money laundering methods are evolving alongside digital and communication developments at an ever-increasing rate and are becoming increasingly complex. These developments are leading to the nature of FIU-the Netherlands’ tasks becoming more complex and the detection of (new) phenomena and trends calling for targeted and extra efforts.

FIU-the Netherlands needs to deploy technological solutions to cope with these inevitable changes. In previous years, FIU-the Netherlands has started laying the foundations for the start of a digitisation process.

<sup>1</sup> For the purposes of this annual review, ‘money laundering-as-a-service’ means: the provision of specific services by a person or organisation in return for payment for the purpose of laundering criminally acquired assets for third parties.



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This will help FIU-the Netherlands make the transition from analogue work processes to primarily digital and automated work processes. As a result, the many administrative tasks of today will be greatly reduced and the knowledge and specialism of FIU employees can be used more and more effectively. This process of change will be carried out with precision and step-by-step, so that FIU-the Netherlands continues to fulfil its statutory remit while at the same time working towards more automated analysis methods and information processing and the qualitative deployment of FIU staff. This section outlines the steps that contributed to this process in 2019.

## *Individual transactions are becoming more complex.*

### **Data science**

By setting up a data science function, FIU-the Netherlands made a start with data experiments in the field of transaction modelling and text analysis in 2018. Consideration was also given to the added value of automatically using external information sources (such as the trade register) in documentation for deciding whether to declare a transaction suspicious. There were also experiments with the automatic generation of intelligent searches based on the report texts linked to transactions. Both forms of analysis prove valuable for the automated selection and prioritisation of unusual transactions for further analysis and the identification of phenomena and trends by FIU staff.

In 2019, work will continue on a closed digital innovation environment for the further development and application of data science at FIU-the Netherlands. This data science environment will become operational in 2020, after which FIU investigators and analysts will be supported by digital techniques in the analysis of reports of unusual transactions. This test environment offers FIU-the Netherlands the opportunity to use new data analysis methods, such as artificial intelligence (AI). If these new technologies prove to be effective, once they have been extensively tested they can be made available within FIU-the Netherlands' operational working environment.

### **Data protection**

The entry into law of the General Data Protection Regulation (GDPR) and the directive on data protection, investigation and prosecution introduced new rules for the protection of personal data. To meet its statutory obligations, FIU-the Netherlands, together with the National Police (who are responsible for the technical management of the provision of information to FIU-the Netherlands), the necessary steps have been taken to further protect data processed at FIU-the Netherlands.

### **Automating LOvJ requests**

Given the large number of reports of unusual transactions that reach it each year, FIU-the Netherlands makes every effort to automate manual processes wherever possible. This is also the case with requests received by FIU-the Netherlands via the LOvJ requests. In 2019, FIU-the Netherlands developed a process to extensively automate the processing of LOvJ requests. FIU-the Netherlands tested this process extensively in 2019. The results of the test show a minimal difference in quality between an automatic match and a manual analysis. For this reason, in 2019 FIU-the Netherlands took steps taken to roll out the semi-automatic processing of LOvJ requests for 2020. This will enable FIU-the Netherlands to considerably reduce the processing time of the current LOvJ requests, which will benefit criminal investigations. An important success factor is that the data quality of the submitted LOvJ requests is optimally in keeping with the automation process. The released capacity will be used for substantive investigations and analyses that are not (yet) suitable for an automated (or semi-automated) process.

### **Somma project**

FIU-the Netherlands and the FIOD work together intensively to prevent and combat money laundering and identify suspects by tracking down the right information. It is important that the various information systems of the FIOD and FIU-the Netherlands are able to communicate with each other. For this purpose, the Somma project was started in 2019 between the FIOD and FIU-the Netherlands. The objective of this project is to conduct anonymised matches on a thematic level. Based on this broader provision of information, it is decided which phenomena and trends are found nationally (and possibly also internationally) by means of a combined analysis from both information systems.



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The first phase of this project between FIU-the Netherlands and the FIOD was completed in 2019. This was an operational test of the FIOD application Financial Criminal Intelligence net (FCI.net), which is based on the encryption technology developed in the FIU.net, where corruption and terrorist financing are matched anonymously. These matches provided a different insight into certain transactions, which resulted in new cases. Based on these matches, FIU-the Netherlands provided the FIOD with suspicious transactions which were taken up for investigation. New insights into subjects and unusual transactions also emerged, as a result of which they were declared suspicious. The matches confirm the existing information position of FIU-the Netherlands and the FIOD, since no new information has yet become available in the field of terrorist financing. The results of the first phase of this project were presented at the Egmont Plenary in July 2019. In 2020, a follow-up process will be started with two FIUs outside Europe to establish whether this way of matching is also possible outside Europe.

### GoAML and the future

FIU-the Netherlands uses the GoAML (Go Anti Money Laundering) management information system developed especially for FIUs. Since GoAML cannot be converted into an application that meets the analysis needs of today's digital age, exploratory talks were held with GoAML's developer, the UN. In 2019, the UN announced that GoAML would be phased out over time. The UN also indicated that a long-term programme is being set up to build a new basic information system to provide FIUs worldwide with a management information system. FIU-the Netherlands is closely involved in the talks on shaping this programme with the UN Permanent Representation in Vienna and New York. FIU-the Netherlands is looking forward to the development of this programme, the complexity of which makes it necessary to overcome the uncertainties involved.



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## Analysis of virtual assets

Virtual assets<sup>2</sup> are a payment method in the digital world. However, from a legal point of view, virtual assets had not yet been given that status in 2019. The European Union (EU) did, however, work on legislation that supervises, among others, the crypto service providers covered by this subject. The Directive is due to come into effect in 2020. From that moment on, exchanges and custodian wallets must report unusual transactions to FIU-the Netherlands.

*The ability to quickly gain an insight into international corporate structures contributes to the decision-making process involved in declaring unusual transactions suspicious.*

In recent years, FIU-the Netherlands has seen the number of reports of unusual transactions related to virtual assets increase year-on-year, with the number of related transactions declared suspicious approximately doubling every year. Because the phenomenon of virtual assets is relatively new and the ability to use them for criminal purposes is recognised, the analysis methods for this are continually being developed. FIU-the Netherlands has anticipated this by appointing a number of FIU employees to deal with this subject. In 2019 a working group at FIU-the Netherlands considered what information exchanges and custodian wallets are available and how they should report this information to FIU-the Netherlands following implementation of the Directive. Because the analysis of the context data linked to virtual asset-related transactions has a different structure from regular transactions, FIU-the Netherlands needs to have appropriate analysis software available. Using specific software places FIU-the Netherlands in a better position to trace how certain transactions related to virtual assets were concluded.

<sup>2</sup> In this annual review, this refers to all forms of digital virtual assets that can represent a certain value online, such as Bitcoins and other similar virtual cryptocurrencies.

In 2019, FIU-the Netherlands worked closely with the National Police to obtain licenses for targeted analysis software for FIU-the Netherlands. This new analysis software will enable FIU investigators to analyse and assess transactions related to virtual assets and their context in terms of content. Because FIU employees need to be trained to use this software, it is expected that FIU-the Netherlands will start using it in 2020.

## Analysis of international corporate structures

Criminals make frequent use of international corporate structures to launder illegally obtained assets. The international movement of funds is part of the concealment of the origin and makes it more difficult to trace criminal money flows. Investigators at FIU-the Netherlands use applications that provide a schematic image of these corporate structures. The ability to quickly gain an insight into international corporate structures contributes to the decision-making process involved in declaring unusual transactions suspicious. This also makes financial intelligence more quickly and better available to the investigative services or foreign FIUs. In the autumn of 2019, FIU-the Netherlands launched an operational pilot to make corporate structures outside the Netherlands clear more efficiently using an application. The application shows the structures of companies located abroad. For example, the application can identify the Ultimate Beneficial Owner (UBO) of an organisation and the other companies affiliated with the company in question. This has explicit added value for FIU-the Netherlands' investigators. The insights thus obtained can be taken as a basis for requesting information from other FIUs in a more targeted way, which could lead to more information being provided than information about the queried organisation alone. In view of the successful conclusion of this project in 2019, FIU-the Netherlands has decided to implement this software and operationalise it in 2020. This is expected to result in an improvement and significant time savings for the analysis of unusual transactions in relation to international corporate structures.

## Improving the reporting portal for dealers

In response to signals concerning the complexity of the report form for dealers, FIU-the Netherlands paid particular attention to this issue in 2019. FIU-the Netherlands attaches great importance to reporting entities being able to report an unusual transaction as easily as possible. This increases the willingness to report and leads to the gatekeeper function being better fulfilled. It is also important to FIU-the Netherlands that reports of unusual transactions are made as accurately as possible.



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To combine this user-friendliness and accuracy, it was decided to adjust the input system for reports via the reporting portal. In collaboration with an external company, FIU-the Netherlands began developing a simple reporting module in the autumn of 2019. Discussions were held with a number of reporting entities and the supervisor about the new reporting module, and a number of reporting entities are involved in testing it. This new reporting module is expected to be more user-friendly and will also improve the quality of incoming reports. The new reporting module is expected to be tested at the beginning of 2020 and will be ready in mid-2020 for use by dealers and possibly for other reporting groups in the longer term.

### Transfer of the financial system screening task

In previous years, FIU-the Netherlands was made responsible for assessing the integrity of parties such as policymakers in its task of screening employees working within the financial system. Since these activities do not fall within the statutory remit of FIU-the Netherlands, they were transferred to the National Police in 2019. A transition phase was arranged for this. In 2019, an Information and Communications Technology (ICT) module was designed for this screening, the management of which was taken over by the Central Unit of the National Police. As a result, this task was definitively placed with the National Police in 2019.

### Open Source Intelligence

As well as using its own internal data systems and other closed sources, such as data from the National Police, FIU-the Netherlands also uses open sources for its analysis tasks. In 2019, FIU-the Netherlands took steps to structure the use and application of open sources. This means that FIU-the Netherlands will be setting up specific software in order to make open sources more readily available and train investigators for this work. The entire package for the use of open sources is expected to be structurally regulated and operationalised at FIU-the Netherlands by mid-2020. FIU-the Netherlands is thus ensuring that open sources can be properly used for investigations and analyses, while at the same time acting in accordance with data protection legislation and regulations.

### Scientific research

FIU-the Netherlands is very much in favour of using scientific research to gain a more substantiated insight into certain subjects involved in improving the fight against money laundering and terrorist financing.

In 2019, FIU-the Netherlands contributed to a scientific study carried out in cooperation with the Information Exchange on Criminal and Unexplained Wealth (iCOV), the Technical University of Vienna and the University of Utrecht, led by Professor Brigitte Unger and a combined team of scientists. FIU-the Netherlands provided data for this investigation. The study has not yet been published.

### FIU traineeship programme

For several years now, FIU-the Netherlands has been offering students the opportunity to combine a scientific study with a traineeship period. In 2019, three scientific studies were carried out by three students in collaboration with two universities. All of them received a favourable assessment and scientific approval by the university in question.

The final theses were based on the themes of fraud and human trafficking. The first thesis focused on the subject of migration crime and was carried out in cooperation with FIU-Curaçao. The second addressed the ability to use the trade in luxury horses in equestrian sport to launder criminal money. This revealed that ABC transactions are often used to disguise fraud and money laundering. To recognise ABC transactions, we need reliable data on the import and export of goods. The thesis shows that this provision of information is often lacking. The third thesis focused on fraud in the healthcare system. Recommendations include the use of investigative methods by intelligence services to identify criminals and phenomena at an earlier stage. According to the researcher, sharing information and knowledge with the obliged entities is essential to monitoring unusual behaviour at an earlier stage and, if possible, transforming it into concrete indicators. New thesis studies at FIU-the Netherlands have already been planned for 2020. FIU-the Netherlands makes grateful use of the knowledge and experience gained by the students and the conclusions and recommendations their theses contain.



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## Amendment to statutory indicator

As stated in the annual overview of FIU-the Netherlands for 2018<sup>3</sup>, a statutory amendment to an indicator under the Fourth Anti-Money Laundering Directive Implementation Act (AMLD4) in 2018 led to a considerable increase in the number of reports of unusual transactions. In 2019, FIU-the Netherlands once again received considerably more reports of unusual transactions based on this specific reporting indicator in relation to a list of high-risk countries<sup>4</sup> designated by the EU<sup>4</sup> than in the previous year (see also Chapter 3). At the end of 2019, the indicator with an objective effect was amended by the legislator to an indicator with a subjective effect. As a result, the numbers of unusual transactions with this characteristic dropped significantly from the end of the autumn of 2019, and the new reports of unusual transactions, based on the subjective indicator, proved useful for further intelligence purposes.

## 25th anniversary of the reporting obligation

2019 marked the twenty-fifth anniversary of the obligation to report unusual transactions being introduced in the Netherlands. In 2019, FIU-the Netherlands undertook a number of activities in this context. It published an anniversary book marking the twenty-fifth anniversary of the reporting obligation, for example. The book describes on the basis of interviews and documentation the history of FIU-the Netherlands and its predecessors, with some special moments added.

In June 2019, the head of FIU-the Netherlands presented the first copy of this publication, titled 'After the Gatekeepers, twenty-five years of unusual transactions', to the Minister of Justice and Security during a working visit to FIU-the Netherlands.

# 2019 marked the twenty-fifth anniversary of the obligation to report unusual transactions being introduced in the Netherlands.

The book was also distributed to all participants of the seminar organised in November 2019 and named after the book. During the seminar, a panel discussion was held on the past, present and future of FIU-the Netherlands, in which the participants were closely involved. Invited guests came from obliged entities, supervisors, ministries and investigative services. In addition to the paper version, the book can also be downloaded in digital form from FIU-the Netherlands' website.<sup>5</sup>

<sup>3</sup> [https://www.fiu-nederland.nl/sites/www.fiu-nederland.nl/files/documenten/fiu-nederland\\_jaaroverzicht\\_2018\\_nl\\_web.pdf](https://www.fiu-nederland.nl/sites/www.fiu-nederland.nl/files/documenten/fiu-nederland_jaaroverzicht_2018_nl_web.pdf)

<sup>4</sup> <https://eur-lex.europa.eu/legal-content/NL/TXT/PDF/?uri=CELEX:02016R1675-20181022&from=EN>

<sup>5</sup> [https://www.fiu-nederland.nl/sites/www.fiu-nederland.nl/files/afbeeldingen/fiu-25\\_jaar-jubileumboek-klikbaar.pdf](https://www.fiu-nederland.nl/sites/www.fiu-nederland.nl/files/afbeeldingen/fiu-25_jaar-jubileumboek-klikbaar.pdf)



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## 2. Cooperation in 2019

This chapter provides an insight into the specific partnerships in which FIU-the Netherlands was involved and/or which FIU-the Netherlands initiated in 2019. As well as its national importance, Financial Intelligence is also of great importance internationally, and it is partly for this reason that FIU-the Netherlands liaises with FIUs and other public and private organisations in the Netherlands and abroad. In 2019, there was a substantial increase in the extent to which FIU-the Netherlands cooperates with national partners. There were also many international initiatives, including the organisation of the annual plenary meeting of the Egmont Group of Financial Intelligence Units, which on this occasion was held in the Netherlands. Cooperation in 2019



## 2.1 National cooperation

Its position in the Dutch system compels FIU-the Netherlands to cooperate in order to achieve results. Cooperation can lead to synergy and thus improve the functioning of the financial control mechanism. Working with others also clarifies how the supply and demand for financial intelligence can be appropriately met. In 2019, there was a perceivable increase in national cooperation. Not only at public level, but also specifically with private partners. Within the legal constraints, there have been exploratory partnerships over the past few years to find out they can lead to visible results and effects for both parties. 2019 was therefore a year in which, in addition to the existing forms of cooperation, new forms of cooperation also gained a foothold. This section discusses these forms of national cooperation.

*The Piggyback project is an integrated approach in which various public and private parties collaborate on a theme.*

### Financial Expertise Centre

Within the FEC, various public partners, De Nederlandsche Bank (DNB), the Tax and Customs Administration, the FIOD, FIU-the Netherlands, the National Police, the Public Prosecution Service and the Netherlands Authority for the Financial Markets (AFM), work together to strengthen the integrity of the financial sector by promoting mutual cooperation and the exchange of information. In 2019 FIU-the Netherlands took part in new and ongoing projects at the FEC. One of these ongoing FEC projects concerns the trust and company services (TCSP) sector. This project focuses on the promotion of public-public partnership to tackle crime within this sector. This project also formed the basis for the Trade Based Money Laundering (TBML) project starting in 2020. TBML is a subject that will receive targeted attention within the FEC in 2020.

### Cross-border financial flows

The FIOD and the police carried out raids in various places and seized accounting records from bookkeepers. Real estate and bank deposits were seized as well. All this took place within the framework of a criminal investigation into laundering the proceeds of drug trafficking. FIU-the Netherlands carried out a network analysis for the study, mapping out various cash and non-cash money flows. Some of them had offshoots abroad. The financial insights yielded by the analysis were worth several million euros and were made available to the investigation team so that they could include them in their financial investigation.

### Field Labs

In 2019, FIU-the Netherlands also contributed to several Field Labs. Field Labs are innovative forms of collaboration supported by Tilburg University and Harvard University that directly contribute to a primarily regional safety problem that can also occur within other regions. The usual procedure is that one of the security partners identifies a 'wicked problem' that can only be tackled by combining a number of public disciplines, for example by combining the administrative approach with an approach under criminal law.

In 2019, FIU-the Netherlands also took part in the Organised Crime Field Lab team Cryptail, aimed at putting up barriers against the influx of drug money from Dark Web trading. This Field Lab focuses on various projects concerning prevention, repression, investigation and circular reinforcement in between. The goal of this Field Lab is to make the Netherlands one of the most difficult countries in the world for turning criminally acquired virtual assets into everyday currency. FIU-the Netherlands participates in this Field Lab on the basis of mutual knowledge sharing and this project will continue in 2020, when the first results are expected.

The Euregional Field Lab in Belgian and Dutch Limburg, launched in 2018, was continued in 2019 on the basis of continuing signs of money laundering through purchases and sales of real estate in the border region. Within this Field Lab FIU-the Netherlands is working with two nationalities, with on the Dutch side the National Police, the PPS (including an asset recovery officer), the Tax and Customs Administration and FIU-the Netherlands.



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On the Belgian side, the Police, FIU-Belgium and the Public PPS are taking part. The purpose of this Field Lab is to prevent the use of criminal assets in real estate through civil-law notaries within the border region.

Field Labs thus show that specific problems cannot generally be tackled unilaterally, but sometimes can through a public-public, public-private and/or international form of cooperation; sometimes cross-border methods are possible.

### Strengthening the approach to subversion

In 2019, the government's approach to tackling subversive crime really got off the ground. FIU-the Netherlands plays an important role in this intensified approach. Based on its analyses, FIU-the Netherlands can provide insights into how subversion takes financial form, who is involved and where financial resources ultimately end up. FIU-the Netherlands thus offers insights into how subversion gains a foothold in a certain area from a financial point of view and which sectors are involved, for example. In 2019, additional funds were allocated to FIU-the Netherlands to give shape to this intensified approach in the coming years with extra manpower and resources. This funding is expected to be received in 2020.

### Targeted collaborations with Police Units

FIU-the Netherlands cooperates intensively with its main recipient of financial intelligence, the National Police. The regional and national criminal investigations divisions of the National Police benefit from financial insights obtained from suspicious transactions made available by FIU-the Netherlands. These suspicious transactions can be consulted by investigators themselves within their own police data environment. FIU-the Netherlands can also produce financial intelligence in a targeted manner on the basis of an LOvJ request (see Chapter 1). In addition to this regular form of work, there are of course more targeted forms of partnership. FIU-the Netherlands makes all suspicious transactions available within the police environment, so that financial intelligence is always accessible to the investigative services. However, if broader insights or more specialist knowledge are required, FIU-the Netherlands can also provide these separately. In 2020, this new way of working will be evaluated and, if appropriate, further extended.

FIU-the Netherlands' financial intelligence is available to all units of the National Police. Some units explicitly cooperated with FIU-the Netherlands in 2019 in order to obtain better financial insights to speed up criminal investigations. An example of this is the FIU consultation on transaction information, which started in 2018 with the Limburg police force and, due to its success, continued in 2019 with the accession of the FIOD and the Public Prosecution Service. During these consultations, a number of specific transaction files are discussed. More than 45 case files were discussed in 2019, in which information was specifically shared with public partners. In the Eastern Netherlands Unit, too, a similar periodical consultation with FIU-the Netherlands, the Public Prosecution Service and the FIOD was started in 2019, in which transaction information from current investigation files is discussed in its entirety. Cooperation between FIU-the Netherlands and the Eastern Netherlands Unit is both centralized and decentralized via the police districts. In 2019, a total of 65 case files related to this field of activity were forwarded via FIU-the Netherlands to regional police investigation services.

#### Anonymous rental

The police in The Hague carried out an extensive action on 'ghost houses' in early 2019. These were mostly luxury apartments where no one was registered as a resident. They are hired by criminals and a broker shields the identity of the user. The broker receives his fee in the same way as the rent: in cash. These transactions have the characteristics of rental payments that conceal the actual occupant of the rented property. Hefty prison sentences were handed down in the Hague case referred to above. But we come across similar arrangements quite often. In this case, a criminal investigation team asked for a transaction analysis to be carried out following arrests in a drugs investigation somewhere in the Netherlands. The analysis showed that the girlfriend of one of the suspects had made about twenty payments via a payment service provider to a few brokers involved in renting and letting business premises and housing. The payments were made in cash, after which the money was transferred to the bank accounts of the brokers.



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## 2.2 Public-private partnership

In recent years, FIU-the Netherlands has noticed a certain movement among the obliged entities. Certainly in a number of sectors, entities are increasingly making better arrangements for compliance with the reporting obligation. This is done by deploying more compliance staff, data scientists and IT specialists, as well as by using more advanced techniques for detecting money laundering and terrorist financing. Obligated entities within certain sectors are more willing than ever to improve the compliance task by means of public-private partnerships. FIU-the Netherlands sees this movement as a positive development in which obliged entities are increasingly fulfilling their gatekeeper role. One of the sectors that put more emphasis on improving compliance in 2019 was the banking sector.

### Fintell Alliance

In 2018, FIU-the Netherlands launched a public-private partnership pilot project with a private bank. Because both parties took a very favourable view of the cooperation and the results of the pilot, it was not only continued in 2019 but also further structured and expanded to include several individual banks under the name of the Fintell Alliance. This public-private partnership is aimed at exchanging financial intelligence and knowledge and strengthening the effectiveness of reporting unusual transactions, based on existing legal possibilities. This cooperation offers a better insight into the criminal networks, facilitators, the modus operandi and the laundering of criminal assets. This cooperation resulted in 2019 in several intelligence and knowledge products from which FIU-the Netherlands, the investigative services and the banks will greatly benefit. Based on this experience, we will continue to focus on further shaping this public-private partnership in 2020

The Fintell Alliance provides a new opportunity to strengthen the approach to money laundering and other forms of subversive crime. The public-private partnership thus contributes to strengthening the integrity of the financial system.

The SCTF was developed almost parallel to this in the second half of 2019. This public-private partnership between the PPS, the National Police, the FIOD, FIU-the Netherlands and a number of major banks aims to combat subversive crime and at the same time protect the integrity of the financial sector. In the SCTF, information about brokers and facilitators is shared with the participating banks.

FIU-the Netherlands, together with the banks, also forms the basis of this cooperation. The input for this information is handled according to the Fintell Alliance approach by the SCTF working group, which is formed by the banks and FIU-the Netherlands.

## *Together with four banks, FIU-the Netherlands launched the Fintell Alliance Nederland, an intensive form of public-private partnership, in 2019.*

In 2019, FIU-the Netherlands also worked in a Task Force focused on public-private partnerships for tackling terrorist financing. This is covered in more detail in Chapter 6.

### Anti Money Laundering Centre (AMLC/FIOD)

In 2019, cooperation between FIU-the Netherlands and AMLC continued in the field of knowledge exploitation, research and analysis. Two AMLC employees, working under the responsibility of the Head of FIU-the Netherlands, support the analysis process of unusual transactions. With their specialist knowledge of taxation in particular, but also of transactions in the field of real estate and virtual assets, they contribute to the interpretation and classification of reported complex unusual transactions. One example of this targeted cooperation with AMLC was in 2019 in the area of trade-based money laundering (TBML), in which FIU-the Netherlands noted that cash payments were made regularly within certain sectors. The AMLC responded by organising meetings in 2019 with parties including the major banks and the Tax and Customs Administration.

### Human trafficking/smuggling

In 2019, FIU-the Netherlands devoted more attention to the theme of human trafficking, with a focus on sexual and labour exploitation. The files on suspicious transactions related to sexual exploitation were shared with the relevant regional investigation services of the National Police and the suspicious transactions related to labour exploitation were specifically passed on to the Inspectorate SZW (Social Affairs and Employment Inspectorate).



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In 2019, FIU-the Netherlands collaborated with the Inspectorate SZW in the field of labour exploitation at strategic and case level. A striking example of this collaboration in 2019 was a targeted study of labour exploitation. After a targeted analysis of unusual transactions related to labour exploitation, the relevant transactions were declared suspicious and combined in case files. These files were subsequently shared with the Inspectorate SZW, after which they are transferred to the investigative or supervisory branch of this service. Based on reports from the Inspectorate SZW, the files have proven to be of great value for further investigation and the uncovering of labour exploitation.

Based on these investigations, cooperation and the analyses carried out, FIU-the Netherlands developed a methodology in 2019 that can be used to identify unusual transactions that may specifically indicate human trafficking. FIU-the Netherlands continuously seeks cooperation across the themes with public and private parties in order to combat human trafficking and to identify new phenomena and trends. With a view to intensifying public-private partnerships, a number of banks cooperated in the theme of human trafficking in 2019. This will improve the reporting of unusual transactions on human trafficking and may lead to new financial indicators of human trafficking being identified.

Since human trafficking is often international in nature, case-based and project-based cooperation and exchanging information with other FIUs within the Egmont Group also takes place at international level (see also section 2.2 International cooperation).

### Financial Intelligence Centre (FIC Rotterdam)

Since 2018, FIU-the Netherlands has been working on a project basis with various public partners (FIOD, Police, Tax and Customs Administration, municipality of Rotterdam) to structurally confiscate criminally acquired assets in the Rotterdam region (entitled Confisq). In this integrated confiscation team, FIU-the Netherlands introduces new signals in the form of suspicious transactions for the investigative services (FIOD and the Police), which help to identify money flows. The PPS can confiscate criminal assets based on an investigation within this partnership. In 2019, the Municipality of Rotterdam set up the FIC Rotterdam on the basis of this partnership and the government's provision of more funding. The FIC Rotterdam is an extension of the existing cooperation between parties including the Regional Information and Expertise Centre (RIEC) Rotterdam and FIU-the Netherlands. The aim of the FIC Rotterdam is not only to focus on short-term cyclical confiscation, but also on more complex or thematic investigations. In 2020, FIU-the Netherlands hopes to continue this cooperation and, if possible, expand it.



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## Public activities of the Head of FIU-the Netherlands

In addition to her executive responsibilities, the head of FIU-the Netherlands has an advisory and informational role as an advocate of an ethical financial sector and a responsible government. On this basis, the head of FIU-the Netherlands is regularly asked to present the viewpoint of FIU-the Netherlands on certain topics at meetings.

In 2019, the head of FIU-the Netherlands gave a speech at the International Symposium on Economic Crime on the theme 'Fighting economic crime, a shared responsibility'. At this meeting, the head of FIU-the Netherlands outlined her vision for a more effective approach through public-public and public-private cooperation. A speech was also given in 2019 on public-private partnerships at the World conference of banking institutes 'Growth & Sustainability in an Age of Disruption'. During the Future of Financial Intelligence Sharing (FFIS) Conference of Partnerships in Amsterdam, the head of FIU-the Netherlands gave a speech on the complexity of terrorist financing and how FIU-the Netherlands tackles it. She also attended the FFIS workshop 'Privacy enhancing technology and the fight against financial crime: exploring cases in the Netherlands', organised by FFIS in consultation with FIU-the Netherlands. The workshop was attended mainly by financial institutions and supervisors and the use of privacy enhancing techniques to work more effectively in the reporting chain was discussed.

The head of FIU-the Netherlands also took part in the conference Spotlight on Subversion in Rotterdam, a meeting of the Financial Gateway; the bank as gatekeeper and the meeting of the Financial Sector Commission (in The Hague).

## 2.3 International cooperation

In addition to national partnerships, FIU-the Netherlands also frequently cooperates with international partners. This cooperation is a key condition for the ability to enrich financial information to generate useful financial intelligence. Without these partnerships, FIU-the Netherlands would not be able to fulfil its statutory remit (Article 13 of the Wwft). This section sets out these international partnerships in 2019.

## European Union Financial Intelligence Unit Platform (EU FIU Platform)

The Netherlands participates in the EU FIU Platform for the EU FIUs, which is chaired by the European Commission. The platform meets four times a year, as it did in 2019. 2019 saw the 40th EU FIU Platform, with ongoing European cooperation as one of the agenda items. The future of FIU.net used by EU FIUs was also included in the programme. FIU.net is used by EU member states to actively and proactively share financial intelligence within European borders in a secure manner. FIU.net is hosted by Europol and will change in the near future because of European privacy legislation. FIU-the Netherlands adopted an initiating role within the EU FIU Platform on this subject in 2019. Together with other EU FIUs, FIU-the Netherlands studies the options for ensuring the exchange of information with the other EU FIUs. In 2020, FIU-the Netherlands, together with the European Commission and the other EU FIUs, will work out the options in more detail in order to achieve a workable solution.

In 2019, FIU-the Netherlands also cooperated more intensively with other EU FIUs, in addition to the regular information requests that FIUs send each other almost daily. Together with two other FIUs, a joint analysis was carried out on the subject of human trafficking/smuggling/illegal prostitution. This calls for the intensive deployment of and cooperation between FIUs within a specific investigation or subject that affects several FIUs. This form of joint European analysis usually takes a lot of time. The joint analysis on the subject of human trafficking/smuggling/illegal prostitution will be continued in 2020, and FIU-the Netherlands will also look into whether there are more ways of carrying out joint analyses. FIU-the Netherlands is strongly in favour of joint analyses and regards this type of international cooperation as important. The deployment of future technological alternatives could have a significant effect on limiting the current investment of time in certain elements.

## The Egmont Group of Financial Intelligence Units

FIU-the Netherlands is a member of the Egmont Group of FIUs, which at the end of 2019 had a total of 164 members. It is important for FIUs to be members of the Egmont Group so that they can securely exchange international financial intelligence.



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Membership also enhances the current level of professionalism through knowledge sharing and innovation. Information is shared via the Egmont Secure Web (ESW), a secure application that allows for retrieving and transmitting financial intelligence available from other FIUs. Becoming and remaining a member of the Egmont Group is not something that happens automatically. The Financial Action Task Force (FATF) recommends membership of the Egmont Group (from the 40 FATF recommendations)<sup>6</sup> and within the Egmont Group there is an Egmont Membership, Support and Compliance Working Group (MSCWG), which determines whether an FIU meets the standards set by the FATF and Egmont in order to become and remain a member. As a result, the number of members may fluctuate annually.

### Chairmanship of the Egmont Group of FIUs

In July 2019, the term of the Egmont Group's chairmanship of the Head of FIU-the Netherlands expired. During this two-year term, the head of FIU-the Netherlands has represented the Egmont Group as chair at various international meetings and has also contributed substantively to a strong course and a theme-oriented approach within the Egmont Group. This is illustrated by the contribution to the Egmont Group of FIUs' long-term strategic plan in which, within the term of chairmanship, the foundations were laid for one of the key objectives, namely to work towards more multilateral information sharing within the Egmont Group.

### Egmont Group annual plenary meeting 2019

Each year, all members of the Egmont Group meet for a plenary meeting to discuss the progress of international FIU cooperation. The meeting is an international gathering of FIUs and leading organisations that work daily on the international stage to combat money laundering and terrorist financing. For almost a week, separate working groups are set up to discuss progress, results, experiences and new approaches.

<sup>6</sup> <https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf>

In 2019, FIU-the Netherlands had the honour of organising the 26th plenary Egmont Group meeting in The Hague. The theme of this plenary meeting was improving public-public cooperation from an FIU perspective. This meeting focused on sharing experiences and identifying opportunities, challenges and lessons learned from methods to improve cooperation between public services in tackling money laundering and terrorist financing. Four operational projects were completed during the meeting, including Professional Money Laundering and FIU Tools for Investigating Money Laundering of the proceeds of Corruption. The Egmont Group prepared a communiqué<sup>7</sup> on the results achieved during this Egmont meeting.

## *In 2019, FIU-the Netherlands had the honour of organising the 26th plenary Egmont Group meeting in The Hague.*

The meeting was chaired by the head of FIU-the Netherlands and opened by Her Majesty Queen Máxima as special advocate of the UN Secretary-General for inclusive financing for development, and by the Minister of Justice and Security. Queen Máxima gave a substantive speech<sup>8</sup> on financial inclusion, after which the Minister gave the participants of the meeting an insight into his vision of tackling subversive crime<sup>9</sup>.

<sup>7</sup> <https://egmontgroup.org/sites/default/files/filedepot/external/05JUL2019%20-%20DRAFT%20-%20Co-Chairs%20Statement%2026th%20Egmont%20Plenary.pdf>

<sup>8</sup> <https://www.unsgsa.org/resources/speeches/unsgsa-opening-remarks-egmont-group/>

<sup>9</sup> <https://www.government.nl/ministries/ministry-of-justice-and-security/documents/speeches/2019/07/04/speech-by-minister-of-justice-and-security-ferdinand-grapperhaus-at-the-egmont-group-plenary-meeting>



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The meeting was the best attended Egmont Group meeting so far, with almost five hundred visitors and no fewer than 163 nationalities participating in the various working groups, consultations, workshops and presentations. During the final day of the meeting, the chairmanship of the Egmont Group was handed over to the head of the Argentine FIU. Moreover, the head of FIU-the Netherlands and the head of FIU-France’s International Cooperation Department, were elected as representatives of Europe Region 1 within the Egmont Group of FIUs.

*“It is only by building these kinds of partnerships that we will create a world where people and companies can send money abroad in a faster, cheaper, and safer manner, without creating risks of money laundering and financing of terrorism.”*

Her Majesty Queen Máxima, as Special Advocate of the UN Secretary-General for Inclusive Financing for Development at the plenary meeting of the Egmont Group of Financial Intelligence Units on 5 July 2019, The Hague, the Netherlands.

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The plenary Egmont Group meeting was sponsored in part by support funds from three ministries (Justice and Security, Finance and Foreign Affairs), the FIOD, the National Coordinator for Security and Counterterrorism (NCTV), the National Police and the municipality of The Hague. The contributions from these organisations demonstrate that both the national and international importance of tackling money laundering and terrorist financing is widely shared within various public organisations in the Netherlands.

*“FIU-the Netherlands compares financial, police and tax information to uncover links between people, companies and networks. This is a unique and innovative approach, but FIU-the Netherlands is more than up to the task. It has a treasure-trove of knowledge and experience, gained over the past 25 years since mandatory reporting of unusual transactions was introduced in the Netherlands.”*

Minister of Justice and Security, Ferdinand Grapperhaus, during the plenary meeting of the Egmont Group of Financial Intelligence Units on 5 July 2019, The Hague, the Netherlands.



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# 3. Unusual transactions

This chapter sets out the number of reports of unusual transactions received by FIU-the Netherlands in 2019 and how these numbers stand in relation to the internal and external factors that may have influenced them. This chapter also outlines how the cooperation and coordination with the obliged entities and supervisors took shape in order to promote compliance with the reporting obligation in 2019.



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## 3.1 Numbers of unusual transactions

The number of unusual transactions rose hugely in 2019. Following a legislative amendment for the objective reporting of unusual transactions in relation to high-risk countries, which came into force in 2018, the number of unusual transactions received increased from 753,352 in 2018 to as many as 2,462,973 reports in 2019. This more than threefold increase in the number of reports of unusual transactions (compared to 2018) is largely due to this specific reporting indicator (based on the high-risk countries designated by the European Commission). The legislator responded to this when it became clear at the end of 2018 that an adjustment of this statutory indicator was needed. In October 2019, the indicator was changed (from an objective to a subjective approach) in order to achieve a purer effect. For FIU-the Netherlands, this is likely to result in a considerable reduction in the number of reports of unusual transactions in 2020 that can be directly related to this adjusted indicator. Looking at the number of regular reports<sup>10</sup> of unusual transactions received by FIU-the Netherlands in 2019 on the basis of other reporting reasons, we see that a total of 541,236 reports were received (see Annex I). As a result, the number of reports reported outside the aforementioned and modified indicator also increases significantly.

*The number of unusual transactions rose hugely in 2019.*

Viewed over the past three years (but generally also in previous years), the number of reports of unusual transactions rose from 361,015 in 2017, 394,743 in 2018 and, as mentioned, 541,236 in 2019. This continues the rising trend in the numbers of unusual transactions. To continue to cope with these increasing numbers, FIU-the Netherlands made preparations in 2019 to enable the deployment of more technological analysis resources (see Chapter 1) in the near future.

<sup>10</sup> For the purposes of this annual review, 'regular reports' means reports of unusual transactions that have not been reported on the basis of the statutory indicator objective 02 (The list of high-risk countries designated by the European Commission)

## 3.2 Obligated entities

Wherever possible and necessary, FIU-the Netherlands consciously made contact with the obliged entities in 2019. Usually, this is done via trade associations representing the interests of certain obliged entities, but also with obliged entities which, due to the nature of their core activities, are required to report significant numbers of unusual transactions to FIU-the Netherlands. For FIU-the Netherlands, these institutions form the first line of observation and identification in the fight against money laundering and terrorist financing. The obliged entities determine whether or not a transaction carried out or to be carried out has an unusual component. In that context, FIU-the Netherlands works together with the obliged entities to inform and assist them and, where possible, to make the reporting process as user-friendly as possible. For these reasons, FIU-the Netherlands prepared adjustments to the reporting portal in 2019, in consultation with these entities (see Chapter 1). Accurately and completely reporting unusual transactions leads to a cleaner industry and a strict reporting policy makes it more difficult for criminals to use the products and services within a particular industry.

### Art trade

FIU-the Netherlands participated in a panel discussion at The European Fine Art Fair (TEFAF) in Maastricht in March 2019. The aims of this were to focus more attention on art dealers, increase compliance within the sector and reduce the risk of laundering of criminal funds. In connection with this panel discussion and compliance promotion, FIU-the Netherlands published an English-language newsletter for art dealers on its website. As a follow-up, a workshop was organised with various parties in conjunction with the National Police with regard to the art trade and its misuse for the purpose of laundering criminal money.

### Casinos and gambling casinos

For the time being, the reporting obligation applies only to a party in the Netherlands that is legally authorised to offer casino games. FIU-the Netherlands periodically consults with this obliged entity on subjects such as legislative amendments or the quality of reports.



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## Civil-law notaries as primary gatekeepers

Civil-law notaries are important gatekeepers regarding money laundering and subversive crime. Criminal assets are often laundered through real estate. It is precisely for this reason that it is important for FIU-the Netherlands to provide civil-law notaries with an insight into money laundering schemes to ensure that they are promptly identified and reported. In 2019, FIU-the Netherlands gave several presentations at meetings for the notarial profession. This will be followed up in 2020 with a view to achieving national coverage and increasing and, if necessary, updating knowledge and insights within this professional group.

## Payment service providers

There were several matters of importance for the payment service providers reporting group in 2019. The statutory indicator was adjusted at the end of the year, which is something payment service providers had to anticipate (see Chapter 2). In addition, the arrival of financial parties originally based in the UK due to the Brexit and the entry into force of Payment Service Directive 2 (PSD2) in February 2019 brings dynamism to this sector. In 2019, FIU-the Netherlands discussed the Dutch reporting obligation and FIU-the Netherlands' modus operandi with a number of new payment service providers that are no longer permitted to operate in the EU because of Brexit and have therefore applied to DNB for a Dutch licence. FIU-the Netherlands expects some more companies to follow in 2020 once Brexit has actually taken place. To ensure that FIU-the Netherlands keeps in touch with the payment service providers sector, innovations will be implemented (see Chapter 1) and investments will be made in the form of technology, personnel and training. Only this way will FIU-the Netherlands be able to keep abreast of developments in this sector. In 2019, FIU-the Netherlands gave presentations during sector organisation days and network meetings in this sector to bring about knowledge sharing, visibility and accessibility.

## Illegal virtual money changer

Unexplained large cash withdrawals and deposits and an attempt to exchange small denominations of euros into large ones with fictitious gambling wins were the reason for conducting a further analysis of the person carrying out these financial operations. The profile of his financial behaviour reinforced the impression that the man was engaged in illegal exchange practices. The file was declared suspicious and an investigation team began making enquiries. The man was ultimately arrested for laundering money of criminals who had obtained it through their illegal activities. The man exchanged bitcoins for cash. He did not ask about the origin of the Bitcoins or the identity of his client. As a result, everything took place in complete anonymity. The man met with clients in a public place, after which Bitcoins and cash changed hands. During the raid on one of the man's premises, a sum of 11,000 euros in cash was seized. 27,000 euros or that amount in Bitcoins in a digital wallet were also secured. The investigation team was able to establish that he had exchanged Bitcoins for at least 600,000 euros in recent years. People wishing to remain anonymous when selling virtual currency pay a much higher percentage of costs than with regular virtual currency exchange offices.

## Reporting obligation for virtual assets

In 2019, FIU-the Netherlands prepared itself for the oncoming legislation on reporting virtual assets. This will involve two types of crypto service providers, exchanges and custodian wallets. Because this new form of virtual value requires a great deal of specialist knowledge, FIU-the Netherlands focused on cooperation with public partners and private parties in 2019 (see also Chapter 1). In 2019, FIU-the Netherlands also gave presentations at seminars, sought international cooperation with other FIUs with a view to sharing knowledge, and also trained researchers and analysts in this field. FIU-the Netherlands has also set up the reporting system for reports to be made by these two types of institutions. These specific efforts will ensure that FIU-the Netherlands has sufficient knowledge of the legislation when it comes into force (presumably in 2020) and that obliged entities can report unusual transactions involving virtual assets. The cooperation with these new reporting institutions remains important as a new gatekeeper within the financial system.



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## New indicators and reports

Knowledge and experience gained from the frequent analysis of cases can lead to indicators and reports that are able to simplify the identification of money laundering and terrorist financing. For obliged entities, (anonymised) cases, indicators and reports can be useful tools for clarifying whether a transaction is unusual. Indicators and reports are often compiled on the basis of partnerships, as broad agreement is important here. No new indicators were established in 2019, but four reports were made available to help obliged entities recognise and identify unusual transactions. These reports were all produced by the various working groups of the Egmont Group of FIUs (see Chapter 2). FIU-the Netherlands refers to these reports when consulting with sector associations, or takes them into account when preparing newsletters for the obliged entities. In 2019 this concerned the following four reports: Professional Money Laundering Facilitators<sup>11</sup>, Business E-mail Compromise Fraud<sup>12</sup>, Counter Terrorist Financing - Lone Actors and Small Cells<sup>13</sup> and FIU tools and practices for investigating laundering of the proceeds of corruption<sup>14</sup>. All four reports have been adopted and approved within the Egmont Group. The public part of the reports can be consulted on the FIU-the Netherlands website. FIU-the Netherlands contributed to the content of the reports by participating in the project groups that led to them.

## Insight into casuistry and newsletters

FIU-the Netherlands issues periodic newsletters. These newsletters offer a broader view on a given topic or change in the law. FIU-the Netherlands also regularly posts anonymised cases on its website. These cases can help obliged entities to gain a broader understanding of how money laundering and terrorist financing take shape within a particular sector. By doing this, FIU-the Netherlands not only meets the statutory obligation to provide information to the obliged entities, but also contributes knowledge from the past to today's approach.

<sup>11</sup> <https://egmontgroup.org/sites/default/files/filedepot/external/20190701%20-%20IEWG%20Professional%20ML%20Networks%20Bulletin%20-%20final.v.pdf>

<sup>12</sup> [https://egmontgroup.org/sites/default/files/filedepot/external/20190708\\_EGMONT%20GROUP%20BEC%20BULLETIN-final.pdf](https://egmontgroup.org/sites/default/files/filedepot/external/20190708_EGMONT%20GROUP%20BEC%20BULLETIN-final.pdf)

<sup>13</sup> <https://egmontgroup.org/sites/default/files/filedepot/external/20190712%20-%20IEWG%20-%20Lone%20Actors%20and%20Small%20Cells%20-%20Public%20Summary.pdf>

<sup>14</sup> <https://egmontgroup.org/sites/default/files/filedepot/external/20190710%20-%20Public%20Summary%20-%20FIU%20Tools%20and%20Practices%20for%20Investigating%20ML%20of%20the%20Proceeds%20of%20Corruption%20-%20final.pdf>

There are now more than two hundred and fifty anonymised cases available for viewing for each reporting group. The website and the cases can be accessed via the internet address: <https://www.fiu-nederland.nl/nl/wetgeving/casuistiek>.

## 3.3 Supervision of the reporting obligation

Maintaining an effectively operating and sound financial system calls for a clear and unambiguous regulatory supervisory function. FIU-the Netherlands also maintains close contact with the supervisors to discuss relevant matters that stand out within a certain sector, for example, or to provide insights into reporting behaviour to improve or promote supervision where possible. This section discusses the activities conducted in 2019, both in the area of obliged entities and for or with the supervisors.

In 2019 there were six statutory supervisors in the Wwft domain:

- the Netherlands Authority for the Financial Markets (AFM)
- the Financial Supervision Office (BFT)
- the Tax and Customs Administration's Wwft Supervision Office
- De Nederlandsche Bank (DNB)
- the eleven deans of the Bar Association
- the Netherlands Gambling Authority (Ksa).

The supervisors see to it that the reporting obligation laid down in the Wwft is properly enforced, with the responsibility for reporting resting with the obliged entities.

FIU-the Netherlands has a statutory task (Article 13(g) of the Wwft) to provide the supervisors with information on the reporting behaviour of obliged entities. The supervisors hold periodic consultations in which FIU-the Netherlands and the Ministry of Finance participate. Obligated entities under supervision become more compliant on the basis of previous experience and often ensure a better quality of reports of unusual transactions. In 2019, 140 periodic reports were drawn up and shared with the supervisors. A supervisor may also specifically request FIU-the Netherlands to submit an incidental report. In 2019, 66 incidental reports were drawn up and shared with the supervisor.



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This number is virtually the same as in 2018, when FIU-the Netherlands received 70 requests regarding reporting behaviour. These reports provide supervisors with an insight into the reporting behaviour and the number of reports made within a sector in a given period. The quarterly reports thus generate an overview of reporting behaviour and the incidental reports provide an additional impression of whether or not unusual transactions within a specific reporting group have been reported.

In addition to the regular consultations that took place in 2019, there were also targeted meetings of supervisors attended by FIU-the Netherlands. Examples include meetings with the Dean's Consultations (Dekenberaad) and a meeting organised by DNB for the TCSP sector at which FIU-the Netherlands gave presentations.

### Remote gambling

On 19 February 2019, the Senate passed the Remote Betting and Gaming Bill. In November 2019, the Ministry (the Minister for Legal Protection) informed the Senate and House of Representatives of the Dutch Parliament of its intention to have this Act enter into force on 1 January 2021. Based on consultations between FIU-the Netherlands and the Netherlands Gambling Authority, it is expected that approximately ninety parties will apply for a licence and thus become obliged to report unusual transactions to FIU-the Netherlands. In 2019, the first steps were taken to set up this new reporting group. To this end, contact has been made with this sector's representatives and cooperation with the Netherlands Gambling Authority was strengthened in 2019.

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# 4. Analysis of unusual transactions

After receiving an unusual transaction, it is up to FIU-the Netherlands to determine whether there are grounds for declaring the transaction suspicious. FIU-the Netherlands does this by means of a semi-automated analysis process in which unusual transactions are compared with relevant sources and data systems, including data from the National Police. Specialist financial investigators use the themes identified by FIU-the Netherlands and, on the basis of a careful analysis, compile files in which the transactions declared suspicious are combined.

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## 4.1 Unusual transactions received

In 2019, FIU-the Netherlands received 2,462,973 reports of unusual transactions. The majority of these transactions (as mentioned in Chapter 2) were reported on the basis of one specific objective indicator, linked to the high-risk countries designated by the European Commission. Of the total number of reports of 2,462,973 unusual transactions, no fewer than 1,921,737 were reported to FIU-the Netherlands in 2019 on the basis of this indicator. Following an analysis of these more than 1.9 million specific transactions, only 686 transactions were found to be suspicious following a semi-automated match. This very low number of transactions being declared suspicious in relation to these specific transactions is due to the limited information available in relation to these reports. As a result, analysing these unusual transactions offers lower prospects. Partly because of this, the legislator decided in 2019 to adjust the indicator from an objective to a subjective effect. With this subjective effect, the indicator has a more assessment-based approach, whereby transactions are reported on the basis of being unusual.

*In 2019, FIU-the Netherlands received 2,462,973 reports of unusual transactions.*

FIU-the Netherlands uses a case file method for analysing unusual transactions. Unusual transactions with a certain relationship are included in a case file. Characteristics such as the nature, the person, the location or, for example, the amount of a transaction may be relevant. Based on this creation of case files, criminal networks can be made transparent, and that in turn can make declaring unusual transactions suspicious effective. An overview of the numbers of unusual and suspicious transactions by sector in 2019 is given in Annex I.

In 2019, FIU-the Netherlands received 541,236 ‘regular’ unusual transactions<sup>15</sup>, from which 5,302 case files were compiled containing 39,544 suspicious transactions. This resulted in the number of transactions declared suspicious falling notably compared to 2018 (57,950 suspicious transactions) and the number of case files drawn up in 2019 also fell (5,302 compared to 8,514 in 2018). The total value of all suspicious transactions compared to 2018 (more than EUR 9.5 billion) more than doubled in 2019 to a total value of more than EUR 19 billion. It should be noted that this total amount was boosted by a very limited number of transactions declared suspicious with a total value of almost EUR 17 billion. Without these specific transactions, the combined value of all suspicious transactions in 2019 amounts to more than two billion euros.

FIU-the Netherlands made all transactions declared suspicious in 2019 available to the investigative, intelligence and security services. The suspicious transactions are thus made available to serve as evidence or as indications for criminal and intelligence investigations, but can also serve to obtain information about (albeit anonymised) regional problems, for example. In recent years, and thus also in 2019, FIU-the Netherlands has seen an increase in the demand for analyses, the use and the application of the data at its disposal. This is partly due to the broadening of the approach to tackling subversive crime and the improvement of cooperation between public services in this respect. FIU-the Netherlands’ data is eminently suitable for generating financial (geographical) overviews, enabling the flows of criminal money to be made quickly transparent. These tactical and strategic analysis images can also be important for joint action from the perspective of public-private partnerships, to strengthen the approach to criminal activities. Examples include the Fintell-Alliance cooperation with the banks in combination with the STCF and the TF task force, about which more information is given in Chapter 6 of this annual review.

<sup>15</sup> For the purposes of this annual review, ‘regular reports’ means reports of unusual transactions that have not been reported on the basis of the statutory indicator objective 02 (The list of high-risk countries designated by the European Commission)



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**Table 1: LOvJ requests received in 2019 per investigative service**

National Police		Other investigative services	
Central Unit of the National Police	123	FIOD	201
Zeeland West-Brabant Police Unit	137	Royal Netherlands Marechaussee	153
Eastern Netherlands Police Unit	55	Inspectorate SZW	18
The Hague Police Unit	87	District public prosecutor's office	16
Central Netherlands Police Unit	116	Royal Netherlands Marechaussee, Schiphol district	8
Amsterdam Police Unit	58	National Office for Serious Fraud, Environmental Crime and Asset Confiscation	21
Rotterdam Police Unit	62	National Police Internal Investigations Department	17
North Holland Police Unit	30	Social Security Fraud Department	25
Northern Netherlands Police Unit	40	Netherlands Food and Consumer Product Safety Authority / Intelligence and Investigation Department	9
East Brabant Police Unit	77	Criminal Investigation Cooperation Team	4
Limburg Police Unit	44	Ministry of Infrastructure and Environment	1
<b>Subtotal for National Police</b>	<b>824</b>	<b>Subtotal for other services</b>	<b>473</b>

### The receipt and processing of LOvJ requests

One method that can be used to request information from FIU-the Netherlands as part of a (preliminary) investigation is the LOvJ request. Following the request, FIU-the Netherlands checks whether the people named in the request who are suspected of a criminal offence or can be directly linked to the criminal offence to which the (preliminary) investigation relates, appear in the database of unusual transactions.

*FIU-the Netherlands made all transactions declared suspicious in 2019 available to the investigative, intelligence and security services.*

If so, and the admissibility criteria for the request are met, those transactions are declared suspicious and are passed on to investigative services. FIU-the Netherlands can request information from other FIUs when

responding to an LOvJ request. For this purpose, the request must show that there are concrete indications that transaction information may be available from the foreign FIU in question. Foreign financial intelligence can thus also be made available to investigative services, subject to the other FIU's permission. Table 1 shows the national spread of the LOvJ requests received by FIU-the Netherlands in 2019 and the answers to these requests.

In 2019, FIU-the Netherlands received a total of 1,298 LOvJ requests. The number of LOvJ requests usually varies little from year to year (1,262 LOvJ requests were received in 2018). However, FIU-the Netherlands has noticed that the complexity of LOvJ requests has grown in recent years. This may be due in part to the intensification of efforts to tackle subversive crime, but also to more substantively complex subjects such as virtual assets, complex forms of fraud or a combination of subjects with an international component. As the complexity of LOvJ requests increases, so does the time FIU-the Netherlands needs to invest. Wherever possible, FIU-the Netherlands endeavours to partially automate the answering of LOvJ requests. The number of LOvJ requests from the National Police remained virtually unchanged compared to 2018 (821) and the number of LOvJ requests from other investigative services rose slightly in 2019 compared to 2018 (441).



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## Matching with police data

The amount of data processed by FIU-the Netherlands continues to increase each year. In 2019, FIU-the Netherlands saw these numbers rise further. All unusual transactions received are matched automatically (or semi-automatically) with the VROS (Index of Criminal Investigations and Subjects), a database managed by the National Police. Based on this VROS match, unusual transactions are declared suspicious, possibly in a semi-automated process. In 2019, FIU-the Netherlands declared more than 12,000 transactions suspicious on the basis of this method, and 2,974 case files were drawn up. As a result, the number of transactions declared suspicious in 2019 based on the VROS match is lower than in 2018 (more than 31,507 transactions declared suspicious) and the number of case files based on the VROS match more than halved (6,384 files in 2018 based on the VROS match). This decrease is related to the decision of FIU-the Netherlands to prioritise its own investigations. The VROS match has therefore been temporarily discontinued.

As touched on earlier in this annual review, FIU-the Netherlands notes a considerable increase in data, but the year 2019 also saw an increase in analysis requests and public and private partnerships. Based on these insights, FIU-the Netherlands intends to continue to automate its current processes where possible. This also applies to the VROS matching process, which was still semi-automated in 2019. In consultation with the Ministry of Justice and Security, it was decided to increase FIU-the Netherlands' existing human analysis capacity in the coming years. FIU-the Netherlands is also looking at new ways of automating analysis processes.

## 4.2 Own investigations based on themes

FIU-the Netherlands frequently conducts on its own initiative investigations into the reported unusual transactions that have not been declared suspicious on the basis of the semi-automated VROS match. Unusual transactions are compared with FIU-the Netherlands' databases, but use is also made of other data sources, such as the Chamber of Commerce trade register, iCOV data and data from other FIUs worldwide. The number of transactions declared suspicious on the basis of FIU-the Netherlands' own investigation in 2019 was higher (18,963 transactions) than in 2018 (17,982 transactions).

This also applies to the number of case files created: in 2019 there were 1611, in 2018 there were 1470 case files, as shown in Table 2. Conducting its own investigations calls for more analysis capacity, which is partly due to the higher complexity of the transactions to be analysed. . FIU-the Netherlands' own investigations are based on the themes identified for 2019 (see Chapter 1). Each year, targeted investigations are carried out within the parameters of set themes. This section provides an insight into topics covered by a number of the themes in 2019.

## *Theme-wide cooperation with public and private parties is sought and maintained in order to combat human trafficking and to identify new trends and phenomena.*

### Human trafficking

Human trafficking is a subject FIU-the Netherlands specifically addressed not only in 2019, but also in previous years. In previous years, FIU-the Netherlands developed a methodology for recognising unusual transactions that may indicate human trafficking. In 2019 the focus was on sexual and labour market exploitation. If suspicious transactions could indicate human trafficking, FIU-the Netherlands actively shares them with the investigative services. In 2019, several transactions were declared suspicious, which was of great value for human trafficking investigations by investigative services. In the area of sexual exploitation, suspicious transactions are actively shared with regional police units. In the field of labour exploitation, there is active cooperation with the Inspectorate SZW at strategic and case file level.

Theme-wide cooperation with public and private parties is sought and maintained in order to combat human trafficking and to identify new trends and phenomena. With a view to public-private partnerships, a number of banks cooperated in the area of human trafficking in 2019. Successes have been achieved in improving the reporting of unusual transactions



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involving human trafficking, as well as in gaining insights into possible new financial characteristics related to this. Since human trafficking is usually international, FIU-the Netherlands has also engaged in case-oriented and project-based cooperation and the exchange of information on this subject.

### Drug trafficking

One of the most profitable hard drugs in the drug scene is cocaine, with the Netherlands forming a substantial sales and transit market for international cocaine trafficking<sup>16</sup>. A considerable amount of the cocaine destined for other European countries is transited through Dutch ports. Police investigations show that a great deal of cocaine is transported via regular transport lines to disguise the illegal drug trade. Investigations have shown that in about 85 per cent of all cases, fresh fruit (mostly bananas) is used to disguise the transport of cocaine. In response to this, investigative services and FIU-the Netherlands jointly investigated certain companies that import exotic fruit from countries that produce hard drugs.

An analysis carried out by FIU-the Netherlands together with the investigative services showed that a number of these fruit companies in the Netherlands have some notable characteristics. Fruit companies are usually located at or in the vicinity of rural industrial areas and usually have specialist cold stores and a professional website. The companies that stood out in the analysis carried out turned out to be formally located in an apartment or on a campsite and their websites looked very unprofessional.

The Piggyback project was started in order for the government to raise barriers within this criminal process. This project is an integrated approach in which various public and private parties collaborate on a theme. This means that all affiliated parties can identify criminal intervention in normal business processes and, if possible, prevent it. FIU-the Netherlands' contribution here was to share specific indicators for fruit and other companies that lend themselves to being used by criminals. These indicators enable banks to identify unusual transactions more easily and quickly and report them to FIU-the Netherlands. The public partnership with Customs, for example, made it possible in 2019 to gain an impression based on indicators of the transport of fruit from South America in which cocaine could be involved.

<sup>16</sup> <https://nos.nl/artikel/2314804-nederland-is-een-knooppunt-voor-cocainehandel-en-daar-lijkt-weinig-aan-te-doen.html>



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This project-based approach led to a large number of fruit companies with criminal drug-related activities being identified in 2019 and approximately 3,000 kilos of cocaine being intercepted.

### Healthcare fraud

FIU-the Netherlands once again conducted an analysis to gain an impression of the scale of healthcare fraud-related transactions. All unusual transactions recorded by FIU-the Netherlands in 2019 were investigated for a connection with healthcare fraud. This resulted in the submission of 968 reports in 2019 in which a link with healthcare fraud was suspected.

## *In 2019 FIU the Netherlands performed another analysis to gain an impression of the scope of transactions related to healthcare fraud.*

This number is virtually the same as the number of reports for 2018 (984).<sup>17</sup> The 2018 annual report mentions 1,300 healthcare fraud-related reports (FIU-the Netherlands Annual Review 2018, p. 24). This number represented the gross number of reports in 2018. This number can be adjusted to 984 reports as a result of evolving insights gained from the 2019 analysis. The proportion of healthcare fraud-related transactions in which a possible link with terrorism was identified was fifteen percent in the year 2019. In 2018, the percentage was still thirty percent.<sup>18</sup> FIU-the Netherlands maintains structural contact with the Inspectorate SZW in the context of ongoing healthcare fraud investigations.

<sup>17</sup> The 2018 annual report mentions 1,300 healthcare fraud-related reports (FIU-the Netherlands Annual Review 2018, p. 24). This number represented the gross number of reports in 2018. As a result of evolving insights gained from the analysis in 2019, this number can be adjusted to 984 reports.

<sup>18</sup> The 2018 annual report mentions a percentage of 20% (FIU-Netherlands Annual Review 2018, p. 24). Specifying the absolute number of healthcare fraud-related reports causes the proportion related to terrorist financing to rise proportionally. See also footnote 17.

Following the analysis carried out by FIU-the Netherlands in 2018 and 2019, FIU-the Netherlands intends to use the knowledge acquired to set up a healthcare fraud monitor in 2020. Using this healthcare monitor will make it possible to periodically check the numbers of unusual transactions, whether any trends can be identified and what needs urgent attention. The purpose of this healthcare monitor is not to gain an impression of the precise number of reports related to healthcare fraud (in view of the labour-intensive nature of this type of investigation), but rather to keep track of phenomena and trends in relation to healthcare fraud.

### Healthcare fraud

The police opened an investigation into a home care provider because they suspected that personal care budget fraud had been committed. The suspect was said to have approached clients and applied for and received a personal care budget in their name using false details. The man was already known to the police for other offences and had apparently seen criminal opportunities in offering healthcare. Whereas until recently the man had to make ends meet on social security benefits, he and his wife suddenly appeared to have a lot of money at their disposal within a short period of time. An analysis by FIU-the Netherlands showed that he and his wife had conducted transactions worth several hundred thousand euros in a year. One of them involved the financing of real estate worth 200,000 euros. This money originated from their home care company. The investigation led to the seizure of several properties and the balances of several bank accounts. The investigation had not yet been completed at the end of 2019.



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## 4.3 Operational international cooperation

International operational cooperation is an absolute necessity for FIU-the Netherlands. This cooperation is based on the operational sharing of financial information between FIUs regarding money laundering in particular and predicate offences and possible terrorist financing. Financial intelligence is highly sensitive to privacy and may only be shared legally under strict conditions between the 164 FIUs linked within the Egmont Group by means of a secure connection, the ESW. FIU-the Netherlands also uses FIU.net, a secure information system used by the FIUs of EU and EEA member states. These two secure information systems link FIU-the Netherlands to a global source of financial intelligence.

In 2019, FIU-the Netherlands received 538 requests for information (RFIs) from 80 FIUs relating to subjects who are involved in an analysis or investigation into money laundering and/or terrorist financing with a possible relationship with the Netherlands. Most of the requests received in 2019 came from the FIUs of Belgium, Germany and France (see Table 2).

**Table 2: Number of Requests for Information (RFIs) received from FIUs for 2019**

2019	Requests received from	Number
1	FIU Belgium	94
2	FIU Germany	89
3	FIU France	34
4	FIU United Kingdom	29
5	FIU Italy	27

**Table 3: Number of Requests for Information (RFIs) sent to FIUs for 2019**

2019	Requests sent to	Number
1	FIU Germany	70
2	FIU Belgium	52
3	FIU Spain	49
4	FIU United Kingdom	25
5	FIU Turkey	24

FIU-the Netherlands sent 501 RFIs to 79 other FIUs in 2019, a slight fall compared to previous years. In 2019, FIU-the Netherlands most frequently asked the FIUs of Germany, Belgium and Spain for financial intelligence in relation to analyses or criminal investigations (see Table 3). The numbers of RFIs sent and received may fluctuate annually according to the size and complexity of national and international investigations and the prioritisation applied.

### Outsmarting fraudsters

One of the banks filed an urgent report with FIU-the Netherlands. Shortly before, the bank had been informed by an account holder that he had been the victim of invoice fraud. A payment order of 2.3 million euros had been executed by manipulating the internal process in the bank. The amount had been wrongly transferred to a bank account in Slovakia.

The bank's urgent report enabled the FIU-the Netherlands to inform FIU Slovakia directly, advising it to use its freezing powers to secure the fraudulent money. Parallel to the report, the Dutch banking institution had also informed the Slovak bank of the fraud. As a result, the full amount in the bank account in Slovakia could be frozen and thus taken out of the reach of the fraudsters. As a result of the effective actions of both the banks and the FIUs involved, the full amount was refunded to the Netherlands-based bank. Moreover, the Slovakian police launched a criminal investigation into the account holder at the Slovakian bank.



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# 5. Transactions declared suspicious

FIU-the Netherlands' core task is to declare unusual transactions suspicious on the basis of investigation and analysis. This chapter presents the numerical insights regarding the suspicious transactions for 2019 and also shows how these insights relate to each other. Based on these suspicious transactions, criminal investigations have been launched or the transactions may serve as additional information that provides direction or additional evidence in ongoing criminal investigations.



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## 5.1 Transactions declared suspicious and case file creation

In 2019, FIU-the Netherlands declared 39,544 transactions suspicious on the basis of investigations and analyses. All transactions declared suspicious are passed on to the investigative, intelligence and security services, after which they are used for various purposes. Suspicious transactions are principally used by investigative services for two main purposes. This can be the initiation of a criminal investigation, for example if a suspicious transaction reveals that there is a suspicion of criminal activity. Suspicious transactions can also be used by the investigative services as a directional tool, e.g. because they contain information about who carried out the transaction and the circumstances under which it was carried out. These insights can thus structurally support the approach to money laundering and terrorist financing. These two main purposes are thus used not only by the investigative services, but also by the intelligence and security services in the Netherlands. If there is a relationship between suspicious transactions, they are combined in case files. As well as to these primary purposes, suspicious transactions can also be used for secondary tactical or strategic purposes. Suspicious transactions can also serve as a source of analysis for conducting strategic investigations and generating tactical insights and overviews in regional and national subversion and crime pictures, for instance.

*In 2019, FIU-the Netherlands declared 39,544 transactions suspicious on the basis of investigations and analyses.*

In 2019, FIU-the Netherlands completed 5,490 investigation files, of which 5,302 files comprised transactions declared suspicious after completion of the investigation and analysis. Another 150 files were given the status of 'not suspicious' on the basis of analysis and investigation. These 150 files contain 1,645 transactions. The files were given this status because for the time being no link could be established with criminal offences on the basis of FIU-the Netherlands' investigations.

Of the total of 5,490 completed files, 38 were given the status of 'embargo suspicious'. These 38 files contain 517 transactions declared suspicious, all of which are included in criminal, intelligence and/or security investigations which, for reasons of strict confidentiality, have only been shared with the services involved in the investigation. This brings the total number of suspicious transactions transferred to the investigative, intelligence and security services to 39,544 suspicious transactions combined in 5,302 files. Annex I to this annual review shows how the transactions that have been declared suspicious relate to each other by sector and by obliged entity over the period from 2017 to 2019.

**Table 4:** Number of Suspicious transactions and case files in 2019 per reason for forwarding the report

Reason for forwarding report	Number of transactions	Share (%)*	Number of Case Files	Share (%)
VROS	12,004	30%	2974	56%
Own investigation	18,963	48%	1611	30%
LOvJ	8,477	22%	695	13%
CJIB Match	100	0%	22	1%
<b>Total</b>	<b>39,544</b>		<b>5302</b>	

\* The percentages do not add up to precisely 100% owing to rounding-off differences.

Table 4 shows the reason why FIU-the Netherlands declared unusual transactions suspicious in 2019. FIU-the Netherlands uses four methods for declaring transactions suspicious. These methods are a match with the databases of the National Police (VROS), declaring a transaction suspicious based on FIU-the Netherlands' own investigation, declaring a transaction suspicious based on an LOvJ request and a match with select databases supplied by the Central Fine Collection Agency (CJIB).

The match with the CJIB data files in 2019 was considerably lower than in 2018 (77 case files in 2018 compared to 22 in 2019). This had to do with IT-based changes at the CJIB in 2019. Once these changes have been completed, it is expected that FIU-the Netherlands will be able to match data with the CJIB in an automated process in the near future. The matching of data files will resume next year, as a result of which it is expected that FIU-the Netherlands will receive a temporarily higher number of reports from the CJIB.



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**Table 5: Number of transactions declared suspicious in 2019 by sector**

Reporting sector	Suspicious transactions	Money transfers
Payment service provider	21,996	19,264
Banks	12,919	60
Dealers	2648	0
Independent Professionals	508	3
Casinos	544	0
Public sector	408	0
Credit card companies	447	0
Other sectors	74	0
<b>Grand total</b>	<b>39,544</b>	<b>19,327</b>

**Table 6: Number of transactions declared suspicious in 2019 by type of transaction**

Transaction type	Number
Money transfer	19,327
Cash transaction	7,316
Non-cash transaction	11,374
Other	1,527
<b>Grand total</b>	<b>39,544</b>

**Table 7: Number\* and share\*\* amount of completed transactions declared suspicious in 2019**

Category	Number	Share	Amount in euros	Share
< €10,000	28,471	72%	33,017,051	0%
€10,000 to €100,000	8,393	21%	304,905,779	2%
€100,000 to €1,000,000	2,200	6%	576,507,342	3%
€1,000,000 to €5,000,000	316	1%	697,287,037	4%
€5,000,000 to €10,000,000	70	0%	480,568,231	2%
>= €10,000,000	94	0%	16,928,086,671	89%
<b>Total</b>	<b>39,544</b>	<b>100%</b>	<b>19,020,372,111</b>	<b>100%</b>

\* Intended transaction (2,013 transactions) have not been included

\*\* The percentages do not add up to precisely 100% owing to rounding-off differences.

The spread of the number of transactions declared suspicious by FIU-the Netherlands in 2019 shows a slightly different image than in the previous three years (Table 5). As in previous years, the largest number of suspicious transactions was found in the payment service providers sector. This sector reported the proportionally highest number of unusual transactions to FIU-the Netherlands, which continued to consist of money transfers in 2019. The number of transactions from this sector declared suspicious has almost halved compared to 2018. This is directly related to the temporary discontinuation of the VROS match, which yields a significant proportion of the transactions declared suspicious in this segment.

The number of transactions within the dealers' sector that have been declared suspicious also shows a striking increase in 2019. FIU-the Netherlands has in recent years paid specific attention to the reporting of unusual transactions within this sector. The increase in the number of transactions declared suspicious in this sector may be related to this. The other reporting sectors show few major differences compared to previous years.

As in previous years, most of the transactions declared suspicious in 2019 were typified as money transfers (see Table 6). FIU-the Netherlands will continue to devote attention to further improving the quality of reports from money transaction offices. The number of cash transactions declared suspicious decreased significantly in 2019 compared to 2018 (2018, 13,314 suspicious cash transactions compared to 7,316 suspicious cash transactions in 2019). This visible decrease could have to do with an increase in non-cash payments, as more and more locations refuse to accept cash payments (e.g. with high-value denominations). This may already be partly visible in 2019 due to the significant increase in the number of non-cash transactions declared suspicious compared to 2018. If it becomes more and more difficult to pay with cash, criminals will have to turn to other ways of money laundering and possibly make more use of virtual assets, for example. Non-cash transactions and virtual assets create digital trails, making money laundering and terrorist financing more difficult.



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As mentioned earlier in this Annual Review (see Chapter 4), the total value of all suspicious transactions in 2019 exceeds EUR 19 billion (see Table 7). This amount is more than double that in 2018. As in 2018, a very large amount of suspicious transactions can also be attributed to a very limited number of transactions in 2019 (almost EUR 17 billion in value comes from 94 transactions declared suspicious). In 2019, as part of a special partnership with a number of public organisations, including the FIOD and the National Police, FIU-the Netherlands conducted a precise investigation into suspicious transactions of very high value and will continue to do so in 2020. The other suspicious transactions represent a value of approximately two billion euros. The category of suspicious transactions with a value of up to ten thousand euros generally calls for the use of a large part of FIU-the Netherlands' analytical capacity. Suspected transactions with a relatively low value may just as well be important indications of complex money laundering schemes, criminal (corporate) structures or the concealment of substantial criminal assets.

## 5.2 Forms of crime

FIU-the Netherlands registers the form of crime in each case file formed as a result of its own investigations or LOvJ requests. FIU-the Netherlands does not assign a form of crime when it uses the VROS match for declaring unusual transactions suspicious. In many cases, a registered form of crime is the starting point for a further criminal investigation. If, for example, FIU-the Netherlands initiates an investigation in response to an LOvJ request relating to human trafficking, the case file that is formed will be assigned the crime form of the same name. In 2019, the form or forms of crime were registered in almost half of the 5,302 files. Table 8 shows how this spread relates in 2019. Only the forms of crime for which case files were formed in 2019 are shown in Table 8.

**Table 8: Case files by form of crime 2019**

Form of crime	Number of case files	Share
Money laundering	1,790	62%
Terrorism/Sanctions Act	429	15%
Fraud	195	7%
Hard drugs	122	4%
Other	13	<1%
Soft drugs	32	1%
Smuggling/ Human trafficking	70	2%
Murder/manslaughter	26	1%
Corruption	62	2%
Arms trading	130	5%
Synthetic drugs	8	<1%
Cybercrime	1	<1%
Child pornography	5	<1%

*Only files that were forwarded and prepared in response to LOvJ requests and FIU-Netherlands' own investigations contain a description of the possible related form(s) of crime. A case file can relate to various forms of crime. If more than one form of crime is involved, this file is included in the table above just as often. For this reason, the total in Table 8 is higher than the number of unique cases in which a form of crime has been recorded (in 2019, FIU-the Netherlands produced 2,883 files following its own investigations and LOvJ requests).*

The most common forms of crime registered by FIU-the Netherlands on the basis of its own investigations or LOvJ requests in 2019 were, logically, forms of money laundering and terrorist financing. In terms of number, this is followed by the forms of crime related to fraud, hard and soft drugs and the arms trade, in which there is often a relationship with the laundering of criminally acquired assets. After that the highest numbers were formed in 2019 by cases involving the crime forms of smuggling/human trafficking and corruption. This is followed by a number of case files on child pornography. FIU-the Netherlands remains flexible enough to reserve analytical and investigative capacity for emerging trends in addition to the established themes and in the event of an urgent national incident, such as a terrorist threat.

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# 6. Terrorist financing

The fight against terrorism is an ongoing issue both nationally and internationally. To combat terrorism effectively, it is obviously important to identify and, if possible, take away financial resources. According to the Clingendael Institute<sup>19</sup>, terrorism can only barely exist without financial resources. It is partly for this reason that terrorist financing has been rendered punishable in the Netherlands. FIU-the Netherlands assesses transactions for possible forms of terrorist financing and ways of fighting it. This chapter sets out how FIU-the Netherlands performed this statutory task in 2019.

<sup>19</sup> [https://www.clingendael.org/sites/default/files/pdfs/20060600\\_csap\\_art\\_bakker\\_ap.pdf](https://www.clingendael.org/sites/default/files/pdfs/20060600_csap_art_bakker_ap.pdf)



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## 6.1 National developments

### Integrated approach to jihadism

In 2019, FIU-the Netherlands continued to contribute to the current integrated approach to jihadism. Based on experience and expertise combined with the existing database of unusual transactions, FIU-the Netherlands is able to analyse the two phenomena of jihadism and radicalization in order to identify terrorist financing where possible. FIU-the Netherlands uses these analyses to identify suspicious transactions that may be relevant to this action programme or for further use by investigative, intelligence and security services. FIU-the Netherlands declares unusual transactions suspicious not only on the basis of its own information, but also its national and international cooperation with government partners.

### National and international sanctions legislation

In the Netherlands, an interdepartmental working group called Freezing Consultation (BVO) has been set up to determine which people in the Netherlands should be placed on the national sanctions list. An entry in the national sanctions list becomes effective if a person can reasonably be expected to pose a national (or international) risk in relation to terrorism. FIU-the Netherlands structurally participates in this working group and contributes relevant suspicious transactions in relation to terrorist financing. The suspicious transactions are the subject of discussions within the BVO and can contribute to placing people on the National Sanctions List. Inclusion on the National Sanctions List may result in bank assets being frozen. This is an intrusive and far-reaching measure designed to prevent the development of activities that could lead to a possible terrorist act wherever possible. In 2019, FIU-the Netherlands declared 49 unusual transactions suspicious which were directly related to sanctions legislation (see Table 11). This mainly concerned people on the Dutch sanctions list and, in the case of one transaction, a person on an international sanctions list. The majority of these suspicious transactions consisted of non-cash and money transfer transactions. FIU-the Netherlands created 11 case files in relation to the Sanctions Act (see Table 13). These numbers are considerably lower than in the previous three years, partly as a result of the ongoing decline of Islamic state.

Broad international intervention against Islamic State could cause a shift in or a spread of existing terrorism and, according to the General Intelligence and Security Service (AIVD), the threat of terrorism remains present in Europe<sup>20</sup>.

Because the prevention and control of terrorism requires monitoring, all persons involved in unusual transactions are matched against the national terrorism sanctions list. If FIU-the Netherlands establishes an unusual transaction by a person who has been placed on the National Terrorism Sanctions List, these transactions are declared suspicious and passed on directly to the intelligence, security and investigative services on the basis of a possible violation of the Sanctions Act 1977. Because several individual national sanctions lists are used within the EU, the EU Member States share these national sanctions lists with each other.

*Because the prevention and control of terrorism requires monitoring, FIU-the Netherlands monitors all reported transactions of persons placed on the national sanctions list.*

Constant screening is also carried out to establish whether the transactions received by FIU-the Netherlands state the names of persons placed on the sanctions lists of EU member states and on the sanctions list of the European Commission. The Netherlands, too, shares the National Sanctions List with other EU Member States, which results in broad European-wide supervision of persons who may pose a plausible terrorist risk. Sharing national sanctions lists generates urgent suspicious transactions every year that can help prevent terrorism, including within the Netherlands.

<sup>20</sup> <https://www.aivd.nl/onderwerpen/terrorisme/documenten/publicaties/2018/11/05/aivd-publicatie-de-erfenis-van-syrie-mondiaal-jihadisme-blijft-dreiging-voor-europa>



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It remains important in this regard that European Member States keep their national sanctions lists up to date, share them in a timely manner and continuously monitor all other national sanctions lists as well as the European sanctions list. With this intelligence sharing, FIUs within Europe contribute directly to preventing terrorism.

### Collaboration between public and private partners

The fight against terrorism calls for a carefully orchestrated approach from all relevant public partners. Prior to this, FIU-the Netherlands continued to cooperate with the General Intelligence and Security Service (AIVD), the Military Intelligence and Security Service (MIVD), the National Police and the FIOD in 2019. FIU-the Netherlands thus provides targeted financial intelligence at the front end of terrorism-related investigations, or directly, in the event of an acute, possibly terrorism-related situation. Directly available financial intelligence can help to estimate the extent of a possible threat and determine any necessary follow-up steps. FIU-the Netherlands also provides individual network partners with financial intelligence reports containing terrorism findings, both structurally and incidentally. In 2019, consultations were held with the National Office for Serious Fraud, Environmental Crime and Asset Confiscation and the investigative, security and intelligence services on the basis of requests for information. FIU-the Netherlands provides the requested financial intelligence proactively or on the basis of a specific request as required. Also in 2019, a number of suspects were prosecuted for financing fighters who took part in the armed struggle in Syria (pursuant to Section 421 of the Dutch Penal Code).

### Healthcare fraud and terrorist financing

As mentioned in Chapter 4 of this Annual Review, FIU-the Netherlands also identified forms of possible terrorist financing related to healthcare fraud in 2019. FIU-the Netherlands had also noted this in 2018. The number of transactions related to healthcare fraud with a possible link to terrorist financing was about thirty per cent in 2018 and about fifteen per cent in 2019, based on a new analysis. This decrease may be related to the fall in the total number of transactions declared suspicious in relation to terrorist financing and the decline of Islamic State. FIU-the Netherlands will remain alert to this form of terrorist financing in 2020.

### Information Exchange on Counter Terrorism

FIU-the Netherlands cooperates directly with the Information Exchange on Counter Terrorism and employees of FIU-the Netherlands also worked on this in 2019. This targeted connection ensures that the financial intelligence available to FIU-the Netherlands is immediately made available for counterterrorism purposes so that all methods of preventing and combating terrorism can be used by the authorities.

### Financial Expertise Centre for Terrorist Financing (FEC-TF)

In the FEC-TF consultations, FIU-the Netherlands also provided information related to terrorist financing in 2019 in order to promote a joint public approach. This took place in the FEC-TF project in which public partners together look for ways of improving the approach to terrorist financing. A good example of this is the creation of the current TF Task Force, which is discussed in more detail in this section

### Sharing knowledge

In 2019, FIU-the Netherlands continued to work on the development of TF risk profiles that could reveal certain structures that could be used to finance terrorism. An example of these TF risk profiles is the FIU-the Netherlands alert on the misuse of foundations for terrorist financing. In 2019, FIU-the Netherlands drew up the fact sheet 'Vulnerability of Non-Profit Organisations in the Netherlands'. This fact sheet on the vulnerability of non-profit organisations (NPOs) in the Netherlands in relation to terrorist financing has been shared with obliged entities in order to provide more insight and share knowledge on this subject. This fact sheet was also shared with relevant public partners, including the FEC TF, the Information Exchange on Counter Terrorism, the Ministry of Finance, the TF Platform, the TF Task Force and the NCTV. Based on these TF risk profiles, FIU-the Netherlands aims to increase the knowledge and understanding of terrorist financing among obliged entities and public bodies.

In 2019, FIU-the Netherlands also invested in gaining insights into forms of financing that had previously been given less attention. Examples include financing aspects surrounding the Islamic State organisation and the relocation of Foreign Terrorist Fighters to other geographical locations.



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FIU-the Netherlands also carried out an investigation in 2019 into funds that were relocated immediately after the fall of Islamic State, as well as into resources that are often purchased to commit attacks such as firearms and (precursors to) explosives. In 2019, this led to the first inclusion of a foundation on the Dutch sanctions list and the freezing of related assets based on information provided by FIU-the Netherlands in line with the Jihadism Action Programme.

### Effectiveness survey

In 2019, FIU-the Netherlands contributed to the report<sup>21</sup> drawn up by the Research and Documentation Centre (WODC) on the policy pursued in the Netherlands to combat terrorist financing and its effectiveness and impact for the years 2013 to 2016.

*“We note that there is a tendency to share information with multiple public and/or private actors at the same time. Examples can be found in the FEC project TF, the TF Task Force, the TF Platform and the international FIU project on Foreign Terrorist Fighters.”*

*WODC; Terrorist Financing Policy Monitor, 2019.*

The report also highlights that as well as achieving greater effectiveness through intensive cooperation, it remains important to continue to carefully assess the legitimacy, efficiency and privacy protection of these innovative forms of cooperation.

<sup>21</sup> <https://www.wodc.nl/onderzoeksdatabase/2689d-beleidsmonitor-terrorismedfinanciering-1.aspx>

### 18 March 2019

As well as the structured provision of financial intelligence, FIU-the Netherlands can also contribute in the event of an acute incidental situation by providing usable financial intelligence. An example of this was the tram attack on Monday 18 March 2019, in which four people were killed and many more were injured. Because the National Police immediately announced the name of the offender, many organisations were given the opportunity to contribute to locating him. During the search for the perpetrator by the National Police, FIU-the Netherlands received a telephone call from a bank employee who had found the perpetrator’s details at the bank and was also able to provide a telephone number. FIU-the Netherlands immediately declared all of this crucial information suspicious and passed it on to the investigative, intelligence and security services. This information made it possible to locate and apprehend the perpetrator, and possibly prevent worse from happening. This specific example shows how important it can be for public and private parties to work together, especially in an emergency. The importance of the information available to obliged entities proved decisive in this particular case.

## 6.2 Cooperation with private partners

### Terrorist Financing Platform (TF platform)

In 2019, FIU-the Netherlands developed profiles within the TF platform with a number of major banks in order to identify transactions that may be related to terrorist financing. These risk profiles were shared with all relevant obliged entities in 2019 for the purpose of identifying previous unusual transactions involving potential terrorist financing.

### Terrorist Financing Task Force

As touched on in Chapter 2 of this Annual Review, the approach to terrorist financing in 2019 also involves targeted cooperation. This TF Task Force is a public-private partnership with a number of major banks and has a connection to FEC. The TF Task Force was structurally set up in 2019 and helps to ensure that analytical models for detecting terrorist financing can be developed together with the banks. The TF Task Force shares information on subjects related to terrorism and terrorist financing with the participating private parties. The TF Task Force jointly tackles current cases in the field of terrorist financing, which leaves space to increase knowledge and experience.



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Based on risk profiles, banks investigate which people arise as being possibly involved in terrorist financing and compare this information bilaterally with the other participating banks where the Wwft makes it possible to do so. The banks involved can ask FIU-the Netherlands for information about relevant transactions and, if necessary, report them to FIU-the Netherlands as unusual.

After analysing and investigating them, FIU-the Netherlands declares these unusual transactions suspicious, combines them in a case file if necessary and shares these suspicious transactions with the investigative, intelligence and security services. Some of the cases handled by the TF Task Force show that the partnership can create a picture that would not have been created without it. This new form of public-private partnership thus makes it possible to broaden insights into terrorist financing more quickly. The turnaround time of a case to be handled is made many times faster and can even be achieved in a single day where it would otherwise take weeks. This partnerships thus saves valuable time, yields insights into cross-links and is also more fulfilling because cases can be taken up straight away.

## 6.3 International developments

Tackling terrorist financing is also an important issue within the Egmont Group of FIUs. FIUs keep each other bilaterally and, if possible, multilaterally informed of intelligence linked to terrorist financing. Membership of the Egmont Group also facilitates knowledge sharing and the opportunity to work with multiple specialists on projects related to tackling terrorist financing. In 2019, FIU-the Netherlands completed the international Egmont Group of FIU's project 'Lone Actors and Small Cells'<sup>22</sup>, mainly together with FinCen, the American FIU, aimed at more closely monitoring individuals with the motive to commit a terrorist act. The result was an internationally published report entitled 'Counter Terrorist Financing - Lone Actors and Small Cells' for the current 164 FIUs of the Egmont Group. A published summary is available on the Egmont Group website<sup>23</sup> for further information.

<sup>22</sup> <https://egmontgroup.org/sites/default/files/filedepot/external/20190712%20-%20IEWG%20-%20Lone%20Actors%20and%20Small%20Cells%20-%20Public%20Summary.pdf>  
<sup>23</sup> <https://egmontgroup.org/en>



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## 6.4 Operational results

**Table 9: Number of suspicious transactions related to terrorism**

Year	2015	2016	2017	2018	2019
Suspicious transactions	2,014	4,494	3,139	3,338	2,515

**Table 10: Number of terrorism-related suspicious transactions in relation to the Sanctions Act**

Year	2015	2016	2017	2018	2019
Suspicious transactions	26	205	199	118	49

**Table 11: Number of case files related to terrorism**

Year	2015	2016	2017	2018	2019
Case files	286	623	520	665	594

**Table 12: Number of terrorism-related files in relation to the Sanctions Act**

Year	2015	2016	2017	2018	2019
Case files	12	54	57	29	11

### Suspicious transactions

In 2019, FIU-the Netherlands declared 2,515 transactions (see Table 9) suspicious on the basis of a possible link with terrorist financing. As a result of this, the number of transactions declared suspicious that may be related to terrorist financing is declining in comparison with the previous three years.

The decrease in transactions and case files in relation to sanctions legislation may have to do with the reduced flow of Syria volunteers due to the decrease in the activities of Islamic State. All transactions declared suspicious by FIU-the Netherlands with a terrorist characteristic have been compiled in case file form and made available to the investigative, intelligence and security services for further application.

### International intelligence sharing between FIUs

The fight against terrorist financing must extend across borders and, to this end, FIU-the Netherlands exchanges requests for information (RFIs) with fellow FIUs. In 2019, a total of 50 requests were received from FIUs relating to terrorist financing. In 2019, FIU-the Netherlands sent 34 requests for information to FIUs relating to terrorist financing. In addition to this bilateral exchange of information, FIU-the Netherlands also uses a multilateral method of information sharing. This method involves the spontaneous sharing of all available financial intelligence in the field of terrorist financing with other relevant FIUs. To share the relevant information using this method, FIUs give prior consent to other FIUs to share financial intelligence with national investigative services in the jurisdictions concerned. This multilateral method can significantly speed up information sharing. This increases the availability of financial intelligence in relation to terrorist financing. In 2019, FIU-the Netherlands received several hundred spontaneous notifications in the field of terrorist financing. FIU-the Netherlands sent a total of 15 spontaneous notifications to FIUs or organisations involved in implementing the Sanctions Act as mentioned earlier in this chapter.



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# 7. Caribbean Netherlands: Bonaire, Sint Eustatius and Saba

In addition to receiving and analysing unusual transactions in the Netherlands, FIU-the Netherlands is also responsible for receiving and analysing the unusual transactions for Bonaire, St. Eustatius and Saba (BES Islands or the Caribbean Netherlands), as special municipalities of the Netherlands. This chapter shows the figures for the BES Islands and describes FIU-the Netherlands' activities under the BES Money Laundering and Terrorist Financing (Prevention) Act (Wwft BES) in 2019.

## 7.1 Unusual transactions from the Caribbean Netherlands

In the same way as all obliged entities in the Netherlands, obliged service providers on the BES islands must report unusual transactions to FIU-the Netherlands in accordance with the Wwft BES. The reporting process is virtually identical to that of these entities in the Netherlands and runs via the FIU-the Netherlands reporting portal. To ensure that local attention is focused on the obliged service providers, they are if necessary placed in contact with a liaison officer of FIU-the Netherlands who regularly visits the BES islands. This liaison officer works all year round from the region. FIU-the Netherlands is thus represented regionally for the obliged service providers, the supervisors and the investigative services. Supervisors have also been appointed for the BES Islands to monitor compliance with the reporting obligation and further improve the compliance of the obliged service providers on the BES Islands. To support this supervisory task, FIU-the Netherlands provides the supervisors for the BES Islands (DNB and AFM) with targeted supervisory reports, as is done in the Netherlands. In 2019, 48 supervisory reports were drawn up by FIU-the Netherlands concerning the BES Islands and sent to the supervisors. These reports will enable the supervisors to carry out supervision on the BES Islands in a more targeted manner and, if possible, to further improve the quality of the reporting of unusual transactions.

**Table 13: Unusual transactions per service provider in 2019 in the BES Islands**

Reporting entity type	Numbers of unusual transactions in 2019
Auditor	2
Bank	931
Tax advisor	21
Customs Administration of the Caribbean Netherlands	25
Dealer - Precious stones	18
Dealer - Vehicles	10
Civil-law notary	23
Gambling casino	1
<b>Grand total</b>	<b>1031</b>

In 2019, FIU-the Netherlands received 1031 unusual transactions from the obliged service providers established on the BES Islands (see Table 13). The majority of these unusual transactions come from the banks (931), followed by Customs (25), civil-law notaries (23) and tax advisers (21). Despite the fact that these numbers are proportionally lower (if we take population density and size of the economy) than the numbers of reported unusual transactions from the Netherlands, reporting them is no less important. The BES Islands have a small community and tourism is a major source of income for all three islands<sup>24</sup>. Sound compliance among the obliged service providers contributes to ensuring that corruption and other criminal activities with a financial motive are less able to flourish on the islands. There is only little fluctuation in the annual number of unusual transactions received; this number was 1031 in 2019, slightly higher than in 2018 (993). FIU-the Netherlands also notes that on the BES Islands the emphasis remains on increasing the quality of reporting. If the quality of the reports of unusual transactions is as it should be, the second step is to look at the quantity of reports of unusual transactions received.

## 7.2 Dissemination of suspicious transactions in the Caribbean Netherlands

In 2019, FIU-the Netherlands declared 276 unusual transactions related to the BES Islands as suspicious (see Table 14). This number is relatively higher than in 2018, when 174 unusual transactions were declared suspicious. FIU-the Netherlands combined these 276 suspicious transactions into 26 case files, representing a combined value of more than 21 million euros. This amount is higher than in 2018, when the value of all suspicious transactions together was just over eight million euros. The number of case files formed by FIU-the Netherlands in 2019 was virtually the same as in 2018 (in which 30 case files were formed). The reported suspicious transactions included ten intended transactions. Once again, the majority of suspicious transactions (256) were reported by banking institutions in 2019.

<sup>24</sup> [https://www.tweedekamer.nl/sites/default/files/atoms/files/kerncijfers\\_koninkrijk\\_definitief\\_19022019.pdf](https://www.tweedekamer.nl/sites/default/files/atoms/files/kerncijfers_koninkrijk_definitief_19022019.pdf)



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**Table 14:** Number of suspicious transactions and case files in 2019 per reason for forwarding the report

Reason for forwarding	Suspicious transactions	Share	Case files	Share
Own investigation	250	91%	20	77%
LOvJ	24	9%	4	15%
VROS	2	1%	2	8%
<b>Grand total</b>	<b>276</b>		<b>26</b>	

\* The individual percentages do not add up to precisely 100% owing to rounding-off differences.

In 2019, the majority of the unusual transactions within the BES Islands were declared suspicious by FIU-the Netherlands on the basis of its own investigations (see Table 14). FIU-the Netherlands received 24 LOvJ requests in 2019 and declared two unusual transactions suspicious based on the (semi-automatic) VROS match. The VROS match is not yet functioning optimally with regard to the BES Islands because the information systems of FIU-the Netherlands and the Dutch Caribbean Police Force (KPCN) and other external sources are not yet available or synchronized.

*In 2019, the majority of unusual transactions within the BES Islands were declared suspicious by FIU-the Netherlands on the basis of its own investigations.*

All transactions declared suspicious were transferred by FIU-the Netherlands to the investigative, intelligence and security services and/or to the PPS and the RST (Criminal Investigation Cooperation Team) operating in the region. A number of case files were provided specifically to the KMar and to the FIOD in the Netherlands because of criminal investigations relating to the BES Islands.

## 7.3 Other activities for the BES Islands

### Improving the provision of information

The provision of information agreement with the KPCN was also on the agenda for FIU-the Netherlands in 2019. The KPCN's specifically local information and other sources of information can ensure that FIU-the Netherlands can analyse unusual transactions more effectively and, if necessary, declare them suspicious (including via the VROS match).

### Integrity Supervision Harmonisation Working Group (WG-HIT)

In 2019, FIU-the Netherlands participated in the WG-HIT. The WG-HIT is a consultative forum in which FIU-the Netherlands, together with the Central Banks and FIUs of Aruba, Curaçao and St. Maarten and the supervisors within the Caribbean region and all regional FIUs (the Central Banks of Aruba, Curaçao and St. Maarten, DNB and the FIUs of St. Maarten, Curaçao, the Unusual Transactions Disclosure Office for Aruba and FIU-the Netherlands) discuss various topics in the area of money laundering and terrorist financing. The WG-HIT was formed for several purposes, such as discussing priorities in the region and promoting closer cooperation between the various FIUs and supervisors. During these meetings, topics are discussed that may be of interest to all participants, such as developments in the field of virtual assets or the development of red flags in the fight against money laundering and terrorist financing in the region. Partly on the basis of this cooperation, it should be possible to better identify and recognise money laundering risks in the region. The WG-HIT also aims to develop typologies and methods related to money laundering and terrorist financing in the Caribbean region. The WG-HIT thus aims to contribute to broadly improving the integrity of the financial system in this region. In 2019, FIU-the Netherlands, together with DNB, gave a presentation in Curaçao at a meeting of the WG-HIT on the process of the FATF evaluation and what information is needed to shape the evaluation properly.

In 2019, the majority of unusual transactions within the BES Islands were declared suspicious by FIU-the Netherlands on the basis of its own investigations.



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# Annex I - Key figures for FIU-the Netherlands 2019

**Table 15:** Number of unusual transactions\* by sector and group of obliged entities in the period 2017-2019

Number of reports per reporting entity type, Non-BES		2017		2018		2019			
Sector	Reporting entity type	Number	Of which MT	Number	Of which MT	Of which Objective02	Number	Of which MT	Of which Objective02
Independent professionals	Auditor	1,155	0	1,987	0	108	3,424	0	922
Independent professionals	Lawyer	10	0	22	0	1	52	0	10
Banks	Bank	22,789	3,908	68,217	2,183	693	155,337	2,081	7,385
Independent professionals	Tax advisor	342	0	298	0	3	284	0	12
Other sectors	Investment institution/company	6	0	77	0	18	124	0	55
Other sectors	Life insurance broker	0	0	1	0	0	0	0	0
Payment service provider	Payment service provider	279,950	251,972	254,554	231,912	5,924	248,783	223,160	49,584
Payment service provider	Payment Service Provider - PSP	29,669	2,122	332,081	4,321	289,122	1,906,487	9,181	1,754,911
Other sectors	Financial enterprise branch office	64	57	23	23	0	0	0	0
Other sectors	Registered office provider	20	0	25	0	0	39	0	0
Other sectors	Electronic money institution	1	0	7	0	3	29	0	0
Dealers	Dealer - Precious stones	471	0	502	0	0	729	0	0
Dealers	Dealer - Art and antiques	8	0	10	0	0	30	0	0
Dealers	Dealer - Vessels	60	0	60	0	0	58	0	0
Dealers	Dealer - Vehicles	4,711	0	4,386	0	10	5,974	0	81
Dealers	Dealer - Other goods	70	0	167	0	0	356	0	10
Independent professionals	Legal services provider	0	0	13	0	0	0	0	0
Other sectors	Non-bank - Securities management	0	0	1	0	0	0	0	0
Credit card companies	Non-bank - Credit cards	11,596	0	77,758	0	62,654	127,157	0	108,641
Other sectors	Non-bank - Interbank markets	0	0	0	0	0	1	0	0
Other sectors	Non-bank - Issue of loans	110	0	93	0	1	179	0	0
Other sectors	Life insurer	3	0	1	0	0	7	0	2
Independent professionals	Real estate agent	159	0	173	0	4	227	0	6
Public sector	Tax and Customs Administration	1	0	6	0	0	2	0	0
Public sector	Customs	5,775	0	7,263	0	0	6,644	0	0
Public sector	No reporting obligation	1	0	0	0	0	0	0	0



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Table 15 (continued)

Number of reports per reporting entity type, Non-BES		2017		2018		2019			
Public sector	Reporting obligation based on Regulation	0	0	3	0	0	0	0	0
Public sector	Supervisor	7	0	3	0	0	25	0	0
Independent professionals	Civil-law notary	486	0	800	0	16	1,317	0	32
Other sectors	Pawnshop	74	0	89	0	0	140	0	0
Casinos	Gambling casino	3,228	0	4,110	0	0	4,724	0	0
Other sectors	Valuer	6	0	4	0	0	4	0	0
Independent professionals	Trust and company service provider	240	0	258	0	52	278	0	86
Other sectors	Exchange institution	3	0	360	0	0	562	0	0
<b>Total</b>		<b>361,015</b>	<b>258,059</b>	<b>753,352</b>	<b>238,439</b>	<b>358,609</b>	<b>2,462,973</b>	<b>234,422</b>	<b>1,921,737</b>

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



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**Table 16: Number of suspicious transactions\* by sector and group of obliged entities in the period 2017-2019**

Reporting entity type	2017		2018		2019	
	Number	Of which MT	Number	Of which MT	Number	Of which MT
Payment service provider	33,280	30,747	37,963	35,576	20,645	19,258
Payment Service Provider - PSP	253		1,276	28	1,351	6
Registered office provider	3		5		3	
Bank	4,163	201	15,437	185	12,919	60
Dealer - Precious stones	38		272		96	
Dealer - Other goods	13		16		27	
Dealer - Vessels	3		5		1	
Dealer - Vehicles	1,493		1,475		2,522	
Dealer - Art and antiques	0		0		2	
Life insurer	0		1		1	
Auditor	238		306		209	3
Lawyer	5		14		16	
Tax advisor	18		21		61	
Real estate agent	4		9		15	
Civil-law notary	100		170		177	
Trust and company service provider	49		19		30	
Gambling casino	419		519		544	
Public sector - Tax and Customs Administration - Right to report	11		15		6	
Public sector - Customs	296		261		389	
Public sector - Supervisor	6		0		13	
Non-bank - Credit cards	90		95		447	
Investment institution/company			1		6	
Non-bank - Issue of loans	38		16		36	
Valuer	1		0		1	
Financial enterprise branch office	2		5	4	0	
Pawnshop	23		20		10	
Non-bank - Leasing	0		2		0	
Electronic money institution	0		1		1	
Exchange institution	0		26		16	
<b>Total</b>	<b>40,546</b>	<b>30,948</b>	<b>57,950</b>	<b>35,793</b>	<b>39,544</b>	<b>19,327</b>

\* Suspicious transactions are requested on the basis of forwarding date, i.e. the date on which an unusual transaction is declared suspicious. Therefore, suspicious transactions in a particular year cannot be compared with the unusual transactions (requested on the basis of registration date) in a particular year.



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**Table 17: Number of entities from which reports were received per group in the period 2017 - 2019**

Number of reporting entities per reporting entity type, Non-BES		2017	2018	2019
Sector	Reporting entity type	Number	Number	Number
Independent professionals	Auditor	219	281	385
Independent professionals	Lawyer	9	12	14
Banks	Bank	49	54	59
Independent professionals	Tax advisor	73	81	81
Other sectors	Investment institution/company	5	12	20
Other sectors	Life insurance broker	0	1	0
Payment service provider	Payment service provider	22	20	23
Payment service provider	Payment Service Provider - PSP	14	15	21
Other sectors	Financial enterprise branch office	1	1	0
Other sectors	Registered office provider	7	8	9
Other sectors	Electronic money institution	1	2	4
Dealers	Dealer - Precious stones	33	33	28
Dealers	Dealer - Art and antiques	4	2	7
Dealers	Dealer - Vessels	35	28	35
Dealers	Dealer - Vehicles	522	533	732
Dealers	Dealer - Other goods	26	21	50
Independent professionals	Legal services provider	0	1	0
Credit card companies	Non-bank - Credit cards	6	6	5
Other sectors	Non-bank - Interbank markets	0	0	1
Other sectors	Non-bank - Issue of loans	5	4	10
Other sectors	Non-bank - Securities management	0	1	0
Other sectors	Life insurer	3	1	3
Independent professionals	Real estate agent	84	80	125
Public sector	Tax and Customs Administration	1	1	1
Public sector	Customs	2	2	2
Public sector	Supervisor	1	1	3
Public sector	Reporting obligation based on Regulation	0	1	0
Independent professionals	Civil-law notary	172	211	322
Other sectors	Pawnshop	2	3	4
Casinos	Gambling casino	2	1	3
Other sectors	Valuer	5	3	2
Independent professionals	Trust and company service provider	47	36	37
Other sectors	Exchange institution	1	2	2
<b>Total</b>		<b>1,352</b>	<b>1,458</b>	<b>1,988</b>



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# Annex II - About FIU-the Netherlands

The Financial Intelligence Unit-the Netherlands (FIU-Netherlands) is designated in the Money Laundering and Terrorist Financing (Prevention) Act (Wwft) as the authority to which unusual transactions must be reported by various obliged entities. FIU-the Netherlands analyses these reports and exposes transactions and money flows that may be related to money laundering, terrorist financing or related crimes. Unusual transactions declared suspicious by the head of FIU-the Netherlands are made available to the investigative, intelligence and security services.

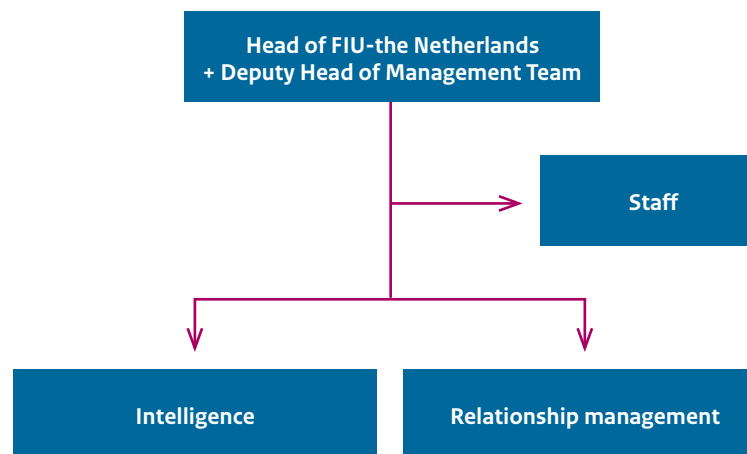
This annex is a general introduction to what FIU-the Netherlands is. It discusses the mission, the statutory task and the national and international domain in which FIU-the Netherlands operates. An explanation is also given of the statutory reporting obligation and how FIU-the Netherlands carries out these statutory tasks.

## BII. 1 Positioning, statutory task and mission

### Positioning of FIU-the Netherlands

FIU-the Netherlands is formally part of the legal entity the State of the Netherlands. Organisationally, it is positioned under the National Police as an independent, operationally self-reliant and recognisably operational entity. Through mandating (and sub-mandating), the head of FIU-the Netherlands has the necessary powers in terms of personnel and resources, thus guaranteeing the organisation's independence and operational self-reliance. The policy line runs directly from the Minister of Justice and Security to the head of FIU-the Netherlands. The management line runs from the Commissioner of the National Police to the head of FIU-the Netherlands.

Figure 1: Organisational structure of FIU-the Netherlands



### Statutory task

FIU-the Netherlands' statutory tasks are laid down in Section 13 of the Wwft. Its core task is to receive, record, process and analyse unusual transaction data in order to determine whether such data may be relevant to the prevention and detection of crime, to declare it suspicious and then to issue it.

In addition to this core task, FIU-the Netherlands focuses on tasks derived from it, which include providing information to public and private partners and conducting research into trends and developments in the field of money laundering and terrorist financing. Money laundering often involves a sequence of financial and other acts that attempt to give the criminally acquired assets the appearance of having a legal origin. When financing terrorism, the origin of the money is not necessarily illegal. In this case, it is rather the intended use of the money, i.e. terrorist activities or, for example, support of terrorists, that makes a specific transaction legally prohibited. In 2019, FIU-the Netherlands had a budget of 6 million euros and a staff of 63 FTEs at its disposal to carry out these tasks.



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## Mission and Vision

### The mission of FIU-the Netherlands is as follows:

“The strength of FIU-the Netherlands is found in its financial intelligence. It uses this to prevent and combat crime as effectively as possible. It thus promotes a safe society and the integrity of the financial system, both nationally and internationally, now and in the future.”

FIU-the Netherlands is the designated organisation in the Netherlands with exclusive access to data on reported unusual transactions that can be declared suspicious after further investigation. FIU-the Netherlands forms the unique link between the entities that report unusual transactions and government partners that play a role in combating national and international crime. FIU-the Netherlands does this by offering financial intelligence and expertise within the relevant networks.

## BII. 2 The Money Laundering and Terrorist Financing (Prevention) Act (Wwft)

The objective of the Wwft is to combat money laundering and terrorist financing in order to safeguard the integrity of the financial and economic system.

### Obligation to report unusual transactions

The Wwft addresses various categories of business service providers, which are referred to in the Act as ‘entities’, and imposes two obligations on them. First, the obligation to conduct risk-oriented customer due diligence, and secondly, the obligation to report unusual transactions. Customer due diligence contributes to identifying and controlling risks associated with certain customers or certain types of services. FIU-the Netherlands plays a crucial role in the reporting obligation; entities must report unusual transactions that are (possibly) related to money laundering or terrorist financing to the ‘Financial Intelligence Unit’, the designation used by the Wwft for FIU-the Netherlands.

Not only financial institutions, but also casinos, trust and company service providers, various types of dealers and independent professionals, among others, are subject to a reporting obligation. A transaction (or intended transaction) is deemed unusual if it meets one or more reporting indicators. These indicators differ per group of obliged entities and are laid down in the Wwft Implementation Decree. A distinction is made between objective and subjective indicators. In the case of objective indicators, a reporting obligation arises when a transaction exceeds a certain threshold amount. Money transaction offices, for example, are obliged to report all money transfers of € 2,000 or more to FIU-the Netherlands. A subjective indicator means that an entity must report a transaction if it has ‘reason to believe’ that the transaction is related to money laundering or terrorist financing.

The Wwft determines the minimum information that an unusual transaction report must contain. Only with high-quality reports is it possible to quickly and effectively investigate the possible involvement of persons in money laundering or terrorist financing. Various supervisors monitor compliance with the Wwft. Failure to report an unusual transaction or to report it on time or correctly or completely is punishable by law.

### FIU-the Netherlands as a buffer

All reports of unusual transactions are recorded in a secure database of FIU-the Netherlands, also known as ‘the buffer’. The reports are carefully secured. Only FIU staff have access to this secure database. Treating unusual transactions confidentially is essential to being able to cooperate with obliged entities and foreign FIUs. Only when reported transactions have been further investigated and an interest in the prevention of money laundering, terrorist financing or an underlying crime has been confirmed does the head of FIU-the Netherlands declare a transaction ‘suspicious’ and will this suspicious transaction be passed on to various enforcement and investigative services.

## BII. 3 Policy and long-term objectives

### Long-term objectives

FIU-the Netherlands has set itself three long-term strategic objectives for the period 2018-2021. These policy objectives are based on the tasks of FIU-the Netherlands, as described in Section 13 of the Wwft, and international regulations.



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These long-term strategic objectives are as follows:

- Producing excellent and applicable financial intelligence and promoting its broad use
- Strengthening and broadening national and international partnerships and the exchange of information
- The early identification of trends and phenomena and sharing them both internally and externally.

FIU-the Netherlands sets out to achieve the broad and effective use of FIU intelligence and to gain more insight into how FIU products are used. It consequently focuses on achieving maximum alignment with the information required by its partners and structural use of FIU information. Various developments, such as national programmes and the establishment of multidisciplinary partnerships, offer FIU-the Netherlands new opportunities to improve the effectiveness of its information and feedback on its use.

Its unique information position enables FIU-the Netherlands to access a large amount of data on possible cases of money laundering and terrorist financing, which provides it with insights into trends and phenomena. International cooperation and the exchange of information provide FIU-the Netherlands, and - accordingly - the national investigation partners, with valuable financial intelligence for tackling money laundering and terrorist financing.

## BII. 4 National and international playing field

FIU-the Netherlands operates at the interface between the public and private sectors. It cooperates with representatives of obliged entities, supervisors, foreign FIUs and various law enforcement agencies and other partners who play a role in the prevention and investigation of crime. FIU-the Netherlands strives to ensure that its work processes (receiving, analysing and declaring suspicious) are optimally aligned with the priorities of its partners. Conversely, it seeks to draw the attention of its partners to relevant data, trends and phenomena that can be translated into both reporting policy and investigative practice.

### National playing field

FIU-the Netherlands maintains close contacts and cooperates with a network of organisations involved in preventing and combating crime, such as investigative services and supervisors. To intensify the approach in the areas of combating money laundering and the confiscation of illegally acquired assets, a number of new partnerships have been set up in recent years with the aid of special funds. For its task of effectively combating crime, FIU-the Netherlands is a partner in the iCOV (Information Exchange on Criminal and Unexplained Wealth), which was set up in 2013, and cooperates intensively with FIOD's AMLC.

FIU-the Netherlands has been a full partner in the FEC for the past three years. The shared goal of the FEC partners is to strengthen the integrity of the financial sector through mutual cooperation and exchange information (see box). As a partner, FIU-the Netherlands is a member of the FEC Council, the liaison officers' consultation and the information platform. It also takes part in a number of working groups (and sub-working groups) of the FEC.

### International cooperation

Financial transactions often have an international character. Crime in general and money laundering and terrorist financing in particular are also often associated with cross-border financial flows. International cooperation is therefore indispensable to combating this. FIU-the Netherlands seeks cooperation in the area of policy through the relevant international forums.

### Egmont Group

FIU-the Netherlands is a member of the Egmont Group, a worldwide alliance of what is now 164 FIUs, which forms the basis for the international exchange of information between FIUs. In 2018, a new strategic policy plan was formulated: the 'Egmont Strategic Plan 2018-2021'. Its focus is on strengthening regional cooperation between FIUs and organising an effective and future-proof infrastructure within the Egmont Group. In terms of content, the Egmont Group thus focuses on the bilateral and multilateral sharing of financial intelligence, strengthening the capabilities of FIUs (through ECOFEL), developing new partnerships and expanding knowledge of the financial landscape. FIU-the Netherlands makes an active contribution to various Egmont working groups. The Head of FIU-the Netherlands chaired the Egmont Group for a period of two years since July 2017.



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FIU-the Netherlands also participates as a member in two working groups focusing on operational cooperation (Information Exchange Working Group) on the one hand and development of policy and procedures (Policy and Procedures Working Group) on the other.

### EU FIU Platform

Since 2006, FIUs within the EU have met in the EU Financial Intelligence Units' Platform (EU FIU-Platform) to intensify and streamline the exchange of information between them. This initially informal platform of FIUs was granted the formal status of expert group in 2014. The fourth European Anti-Money Laundering Directive - which came into force in June 2015 and was implemented in 2018 - makes this status more explicit. The EU thus recognises the importance of cooperation between the European FIUs and their specific expertise in the fight against money laundering and terrorist financing. The expert group has a formal role in advising the European Commission.

### FIU.net

The FIUs of the EU countries use FIU.net for operational cooperation. This is a decentralised computer network that facilitates secure and efficient data exchange between EU FIUs. The system's decentralized infrastructure guarantees the autonomy of the individual FIUs. FIUs decide for themselves what is shared with whom and when, without any central storage of their data. All 28 FIUs of the EU Member States are connected to the network and an average of 1,000 FIU.net requests are made per month. The Fourth European Anti-Money Laundering Directive encourages FIUs to use FIU.net in their communications with each other.

FIU.net has developed a cross border reporting module, which makes it easier for European FIUs to share transaction reports among themselves. A joint case in the FIU.net application makes it possible for the EU FIUs to share experiences and work together operationally, for example to quickly identify breaches of EU sanctions.

### FATF

The Financial Action Task Force is an intergovernmental organisation known mainly for the 40 recommendations to countries participating in the FATF for preventing and combating money laundering and terrorist financing.

The FATF assigns an important role to FIUs and in its recommendations has also established rules on the powers and degree of independence that FIUs should have. The participating countries are committed to following these recommendations and periodically evaluate each other to see to what extent they actually comply with them. FIU-the Netherlands participates in the Dutch delegation to the FATF where FIU matters are concerned.

## BII. 5 Activities of FIU-the Netherlands

FIU-the Netherlands fulfils and executes its statutory tasks on the basis of the following work processes.

### Reports received

FIU-the Netherlands is the designated authority to which the entities designated under the Wwft are required to report unusual transactions and unusual intended transactions. The Wwft identifies 25 different types of obliged entities, ranging from banks and civil-law notaries to art and car dealers. A total of more than 1,000 obliged entities report more than 350,000 unusual transactions each year. FIU-the Netherlands promotes the reporting behaviour of obliged entities by means of active communication. Relationship managers maintain direct contact with the obliged entities and cooperate with sector associations and supervisors to promote the reporting obligation and provide information. There is a service centre to support obliged entities with filing reports. This not only promotes the actual filing of reports, but also improves the quality of reports. It will go without saying that high-quality and complete reports are the most valuable to FIU-the Netherlands.

### Analysis

FIU-the Netherlands analyses all reports received and the Head of FIU-the Netherlands declares the transactions suspicious if there is cause to do so. FIU-the Netherlands conducts various types of investigations that may lead to a transaction being declared suspicious. Roughly speaking, a distinction can be made between;

- Matches with external data files
- LOvJ requests
- Requests from foreign FIUs; and
- Own investigations providing strategic steering.



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## Matches with external data files

FIU-the Netherlands has access to a number of data files of network partners with which a semi-automatic comparison (a 'match') is made at a certain frequency. Important data files include the police VROS file, which is periodically used for matching purposes. Unusual transactions by persons involved in criminal investigations can subsequently be declared suspicious without much further investigation and forwarded to the investigative services.

In addition to the VROS file, FIU-the Netherlands regularly matches its database with other strategically interesting sources.

## LOvJ requests

When a law enforcement agency conducts an investigation into a particular suspect, it often pays to submit an LOvJ request to FIU-the Netherlands. Based on the request, FIU-the Netherlands can declare unusual transactions in connection with this investigation subject to be suspicious and refer them to the investigative service. Unlike intelligence in general, these financial trails left by the suspect are hard information that can and may be used as evidence in a criminal case.

An LOvJ request can be made at any time during an ongoing investigation and can also be repeated during the course of the investigation. An LOvJ request can also provide valuable information about the financial dealings and conduct of an investigation subject during a confiscation procedure. Each year, FIU-the Netherlands receives and processes between 1,000 and 1,500 LOvJ requests, which can vary greatly in scope.

## Requests from foreign FIUs

FIU-the Netherlands is part of a worldwide network of (currently) 164 FIUs that are united in the Egmont Group. This forms the basis for operational collaboration using a secure digital environment, the Egmont Secure Web. FIU-the Netherlands also concluded MoUs with a number of FIUs from other countries.

Cooperation within the EU is even closer. This is reflected in the EU FIU Platform, which brings together all EU FIUs. The technological features offered by FIU.NET allow for simple and effective cooperation and safe exchange of information at an operational level.

Apart from targeted requests, FIU.NET allows for an anonymous, encrypted and decentral matching of databases of the EU FIUs through FIU.NET's Ma3tch technology. This allows FIU-the Netherlands to very efficiently and safely assess whether a certain investigation subject may have left financial traces at other locations in Europe as well. The structures for exchanging FIU information offer major advantages over regular police and criminal legal assistance channels.

FIU-the Netherlands receives requests from foreign FIUs and sends requests to foreign FIUs. Both cases may result in transactions being declared suspicious. Requests made to foreign countries are often part of FIU-the Netherlands' own investigations and, to an increasing extent, also of LOvJ requests.

## Own investigations providing strategic steering

In addition to handling LOvJ requests and performing matches, FIU-the Netherlands initiates and conducts its own investigations. When conducting its own investigations, FIU-the Netherlands upgrades a case file of transactions to a high-quality product with which the investigative partners can often arrive at a suspicion straight away and take follow-up action. As well as its own database, FIU-the Netherlands uses information from open sources for its own investigations, police systems are consulted and tax data can be retrieved.

FIU-the Netherlands' database of unusual transactions is full of transactions that may indicate money laundering or other forms of crime. With FIU-the Netherlands' current capacity, but also that of investigative authorities, it is neither possible nor desirable to subject all transactions to an equally thorough investigation. FIU-the Netherlands has developed a strategic steering and tactical selection model that enables it, as far as possible, to investigate the right cases that also match the priorities of the receiving investigative partners.

## Dissemination

FIU-the Netherlands transfers transactions declared suspicious to investigative authorities and/or the Public Prosecution Service. The information is used as control information and as a means of gaining an insight into criminal activities and criminal organisations, as starting information for a criminal investigation or as a direct part of the evidence in a criminal case.



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Relationship managers of FIU-the Netherlands actively encourage the use of FIU information and make the connection between the information position of FIU-the Netherlands and the priorities of the investigative services and the Public Prosecution Service.

This is because the largest recipients of FIU intelligence are the investigative services of the National Police and the Fiscal Intelligence and Investigation Service (FIOD). FIU-the Netherlands is committed to both the broad and targeted dissemination of FIU information via a police-wide application to which virtually the entire police have access. FIU-the Netherlands disseminates the information in a targeted manner by making agreements with the recipients of the information. This is part of the strategic and tactical steering model used by FIU-the Netherlands as described above.

In addition to the investigative partners, FIU-the Netherlands provides information - at an aggregated level - to the Wwft supervisors for their supervisory duties. Feedback is also given to reporting entities when a report made by them has been declared suspicious. This enables the reporting entity to assess transactions even more specifically in terms of their worth.

A good relationship between FIU-the Netherlands and the obliged entities on the one hand and the investigative authorities on the other can even sometimes ensure that a transaction can be intercepted before the money is out of the reach of the Dutch investigative authorities. Cases of 'being caught in the act' such as these call for perfect coordination and cooperation with all those involved.

### Trends and phenomena

FIU-the Netherlands' unique information position makes it possible to detect new trends and phenomena. FIU-the Netherlands is able to make use of a high-quality reporting and analysis tool to produce targeted reports and analyses on the available data. It conducts qualitative research to identify red flags with which precisely those transactions that can be linked to a certain type of crime can be filtered out of the database. Capacity constraints make it necessary for FIU-the Netherlands to follow innovative paths and continuously set priorities to carry out these qualitative investigations. In spite of this, visible results are being achieved with which FIU-the Netherlands is giving shape to its signalling function.

### Strategic steering

FIU-the Netherlands' extensive database can be consulted by its intelligence staff on their own initiative in order to upgrade unusual transactions to direct opportunities for investigation, insights for the supervisors or for the purpose of information material for the reporting groups. There are various reasons for FIU-the Netherlands to start an investigation of its own. They include monitoring current risks and threats, sectors providing services with an increased risk of money laundering, or services offered by new obliged entities. Requests from foreign FIUs and signals from partners can also be reasons for FIU-the Netherlands to start an investigation of its own.

FIU-the Netherlands' investigative capacity is limited, which means that conscious choices have to be made when it comes to self-initiated investigations. FIU-the Netherlands has developed a strategic steering model that is used to manage its own investigations at strategic, tactical and operational levels. Two important bodies within this model are the strategic steering consultation (SSO) and the tactical selection consultation (TSO).

The SSO determines FIU-the Netherlands' strategic framework based on policy priorities set by investigative partners, signals from reporting groups and supervisors, trends in reported transactions and international agreements in the area of combating crime. Current events and notable incidents can lead to an adjustment of this framework.

Based on the themes selected and prioritised by the SSO and taking into account the available capacity, the investigations conducted by FIU-the Netherlands are managed at a tactical level by the tactical selection consultation (TSO). Proposals for concrete investigations can be submitted by the organisation to the TSO, which will assess and weigh those proposals, request additions if necessary and allocate capacity and set a deadline. Operational steering is then placed in the hands of a team leader.



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<b>AFM</b>	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)	<b>ISZW</b>	Inspectie van Sociale Zaken en Werkgelegenheid (Social Affairs and Employment Inspectorate)
<b>AI</b>	Artificial Intelligence	<b>KMar</b>	Koninklijke Marechaussee (Royal Netherlands Marechaussee)
<b>AIVD</b>	Algemene Inlichtingen- en Veiligheidsdienst (General Intelligence and Security Service)	<b>KPCN</b>	Korps Politie Caribisch Nederland (Caribbean Netherlands Police Force)
<b>AMLC</b>	Anti Money Laundering Centre of the FIOD	<b>KSa</b>	Kansspelautoriteit (Netherlands Gambling Authority)
<b>AMLD4</b>	Fourth Anti-Money Laundering Directive	<b>MIVD</b>	Militaire Inlichtingen- en Veiligheidsdienst (Military Intelligence and Security Service)
<b>GDPR</b>	General Data Protection Regulation	<b>MSCWG</b>	Membership, Support and Compliance Working Group
<b>BES</b>	The Public Bodies of Bonaire, St. Eustatius and Saba (Caribbean Netherlands)	<b>LOvJ</b>	Landelijk Officier van Justitie (National Public Prosecutor)
<b>BFT</b>	Bureau Financieel Toezicht (Financial Supervision Office)	<b>NCTV</b>	Nationaal Coördinator Terrorismedebestrijding en Veiligheid (National Coordinator for Security and Counterterrorism)
<b>BVO</b>	Bevriezingsoverleg (Freezing Consultation)	<b>NPO</b>	Non-Profit Organisation
<b>CIBJ</b>	Centraal Justitieel Incasso Bureau (Central Fine Collection Agency)	<b>OECD</b>	Organization for Economic Co-operation and Development
<b>CT-Infobox</b>	Contra Terrorisme Infobox (Information Exchange on Counter Terrorism)	<b>PPS</b>	Public Prosecution Service
<b>DNB</b>	De Nederlandsche Bank (the Dutch Central Bank)	<b>OSINT</b>	Open Source Intelligence
<b>ECOFEL</b>	Egmont Centre of FIU Excellence and Leadership	<b>PSD2</b>	Second EU payment service directive
<b>ESW</b>	Egmont Secure Web	<b>RFI</b>	Request for Information
<b>EU</b>	European Union	<b>RIEC</b>	Regionaal Informatie en Expertise Centrum (Regional Information and Expertise Centre)
<b>EU-FIU</b>	European Union Financial Intelligence Unit	<b>RST</b>	Recherche Samenwerking Team (Criminal Investigation Cooperation Team)
<b>FATF</b>	Financial Action Task Force	<b>SCTF</b>	Serious Crime Task Force
<b>FCI.net</b>	Financial Criminal Intelligence net	<b>TBML</b>	Trade Based Money Laundering
<b>FEC</b>	Financial Expertise Centre	<b>TEFAF</b>	The European Fine Art Fair
<b>FEC-TF</b>	Financial Expertise Centre - Terrorist Financing	<b>TF Task Force</b>	Terrorist Financing Task Force
<b>FFIS</b>	Future of Financial Intelligence Sharing	<b>UBO</b>	Ultimate Beneficial Owner
<b>FIC</b>	Financial Intelligence Centre	<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>FinCen</b>	Financial Crimes Enforcement Network	<b>UN</b>	United Nations
<b>FIU</b>	Financial Intelligence Unit	<b>VROS</b>	Verwijzingsindex Recherche Onderzoeken en Subjecten (Index of Criminal Investigations and Subjects)
<b>FIOD</b>	Fiscale Inlichtingen- en Opsporingsdienst (Fiscal Intelligence and Investigation Service)	<b>WODC</b>	Wetenschappelijk Onderzoek en Documentatiecentrum (Research and Documentation Centre)
<b>GoAML</b>	Government Anti-Money Laundering, ICT application built by UNODC		
<b>ICOV</b>	Infobox Crimineel en Onverklaarbaar Vermogen (Information Exchange on Criminal and Unexplained Wealth)		
<b>ICT</b>	Information and Communications Technology		



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<b>WG-Hit</b>	Werkgroep Harmonisatie Integriteit Toezicht (Integrity Supervision Harmonisation Working Group)
<b>Wwft</b>	Wet ter voorkoming van witwassen en financieren van terrorisme (Money Laundering and Terrorist Financing (Prevention) Act)
<b>Wwft BES</b>	Wet ter voorkoming van witwassen en financieren van terrorisme voor Caribisch Nederland (Money Laundering and Terrorist Financing (Prevention) Act for the Caribbean Netherlands)

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