



# AMLC

## Newsletter March 2021

### Anti Money Laundering Centre

Dear colleague,

Attached is the March 2021 AMLC newsletter on developments related to money laundering.

This newsletter focuses on a document of indicators and a webinar on one of our themes: Trade-Based Money Laundering. The more in-depth article is about money laundering indicators. Nick ten Dam identified risk indicators for cash laundering in the car trade. The indicators were then tested for their ability to predict whether suspicious transactions were taking place at a car dealership. As always, we close with recent case law.

Suzanne Visser, who has worked at AMLC since 2014, is the second person to be appointed as head of the AMLC as of 1 March 2021. In view of her know-how, experience and network relating to anti-money laundering and criminal law, she is a welcome asset to help steer the centre further in the years ahead.



Are you curious about what the AMLC is planning in 2021? Our Annual Plan is available [here](#).

If you have gained experience or have run into set-ups that you want to share, please mail [AML.Centre\\_Postbus@belastingdienst.nl](mailto:AML.Centre_Postbus@belastingdienst.nl). Do you know any colleagues who would also like to receive the newsletter? They can subscribe using this email address. Lastly, if you want to stay up-to-date: follow us on LinkedIn!

Enjoy the read,  
The AMLC



# News

## Document of indicators and TBML Webinar

In December 2020, the Financial Action Task Force (FATF) and the Egmont Group of FIUs published a report on developments relating to Trade-Based Money Laundering. In March 2021, this report was supplemented by [a list of risk indicators](#) designed to help private sector companies detect TBML, but which are likewise relevant, for example, for crime investigations and customs. This includes indicators focused on corporate structures and trade documents.

FATF recently organised a webinar to discuss the latest trends and developments. During the webinar, experts presented what they had experienced and discussed the challenges facing government authorities and the private sector. The webinar was attended by nearly 2,000 representatives from public and private sectors. We are quite proud that our AMLC colleague Tamara Pollard was allowed to participate in this webinar as a panel member. If you missed this event, a recording is available [here](#).



## Reading tip: The hidden networks of money launderers

In December, *Tijdschrift voor Criminologie* published a report by Kramer, Blokland and Soudijn on money laundering networks in the Netherlands inspired by a Financial Action Task Force (FATF) report called 'Professional money laundering'. The open access publication is available [here](#) (in Dutch). The authors have investigated to what extent professional money launderers in the Netherlands form networks, and to what extent they operate as a business practice. Police registrations provided contacts and information about various professional money launderers. An analysis was made on which of these money launderers had been in contact with each other or appeared in the same investigations and how often there was contact between various money launderers. Recurrent contacts, the lack of family ties, appearing in several investigation files and regularity, are indications of being a business practice. The investigators conclude that a network of professional money launderers appears to exist in various levels of business practice in the Netherlands. There are recurrent contacts among themselves in a certain consistent collaboration. Many contacts restrict themselves to pairs and this is insufficient to be considered stable partnerships among several money launderers. The investigation does not involve substantive collaboration between the professional money launderers; merely the fact that the contact exists, is registered. A more detailed investigation will therefore have to be carried out on collaboration in money laundering routes and how this contributes to concealing the origin of criminally gained money. The investigated money launderers are mainly involved in drug offences, which means the networks of professional money launderers are mainly active in drug offences. In any event, the investigation emphasizes the importance of paying attention to money laundering when the police investigates criminality and drugs crime.

# Risk indicators for Cash Integration in the automotive sector

**By: Nick ten Dam**

At present, I work for the Forensic & Financial Crime division at Deloitte. As part of completing a master's degree programme on criminal investigation, I had to write a master's thesis in addition to my work at Deloitte (where I had been a work-study student at the time). I thought it would be useful to look beyond the private sector and combine this thesis with an internship at a public party. Based on my interest in Trade-based Money Laundering and Cash Integration, I ended up at the AMLC. This article is a brief summary of my research.

## Cash Integration (in the automotive sector)

Criminal investigations show that criminals use the automotive sector in the Netherlands to launder ill-gotten gains by means of international trade<sup>1</sup>. The modus operandi used is as follows: with cash gained from criminal activities, criminals buy cars in bulk in the Netherlands, then export and trade these abroad. This form of money laundering is called Cash Integration. Cash Integration can also be described as follows 'Concealing and legitimising criminal cash funds gained through trading in goods for the purpose of concealing the illegal origin or financing of criminal activities.'

Cash Integration can be seen as a form of Trade-based Money Laundering in which the goods to be traded are *exclusively* paid in cash that has a criminal origin. This research has opted to specifically study the automotive sector. This option was made to constrain the research. Criminal investigations show that Cash Integration is not restricted to the automotive sector, for example, it is also found in the agricultural sector<sup>2</sup>. This means that the methods and results of this study are also relevant to other sectors.



## Study set-up

The study attempts to provide an insight into Cash Integration vulnerabilities of car dealers in the Netherlands. These vulnerabilities offer regulators an opportunity to create adequate barriers to counter Cash Integration. The study focused on the following issue: 'Which risk indicators make dealers in the automotive sector an attractive target for criminals to use Cash Integration to launder their cash?'

Qualitative and quantitative surveys have progressively been used to answer this question. Initially, interviews were conducted to identify risk indicators that indicate that a car dealer facilitates Cash Integration. The interviews were conducted with experts working at the Fiscal Intelligence and Investigation Service (FIOD), Financial Intelligence Unit (FIU), the police, Tax and Customs Administration, two major banks, Bureau AML/CFT Supervision and the Public Prosecution Service (OM). Then an experimental group was constituted based on transactions declared by the FIU as being suspicious. Among the car dealers in the experimental group, there is a suspicion that they facilitate Cash Integration. This experimental group was compared to a reference group on risk indicators identified by the experts. This reference group was randomly selected from the total car-dealer population. In addition to this comparative analysis, a logistic regression<sup>3</sup> has been used to determine how well the indicators stated by the experts are able to predict whether there is a suspicion that a car dealer facilitates Cash Integration.

<sup>1</sup> <https://www.fiod.nl/vier-autobedrijven-verdacht-van-btw-fraude-en-faciliteren-witwassen-bij-export-van-autos/>

<sup>2</sup> <https://www.om.nl/actueel/nieuws/2019/07/17/aardappel--en-uienhandel--en-uienhandel-vatbaar-voor-witwaspraktijken>

<sup>3</sup> A logistic regression analysis is a predictive model in which it is clearly set out for each individual variable, how it affects predicting the dependant variable.

## Results of study

The experts identified eight risk indicators, namely:

- financial crisis
- geographic diversification
- not an official dealership
- no BOVAG membership
- domestic and foreign sales ratio
- no showroom
- purchase of ex-lease vehicles
- short turnaround of trading stock.

The comparative analysis shows that the two groups studied differ significantly from each other based on two of the risk indicators: 'short turnaround of trading stock' and 'domestic and foreign sales ratio'. In the first instance, it is apparent that cars stay four times shorter in the trading stock of car dealers who are suspected of facilitating Cash Integration. For those dealers, it also shows that foreign turnover amounts to more than a quarter of the total turnover.

The logistic regression with the eight risk indicators is able to predict correctly in 75.9% of cases whether a suspicion exists that a car dealer facilitates Cash Integration. The indicators 'short turnaround of trading stock', 'domestic and foreign sales ratio', and 'financial crisis' provide a significant contribution to the model. This shows that, in addition to the two indicators found in the comparative analysis, a 'financial crisis' in conjunction with the other variables also provides a significant contribution. It can be concluded that three risk indicators have been identified in this study, which indicate that a dealer in the automotive sector is an attractive target for criminals to launder their cash on the basis of Cash Integration.

## Restrictions and discussion

For starters, it is important to mention that the quantitative part of this study is based on suspicious transactions and not on convictions. All results in the quantitative part therefore only relate to indications about traders of whom a suspicion exists of facilitating Cash Integration.

It should also be noted that the population surveyed was not big ( $N < 50$ ). This constraint has undoubtedly had an impact on the results of the quantitative analyses. After all, it is quite possible that risk indicators which are now considered non-significant may be relevant for tests with a larger population. It would therefore be useful to repeat the same research when more suspicious transactions are available.

This research has also been conducted on a scientific basis. This means, among other things, that only risk indicators identified by the experts have been studied. It is advisable to expand this field of vision and to run analyses on all available variables. New risk indicators may then be revealed. Owing to the constraints of this study, only a very specific form of money laundering in a very specific sector has been considered. However, the research methods lend themselves to a relatively simple expansion to other sectors. As mentioned previously, criminal investigations have shown that the agricultural sector is also susceptible to Cash Integration. A study targeting this sector is therefore a recommendation.

# Case law

**Civil-law notary's report leads to money laundering conviction, Supreme Court, 16 February 2021, [ECLI:NL:HR:2021:120](#)**

As a representative of a commercial partnership (*voif*) the suspect purchases a boat for €150,000 and sells it two weeks later to a new buyer for €162,500. The suspect and the new buyer agree that the purchase price does not need to be

paid, on condition that the buyer acknowledges that he owes €162,500. The buyer is known to the police as a drug user and multiple offender. The civil-law notary involved has reported unusual transactions to the Financial Intelligence Unit (FIU) because of the rapid onward supply of the boat and uncertainties about its payment. The suspect is then prosecuted for money laundering the boat.



The court concludes that there is a suspicion of money laundering because payment of the boat was largely in cash. Insofar as payment was made by funds transfer, this had been preceded by several cash deposits of below €10,000 into the account of the suspect. The rapid resale of the boat at a profit, and the fact that the second buyer is a drug user and multiple offender, also plays a role in forming the money laundering suspicion. Furthermore, the court attaches importance to the uncertainties raised by the civil-law notary concerning, inter alia, the method of payment of the boat, which ultimately led to reporting an unusual transaction and the fact that a large quantity of drugs was subsequently found on board the boat. This means that the suspect may be required to make a statement about the origin of the money with which the boat was paid.

The suspect has declared that he wanted to work with the boat in offshore practices, but after the provisional purchase agreement, it became clear to him that he was not allowed to work with it in offshore practices and he therefore resold the boat. The suspect has declared that he had heard from the original seller that several parties were interested in the boat. He had never met that particular person before. The money that he had paid for the boat had not been derived from his own resources, but he had received it from the new buyer in portions. This is what the suspect used to pay the seller. The suspect says that he cannot prove this, but he can prove that he had given money to the seller. He says the seller is aware of the new buyer. An investigation has shown that the new buyer was a drug addict and has stated in his witness testimony that he has little money and spends everything on drugs. It is therefore not plausible that he had bought the boat. The original seller also declared that the suspect was the only party interested in the boat and that the boat had been for sale for 10 years already. The court is of the opinion that the suspect's statement is not plausible and that the only acceptable explanation that could apply would have a criminal origin.

On appeal, the counsel for the defence complains that statements have been made about the origin of the money since the start of the investigation and that all this has not been verified. The Supreme Court upholds the judgment of the Court of Appeal.

#### **Refusal of coffeeshop bank account District Court of Amsterdam 2 February 2021, [ECLI:NL:RBAMS:2021:358](#)**

This case concerns whether ING Bank was allowed to refuse a business account being opened for a coffeeshop. ING claims that providing a business account involves unacceptable risks and that, based on the client screening, ING lost confidence in the claimant. In addition, ING relies on its freedom of contract.

The court is of the opinion that, based on the results of the client screening, ING should not have refused the banking relationship. ING makes an unjustified link between a shooting incident and the claimant's involvement in criminal activities. The shooting incident appears to be part of a wider problem and not a claimant-related incident. In addition, there is insufficient evidence that the coffeeshop poses an integrity risk. The Public Administration (Probity Screening) Act (*Bibob*) screening has always been positive and no irregularities were found in the audit by the Registered Accountant (RA). The fact that large cash deposits have entered the claimant's private account is due to the fact that he does not have a business account, which means his customers must pay in cash. The use of his private account for business purposes is understandable, according to the court. So too the fact that his brother used the claimant's debit card and PIN code, is also quite understandable. Because of the corona crisis, the claimant himself was stuck abroad for quite a long time and the cash money had to be deposited due to security and practical problems.

The freedom of contract is not unlimited under Section 4:71f of the Financial Supervision Act (*Wet op het financieel toezicht, Wft*). In the Netherlands it is impossible to undertake business activities without having access to payment

services. A bank may therefore be obliged, under special circumstances, to enter into a contractual relationship with a legal person. This can be demanded, particularly from systemic banks. However, the coffeeshop proprietor has not sufficiently demonstrated that he cannot go to other banks. During the hearing, the claimant showed email communications with ABN AMRO Bank, from which it appears that his application for a business account was rejected. The reasons for this are not clear. The claimant failed to apply for a business account at the other systemic banks, such as Rabobank and SNS Bank. The district court states that the claimant must make it plausible that all banks that hold a crucial position in our society, refuse a banking relationship. To this end, the claimant must provide documentary evidence that he has applied to these three banks and that he has answered the questions raised by these banks, but that they have nevertheless refused him as a corporate client. Since the claimant has not done so, it has not been made plausible that the claimant cannot go to any other bank and therefore remains deprived of payment services. It is for this reason that ING's refusal at this point in time is not unlawful and ING may refuse to enter into a customer relationship with the claimant.

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