

Organized crime and business crime-enterprises in the Netherlands

PETRUS C. VAN DUYNÉ

Ministry of Justice, RDC, P.O. Box 20301, 2500 EH The Hague, The Netherlands

Abstract. This paper provides a description of organized fraud in the Netherlands on the basis of empirical research. Organized crime is analysed within the framework of the enterprise theory, which considers criminal as entrepreneurs trading in forbidden goods or services. Large scale organized fraud crime-enterprises operated among others on the meat market, electronic equipment industry, toxic waste industry and the stock market. In most schemes they exploited the price wedge between the costprice and the price due to taxes and government regulations offering goods and services to a gacefully receiving legitimate industry. In the organized toxic waste scams the authorities are suspected to be heavily involved. Money-laundering operations were conducted either by the crime-enterprises themselves or by specialized firms. The research showed that some “branches” of business crime-enterprises have links with traditional drug trafficking enterprises.

Introduction

Organized crime has always been a popular subject for authors of science and fiction alike. In the last five years it has attracted increased attention from the governments and law enforcement agencies of the industrialised countries. The focus of interest is the world wide drugs trafficking of international criminal organizations like the Mafia, Cosa Nostra, the Triads and the Colombian Medellin and Cali cartels and the huge profits which these organizations are supposed to handle through the financial secrecy industry (Walter 1989). In the report of the Financial Action Task Force on Money Laundering (1990) the value of the sales of cocaine, heroin and cannabis in the United States and Europe has been estimated at \$ 122 billion yearly and rated as more voluminous as the oil trade.¹

Whether these figures are mainly politically motivated is a matter of political research. At any rate there are reasons to believe that they reflect a very one-sided concern with just one branch of the illegal industry of what is broadly called organized crime. The underlying belief is that organized crime mainly consists of the hierachically organized “drug syndicats” as mentioned above. However, empirical research casts doubt on these well established beliefs. Not only is the drugs trafficking generally much more fragmented and less well organized,² the strong emphasis on this branch of “criminal enterprises” neglects the finding, that organized business crime may be at least as

lucrative as drugs trafficking and (from the point of view of the crime-entrepreneur) much safer (Van Duyne et al. 1990). In this paper I shall argue on the basis of my research that organized business crime should not be considered as something different from what is usually called “organized crime” and that it may require an even better structured criminal organization than is the case with the drugs trafficking.

Organized crime and crime-enterprises

Much of the above mentioned one-sidedness stems from the traditional way of looking at organized crime in America and the Sicilian mafia and the attempts to frame a definition of an essentially vague concept. There was and is still much debate on the nature of organized crime. Attempts to define “organized crime” by the enumeration of the essential features of “organized crime”³ are in my opinion unsatisfactory because the relations between these features and their relative importance remain unclear. The problems of the nature of organized crime have certainly not been solved by adapting the structuralist model of Cressey (1969), who on the basis of scanty evidence of an unreliable witness (Peterson 1983) described organized crime in terms of the bureaucratic organization of multinationals. Empirical evidence, not based on unreliable criminal informants as was the case with Cressey,⁴ do not support the structuralist model or the numerous law enforcement reports which more or less uncritically followed Cressey's view. Increasingly scholars realized that “organized crime” responds to the market demands of the surrounding community (Albini 1971) and should be described in terms of *economic processes* (Buchanan 1973; Schelling 1980, 1984) and the *social dynamics* of the “crime entrepreneurs” who lead illegal enterprises (Reuter 1983; Smith 1978, 1980). Within this more dynamic and economic, entrepreneurial approach there is little use for closed definitions or definitions by enumerating the essential features of “organized crime” or the market “products” like gambling, drugs, union corruption (see e.g. Bequia 1979; Dombrink 1988).

Looking at “organized crime” from the theory of the crime enterprise, as I have done in my research on crime enterprises in the Netherlands, I got serious doubts whether I needed the concept of organized crime at all. Instead of asking what “organized crime” is?⁵ I tried to understand what *organizing* criminals do to make a profit out of their crime enterprises by looking at their market behaviour. That implied that I had to look at their position in the market and the interaction of the market with the organization and activities of their enterprise. This point of view is broadly similar to that of Bersten (1990), who defines “organized crime as the field of transactions materially connected to markets in illegal goods and services”. However, I think Bersten could have

simplified his theory by not attempting to give another definition, but by concentrating on the agents of this “field of transactions” instead.

By starting from the enterprise-theory there was no longer any need to concentrate on the more or less “classical” crime like drugs trafficking while considering the world of business and big money as something different. Instead, one can look at organized fraud and other sorts of the so called “white collar crime” by means of legal fronts as just other forms of criminal enterprises, comparable with the classical “organized crime”.

In the next sections I will describe the functioning of criminal enterprises in the field of organized or planned business crime based on our empirical research on “organized crime” in the Netherlands.

Method of research

Scientific research into organized crime is very much hampered by the unreliability of the sources: organizing criminals either keep silent or glorify themselves, while the police forces have their own perception of reality, not infrequently motivated by demands for more police power and personnel, while the well known traditional verbal model of “organized crime” provides a convenient frame to represent one’s view point.

Given this uncertainty and lack of standard research methods⁶ it was decided that the research would be based on the analysis of: court files; police reports of criminal investigation, containing also cases and suspects who were not brought to trial; confidential police information as far as that could be corroborated by other information; inland revenue files, landregistry and other *written* sources. Hence, the primary basis of my research was written information. I did not neglect the “oral history” though: in order to obtain background information and to find out what the view of the police was we had additional interviews with the staff of the CID unit who did the investigation. Very often such interviews gave us new insight into the criminal world and more than once guided us to new crime-organizations.

There has been some criticism that I have not spoken with the criminals themselves. In the first phase of the research I did not feel certain enough to talk with people who have more to hide than to reveal. After having analysed the files of more than 40 organizations things look different now and I have had my first interviews with the main participants involved. So far they have been not been informative: it merely gave the interviewee the opportunity to express their deep dislike of the police, something I knew already.

We studied 19 drugs-enterprises, 21 business crime-enterprises and 6 criminal groups which could not be considered as enterprises or organizations because of their low degree of organization, but which were still interesting as

the criminal basis for many crime enterprises. The selection of the cases was done on the basis of the following brief definition of a crime-enterprise: a durable body of cooperation of at least three persons with a minimum of a spacious organization continuously planning and developing criminal activities directed towards obtaining money. Starting from these selection-criteria we decided whether or not to analyse cases brought to us by the police, regardless whether they were presented as being “real big ones”. Very often the “organization” and criminals involved did not fit our definition: the suspects were just “heavies” trying to play big games but lacking the organizational skills and domination to build up anything durable.

The research is not finished (will it ever be?). The second phase of the research will concentrate on the operations of crime-enterprises in *Europe*, the relation with the “upperworld” and the laundering of “black money” (not only drugs money). The method will be roughly the same, though we also analyse the sources of the police and criminal courts in other European countries involved: I have already been studying cases in Belgium and Germany and equally good cooperation is to be expected with the other European countries.

In the description of the crime-enterprises and the main figures involved I have used nicknames (translated from Dutch) in order to keep the anonymity of the persons involved. Whether the persons were abroad, dead or had their names published in the newspapers was no reason to lift the anonymity.

Results: business crime enterprises

The term “business crime enterprise” refers the planned criminal abuse of a seemingly legitimate business front. This is narrower than white-collar crime, which may also be committed by entrepreneurs who violate the law by means of (tax)fraud, but for whom their firm is not a disposable cover: they are *criminal* entrepreneurs who primarily want their firm to survive and flourish, though the means are fraudulent ones (Van Duyne 1988). The crime-entrepreneur has no such commitment to something lasting and the bankruptcy of his firm(s) is just a part of his scheme. In a sense they are economic buccaneers.

Contrary to the trade in illegal goods (mainly drugs: opiates and stimulants) and services,⁷ the business crime enterprise is not ruled by the mechanism of demand and supply and the costs/benefits relation. The most important tools of the crime-entrepreneur are his skills to breach the principles of good faith, essential in normal business and the mechanism of demand and supply, long enough to get away with it, of course with handsome profits. By cunning and fraud he can sell cheaper than legal business, whatever the goods or services they provide. This is not always true: sometimes the fraudster does not offer anything but just dreams to the greedy, which unvariably go by the contrary.

This means that it is very difficult to make classifications on the basis of the sort of goods or services which are being offered or on the basis of the size of the organization. As mentioned above, some fraudsters sell nothing but dreams to get rich quickly, like the organizers of investment fraud schemes, while the long firm fraudsters deal in any goods they can buy without paying for and for which there is an easy outlet. A classification according to size is also meaningless: in business life everybody, legal or illegal, tries to look bigger than he really is!

As no *a priori* classification appeared to be feasible I thought it better to follow the fields of trade and commerce in which the observed business crime-entrepreneurs are active and to describe the operations of their enterprises. These concern:

- investment fraud
- illegal labour contracting
- VAT and European Community fraud
- illegal industrial waste trafficking
- money laundering

The cases of long firm fraud which I studied are structurally similar to the ones extensively described by Levi (1981) in his classical research on long firm fraud. As their presentation here would shed no new light on this phenomenon I decided not to present a description of these enterprises in this paper.

As a matter of fact this classification is partly a conceptual one and certainly not presented as a typology. The entrepreneurial reality looks less orderly and is much more flexible and shifty. Continuous mobility is considered as the characteristic of the mob (Lindlau 1987). Several crime entrepreneurs scour as economic buccaneers the whole market and turn up in diverse areas: illegal labour contracting, VAT-fraud, long firm fraud etc. Some of them have (soft) drugs trafficking as a side trade, using the profits as a starting investment or using the business front as opportunities to laundered in their drugs money.

Juggling with investments and international credits

Speculative investments have always been a risky way of enlarging one's capital, not the least because of the many opportunities for fraudsters in the area. It is unlikely that the villains' interest for the big money involved in the stock market will ever weaken. In the seventies there were reasons for concern in the USA about the frequent thefts of stock certificates (Yeager 1973) by organized criminals. The last decade saw the rise of internationally operating crime enterprises, which achieved to get money out of their victims by dex-

terously selling worthless stocks (“penny-stocks”) of “Dream Gold Ltd’s” (Francis 1988; Peters 1987) or by recommending the alleged advantages of the speculative commodity market. In order to avoid prosecution the organizers shrewdly exploit the bottlenecks of the different national jurisdictions, taking care to make no victims in the country where they have their office. One of the lawyers who did some legal reconnaissance for some of these international fraudsters, told me that before setting up the “legitimate” front company (a piece of business scenery) the organizers first did some *jurisdiction shopping*, comparing the advantages and risks of the various jurisdictions.

Of the four crime-enterprises I analysed two will be described here at greater length as I believe them to be characteristic of the sort of enterprises in this field.

The boiling room Ltd

The boiling room operations concerned very extensive international investment frauds and ditto enterprises. The organization traded in stocks of companies, which were registered at the exchange, but they mainly traded in junk bonds of not registered companies, making use of several shell companies or of insolvent firms. The latter were brought under control by means of loans, after which stocks were issued. The next phase was the pushing up of the stock prices by quickly selling hundred of thousands of stocks, which are bought by dependent brookers or shell companies: as a matter of fact they are bought by the own organization.

On the basis of this artificial pushing up of the prices favorable reports are issued, and the public is encouraged to buy the stocks as the best possible investment as “a new price rise is to be expected”. Sales people, highly trained in selling by telephone make phone calls to (foreign) customers, at first selling normal stocks like IBM to gain confidence. Later the worthless stocks are recommended. Customers who buy are cheated by every possible means: having given an order to buy, too little is bought against a higher price than was agreed; when a sale is ordered the customer gets less than is due to him, *if* the organization is willing to sell anyhow. As a rule the organization advises invariably not to sell as a huge price rise is to be expected within a week or so. Of course that cannot go on for ever and sooner or later the investors want to cash their promised profits. The stocks than prove to be worth next to nothing and the prices snowball down.

The leader of one of the largest organization was Gerard Goldwell, a well known North American fraudster, whose carrier of 15 years in business crime made him one of the most experienced crime entrepreneurs in this field.

The enterprise had a strong hierarchical structure with a refined division of labour; it had all the features of a legal office organisation:

- The management of the enterprise was formed by Goldwell, assisted by a competent staff of five accomplices, who took care of several geographical branches (Bermuda, Dutch Antilles, Bahama's, Canada, Luxemburg, Germany and Panama, the prohibitive obstacle for the Dutch prosecution).
- Under this command centre worked 5 managing directors, 5 advisors and 9 deputy directors.
- On the executive level there were 8 sales managers and 10 administrators.
- At the bottom of the organization were approximately 100 professional salesmen from all over the world.

Though the sales men were at the bottom of the organization, they did not consist of the usual stupid followers or strawmen, but of intelligent professionals, often with criminal records for swindles and fraud which excluded them from employment on the official exchange in their own countries (if they would not immediately be imprisoned if they returned). This as well as their often illegal entry into the Netherlands provided the leaders of the enterprise a strong hold on them. But even without this the organization was never short of competent criminal staff, who were very well paid. The more than 100 salesmen who were employed at the same time, worked in shifts: the morning shift for Europe, the afternoon shift for the Middle East and the night shift for the Far East. Some of them were recruited by a "temporary employment agency", which had specialized in this sort of crooks.

The infrastructure and the logistics of Mr. Goldwells enterprise were the best Amsterdam could provide: a plush office, extensive hotels for the salesmen and the availability of a good communication system to make telephonic sales at a cost of approximately Df 400.000 a month. The "division Amsterdam" of Mr. Goldwell had a total turnover of Df 100.000.000 of worthless stocks. The inland revenue had "only" a loss of Df 1.800.000.

Despite police actions against this boilerroom enterprise at the time of writing this paper some of Mr. Goldwell's associates appear to have returned to Amsterdam to create a complex network of Dutch and Carribean companies through which gems and diamonds are sold to Scandinavian and British subjects by telephone. Although the investigation is still in progress, the same pattern of tricks are becoming clear: gems and other precious stones are again *not* offered for sale to Dutchmen; the stones are overvalued; there are serious doubts about the independence of the expert reports of the stones; sometimes the stones are not delivered, but "kept in depot" (for no good reason).

After new legislation against investment-fraud schemes, which required registration and licenses, some of the Dutch and German fraudsters on the option and commodity market have moved into Germany from where they continued to operate on the Dutch market by means of telephonic sales.

It was interesting to find, that what at first sight looked like a network of short term relations, appeared to be a pattern of longer lasting mutual working relations, if studied over a longer time span. E.g. they took over each others

firms, were on the board of shareholders or rendered other services. Contrary to Mr. Goldwell's organization these investment fraud enterprises were small. However, because of their broadly spread criminal relations in North-Western Europe, their field of operation is fairly extensive. Two Dutch investment-fraud enterprises offered to launder their clients black money by creating phony "investment gains". However, this money laundering scheme was risky, and the black money could easily disappear into the black hole of the villains if one did not pressurize the villains to pay laundered money directly back (see § 4.4.2).

Squeezing the banks

The enterprise of Mr. *Bernard Blackbane* was specialized in "squeezing out" banks and companies by mediating all types of loans, which amounted in fact to an "advanced fee fraud" of 2,5% per "loan". An ingenious "contract", with special conditions in small print made sure, that the 2,5% was cashed while the loan never materialized. In addition Blackbane conspired with a senior officer in the bank to make criminal abuse of accreditives. Blackbane's organization was small, yet profitable.

- Mr. Blackbane as the leader and planner
- Three international fraudsters from Germany and the USA, specialized in defrauding banks
- The head of the credit department of a Dutch bank
- A manager of another bank

Mr. Blackbane and his associates have for years been active on the international money market. In the Netherlands his profits amounted to f 30.000.000, a result achieved in approximately one year.

The legal structure of his enterprise was less simple: a chain of Ltd's and holding companies in the Netherlands, Switzerland, South America, Portugal and France made it extremely difficult to follow the transactions and especially the flow of money. Blackbane's enterprise operated internationally on a large scale: Bulgaria, England and Portugal, where he was involved in a fraud scheme in the tomato industry. Blackbane is wanted by the police in the UK and Portugal.

The power structure of this expert organization was not clear. Though Blackbane was unquestionably in charge his associates were too good to be considered as mere subordinates and shared handsomely in the profits.

Looking at the internationally operating business crime-enterprises in the field of investment and the money market and comparing the results with other studies (Francis 1988, Poerting 1985), one can conclude that they had the availability of:

- a highly experienced managing staff whose members knew each other for years though they need not always have operated in the same combinations

- expert executive personnel
- investment capital to open offices in plush office buildings
- the capacity to manage these offices for a considerable period and to coordinate them in a large geographical area
- advisors from the “upperworld” for legal advice and “accountancy” (for outward appearance)

The criminal labour market

In the second half of the seventies and the first half of the eighties there was scarcity in the Netherlands and Germany of skilled labour in the docks and the construction industry. Normally such shortage leads to the hiring of temporary labour from temp agencies. However, these agencies must have licences and are rather expensive. Because of previous abuse and labour unrest these licences were not provided to temp agencies in the construction industry. As it was no longer possible to hire out temporary labourers, illegal temp agencies appeared. They veiled their activities by pretending to subcontract a part of the main contract. In fact they calculated the working hours of the hired labour and fraudulently described these costs as “subcontracted work”. As they were not officially providing labour force, they did not pay the social security and tax on the wages of their workers, company tax, VAT and income tax. As the taxman or the social security agencies sooner or later move in as the main creditors, the entrepreneurs developed the art of going bankrupt. Bankruptcy became the principle mean of getting away with the profits.⁹ Behind a chain of tens of shell companies and strawmen they shifted from one Ltd to the other, leaving the taxman and the social security agencies empty handed. Illegal subcontracting developed into a booming business and the organizers became big entrepreneurs with broad business contacts in Britain for construction workers, and Germany and the Netherlands where these workers were hired out (Hamacher 1986). Many of the workers were on the dole, hence committing social security fraud at the same time. As a matter of fact, there was a perfect under- and upperworld symbiose: the crime entrepreneurs made real big money, the legitimate contractors got skilled and hard working labour under the union rate and the workers earned good wages in addition to their social security benefit.¹⁰

Some of the illegal subcontractors firms had grown quite large, sometimes providing 200 to 300 workers at a time. However, the operational staff was usually not so very large. One of the largest subcontractors, headed by a quadrumvirate, also called “*Quatre Mains Ltd*”, actually consisted of:

- four more or less equal organizers
- an extensive staff of at least 9 strawmen

- one or two administrative employees to type the (false) invoices and answer the phone.

Around this small organization was an extensive web of legal bodies: at least 15 shell companies destined to go bankrupt, an company in the Island of Man to pay “white salaries” to the quadrumvirate and three clean solvent ltd’s (without staff so that no taxes were due) to pretend the necessary credibility to the outside world.

Equally important were corrupt intermediaries to the legitimate industry (where (deputy) directors were equally bribed) and a compliant director of a bank for transferring the profits to Switzerland.

Meanwhile legislation has changed the favorable conditions for this sort of organized business crime. Now the main contractor is liable for the fraud of the subcontractors if they have defrauded and appear to have no assets to recover the debts. This liability can be avoided, if the subcontractor consents to have 40% of the payments deposited into a blocked bankaccount (Berghuis et al. 1985). This account should only be used to pay taxes and social insurance. However, the crime entrepreneurs found out that money could be shifted from the blocked account of firm *A* to the one of firm *B* so that the latter firm could pay his tax and social contributions out of that account. However, if a firm has more money on the blocked account than taxes due it can ask the taxman to unblock the account. What would be more attractive to shift money from the blocked accounts of the subcontractors to the blocked accounts of firms who could ask for deblocking? True, it had become more difficult and more expensive to defraud the system but with some effort *and* the cooperation of the legitimate industry, illegal subcontracting remained profitable as the successors of *Quatre Mains* were soon to find out.

This profitable enterprise of shifting blocked accounts was done by two members of the above mentioned quadrumvirate, who with two new members formed a new quadrumvirate, called “*Quatre Mains II*”. They shifted the deposits of their blocked accounts of their numerous ltd’s to car dealers who sold them cars. The car dealers got too much money on their blocked accounts and hence asked for deblocking. The cars were sold by the quadrumvirate and with these proceeds they paid the black wages of the workers. In 18 months they again had built up a fiscal debt of f7.000.000.

Another group of criminal subcontractors used the same method of circulating the deposits from blocked account to blocked account. They appeared to have obtained even more assistance from the legitimate industry. There were fiscal “advisors”, who filed huge charges to the subcontractors for their “advices” (paid from blocked accounts of the subcontractors to blocked accounts of the fiscal advisors, who immediately asked for deblocking). There was also export of meat, chicken, all sorts of machines and (again) cars through other dealers, to Nigeria, where the money was partly cashed.

As stated these organized frauds with blocked accounts was not feasible

without the complicity or at any rate tacit support of the “upperworld”. Though the main contractors tried to avoid liability by paying 40% of the “building sum” into the blocked account of the subcontractors, they were informed of the criminal nature of the subcontractors’ enterprise. The other “legitimate” entrepreneurs whose blocked accounts were abused, were plainly involved, cashing 20% of the shifted money.

Because of the unclear connections of the term “white-collar crime” I am reluctant to qualify this planned organized crime and symbiose with the “upperworld” as such. These cases of business crime enterprises do show, that they cannot exist and grow without direct involvement of the legitimate industry: the conditions of criminal success are mainly to be found in the permeability of the upperworld. This theme will reappear in the next sections.

European business crime-enterprises

All economic systems have regulations which increase the costs of production and trade, e.g. VAT-tax, or systems of subsidies which are aimed to protect uncompetitive industries. Hence this regulation creates a wedge between the “real” production process and the final market price. This wedge is the key to illegal profits for all who know how to abuse it, ranging from small entrepreneurs to organized fraudsters. The European economic landscape provides ample criminal opportunities for crime-entrepreneurs in the form of incredibly complex regulations for subsidies for the agricultural industry,¹¹ the differences in the VAT-rates between the member states of the European Community and control systems which in some countries hardly deserve that name. These opportunities are increased by the bottlenecks in law enforcement *between* the member states as for some VAT-regulations the way of making illegal profits consists of exporting goods reclaiming the VAT while not paying the VAT in the country of export. Though many VAT crime schemes are in essence a modernized form of classical smuggling, this is not necessarily the case with all cross-border crimes. Depending on the nature of the law enforcement or the regulations no goods are transported at all. Only false customs forms are produced, which shows a non existing export of goods.

The large scale VAT-frauds between the Netherlands and Belgian by cunningly operating entrepreneurs show the effect of open borders on business crime-enterprises operating cross-border. An attractive profit/detection rate and a good cooperation between the crime-entrepreneurs of both countries. This cooperation may amount to the gradual establishment of a kind of criminal “business community” or stable network. In addition there is the venality of the legitimate industry, eager to profit from the economic crimes of others.

First I will describe a few examples of VAT business crime-enterprises followed by typical E.C.-frauds.

The Dutch-Belgian VAT-carousels

The open border between the Netherlands and Belgium has facilitated the flow of money and goods. It has also facilitated the fiscal system of VAT for the industry. If one exports goods, one reclaims the VAT paid previously; if one is exporting regularly one can be (partly) exempted from the continuous paying and reclaiming. The importing company has to pay VAT if he sells the goods in his country to another company (if he does not re-export himself). In this administrative system it is not too difficult to devise a number of fraud schemes. In essence the schemes are a variety of selling goods along a chain of companies which one controls oneself or which are willing to cooperate. As usual one or more of the companies are destined to go bankrupt, being at that time no more than an empty front headed by a drunk as a strawman. These companies keep the VAT they have charged while reclaiming the VAT which they pretend to have paid to other companies. After three to six months the tax authorities discover the scam, but by then the company is stripped of its assets, sold to the last "director", who is the inevitable blockhead, who had been told to earn Df 500 per week or so "by doing nothing". Few refused such an attractive proposition.

The Dutch and Belgian business crime enterprises involved in VAT fraud consisted of a number of large enterprises, acting independently but sharing a number of facilities and personnel. Both used the carousel-method of committing VAT-fraud.

The largest Dutch VAT crime-enterprise was headed by the red haired *Tom Turntable*, who had a long and varied experience in a number of criminal enterprises, ranging from illegal subcontracting, hash trafficking, long firm fraud and VAT fraud. He was the background figure of numerous companies who sold each other video cameras and other electronic equipment. Outwardly the companies were shabby businesses, selling each other the electronic equipment slightly at a loss. Of course there was no real loss. But making a loss on paper implied less attention of the inland revenue, whose officials do not show much interest for unsuccessful companies where the chances of redress on assets are usually very small.

The Belgian side of the trade consisted of a small group of similar swindlers who showed the same experience in cheating the system. They provided the three Belgian Ltd's with electronic articles, which were sold back to the Netherlands, sold to other dependent companies, re-exported etc..

Depending on the availability of forged customs forms and stamps and the possibility of profitable disposal in Belgium there was a real export or only a transfer of invoices. The profits were realized by avoiding 25% VAT + 8% luxury tax on the Belgian side and 20% VAT on the Dutch side: 53% of the cost price, or a multiple of that, because as we have seen the same shipments were sometimes used a number of

times before they were sold into the open market at a killing price. Hence the term *carousel* fraud. E.g. *Holland I* imports and sells to *Holland II*, charging 20% VAT. *Holland II* exports (for the same price or at a loss) and reclaims VAT from the taxman, because on export VAT is remitted. *Holland I* of course does not pay the VAT which it charged. *Holland II* has sold to *Belgium I* and the same game is played, selling to *Belgium II*, which exports the same batch to *Holland I*. *Holland I* and *Belgium I* are front companies destined to go bankrupt. In some cases the last act of the dying firm consisted in a ordinary long firm fraud. Needless to say, that the administration of these companies reflected the illiteracy of the last director. In fact the administration was collected by the executive of Tom Turntable to be burned at the hearth. The damage of this carousel fraude was approximately Df 20.000.000.

The VAT scheme was not Turntables only enterprise. He also committed some advance fee frauds in Germany and Austria. However, the police has not investigated this branch of Tom Turntables businesses.

Unlike most of the crime-enterprises I studied (the drugs enterprises included), Turntables enterprise was quite large, having a staff of 27 persons.

- Turntable was the financial brain and the absolute leader. He had business experience with illegal subcontracting, hash-trafficking, long firm fraud, forgery and bankruptcy fraud.¹²
- *Berny Blueprint* was the second man, who was in charge of the organizational aspects of the enterprise. When Turntable was detained he acted as his representative and deputy.¹³
- *Symond Kneely*, married to a sister of Turntable clearly had the confidence of the leader, though his role remained unclear.
- 24 subordinates who were evidently dependent on Turntable fulfilled diverse tasks, like acting as temporary director of a Ltd, destined to go bankrupt within the foreseeable future, searching for companies eager for quick loans, or as book-keepers to “clean” the administration.

Unlike most of the other business crime-enterprises I studied, it was evident that there was a strong hierarchy within the *Carousel*. Frontmen who wanted to quit were beaten up; a member who might tell too much was first beaten up, locked in a cellar and than sent to Indonesia with a handsome allowance. One member got an unclarified car accident and drowned in the river Meuse. The organization had a good availability of personnel and not only quantitatively: quite a few had a good education such as high school and higher professional training. Some of the participants had previous convictions for meatfraud (E.C. fraud), long firm fraud and gold smuggling. Two of them had been jailed for drugs trafficking. As far as the administration was not burnt weekly Turntable could rely on an accountant who mainly distinguished himself by his pliability. Needless to say that Turntable was a good client of lawyers. According to the statement of one of the members Turntable had five barristers on his

payrole. Anyone who was in trouble could get free legal aid from these barristers only.

Though Turntable had his roots in traditional crime and was a man of little education, he still managed to obtain the support of lawyers and financial specialists. This was particularly evident in his second organization which he created when the Carousel was broken up.¹⁴ He bought the shares of a company which carried the name "Ground-letter Bank" and tried a number of swindles, particularly with stocks in Germany. Besides this "white collar department" a number of his accomplices practiced long firm fraud. He also tried a hash transport from Libanon, which however failed. The "white collar section" of his new enterprise, was partly supported by a Dutch lawyer, a Belgian and a German financial specialist with banking experience. Turntable made contacts with German swindlers (mainly lawyers as suspects) for a billion DM life-insurance fraud (which only partly succeeded, still making profits by cheating the German fraudsters).

The Belgian "branch" of this border crossing VAT-fraud was interesting, because it showed on the one hand the close criminal interactions between the two countries and on the other hand the close relations with the legitimate industry. Even better than Turntable the Belgian *Len Lambic* created an integrated network of companies in Belgium and the Netherlands specializing in electronic equipment, like TV sets, video recorders and the like. One of the Dutch branches of that network, *Belgotrans Ltd* was also financed by a goldsmuggler (not direct part of this network), whose enterprise will be discussed below.

One of the fraudulent routes of this enterprise consisted of export to the Dutch firm *Malectrol*. However, according to the books the goods were delivered to *Belgotrans*, which would have to pay VAT. This was no attractive prospect for that firm, which was solved by exporting (on paper) to Belgium and reclaiming VAT. However, *Malectrol* now had the little problem of an unaccounted input of goods. This was solved by either buying invoices or printing these themselves (20% VAT was not forgotten and reclaimed immediately).

This method was repeated with several variations through a large number of legal bodies which were staffed by strawmen from the Netherlands and Belgium. During a number of years *Len Lambic* had kept a massive flow of goods, invoices and money moving between the Netherlands and Belgium. The Belgian judicial police calculated that in approximately three years the 440 companies had a turnover of Df 330 mln. for more than 5 million pieces of electronics. From the Dutch side approximately 20 suspects were involved. There were also close connections with two German electronic companies: their exports of DM. 1.200.000 to *Belgotrans* got "lost" and the customs documents were not "cleared". The directors could not remember what had gone wrong. In Germany they were prosecuted for bankruptcy fraud only.

Though I have not yet completed the analysis of this enterprise the available data make it plausible that the management centre of *Lambics* organisation was a small one: he himself, an accountant, and a number of international fraudsters (English,

Swiss, German), who were a part of the network, but could not with certainty be considered as a "member" of the organization though some of them frequently took part in the business meetings in Lambic's office. In some schemes they seemed to act as relatively independent businessmen with their own strawmen, but Lambic sooner or later appeared as the dominant organizer at the centre of most of the schemes. Important was the availability of a host of strawmen, just doing nothing until their firm was declared bankrupt.

The rainbow caravans

There is a story which says that at the end of the rainbow one can find a pot of gold. But that is a story only for poor hard working devils. In Western Europe one only finds that pot of gold if the rainbow shines in countries with an attractive difference in VAT. Of course, the digging is done in a country with no VAT while the other end of the rainbow is in a country with high VAT. The archduchy of Luxemburg has no VAT on gold, while in the Netherlands the VAT on gold is 6%, which combined with the open borders in the Benelux looks promising enough for a lucrative illegal trade.¹⁵ The profits are of course made by not paying the VAT, while the receiving partner still can reclaim the VAT it paid regularly.

Though all this may seem simple, which in essence it is, for a wholesale gold-smuggle one needs a good organization and the necessary confidence inspiring front companies. Not everybody can just stroll into a bank with 20 kilo of gold (some Df 600,000) and ask if one has any interest to buy some. One has to represent a company which trades in bullion and the bank may ask invoices which show that the company itself had paid the VAT. So one has to have some inside know-how and to invest in legal fronts (apart from expensive armoured cars and the like). Of the two gold smuggling organizations which I studied I shall first describe their general method.

The two smuggling organizations had no difficulty to fulfil the requirements mentioned above. Established bullion dealers or regular intermediaries were not unhappy to provide invoices for a fixed percentage of the invoice figure. Otherwise, the experienced VAT-swindlers simply printed their own invoices, which mentioned the VAT due and paid to a front company. After having leased or bought armoured cars they started one of the most voluminous gold imports into the Netherlands of recent years.

At a Luxemburg bank 20 to 100 kilo of gold were bought daily for a price slightly above the current price and transported to a Dutch bank, where it was sold just under the Dutch market price. During the transport the intermediaries were telephoned to be ready at the bank with the required invoice. As the gold trade is usually rather quiet the bankers were happy to see this branch of their banks suddenly booming while making good profits. In Luxemburg the demand on this sleepy market suddenly became so big, that the Luxemburg bank had to ask at other banks in the Benelux whether they had a surplus they could sell. Of course the bank who could sell was the

Dutch bank which had just bought the gold from the bullion dealers. Hence, the gold was sold back again to Luxemburg only to be picked up the next day to be sold again at the Dutch bank, which the following day sold the gold to the Luxemburg bank, which already had run out of stock! Clearly everybody was happy to see his stock of gold quickly (re)sold. No one asked questions, though the staff of the Dutch bank noticed that the bars which were sold one or two days ago were again offered for sale!

Finally the smugglers got tired of so much driving to and from with the same shipments of gold and made the proposal to do the whole trade with invoices only. The reaction of the banks are unknown. Altogether the final turnover appeared to be Df500,000,000. The inland revenue calculated a damage of at least Df25,000,000.

The two enterprises consisted of networks of closely cooperating leaders, financiers, intermediaries for the sales to the Dutch bank and of couriers. These couriers should however not be counted as one of the underdogs as is common for drugscouriers. The available data did not enable me to compare the size of the organization. Also the division of labour was not always clear. The first enterprise was *Bullionbar Ltd.* The enterprise was directed by the following organizers:

- *Bill Bullionbar*, known to the police for VAT-fraud with compact disks and creditfraud.
- *Cas Carats*, the second in line and known for VAT-fraud and forgery.
- *Brother in law*, right-hand man, but organizationally more an executive handyman.
- *Neighbour*, an accountant who was involved, however did not dare to invest himself however.

Also of great importance was a financier, whose son was a driver as well as a courier for Bullionbar. The latter could in addition dispose of three other couriers, among whom the Belgian count *d'Argentmontagne*. Finally there was a strawman for a company which fabricated the invoices.

The second enterprise was *florinson & Son*, a family-enterprise of father and son.

- *Senior* is not only goldsmuggler, money-lauderer and financier of the above mentioned *Belgotrans*, but also financier of a radio and tv organization in Luxemburg.
- *Junior*, acting as director of intermediate companies.
- *Paul Platinka*, known for amphetamine trafficking, further gold trade, investment adviser and general tradesman.
- Lower in the organization are again the two couriers (son and son in law of Platinka) and the brother in law of one of the couriers who provided false invoices for the Dutch bank.
- At the background is an financier, who invested Df 650,000 and provided some of the executives and intermediaries.

The linkage between the two enterprises concerning the common use of intermediate companies is as difficult to ascertain, as their mutual rivalry. The direct transport of the bullion to the Dutch bank was not without dangers. Despite the armoured cars three transports were held up and robbed of their gold. The victims did report to the police, “but did not have the slightest idea” of who might have committed this wrongdoing. Hence the police never found the robbers! However, it seems more likely that the goldsmugglers did not dare to mention names of likely suspects as these were too close and might reveal their scam.

This trade, being profitable for all the participants involved, shows the very productive and fruitful interaction between the underworld and the business crime-enterprises.

- The executive staff of the banks in the Netherlands and Luxemburg should have known, that something was wrong with this trade. However, the lower personnel was extensively fêted, while the higher staff (which was not fêted) was content with seeing their quiet branch expand so quickly.
- The intermediate legitimate bullion companies, who were no part of the organizations but only provided invoices or lent their names, earned a steady profit without actually doing anything.

Very conspicuous were the background financiers who participated in these enterprises as a sort of silent partner. The structure of the enterprises, the investments, the background figures and the modus operandi do not give the impression that the entrepreneurs were just making an incidental try out. I would rather speak of a long lasting trading community, whose members know each other well enough to form new enterprises of usually limited scale for apparently major scams.

E.C.-frauds

For cross-border criminal entrepreneurs the European Community regulations have proved to be a profitable area, besides the usual international taxevasion and smuggling as described above (Delmas-Marty 1980). Recently the opportunities to defraud the European Community have repeatedly been brought into the open, leading to increased concern with the European Commission (Mennens 1986; Gabert 1984). The European regulations for the protection of a large variety of interests, ranging from the Irish sheep farmer to the Greek grape culture (Gerding 1986), are very susceptible for malversations by legitimate (agricultural) entrepreneurs and business crime-enterprises alike. Although claims that “organized crime” or even the mafia have got hold of this area of subsidies and other forms of agricultural protection are not supported by irrefutable evidence (Tutt 1990, E.C. fraud is a relatively open

field for fraudsters of all sorts, ranging from Dutch officials of the municipal fish market,¹⁶ individual farmers fiddling with the supertax for the exceeding of the milk quota, to international fraudsters. To the latter the “Europe without borders” but with badly controlled and complex regulations offers the mechanisms for illegal profits through business crime-enterprises.

It is difficult to ascertain how many business crime-enterprises operate in this field. The information is spread over many institutions, while some violations of the E.C. regulations are not even considered as “criminal” and are dealt with administratively. Hence I focussed on the cases handled by the fiscal police and the serious fraud offices of the municipal police forces. The two cases described here may reveal the *structure* of the enterprises involved.

Meatchief Company

The modus operandi in this case were relatively simple. Meat from outside the E.C. (like South America) was imported for transit to other non-E.C. countries. Such transit goods are not taxed with VAT and import tax. Hence, what is more attractive than importing this “transit meat” and exporting it only on paper while selling it “tax free” within the E.C.?

Summarized briefly, the lorries with imported expensive meat from South America transported the merchandise from one customs warehouse to another, of course according to the documents destined for transit to a non E.C.-country. Elsewhere the enterprise had bought frozen chicken-offal of the same weight. A legitimate meat company (the director had a previous conviction for E.C fraud) provided neutral packaging. Driving from one entrepôt to the customs warehouse for export the lorries made a little roundabout sideroad and arrived some time later with the correct number of boxes of transit quality meat, as stated in the invoices. Later it was discovered that the boxes in the entrepôt did not contain expensive Brazilian meat but offal: chicken necks and carcasses, suitable as catfood. Apparently on the sideroad the quality meat had been transsubstantiated into chicken offal. Meanwhile some big butchers stores could offer a weekend sale of cheap quality meat.

Legitimate meatindustry did not only profit from this swindle: some were seriously victimized. An Irish and a German firm were declared bankrupt because the E.C. subsidy, on which they had based their prices, was not paid. In this case the foreign companies were told, that Meatchief was an intermediary for “third countries” (non-E.C.), in which case the Irish and German firms could obtain the valuable E.C. export-subsidy. When the scam was discovered the firms lost the subsidy (loss: Df 2,000,000) and had to close their gates. 200 workers lost their jobs. The losses to the inland revenue were ± Df 3,200,000.

The structure of the organisation of Meatchief was relatively simple.

- *Stephanus Stutter*, known for marahuana smuggling, illegal subcontracting, was the overall leader.
- *Lionard Liverlost*, was the general advisor, who had access to many important

people on key positions: corrupt customs officers and inspectors in the Netherlands and Italy.

- Two executives, who could be considered as middle management.
- Three lower executives and some lorry drivers.

The arrest of Stephanus Stutter and the criminal investigation did not stop the E.C. meat fraud. The criminal commercial community is not so easily defeated on a market where the opportunities for profits are so large and the criminal risks so low.¹⁷ Moreover, awaiting trial the principals in fraud cases are usually released from custody and are very likely to be found in new fraudulent schemes. Not unsurprisingly Mr. Stutter became involved in another meat fraud, though this time as a sideline figure.

Porkflight

In this fraude enterprise four companies were used for the several tasks of export and the handling of the chicken offal. The aim was again to avoid the E.C. taxes by pretending to re-export third-country meat while selling it in the Netherlands under marked price. The “export” was arranged in Italy, where a corrupt customs officer stamped the export documents.

The enterprise was headed by a wholesale meatdealer, *Frits Flayer*, who at first cooperated with the above mentioned Liverlost. The latter having spent his commission on alcohol escaped his earthly judge after numerous legal dismissals. Flayer improved Liverlost’s method. He increased the number of legal bodies, while reducing his staff, after having learnt in the previous meat fraud the danger of too many (talkative) accomplices. He traded extensively with German and Austrian meat companies, sometimes using non-existent Swiss companies. These companies were all managed at a lawyers-office in Zürich (Treuhand) who also served the communication with the Netherlands.

After each shipment Flayer flew to Italy to arrange the phony exports. All went reasonably, though the fiscal police were slowly closing in. However, Flayer was too greedy and wanted quick drugs money. As the vigilance of the police for this sort of crime is larger than for fraud, this dangerous greed led to his undoing. His shipment of hash was intercepted by the Italian police. For his vast fraud he got six months, for his hash-smuggling six years!

Flayer was professionally assisted by the legal profession. The transactions were closely monitored by a barrister with whom lengthy discussions and telephone conversations were held *before* each meat transport. The take-over of other companies (Ltd’s) was arranged by another (suspended) lawyer.

The number of people involved was smaller than was the case with the Meatchief Company. As mentioned, Flayer avoided too many people who might talk.

- Leader and brain of the organization was Flayer himself.

- Manager of the sales in the Netherlands was the second man: *Bert Backham* who had a fair knowledge of the Dutch meat market.
- *Liverlast* was his close advisor until his untimely death.
- *Herman Hunck* was strawman and driver, not too bright whose conversation with the police was limited to the little sentence: "I don't know anything; I have the right to remain silent".
- *Fred Funck*, a wholesale trader who was under big pressure and under fear and trembling (and low prices) bought huge shipments of South American meat.
- *Bendtongue*, the lawyer guiding the whole operation as legal adviser.

Flayer and Backham were the core of the organization. Stephanus Stutter was also involved in this scheme but was kept at a sideline pending his trial for Meatchief. Within the meatmarket Flayer had a good market place in terms of generous availability of aids: customs officers, foreign companies for false invoices, other wholesale dealers (previously convicted for E.C.-fraud) providing him with neutral packing and expert legal assistance. Flayer was not just ripping the European Community: while being tried (in Italy) there was another investigation on fraud with textile, which was not a E.C.-fraud though.¹⁸

These are of course only examples of organized fraud with E.C. regulations. Other enterprises, trading with rice, raisins (Gerding 1986), cheese (Kamphuis and Schoonhoven 1988) or fish repeatedly demonstrated the extreme vulnerability of this market area for crime-entrepreneurs. This vulnerability, which is created as soon as regulations artificially form a price-wedge, is enhanced by the close symbiose between the crime-enterprises and the legitimate industry. Not only could all these enterprises make use of corrupt officials (meat inspectors, customs officers), they also had an easy access to the so-called upperworld economy, where they sold their products, reinvested their profits *and* where they found the commercial and legal techniques necessary to make such an enterprise profitable in the first place. Here (perhaps more than in other branches) is a large transitional zone between "purely" crime-enterprises and the legitimate law abiding industry (assuming that such a thing does exist). In this grey area one finds all sorts of firms and wrongdoers: aldermen and fish-auctioneers in god fearing calvinist fishing communities; intermediaries buying and selling milkquotas; large scale infringement of the law by the pharmaceutical industry, as described by Tiedemann (1979, pp. 11–62). There is virtually no difference in techniques between the "real" criminals described here and the so-called "white collar criminals": front companies, smuggle, fraud with subsidies etc.. The only difference between these two types of companies (as remote points on a continuous scale) may be the relative size or percentage of the criminal part in the whole enterprise. In the crime-enterprises we investigated that percentage was 100.

Industrial waste crime-enterprises

The “environment” has in many ways become a veritable “market”. On the one hand one has to pretend to be “green” if one wants to be fashionable, while on the other hand regulations for the protection of the environment increase the cost of production. This creates a new price wedge, and hence a new market demand for illegal services and products. Recently officials have expressed their fear that “organized crime” might penetrate the industrial waste market. Some even spoke about a “toxic waste mafia”. According to some authors this market has been taken over by the traditional organized crime families in the states of New York and New Jersey (Szasz 1986; Scarpitti and Block 1987).

Whether there exists a situation comparable with the U.S. in Europe is most uncertain. However, several criminal cases involving toxic waste trafficking revealed the existence of a number of crime-enterprises, which were specialized in illegal waste transports and “processing” (– throwing it into open water or dumping it on the land). These crime-enterprises appeared to be highly integrated in the upperworld of the legitimate industry and administration.

The nature of the waste trafficking is rather simple. For the industrialist, the wastage of his production process, which could formerly be dumped almost anywhere, now has obtained a “negative value”, as it costs him money to dispose of it according to the environmental regulations. The producer who cannot process the waste himself is therefore called “disposer”. The negative value of the wastage represents of course a positive value for the waste-processor or the waste-broker. The latter is an important figure, because he knows where the industry can have its waste products processed at the lowest price and without the delays and waiting periods which are common in the legal waste processing industry. This is important, for even if one wants to dispose of his wastage legally one has problems to find a legal dumping site or processing plant with sufficient capacity. Sometimes this legal processing consists of burning in special furnaces, the price of which may increase with the toxic contents of the waste products to be burnt. Sometimes the waste products can be sold, because there is some useful raw material left in it, which can be extracted and recycled. It does not demand too much imagination to see the profit margins of the illegal waste trafficker and processor, especially as the capacity of legitimate waste processing is limited. Of course processing without licence is always cheaper and quicker. One can also fraudulently “degrade” the waste products as being less toxic (burnt at a lower temperature for a lower price, e.g. as household refuse) or describe it in the books as “raw material”;

e.g. toxic oil residues described as heating oil.¹⁹ For the illegal broker it is also important to have available (illegal) dumping sites or corrupt officials to turn a Nelsonian eye. Another important asset is the availability of transport firms, usually subsidiary companies, which, if necessary can take the blame for illegal transports and dumping.

The Dutchdirters

A number of Dutch entrepreneurs had been specialized in virtually all the loopholes in the Dutch environmental law and had developed a network of (independent) crime-enterprises. These enterprises often rendered mutual services such as the provision of (false) invoices, chemical “expert reports”, transport facilities or provided (false) permits for dumping sites. Of great importance appeared the availability of a Belgian dumping site, whose corrupt executive manager allowed the daily dumping of substantial quantities of Dutch toxic waste. Two of these enterprises and their interactions will be described here.

Blanchefloor

Floris Blanchefloor, a bankrupt entrepreneur, appeared to be the background figure behind a number of “environmental technical” front companies. His enterprise was a small one:

- Floris Blanchefloor was the leader, assisted by his girlfriend *Greenheart*
- *Karl Clinker* was an important associate because he had a firm, *Eco Cycle Ltd*, which was used as a front for various transactions.
- Further a chemist *Eric Ecolo*, whose role was less important.²⁰

Important was the availability of a Belgian transport firm, *Whiteroad Ltd*, which transported most of the wastage to the Belgian dumping site *Graywell*.

Blanchefloor used the firm *Eco Cycle* to collect large quantities of waste from at least 12 disposers, and had it transported by *Whiteroad* to the Belgian dumping site *Graywell*. However, before passing the border the transport made a little roundabout to the firm “*Terre de Mère*”, where the wastage was covered with a thin layer of earth. In his administration the dump site manager recorded the load as “loose earth from market gardening”. However, not all the wastage was transported to *Graywell*: reports mentioned that some loads, containing PCB’s simply disappeared somewhere in Belgium.

The industrial disposers usually acted in good faith, being cheated with false documents and permits. However, this could not be said of the local administrations of the towns and provinces, which wanted to get rid of the toxic waste (in the cheapest way) of old factories they had bought as building sites. Though

corruption could not be proven, the behavior of the authorities should at any rate be characterized as a matter of culpable negligence.

The Greenland Holding

The Greenland Holding was a network of Ltd's, which "processed" the wastage in roughly the same way as Blanchefloor. The holding was led by:

- *Gerry Greengrip*, who had been in transport for a long time, doing some shady jobs from time to time. He was assisted by
- *Renee Rainbow*, his dominating girlfriend, doing the administration and gradually arranging so much of the transports that the drivers called her the "directrice".
- *Sam Sheepskin*, an graduated engineer, who was appointed because of his expertise on the field of environmental regulations and waste materials. He was also important because he was "civilized" and could act as the "white façade" of the grubby company, while the sloppily dressed Greengrip preferred to stroll on his wooden shoes on his polluted premises.
- *Ralph Reaper*, a faithful director of the many front companies, who also had to find new disposers and lenient dumping sites.

However, the most important branch of Greengrip's holding was his transport division. Greengrip did not only have his own transport company but in addition had the availability of six other haulage firms. These companies knew of the illegal character of the transports. Of equal importance was the above mentioned dumping site Graywell and his access to another Belgian wastage broker and to some other smaller waste crime-enterprises. They helped each other with transport, false expert reports, false invoices and the like.

Greengrip appeared to have profitable relations with the director of a large "legitimate" and respected waste processing firm. They were mutual shareholders of some (off shore) Ltd's and served each other well with facilities, in the Netherlands as well as in Belgium. However, the "respectable" waste processor has now been prosecuted, having violated the law in many ways.

Just as Blanchefloor, Greengrip had many town councils and provinces as his customers. The authorities appeared very satisfied to have to pay only Df95 (free "chemical analysis report" included!), per ton instead of Df210 (exclusive VAT), which is the price legitimate firms can offer. Who could compete with such an entrepreneur (without breaking the law)?

Though the management of these crime-enterprises was small, its ramifications were large and well integrated in the upperworld. E.g. Greengrip's Belgian waste broker payed through a Jersey registered Ltd., whose shares were owned by a large British bank.

The role of the authorities

The more crime-enterprises operate successfully on a legitimate market, the

more one has to question the role of the upperworld, especially the authorities. This was the case with the black labour enterprises (though their responsibility was difficult to allocate) as well as with the waste crime-enterprises, which revealed clearer evidence of an inexcusable profiting from the environmental violations of these crime-enterprises. Though plain corruption could only be proven for subordinate dumping site managers, the higher civil servants, responsible for the environmental interests of the towns or provinces, certainly did not act in good faith. However, I just could not *prove* that it was a matter of *criminal* negligence of evil intent. But if one looks at the facts, there certainly are sufficient reasons to make further (disciplinary or criminal) investigations which may change this restraint judgment.²¹ The files were at any rate clear on the following facts.

- The Dutch-Belgian border has been closed by the Walloon government since 1983 for all wastage transports to Belgium. This fact had been publicized and brought to the attention of the Dutch officials. The provincial commission appear to have put this closure on the agenda of a meeting and then . . . everybody happened to have forgotten it and again easily gave transport licenses for exports to Belgium. Still the report of the same meeting shows that those present *knew* that illegal transports to illegal dumping sites in Walloon provinces of Belgium were taking place: they read aloud a letter in which the manager of a legal dumping site complained of transports disappearing to other (illegal) dumping sites.
- Despite knowledge of the closure of the Belgian-Dutch border a high provincial civil servant (of the province of South Holland) advised to continue the exports to Belgium thinking it an “appropriate” solution as long as the processing capacity in the Netherlands was insufficient.
- Drastic price differences between the legitimate wastage processing firms and the crime-enterprises did not evoke “higher thought-processes” other than just the more awareness of the cheapest price.
- A civil servant who had a more critical awareness of the violations of the waste transport regulations by a haulage company sent eight reports to his superiors. The latter remained silent while the transporter repeatedly promised to better his life, though nothing changed.
- The two crime-enterprises mentioned here used an old Belgian permit to show the town councillors for the environment that everything was in order. However, the licence was given for another occasion and moreover had expired. However, no one bothered to read the French carefully, have it translated or to make further inquiries.
- The disposer is obliged to send a notification to the Ministry of Environment in case he disposes to a transporter. But the crime-entrepreneurs told the responsible civil servants that they would take care of that notification, which they evidently hardly ever did.
- As a matter of fact, a notification made no difference: in some cases a notification was sent to the Ministry of the environment, as was mostly the case with *private* companies which insisted to have the rules obeyed. Though the information of the

forms unequivocally revealed violations, no one lifted a finger: a notification is a notification = notification, and that is all. A notification, mentioning (a) heavy metals to be transported to Belgium and (b) that the "processing" consisted of "dumping on or in the earth" obviously was stamped and filed with the same equanimity as whatever else.

Comparing the criminogenic situation with the state of the administrative enforcement of the environmental laws in the Netherlands as described by Aalders c.s. (1987) and myself in a previous paper (Van Duyne 1991), it must be admitted that the role of the authorities is blameworthy than has been stated earlier. Though the Netherlands have no traditional organized crime-families as in the U.S.A., structurely the situation is not much different from that as described by Szasz (1986) and Block and Bernard (1988). One can speak of a community of crime-entrepreneurs who know each other well, forming a well functioning service network and who have (in North-West Europe) extensive international connections and good connections with the underworld.

Money-laundering

The process of making "black money white" has as "money-laundering" obtained almost world-wide attention from governments. Most countries in Europe have followed the United States in making criminal laws against the handling of money obtained by means of crime.²² In addition the police have been stimulated to pay more attention to the financial side of the crime industry in order to confiscate the profits earned from crime. In the Netherlands after the first report on financial aspects on serious crime in 1988²³ describing legal and organizational measures to seize the criminal profits from the offenders, experiments in some police districts were started. The aim of these experiments was to test the new measures, (unused) existing legal possibilities and to try the proposed introduction of experimental financial police units.²⁴ Despite all these efforts, in which I have taken part from the very beginning, the extend of money-laundering is still difficult to estimate within an acceptable margin of error.²⁵ Much of the figures proposed by law enforcement agencies, who have a preference for huge problems only, are based on uncertain assumptions and age old untested propositions as mentioned in the previous footnote.

The Dutch research has modified this rough image and showed that money-laundering may too often be associated with the "trade of death" as the drugs business is so pathetically named by the Swiss moral polemist Jean Ziegler (1990). As a matter of fact, only the top drugs-enterprises need the kind of

money-laundering as described by Walter (1989). The profits of most of the “middle class” drugs entrepreneurs remained under one million Df gross per year. That does not seem big enough for them to enter the unknown money market with all the uncertainties and problems of doing business with the financial upperworld. They all remained in the cash economy, sitting literally on their money, if one was not robbed and if there was really anything left after paying “social costs” and spending to show that one is really a successful big guy.²⁶ Anyhow, the trade and the profits remained in the underground cash based economy. Compared to these the large scale organized business crime-entrepreneurs, whose trade was too large to operate without “upperworld techniques” like front companies to conceal their trade, appeared to be not only financially more successful than the “middle class” entrepreneurs. They were also much more skilled in money-laundering as a form of money-managing, which is just one of the basic skills in this criminal branch.

On the other hand money-laundering by organized fraudsters appears to attract less attention or is even protected by the laws of some countries. E.g. as soon as the crimes which are the sources of the criminal money have something to do with tax offences, countries like Switzerland and Luxemburg refuse any international legal aid. Though more empirical research has to be carried out the available data do not support the general belief that the laundering of drugs money is more extensive than that of business crime-enterprises or fraudulent legitimate enterprises. Still the laundering of drugs money has attracted most political attention.

In this short section I cannot describe the various techniques of money-laundering and the transferring of huge amounts of money, as happened in the Banco Ambrosiano case (Cornwell 1987). I also leave aside the interaction of the legitimate industry and crime-enterprises which is used for mutual money-laundering: to launder the profits of large scale tax evasion and organized fraud cooperation with business crime-enterprises is usually not eshewed.²⁷ Primarily using my own sources I confine myself to: do it yourself money-laundering; and money-laundering by specialized enterprises.

The simpler forms of money-laundering in the consumptive sphere: buying boats and cars or other capital goods by strawmen or girl friends are also left aside. This limited and rather unsophisticated form of laundering usually takes place in the smaller cash money based enterprises (Karchmer 1985).

Do it yourself

Enterprises which have their own financial experts usually know how to circulate the surplus money between off-shore companies so that only a team of skilled (and rarely available) accountants is able to trace the money (or rather only a part of it). But even then the crime-entrepreneur faces the

problem of finally explaining to the taxman how he can live a good life without a declared source of income.

Some criminals preferred a fiscal peace of mind to constantly shifting their ill gained profits: they simply declared to the taxman that they were hash-traffickers and bargained an acceptable deal. Both sides were satisfied. The inland revenue got its due tax which it otherwise was unlikely to obtain, while the crime-entrepreneur was assured of a handsome net income without worry about forfeiture of assets or other modern nonsense.²⁸ Though it sounds unbelievable for outsiders, the civil servants involved were (with one exception) probably not corrupt.

Of course most wealthy criminal entrepreneurs do not put so much trust in the moral neutrality of the tax officials and devise smart constructions to avoid their unwelcome attention. One of the most successful crime-entrepreneurs used the service of two financial experts (one an ex-tax inspector) to handle his money and to do the “auditing” of his underworld front companies. These consisted of real estate companies with much property in and around one of the big towns in the west of the Netherlands. Apparently knowing that the inland revenue usually only pays attention to companies which make a gain (and where there is something to recover) his companies followed a predictable business path. Starting with loans from the Bahamas and Panama (though the contracts never left the Netherlands, all documents being typed in the same office) the companies made a small return in the first year followed by increasing losses in the next years after which they went into liquidation. As there was no indication of assets or anything else to be recovered the taxman showed no interest.²⁹

His colleagues showed more sophistication. One of them, a very wealthy hash-dealer called *Deatroop* (Van Duyne 1991), sometimes handling tens of millions of guilders at a time, also preferred real estate investment.

Deatroop bought a Swiss company, called Hütte AG from a Swiss lawyer (Treuhand). His own Dutch lawyer got (on paper) the power of disposition. Hütte AG was now ready to manage the finances of Deatroop. The Swiss trustee bought a Liechtenstein company which became the owner of 50% of the shares of Hütte AG. A Panamanian firm was used to buy real estate in the Netherlands. Above these companies a holding company, DEA-trust, was created which provided loans and mortgages to Deatroop and other wealthy crime-entrepreneurs. No surprise that Deatroop had the assistance of two tax consultants and an accountant office (Van Duyne c.s. 1990, p. 111).

The same sophistication was shown by two wholesale hash and cocaine dealers (brothers), who had five textile and leather shops, two shell companies and three firms for electronic equipments, which were financed by a holding company. Between these firms an extensive and complicated flow of money was created involving Gibraltar, Switzerland and Luxemburg. The enterprise was advised by two experts for the foreign money transfers and two legal advisers for the creation of legal bodies.

Of course, the names of the two brothers did not appear on the list of shareholders, the shares being in the possession of the girlfriend of one of them.

One may suggest, that these complicated constructions should have raised some suspicion in the financial institutions involved, especially the banks. Though Ziegler (1990) provides convincing examples of money-laundering in which the banks should have cooperated willingly and knowingly, I am not certain that in cases like these the Swiss, Luxemburg and other banks ought to have “smelt” that they handled dirty drugs money. Here as in other cases I agree with Bernasconi (1988), that after the first phase of the financial disguise it is very difficult for banks to “look behind” the façade with which are presented to them.³⁰ Of central importance are the financial advisors, who have their own financial consultancy firms and who know how to enter the money into the official monetary channels: they open on their names the new bank accounts for their secret clients. This is the case with the Dutch money-launderers as well as with the Swiss ones (Ziegler 1990, pp. 85/86) who have the additional advantage of the institute of the lawyer as trustee (Treuhand). The latter is always able to appeal successfully to his legally protected professional secrecy.³¹

It was not surprising to find that fraud crime-enterprises did their own money laundering. They have the experience and skills to use the financial institutes in such a way that the origins of the money remain hidden or that the banks think it concerns only “black money from tax evasion”. The banks, always being moralistic about “criminal (drug) money” did not show much restraint in handling the criminal money from organized black labour racketeers. Organized VAT swindlers between Belgium and the Netherlands felt also safe with the banks. Every week they cashed cheques for ± Df 20–30.000 and brought the money to a Belgium bank and deposited on the accounts of front companies. Then the money followed the usual ways through the accounts of other front companies (e.g. to cover false invoices). After a roundabout through two or three off shore banks in jurisdictions with strict bank secrecy laws the money found its the final destination in the pockets of the entrepreneurs. As the fraud enterprises were *ongoing* businesses one can say that the money laundering took place weekly and could be considered as an *integral* aspect of the management, not something which had to be organized additionally.

Money-laundering firms

For all sorts of money-problems there are firms which offer help, especially to those whose problem consists of having too much undeclared money. Such firms usually provide all sorts of financial services and cannot be considered as just drugs money-launderers: *a priori* theoretical distinctions are not valid in

this area. One finds a large variety of crime-business entrepreneurs, ranging from investment fraudsters to businessmen who, despite their crooked financial transactions consider themselves reliable and reputable, though cunning financiers. And drugs money? Already the very idea to may have handled *dirty* money make them shiver of moral indignation.

We have already seen, that responding to the greed of others is good method of making money (in legitimate industry as well as in the crime business) as the boiler room enterprises have shown. Several other investment fraudsters exploited this greed in diverse manners. Besides the selling of worthless stocks they also offered financial assistance which consisted of laundering and “un-laundering” money: one could make black money white and white money black, all to the liking of the client. If one wanted to launder money, the moderate investment of one’s savings in unregistered “over the counter stocks” showed unexpectedly a most fortunate profit from speculation which is untaxed. However, the reality was nothing more than an impressing computer print-out. The other way round one could also “loose” as much money as one wanted with the stocks sinking through the floor.³² However with these financial consultants, the biggest chance of the clients was to lose all their (real) money, whatever its original colour. After apprehension, some of the fraudsters (on bail) fled the country and continued their financial consultancy from the United Kingdom. Apart from these dubious “general consultants” some consultancy firms could be considered as professional money-launderers or managers if one prefers a more neutral term.

Sinicure

An example of a firm more specialized in illegal money-management (or “colouring” money from black to white and from white to black) was *Sinicure* Ltd of Floris Whitefront. Whitefront offered his services to everybody without discrimination. The divorcing man who wanted to get rid of his money to avoid alimony was just as welcome as the drugs trafficker. Before making his knowledge and business acumen useful for the general public Whitefront had learned all the financial tricks and sideways having created or caused some bankruptcies without impoverishing himself. His financial service centre was active on many ways indeed.

- Money-laundering or rather financial colouring was carried out through Luxemburg and Panamanian banks at a fee of 10%. The construction used was rather simple: *phony loans*. A firm was created in Luxemburg or Panama (preferred by drugs traffickers) and a loan was made by that firm to the client in the Netherlands, who was factually in control of the company. One got a “real contract” with all the accompanying correspondence (made up in the same office) and to mislead the taxman one really had to pay the interest to the (own) Luxemburg firm: one had to create a money trail as evidence. The payment of interest had the advantage of income-tax reduction! Later one could cash one’s own money in Luxemburg or transfer it to other off shore companies. The firms were also used to buy capital

goods and expensive cars. The same construction was also used to make white money black: paying to foreign firms which happen to be insolvent.

- Bankruptcy guidance was another service. Companies which saw their insolvency approach with certainty could make loans with one or more of Whitefront's foreign firm. These loans were covered by a fiduciary act by which the inventory was brought into the possession of the (own) loaning firm. One could also put away the liquid assets at one of Sinicures firms and receive them back after the bankruptcy was over (minus 10%).
- Other services consisted of the providing of false invoices and false yearly business reports of every kind. Services were provided to E.C.-swindlers, German coffee smugglers to Poland,³³ Belgian dubious businessmen and sexhouses, which bought yearly financial reports to obtain loans from banks.

Though Whitefront paraded as the "honest businessmen for all", he was mean enough to embezzle money from several elderly persons who only wanted to invest their hard saved money. Whitefront's company was a one-man business: it had a staff of only two (girl friend) secretaries, but he had also the availability of a (girl friend) accountant, an old accomplice who had office hours for drugs traffickers in Amsterdam, a notary (for the establishment of legal bodies) and a solicitor for whatever false document was needed in due course.

The other financial firms I studied, specialized in criminal money management, were also one-man businesses. That did not imply that they were only involved in small scale operations. As a matter of fact, they operated globally which is of course a consequence of the geographical locations of the financial secrecy industry. Up'till now I have not been able to sift through all the foreign relations of the Dutch money-launderers. One of them, working for the top criminals in the capital, certainly has contacts with Italian criminals in the U.K.³⁴ and in Liechtenstein, with *Mario Gallileo*, who had several firms in Switzerland as well. Unfortunately the money-laundering of Gallileo has hardly been investigated as he was arrested in Andorra with 3 kilos cocaine, apparently having changed the safety of the money-management for the hazards of smuggling.

The above mentioned examples all concerned the money-management of Europeans. What about the ethnic minorities who certainly have a fair share in the drugs trade? What do they do with their profits which are not reinvested? Up'till now very little research has been carried out on the financial aspects of the drugs trafficking of the minorities in Western Europe. I think they do not differ much from the general economy of the ethnic minorities as such: mostly cash and clan based. This should not be mistaken as a *primitive* economy or as a static one. Leaving aside developments in the legitimate industry the Turks, Pakistanis, Africans and other minorities have expanded their crime-enterprises beyond the drugs trafficking into the area of organized fraud having

their targets all over Europe: banking fraud, the sale of forged passports and driving licences and, money-laundering.

Though generally it may still be the case that most of the savings of the minorities (drugs money and money from other sources not declared to the inland revenue) are taken in cash to their mother countries, small Turkish and Pakistan banks have been founded providing the usual services (legal and illegal) that one finds in any bank. The way in which these banks can be a link in a world wide money-laundering scheme has been shown by the large North Pakistan firm headed by *Medys Cyssor* and his extensive network of relatives.

Ten years ago Medys Cyssor, living in North Pakistan, created the firm *Global Meds*, which "specialized" in medical tools. As the technical skills of the mountain tribes was limited the output consisted mostly of a sort of lancets and scissors, which were shipped to Western Europe and the U.S. but there were hardly purchasers for these items. However, that was not the core of Medys Cyssors enterprise. The Pakistan government provides 37% export subsidy if the export is paid in hard currency which really went into the Pakistan economy. Hence Medys Syssor had his cheap useless lancets and scissors made, shipped them as real export to Europe and let them rust away in the harbour (the safest destination). The (not too modest) figure on the invoice, for which 37% was to be cashed from Pakistan export agencies, had to flow to Pakistan in guilders, Deutsch Marks, U.S. dollars and other western currency. Hence Pakistanis in the Netherlands, Germany, U.K., Belgium, Portugal, France, and the U.S. were encouraged to have Medys Cyssor to transfer their money to Pakistan for an exchange rate which was better than any bank could offer. This led to the now classical sportsbags filled with money in small denominations being delivered regularly to the financial agencies and from there to the off shore Pakistan bank, having no more than a name plate, telephone, desk and lampshade. Still the money was smoothly transfered to Pakistan. In a timespan of 5 years Df 75.000.000 was transfered to Pakistan. Though some of the known Pakistan drugs dealers were spotted in Amsterdam and Rotterdam in the premises of Medys Cyssors, the money could have any source: illegal labour, social security fraud, or normal savings. As in the other Pakistan crime-enterprises I studied, the discipline in the organization was strickly maintained from the organizational centre in North Pakistan. Medys Cyssor had his "main office" in Pakistan and paid periodic visits to his branch-offices and gave direct orders to his staff, almost exclusively composed of his (very numerous) relatives.³⁵

Of recent date is the concern for the Colombian dumping of cocaine on the European market and the money-laundering of the profits. We have not yet a clear picture of the amount of money involved and the mechanisms of the money-laundering. From the European point of view the Colombians are not so much laundering their profits as well simply trying to ship their money to Miami where the money-laundering actually starts. The small denominations are brought to several exchange banks (again in plastic bags) and changed into

cheques which are put into magazines and sent to Miami. In 1989–90 the police could trace Df 30.000.000 supposedly belonging to the Cali-cartel.

It is still too early to make firm generalisations. The cases of organized money-laundering described above are in my opinion still snapshots; money-laundering has unfortunately been more politically debated than scientifically researched. Hence the available evidence is patchy. But what evidence there is rejects the hypothesis of the “financiers of the death money” or something comparable. It also shows that it is fundamentally wrong to consider money-laundering as something else than organized business-crime.

Discussion

The description of the business crime-enterprises in § 4 has revealed a very mobile world of unremitting fraudsters operating in a large variety of organizations and fraudulent schemes. This should not be mistaken as evidence of the entrepreneurs’ creativity or innovativeness, though from the outside one may perceive their way of doing business as such. As a matter of fact as far as I can judge from empirical evidence hardly any business crime-entrepreneur has ever created anything lasting,³⁶ but only disrupted or destroyed normal business-life by *perverting* the *existing* rules. You may even consider them as conservatives following the (legitimate) initiatives of others, creeping into every corner of the market as soon as organizational and human weakness provide opportunities of easy profits. I must admit that some fraudsters in their way of manipulating the legitimate industry do show a lot of wit and feeling for new weaknesses.³⁷ Hence the variety does not reflect the ingenuity of the criminal entrepreneur but the diversity of the opportunities of the legitimate market.

Despite this seemingly motley collection of enterprises, for which I could not desing an a priori typology, I think some tentative classification can be made. Roughly we can discern three categories:

- *Financial fraudsters* who are mainly active in the world of finances. They fall in the category of what I called the “*dreamgold traders*” as in reality they have nothing to offer but dreams to the greedy. As such they are just *greed exploiters*. Though in essence they are still old fashioned conmen, their leaders have clearly followed modern times and developed large and smart organizations.
- *Regulation-lifters*, who essentially make abuse of the price-wedge which is the result of economic regulations and taxation. Depending on the (enforcement of the) regulations and the market-demand they turned up on the labour-market, industrial waste trafficking or behaved like old-time smugglers avoiding national and E.C. taxes or pocketing subsidies.

- *Long firm fraudsters*, who are also a classical and motley group ranging from small conmen to internationally operating swindlers. According to the latest police information some of the most enterprising ones have tried the new opportunities in Eastern Europe, where businessmen are eager to sell everything and anything as soon as hard currency is promised. Though this information has not yet been corroborated independently the mobility of the criminal community is large enough to suggest this information may very well be true.

Of course this classification does not imply strict partitions between the categories: in such a mobile community it is to be expected that people move from one sort of crime to another. This expectation could partly be confirmed. As a matter of fact the “dream gold traders” usually appeared to be very much specialized, though some links with “hard” criminals (= traditional criminals from Italy and Yugoslavia) could be ascertained. Compared to the financial fraudsters the *regulation lifters* on the contrary had more contacts with “common criminals”, mainly hash-traffickers. Some of them even started as wholesale hash traffickers or continued their hash-smuggling while smuggling other commodities, like meat.³⁸ Apparently they are not so much the “agents of death” but “ordinary” organized smugglers who have a more or less neutral moral attitude towards the kind of commodity involved.³⁹ Perhaps it is better to speak of smuggling “businessmen” to avoid a too primitive connotation: e.g. some smugglers who temporarily entered the labour market, emerged as splendid managers and created large illegal subcontracting firms cashing more than they could with hash-trafficking (and at a lower risk). After the subcontractors boom was over some moved into trade mark fraud, others returned to their smuggling practices (Berghuis c.s. 1985). Of course, this mobility has its limits and should not be exaggerated. Also criminals move along the path of graduality. Within and with the support of a flexible social and commercial network the organizing crime-entrepreneurs followed the market opportunities they happened to hear about or to learn to know as they were invited to assist the most enterprising ones for a small job. Many of these new fields were not dissimilar to known economic areas, making the changes relatively smooth.

About the organized long firm fraudsters it is difficult to make such tentative generalisations. The enterprises in this branch were very shifty while the organizers appeared (necessarily) very mobile, thus frustrating their creditors and the police alike. Connections with drugs trafficking or smuggling were rare.

Some police forces and politicians as well, still tend to consider organized business crime as something different from what they perceive as “organized crime”: drugs trafficking, the “vice industry” accompanied by threat, violence

and corruption. When criminals from this “classical” area commit business crimes it is said that organized crime moves “into white collar crime”.⁴⁰ This way of thinking about organized crime has even led to particular choices for the structure of the police-organization. In Germany there are units for “organized crime” who are supposed *not* to deal with business crime-enterprises, *unless* there is some connection with the “wicked” drugs trafficking. This line of thought is more in accordance with an archetypical representation of the world, as one finds in the movies and tv-series, than with reality. As I had the opportunity to study the “classical organized crime” (mainly drugs trafficking) along with business crime-enterprises I could compare the extend and degree of sophistication of the organizations of the two criminal branches. Of the 19 drugs trafficking enterprises only four could be considered as well organized. The degree of organization of the rest was less than brilliant. In the area of business-crime badly organized enterprises were an exception: business crime-enterprises appeared to be the best organized crime! This is not surprising. If one wants to outsmart legitimate industry one first of all has to look (and organize) like that industry. This requires business and organizational skills I rarely found with the drugs entrepreneurs. It also requires a fair knowledge of the underworld economy, law enforcement as well as connections with “legitimate” customers, governmental authorities included. On many markets, like the black labour market or the hazardous waste market, the role of the authorities is of crucial importance for the development and growth of long lasting crime-enterprises.

Looking at the size of the organisations of business crime-enterprises I was surprised to find that usually they were very small: three to five men with assistant figures in the periphery.⁴¹ Round this enterprise I found the willing market of the legitimate industry, eagerly profiting from the cheap goods and services offered, while pretending not to know of any crime (“haben wir nicht gewußt”). In such a landscape there was not any need for the entrepreneur to build a large organization with all the control problems of the unreliable staff involved. “Small is beautiful” was the motto in this area (Van Duyne 1990).

The professional money-laundering as a distinguished business crime-enterprise does not neatly fit into the scheme of entrepreneurs described above. As a crime-industry it is a derivative of the law breaking of other criminal. However, it is an important derivative for the reduction of profitable crime: attacking money-laundering leads to an increase of the “production costs” on the side of the crime-enterprises. In the previous section I argued strongly against associating money-laundering with the handling of “dirty” drugs money by hypocritical banks. That is the distinction of moralists not of money-launderers or organized criminals. Money laundering is the management of the proceeds of every crime-enterprise. For the fraudster it is a *continuous* management process.

In this paper we have seen a number of examples of business crime-enterprises. As the research has not been quantitative it is impossible to tell “how much there is of what”. Given the nature of the subject I think such an approach impossible for the time being. Still the available evidence underlines the seriousness of this sort of crime: the damaging impact on society and legitimate industry and the professionalism of their organizations. In spite of that, the number of empirical research projects in this field is very small indeed. Much of the theoretical thinking in this field has been formulated in the terms of the U.S. “war on crime” framework which has more than once been debated by scientists in the U.S. and abroad (Korf and de Kort 1990; Wisotsky 1986). Outside Italy, Germany and the Netherlands (where only limited research funds have been allocated) scientific empirical interest still has to be awakened. In my opinion this contrasts strongly with the need to follow European developments and the new criminal opportunities which are offered by an economically unified Europe as legitimate industry never travels without criminal company.

Notes

1. The method of estimate was based on the actual seizures rate, which for no other reason than historical quotation since the thirties is believed to be 10% of the turnover. See Korf and de Kort 1990.
2. See: Block and Chambliss 1981, p. 57, where they compare the drugs trade with the garment industry and Adler's (1985) description of the upperlevel dealing and smuggling community of the American west coast. See for the so called organizational thoroughness of “organized crime” Reuter's (1983) lively account of the structure of criminal organizations in New York.
3. See: Lupsha 1983; Hagan 1983; Malz 1985; and Kelly 1987. In the US the definition problem seems to have been “solved” by each state by framing a definition by law, resulting in some 20 state-bound definitions: Abadinsky 1981.
4. Even Cressey himself did not think his major witness reliable: Albini 1988.
5. I must be frank that I never had the patience or the capacity to understand the answers to this question: they all seemed circular, avasive or very much moralistic.
6. The method of *participant observation* as practiced by Mieczkowski (1983) in the Caribbees and Adler (1985 in South-west America was considered as not practical for a researcher from the ministry of justice.
7. These services may encompass sex and gambling, sometimes strangely referred to as the “vice-industry” (Schelling 1980), though there is nothing criminal in commercial sex (at any rate in the Netherlands) and sex itself is not even to be considered as a human weakness (or at any rate a healthy one). Naming gambling a “vice-industry” is just as odd, the government having its own state lottery and cashing millions of lottery tax yearly.
8. For this Mr. Blackbane got one year prison (effectively 9 months). As the money was never recovered one can say it was a well payed job.
9. See: Kahlman 1980 and Helvoort and Kamerling 1984. In Dutch the word for subcontractor is “koppelbaas”, meaning coupling labour to contractors, hence: “couplingboss”.
10. This entitled the workers to the “health insurance” so that in the case of an accident on the

- workfloor they were entitled to cheap medical treatment. As accidents and ensuing complaints from workers were liable to leak through to the police, some illegal subcontractors even only took workers who were on the dole and hence had a health insurance.
11. Some examples of such complex and detailed regulations are mentioned by Carey (1990). When one reads the regulations for the cheese from Parmigiano Reggiano one cannot escape the feeling of reading a satire.
 12. In an interview with me, which amounted to a display of self justification and self-pity about the conspiracy of the police against his innovative business, he denied the charges and convictions and played down his role as leader of a criminal enterprise(s).
 13. Blueprint went to the Caribbean only to return in a sealed coffin.
 14. Turntable was set free by the appeal court, who was of the opinion that the charges were not formulated precisely enough. The dynamic Turntable started a new enterprise. I am still in the process of analysing the files of this enterprise.
 15. According to several reports there have also been cases of gold smuggling to Germany and Denmark, as the VAT on gold is higher in these countries: 14–15%. Much gold seems to have ended in the teeth of unsuspecting citizens having passed for a handsome price through the dental laboratories and dentists. Also Britain appears to have attracted the VAT-gold-smuggling, sometimes connected with other types of organized crime, Hogg e.a. 1988.
 16. The fish markets where the fishers should auction their fish was the point from where the fish quota could be controled. With the consent/silent knowledge of the president of the fish market, the town council, the mayor and even the ministry of agriculture, much fish was auctioned illegally and kept out of the books.
 17. See: Van Duyne 1988; Levi 1987; Leigh 1977 and Berckhauer 1981.
 18. This was not the only E.C. fraud enterprise I studied which made clear that phenomenologically it is wrong to study organized E.C. fraud isolated from other forms of organized fraud.
 19. In a big pollution scandal in the Netherlands (the Uniser affaire) the processing firm sold toxic oil to Belgian market-gardeners. It was believed that this was related to a some cases of cancer.
 20. Ecolo was useful to another toxic waste trafficker however, providing him with fake expert chemical reports of a non existant laboratory.
 21. The inhabitants of Grayhill and the Walloon district council will at any rate sue the Province of South Holland for complicity and (criminal) negligence.
 22. See: the reader of the Max Plack Institute/Bundeskriminalamt for an overview of legislation in Europe, Meyer c.s. 1989.
 23. Financiële aspecten van zware criminaliteit. Rapport van de werkgroep "Pluk ze".
 24. See the reports: *Financiële facetten van ernstige vormen van criminaliteit*, The Hague, 1988 and *BFO – Bureau Financiële ondersteuning : Eindrapport van de Projectgroep Financiële Onderzoeksteams*. The Hague, 1990. Van Duyne (ed).
 25. The (gu)estimates of the Financial Action Task Force on Money Laundering of the proceeds of the of the drugs industry seem to me much to high and ill founded on the "10% dogma" (the classical seizure rate of the drugs smuggling, stemming from before the Second World War). See: Korf 1990.
 26. I estimate the social and personnel costs in the crime-industry higher than in most other industries. The crime-entrepreneurs is like a mediaevel noble seigneur, always spending money on dependents to show his succes and importance and buy (dubious) loyalty.
 27. A crime-enterprise in the oil industry which made over 75 millions Df with huge VAT and excise evasion had a perfect symbiose with legitimate gas stations, Van Duyne 1991.
 28. The "tax-bargaining" did not appear to be a rare exception as I first thought. Trying to get insight into the financial aspects of crime-enterprises I stumbled from surprise to surprise

- when I read from the files how “morally neutral” the tax-inspector’s attitude appeared to be. One hash-smuggler was even allowed income-tax reduction for the costs of his couriers! However, this was not *contra legem*: a strict legalistic interpretation of the tax law made this anomaly possible: “a criminal income = income” and should be taxed according to the fiscal law.
29. Socially and from the point of view of town planning this sort investments were disastrous: the buildings were not provided for and were soon run down and ramshackle.
 30. Still some banks are very sloppy indeed: the Colombians who were importing thousands of kilos cocaine into Europe simply changed their cash in small denominations (carried in plastic bags) into cheques which were sent to Miami. The first time the exchange bank asked for the passport of the money courier, which of course proved to be false. No suspicions were raised. The bank even appointed a Colombian employee as counter clerk as he spoke the same language of these clients.
 31. In the Netherlands the protection of the relation of confidence has been extended very far indeed: e.g. even if his criminal involvement is evident and proved in court, taped telephone conversations of the organizer or accomplice with the lawyer cannot be used as evidence.
 32. Legitimate industry often needs black money, e.g. to pay bribes or to pay the workers above the union rate (Van Duyn 1991), not to speak of the big “losses” which are made just before a bankruptcy petition is filed.
 33. Germany has a special tax on coffee increasing its price while lowering its taste. Hence coffee was exported to Poland (tax free) repacked and smuggled back.
 34. I hesitate to say that there the mafia is involved though Lindlau mentions an old relative of one of the Italian contacts in the U.K. who was considered a leading criminal figure in Hamburg.
 35. Disobedience was punished: there were three unexplained deaths in the organization within a timespan of 6 months in the Netherlands, France and England. The persons involved did not die of old age, all being between 35 and 45 years old. Because of the remoteness of time and place the police in the three countries did not have the opportunity to connect the accidents.
 36. The exception was the long firm fraudster who to his surprise found out that he could so easily sell the goods for normal market price and pay his creditors, while the (legal) profits appeared to be just as good, having no extra costs for legal councillors and always moving for creditors. He has a flourishing chain of department stores now.
 37. Some even appear to be expert psychologist, always finding victims who with “open eyes” walk into the trap of the swindler.
 38. Transports of meat, fruit, flowers have the additional advantage of being frozen, which makes it difficult for the hash-dog to smell contraband.
 39. For the southern provinces of the Netherlands we may have an interesting historical and sociological phenomenon. The local catholic population (previously third class citizens and having their own ideas of economic regulations) living on the poor sand grounds has since generations completed their meager income by smuggling to Belgium (cigarettes, butter and alcohol). The commodities (drugs, VAT-goods) and the scale of the organizations have changed (from bikes to armoured cars) but the social infrastructure and attitude is still the same.
 40. Which is of course nothing new: the more intelligent and leading crime-entrepreneurs have always tried to move into the upperworld economy and respectable circles: the desire “to go legitimate” however usually leading to organized corporate crime, Nelly 1987.
 41. The following remarks about the size of the crime-organisations also applied to the drugs, trafficking enterprises: most were small scale “kernel organisations”, with the exceptions of the Turkish and Pakistan organisations.

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