



# Encounters with Professional Money Launderers; An Analysis of Financial Transactions as Reported by Gatekeepers

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## Abstract

Reporting entities have been made jointly responsible for protecting the financial system against money laundering. However, because of privacy rules, law enforcement is not allowed to share details about underlying criminal evidence with private parties. Gatekeepers thus do not have background information on predicate offenses or other criminal acts associated with a transaction, nor do they know whether their clients are individuals who the investigative authorities designate as professional money launderers (PLMs). At the same time, gatekeepers unknowingly come across such clients who, because of their financial behaviour or other reasons, are subsequently reported to the authorities. This article examines what we can learn from these reported transactions. It combines police registrations of 264 PMLs connected to drug trafficking with Suspicious Activity Reports filed by reporting entities. It turns out that over 5,000 reported transactions are connected to 68% of the PMLs. The study also shows several differences between categories of PMLs although recurring money laundering themes are cash money flow, loans and real estate. A key finding is that gatekeepers report more diffuse financial conduct compared to the literature about PMLs.

**Keywords** Money laundering · Professional money launderers · SAR · Compliance · Gatekeepers

## Introduction

As a football player is someone who plays football and a writer is someone who writes, a money launderer is someone who launders money. However, something is lacking in this circular type of reasoning; it contains a term that is synonymous with the concept, so it is

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still unclear what exactly money laundering is. If we look at legal definitions of money laundering, like article 6 of the Strasbourg Convention (Council of Europe, 1990) or the anti-money laundering directives (see e.g. European Council, 1991), money laundering has four components: proceeds or assets, must be involved; action must have been taken to hide or conceal the true nature of the object, its source, its location, or the identity of the person entitled to it; the launderer must know or reasonably suspect that the object derives from any offence; and the object must derive from crime. In other words: a money launderer is a person who knowingly creates a seemingly legal origin for illegally obtained assets or moves and conceals them.

There are two basic varieties of money launderers. If the person who launders the money was involved in the predicate offence, it may be referred to as self-laundering (Malm & Bichler, 2013). However, if criminals do not have the required expertise, contacts, or time to set up a money laundering scheme, they may opt to contract out the money laundering to an external specialist; a professional (FATF, 2018).

An ample number of descriptions of professional money launderers (PMLs) and their activities can be found in the literature (e.g. Cullen, 2022; FATF, 2018; Gilmour & Ridley, 2015; He, 2010; Horgby et al., 2015; Kruisbergen et al., 2019; Nazzari, 2023; Teichmann, 2020; Zdanowicz, 2009). However, it should be considered that the analyses in the literature are made *after* the money laundering facts came to light or were proven in court. Researchers base their studies on what has been recorded in investigation files or court decisions and only interview investigators or public prosecutors in hindsight. In such light, the actions taken by the money launderer appear to be perfectly logical.

Gatekeepers are in a different position. They have been made partly responsible for protecting the financial system against money laundering. This means they have to assess, report, and potentially stop financial transactions in real time. At the same time, however, the reporting entities have no information about any predicate crimes or other criminal activities connected with the transactions they monitor. Due to privacy regulations, information about offences cannot be shared between public and private parties. Customers may or may not show ‘unusual or suspicious financial behaviour’ although gatekeepers are likely to suspect their client has crossed some legal line when law enforcement agencies formally request financial information about a particular client. However, even in the case of a request by law enforcement, the reporting entities still do not know whether their client is involved in e.g. tax irregularities, embezzlement, drug trafficking, money laundering, or terrorist financing. In other words, gatekeepers have an information deficit in this respect and are unlikely to know whether or not they are dealing with a PML. This gives rise to the following research question: what do gatekeepers report about clients who the police suspect of professional money laundering? An analysis of such reports might help sharpen our understanding of PMLs’ actual financial behaviour.

The article is structured as follows. The section ‘Background’ provides a brief introduction on the reporting chain in the Netherlands and the role of PMLs. To answer the research question, data from the Netherlands police and FIU-the Netherlands was retrieved (see ‘Data’ section). The analysis of the data itself is carried out in a section called ‘Findings’. This section portrays basic facts in regard to financial characteristics, time frames and types of money laundering. Next, the ‘Discussion’ section comments on these findings by highlighting several (dis)similarities between types of PML. The ‘Conclusion’ section

circles back to the original research question while keeping relevant caveats in mind and provides a view to the future.

## Background

In 2021, the banking sector in the Netherlands employed about 13,000 FTE to combat money laundering and terrorism (DNB, 2022). This supposedly amounts to about 20% of all banking staff (Van der Vlist, 2022). They often work in compliance departments, where they conduct customer assessments, monitor payments and transaction behaviour, and report unusual transactions to FIU-the Netherlands (Lagerwaard, 2023). This way, banks implement the Money Laundering and Terrorist Financing (Prevention) Act (2018). This Act obligates various entities, such as banks, but also individuals, such as civil-law notaries and accountants, to conduct customer assessments and report unusual transactions to FIU-the Netherlands. Unusual Transactions Reports (UTRs) are submitted to FIU-the Netherlands by means of a standard report form in which the reporting entity describes why money laundering is suspected.<sup>1</sup>

The UTRs are based on objective and subjective indicators, as described in the Dutch Money Laundering and Terrorist Financing (Prevention) Act's Implementation Decree. Objective refers to specific transaction thresholds that will always generate an alert and must be reported, such as any money transfer over €2,000. Subjective indicators ensue from the obligation to report if money laundering or terrorism financing is suspected. According to FIU-the Netherlands' annual report, subjective indicators are very valuable, because they describe the context of the transaction (FIU, 2023).

FIU-the Netherlands initially marks all submitted UTRs as 'state secret'. This means that such transactions are not accessible to the investigative authorities. To create this access, FIU-the Netherlands has to convert the UTR into a Suspicious Activity Report (SAR) by declaring the 'unusual' element as 'suspicious'.<sup>2</sup> The resulting SAR can then be used as initial information for a new criminal investigation, or, more often, as direct or indirect evidence in ongoing criminal proceedings. Converting an UTR to a SAR can be done for several reasons, but important to this study is that any UTR involving an individual identified by the police as a PML suspect automatically becomes a SAR.

The number of reports FIU-the Netherlands receives annually has been rising for years. In a recent annual report (2023), FIU-the Netherlands indicates that 1,230,411 UTRs were reported, of which 96,676 were declared suspicious. In addition, the reporting chain appears to become increasingly effective. In an explanation of the policy agenda for money laundering, the Minister of Finance and the Minister of Justice and Security indicated that the combat of money laundering is 'basically in good order' (Ministerie van Financiën n, 2022, p.1). The ministers hereby referred to a recent evaluation of the Dutch approach to money laundering by the Financial Action Task Force (FATF), an intergovernmental organization

<sup>1</sup> The so-called goAML form, see FIU-the Netherlands' website: <https://www.fiu-nederland.nl/en/home/report-directly/>.

<sup>2</sup> Converting UTRs into SARs involve automated actions like file matching but can also be the result of a manual analysis (FIU, 2023). In other words, FIU-the Netherlands instead of the reporting entity determines the suspicious nature of the transaction. Conversely, in most countries it is the reporting entity that determines the suspicious nature.

involved in the prevention and combat of money laundering, the financing of terrorism, and the financing of weapons of mass destruction. The FATF called the combat of money laundering in the Netherlands ‘robust’ (FATF, 2022). The Netherlands Court of Audit also noticed progress in the combat of money laundering (Algemene Rekenkamer, 2022).

But, as the ministers indicate, there is room for improvement. For this reason, the Dutch money laundering policy agenda proposes various follow-up activities in which the tackling of facilitators is mentioned separately.<sup>3</sup>

What exactly should be understood by facilitators, however, is not clearly defined in the explanation of the money laundering policy agenda. The explanation indicates that institutions with and institutions without a permit are involved who wittingly or unwittingly provide their services to criminal networks. This makes it seem as if only legal entities are designated facilitators, but this is an oversimplification. The same policy agenda and other government documents show, for instance, that in the context of the approach to criminal money flows, the focus will especially target natural persons such as underground bankers.<sup>4</sup>

In the literature, the facilitators the ministers refer to are often called financial facilitators, financial enablers, illegal service providers, or PMLs (Middleton & Levi, 2015; FATF, 2018, 2022). What these terms have in common is that the persons in question were not involved in the predicate crime but provide their money laundering expertise to third parties in return for payment. However, it is not entirely clear who exactly are included in the PML category. Malm and Bichler (2013) see PMLs as natural persons with a legally acknowledged or even regulated profession. They refer to financial experts, such as lawyers, accountants, stock exchange brokers, and estate agents. But this leaves other types of experts, who do not have formal accreditation in the financial system, out of the equation. For example, underground bankers or persons who have been struck off the roll – former lawyers, former civil-law notaries – but still offer their expertise (Soudijn, 2014).

In order not to define money launderers solely based on activities in their formal capacity, it is useful to keep the description of a facilitator in mind (Kleemans et al., 2002). Simply put, facilitators are persons who are hired to bridge specific logistical hubs. They conduct activities that a criminal or an organized criminal group cannot or does not want to engage in themselves. ‘Cannot’ because the criminal is lacking the required knowledge, skills, or contacts. ‘Does not want to’ because the criminal considers the risk too high or the activity too labour intensive. Another condition for being designated a facilitator is that it is difficult to replace this person. In this respect, facilitators can be distinguished from strawmen, who are a dime a dozen. In the same vein, a PML is a person who is hired by a criminal to provide a vital service in the field of money laundering. The term ‘professional’ refers to the business-like character of the money launderer, not their formal job (Kramer et al., 2023). This line of reasoning is also adhered to by FATF (2018).

## Data

The data for this article was gathered in two stages. First, a PML dataset was created. Subsequently, the SARs of these persons were retrieved from FIU-the Netherlands, the second dataset. This went as follows.

<sup>3</sup><https://open.overheid.nl/documenten/ronl-37e250ad2b9437e6df796048df93a4e36c7e7a02/pdf>.

<sup>4</sup><https://open.overheid.nl/documenten/ronl-37e250ad2b9437e6df796048df93a4e36c7e7a02/pdf>.

To identify a group of PMLs, use could be made of data that had been gathered in the context of an earlier study into the networks of PMLs (Kramer et al., 2023). For this study, the researcher was authorized by the competent authorities in 2021 to request the management of the current Finec Intel Cell of the Netherlands Police's Central Unit to provide information about PMLs. The FATF description was used to define the term 'professional money launderer'. Based on the experience and knowledge of the team leader and analysts of this department, this resulted in the names of 302 PMLs. They were largely suspected of laundering drug money at some time in the past.

For the current study, the author of this article, who works as a senior researcher with the Netherlands Police and is seconded to the Finec Intel Cell, manually checked and updated the data on the previous collection of PMLs. Only PMLs who were suspected of laundering drug money between the years 2016 to 2021 were included. This eventually produced a group of 264 suspected PMLs. None of the PMLs were classified as such because of the SAR regime.

In the second stage, the 264 PMLs were checked with FIU-the Netherlands. This resulted in 5,365 SARs over the 2016–2021 period in an Excel file. The author then added columns to this file to classify the PMLs. This classification is based on information from the Finec Intel Cell. The categories are underground bankers, financial advisers, persons with a regulated profession, property dealers, commodities dealers, and Virtual Asset Service Providers (VASPs). The term 'underground bankers' refers to persons who move criminal money using hawala or similar services, or Money Transfer Organization (FATF, 2013). 'Financial advisers' are money launderers without a regulated status who are active as bookkeepers, run an administration service, or provide financial advice in the establishment of legal entities. 'Regulated professionals' refers to lawyers/former lawyers, prospective lawyers, civil-law notaries/former civil-law notaries, and registered accountants. 'Property dealers' refers to persons who are active in the property market, such as estate agents, persons who professionally rent out properties, and building contractors. 'Commodities dealers' are legitimate dealers in commodities who knowingly accept criminal money – at least 10,000 euro – and issue a false paper trail. 'Virtual Assets Service Providers', in conclusion, are traders in crypto currency (FATF, 2019).

The data were subsequently sorted according to types of transactions, sectors, reporting entities, countries of origin, and destination countries. All SARs were read in their entirety. If applicable, notes were added in a separate column. This allowed for quick access to and comparison of relevant data per category.

## Findings

The combined police and the FIU data shows that 180 of the 264 PMLs (68%) had one or more SARs to their name. All in all, 5,347 SARs were filed. It should be noted that only one SAR actually stated that the person in question was a PML. To back up this statement, the compliance officer included the text of a newspaper article in which the client was described as such. Furthermore, one other report contained a shrouded remark that a client *may* have facilitated money laundering transactions for others, also referring to media reports. Of course, this does not diminish the relevance of the other SARs. After all, compliance offi-

cers' main task is to determine which transactions are unusual, not the identification of PMLs.<sup>56</sup>

Nevertheless, the reporting entities managed to file over 5,000 SARs related to clients who the police (unknown to the reporting entities) had identified as PMLs. Because an analysis of these reports could help us understand how PMLs have interacted with the legal financial system, the following three sections place a focus on (1) the amounts and number of SARs reported, (2) the time frame in which the transactions were reported, and (3) the types of money laundering mentioned in the SARs. To identify potential similarities and differences the PMLs were also divided in six different categories (for more details, see [data](#) section).

## Amount of Money

In total, almost 1.3 billion euro worth of SARs was registered in connection with 180 PMLs during the research period (2016–2021). However, the amounts and the number of transactions per PML category showed some differences. See Table 1.

As can be seen from Table 1, commodity dealers are responsible for the largest total sum (394 million euro) reported per category. However, this large amount is due to one outlier for whom more than 350 million euro was reported. The sums reported for the other commodity dealers were significantly lower. This resulted in a median of almost 1.7 million euro for individual commodity dealers. The second highest ranking are regulated professionals with a total sum of 246 million euros and a median of 1.47 million euro per PML. Here too one outlier can be noted, a SAR of 130 million euro for one civil-law notary. The median for this group is 1.47 million.

VASPs score the lowest for the total sum reported, but this group only consisted of seven people. Still, if the number of VASPs is theoretically multiplied by four to bring them more in line with property dealers and regulated professionals, the total amount would also end up

**Table 1** Amounts and number of SARs per PML category

	Under-ground bankers (N=55)	Financial advisers (N=45)	Property dealers (N=29)	Regulated professionals (N=25)	Commodity dealers (N=19)	VASPs (N=7)
Total sum <sup>6</sup>	€ 270,152,374	€ 160,900,129	€ 118,223,310	€ 345,802,871	€ 393,651,666	€ 4,477,378
Median total sum per PML	€ 119,240	€ 298,290	€ 502,833	€ 1,467,757	€ 1,694,568	€ 252,606
Median sum per SAR	€ 15,000	€ 15,000	€ 37,377	€ 53,225	€ 30,000	€ 8,400
Number of SARs	2,529	1,550	413	264	392	89
Median number of SARs per PML	5	10	6	7	9	6
% intended transactions	2%	2%	4%	3%	3%	2%

Source own processing of FIU data

<sup>5</sup> Although a SAR which makes reference to a PML is likely to carry more weight than a SAR without this qualification.

<sup>6</sup> This refers to transactions that actually took place and have not been blocked or cancelled.

in the lowest brackets. However, the median total sum per VASP is higher than the category of underground bankers (252,606 and 119,240 euros respectively).

Focusing on the amount of money per reported transaction, the median is highest for the regulated professionals with €53,225, followed by the property dealers with €37,377. Commodity dealers take third place with €30,000. The underground bankers and financial advisers score relatively low, with a median of €15,000 per SAR. Crypto currency dealers score lowest with a median sum of €8,400 per SAR.

The transactions subject to SARs can also be divided into ‘completed’ and ‘intended’. Completed means the transaction was actually carried out. Nearly half of these completed transactions involved underground banking ( $N=2,529$ ). The financial advisers took second place with 1,550 SARs, while the other categories had fewer than 500 SARs. Here too, outliers can be distinguished. Two persons with over 1,000 SARs each are registered as both underground bankers and financial advisers, while the median in these categories lies between 5 and 10 SARs per person.

In addition to the transactions that were actually carried out, there are 130 SARs with the status ‘intended’. This means the transactions were either blocked by the reporting entity or cancelled by the customer. This happened per category about two to four percent. The total value of the intended transactions is not represented in Table 1, because no value was given in a quarter of these transactions. The reason for this is that the report submitted refers to the intended opening of a business account or the intended establishment of a legal entity. Such transactions were not yet expressed in monetary value.

## Time Frame

During the six-year research period more than 5,000 SARs were registered. But a SAR does not have to be registered in the same year the financial transaction was carried out. Some SARs are filed years later due to a variety of reasons. Reporting entities may, for instance, decide to adhere more strictly to their compliance rules, retrospectively increasing their standards. It is also possible that the police make enquiries about a certain customer, or a customer’s recent transaction attracts a compliance officer’s attention. In both cases it is likely that the customer’s earlier (and future) transactions will receive closer inspection. However, such reasons are hardly ever mentioned in the reports. The only consistent reason mentioned for stronger (retro-active) scrutiny is customers who receive negative media attention. See Table 2.

The transaction year is the year in which the transaction was carried out. The reporting year is the year in which the transaction was reported to FIU-NL. Table 2 shows that for the

**Table 2** Time frame

	Underground bankers ( $N=55$ )	Financial advisers ( $N=45$ )	Property dealers ( $N=29$ )	Regulated professionals ( $N=25$ )	Commodity dealers ( $N=19$ )	VASPs ( $N=7$ )
Transaction year=reporting year	65%	20%	59%	38%	53%	63%
Average time lapse	1.4 years	3.5 years	1 year	1.5 years	1 year	0.7 years
Adverse media	29%	53%	38%	76%	32%	29%

Source own processing of FIU data

underground bankers and VASPs categories, the largest number of SARs were reported in the same year; 65% and 63% respectively. However, the financial advisers stand out in this regard. Initially, only 20% of the transactions was reported in the same year as the transaction was carried out. The remaining 80% took on average 3.5 years before it got reported. In one exceptional case, it took 11 years before the transactions was eventually reported.

Analysis of the transactions shows that ‘adverse media’ or ‘bad press’ about at least a quarter of the PMLs were found in the media. These involve suspicions of money laundering, embezzlement, raids by the police, or a transfer to a company mentioned in the *offshore leaks* (also see Obermayer & Obermaier, 2016). This could result in a reason to review previous transactions and file additional reports. As a reporting entity indicates: ‘it is the knowledge in hindsight’.

And yet, it is difficult to establish a causal link between adverse media and reporting year. Table 3 shows that the reporting entities found adverse press in all PML categories. The highest ranked group are the regulated professionals, with three quarters receiving adverse media attention. This led to an average time frame of 1.5 years between transaction and reporting year. However, the time lapse for financial advisers, of whom 53% had been subject to adverse media, was on average 3.5 years. 29% of both the underground bankers and the VASPs were subject to adverse media, but here the time lapse was 1.4 years and 0.7 years, respectively.<sup>7</sup>

In any case, adverse media encourages more extensive reporting of transactions. Though not included as such in Table 2, negative media attention turned out to make a significant

**Table 3** Types of money laundering per PML category

Type of money laundering	Underground bankers (N=55)	Financial advisers (N=45)	Property dealers (N=29)	Regulated professionals (N=25)	Commodity dealers (N=19)	VASPs (N=7)
<i>Underground banking</i>	13%	-	-	-	-	-
<i>TBML</i>	9%	2%	3%	4%	-	-
<i>Missing trader fraud</i>	9%	-	-	-	-	-
<i>Offshore</i>	4%	9%	7%	21%	5%	-
<i>Real estate</i>	13%	29%	59%	68%	11%	-
<i>Loan</i>	29%	51%	45%	56%	53%	14%
<i>Virtual currency</i>	5%	16%	14%	8%	16%	57%
<i>Gambling chips</i>	7%	7%	17%	-	-	14%
<i>Cash money flows</i>	62%	56%	65%	36%	95%	57%
<i>Customer contact</i> <sup>9</sup>	42%	47%	28%	53%	58%	60%
<i>Exit</i>	38%	35%	11%	24%	32%	29%

Source own processing of FIU data

<sup>7</sup> The figures concerning VASPs may be subject to some distortions because of deviating quantities (55 vs. 7 PMLs) and the fact that dealing in crypto currency has a relatively shorter history than underground banking.



difference to the amount of money per SAR. But if the total of reported sums of money per PML are considered, no significant differences can be identified.<sup>89</sup>

## Type of Money Laundering

The SARs show that the reporting entities regularly suspect money laundering or fraud. Depending on the available information, these suspicions are described in vague or strong terms. If suspicions are strong, reporting entities often indicate that the reported financial activities may be linked to a specific type of money laundering. If suspicions are less strong, the types of money laundering are often not specified. Instead, it is mentioned that the transactions are not logical from a business point of view, or the money has unknown origins. In both cases, the reporting entity can contact the customer to explain the transaction in more detail. If the suspicions of money laundering are extremely strong, the customer relationship may even be completely severed. See Table 3.

Table 3 only includes the types of money laundering that were reported as such and is not a comprehensive overview of all money laundering methods used by PMLs. Money laundering types that were only sporadically mentioned, such as notional employment, were not included. Furthermore, the percentages in Table 3 should be read as the lower limit. It is likely that many more transactions took place that were linked to e.g. real estate. To give an example, a SAR mentioned that shares of a holding were transferred. The reporting entity suspected that this provided access to the holding's real estate but had no proof. In such a case, the transaction was not classified as real estate-related. The same is true for the other types of possible money laundering methods. If, for instance, the reporting entity has not explicitly referred to an offshore construction, money flows via foreign companies, even if these are located in known tax havens, were not placed into the offshore category.

Several money laundering types have a logical connection with specific money laundering categories. For instance, only underground bankers are suspected of underground banking (nearly always as a result of adverse media). It is also not unexpected either that Trade Based Money Laundering (TBML) and missing trader fraud are mentioned in combination with underground bankers. According to the literature, these are known methods to straighten out mutual balances (FATF, 2018). Other categories, too, are likely to have links with specific money laundering types. Transactions that have a connection with property can mainly be found with the property dealers (59%) and regulated professionals (68%), cash money flows with the commodity dealers (95%), loans with financial advisers (51%), and virtual currencies are placed in the category VASPs (57%).

However, Table 3 also shows numerous non-sector-related types of money laundering that have come to the fore. It stands out that some underground bankers can be linked to real estate (13%) and virtual currency (5%). The link between financial advisers and gambling chips (7%) is also not an obvious one either. In addition, all categories scored high in the categories cash money flows and loans.

<sup>8</sup> Only the banking sector was considered. The value of individual SARs with adverse media was significantly higher ( $M=917,742$ ;  $SD=6,147,021$ ) than for SARs without ( $M=162,884$ ;  $SD=1,401,379$ ). This difference was significant ( $t=0.03$ ,  $p<0.05$ ). The total value of SARs with adverse media per money launderer was only slightly higher ( $M=3,830,440$ ;  $SD=16,691,452$ ) than for SARs without ( $M=3,658,204$ ;  $SD=14,563,937$ ). This difference is not significant ( $t=0.469$ ,  $p<0.05$ ).

<sup>9</sup> Only banking institutions were included here. Civil-law notaries, for instance, always interview their clients to gain more insight into the funding.

The suspicion that money laundering is involved forces the reporting entities to obtain more clarity about a transaction. This is partly done through desk research, but frequently also by contacting the customer. Questions may be asked about the origin of the money or the economic motive for a specific business transaction. These questions may be asked in writing, but customers may also be called or be invited to visit the office of the reporting entity. Customers do not always like this, so they may give unsatisfactory answers or simply refuse to provide information. As a reporting entity stated: “the customer refused to answer any more ‘ridiculous’ questions”.

As specific professional groups, such as civil-law notaries, are legally obligated to question their customers, Table 3 only includes customer contact that involves the banking sector. Relatively speaking, property dealers (28%) turn out to be least likely to have to give chapter and verse to the bank. VASPs (60%) and commodity dealers (58%) have similar high scores, followed closely by the regulated professionals (53%). Slightly less than half the financial advisers (47%) and underground bankers (42%) needed to explain themselves.

The inability to answer questions, adverse media, or extremely strong suspicions of money laundering may be the proverbial last straw for the reporting entities. The subsequent SARs state that the financial institution ‘has terminated their relationship’ with the customer. This means that a bank account was cancelled, or the establishment of a legal entity was blocked. A report of cancellation is found most frequently in connection with underground bankers (38%), while this sanction only affected 11% of the property dealers.

## Discussion

This section provides more in-depth discussion on the basic findings (amounts, time frame, and types of money laundering) and the process of reporting. Consider the following seven observations.

Firstly, the large majority (68%) of the persons whom law enforcement considered PMLs had one or more SARs to their names. This is a significantly higher percentage than an earlier similar study into drug traffickers (Soudijn, 2024). In this study, only 22% of the persons the police suspected of drug trafficking was connected to a SAR (Soudijn, 2024). From a financial point of view, the group of PMLs is thus relatively frequently noticed by the reporting entities. Of course, it is possible that PMLs, compared to drug dealers, have more financial transactions to their name. After all, a fair amount of drug traffickers can barely support themselves, let alone interact with the legal economy (Malm & Bichler, 2013; Venkatesh, 2008). PMLs’ core business, on the other hand, is the handling or management of criminal money. It is thus logical to assume that reporting entities will encounter PLMs more often than drug dealers. Still, about a quarter of the PMLs were not reported to the FIU. The reason for this is not known.

A second observation concerns the fact that the total sum of the SARs was nearly 1.3 billion euro. This again allows for a comparison with the earlier study into suspected drug traffickers. Whereas 180 PMLs went on record for a total of 1.3 billion euro in a six year period, SARs of 2,889 suspected drug traffickers only reached 467 million euro in a four year period (Soudijn, 2024). Even if the figures are adjusted for time periods, the 16 times smaller group of PMLs is still responsible for nearly double the sum in SARs in comparison

with the group of suspected drug traffickers. In other words, compared to suspected drug traffickers, the reporting entities link the PMLs to much larger sums of money.

A third observation has to do with the speed with which unusual financial behaviour is noticed. The analysis shows that in nearly all categories, more than half the reported transactions are reported in the same year they were conducted. The main exception to this are the financial advisers. No less than four fifths of their transactions are initially trusted, only to be reported 3.5 years later on average. This implies that transactions in this category of money launderers are at first better concealed than those in other categories.

A fourth observation is the assumption at the start of the analysis that the reporting entities were not aware of the money laundering practices of their customers. This turned out to be only partly true. The reporting entities were able to retrieve adverse media for about a third of the PMLs. This is even more impressive considering that names of suspects are anonymized in the Dutch media. In countries like the United States where suspects' identities are printed in full detail, it is therefore likely that reporting entities could be fully aware of each and every PML (and drug trafficker) who was ever investigated by American law enforcement.

A fifth observation is that various types of money laundering are clearly indicated in the report texts. In hindsight, part of them fit logically into the 'job profiles' of the money laundering categories. But some of them do not. For instance, the literature will not readily connect underground bankers with business or personal loans. The SARs reveal that these loans usually involve transfers of a few thousand euro. The loans were assessed as fictitious, as no interest was paid; the origin of the money was unclear; or the objective of the loan could not be underpinned. Nevertheless, the sum and the frequency of the loans was too limited to be part of the working method of the underground bankers concerned. An explanation could be that payments for criminal service provision or other black money that is laundered for personal use were involved. In other words: self-laundering. This may also be the case in other categories. As a result of such transactions, reporting entities see the PMLs in a different context than in one of pure service provision to third parties.

A sixth observation is that when in doubt, reporting entities have the right to ask customers for additional information about a financial transaction. This offers an opportunity to gain more insight into the transaction and the customer in question. It turned out that the banking sector alone already contacted nearly half of the customers included in the research population. It can be deduced from the filed report that customer contact generally increased the banks' suspicions instead of alleviating them. Time and again, the customers' statements were insufficient, implausible, or customers even failed completely to provide answers. In this regard, compliance seems to be working. This ties into the next point.

The seventh and final observation is that the relationship with almost a third of the PMLs was terminated. In addition, a clear link with certain types of money laundering was established in the majority of these cases. Although this is not the same as recognizing their role as a PML for third parties, it does indicate that a large number of PMLs are less professional in hiding their activities than sometimes is thought. It is also possible the reporting entities are more aware of persons laundering money for third parties, but simply do not mention this in their reports. This could be due to a focus on the financial details of the money laundering act itself, especially if third parties are not yet fully in the picture. Of course, it is also possible police enquiries about a reporting entity's client triggered a report. However, on the basis of available data, this could not be determined. Whatever the reason, 68% of the PMLs

came to the attention of reporting entities which resulted in the awareness of specific money laundering schemes, the closing down and prevention of new ones, and the hampering of future service provisions to criminals.

## Conclusion

This article took a closer look at Suspicious Activity Reports (SARs) connected to professional money launderers (PMLs) involved in the laundering of drug money in the Netherlands. Out of a research group of 264 PMLs, 68% had one or more SARs. The study also showed several differences between PML categories. While underground bankers had the largest number of SARs per person, their median sum per transaction was almost three times lower compared to SARs connected to regulated professionals. Another example is that transactions involving financial advisers took on average 3,5 years to get reported, much longer compared to all other categories. Noticeable was also that only 28% of the property dealers were questioned about their bank transactions, whereas the other categories scored between 42 and 60%.

The findings also show that the financial behaviour of PMLs should not be solely pigeon-holed according to categories based on the money laundering literature. These categories are usually based on very specific areas of expertise, such as being able to move money or set up business schemes. While a large part of the SARs can indeed be linked to the category to which a PML belongs, numerous SARs were plainly not. It turned out, for instance, that underground bankers also conducted suspicious property transactions, or that dealers in real estate moved criminal money to other countries. An explanation could be that such transactions related to PMLs laundering their criminal profit, in other words: self-laundering. At any rate, the actual activities of money launderers are more diffuse than the rather one-dimensional view described in the literature. This is something to keep in mind during the training of compliance officers or specific compliance algorithms.

There are three caveats to this study. Firstly, it is unclear to what extent the research population is representative of PMLs in general. The money launderers identified by the police are linked to known drug traffickers. However, it is unknown how many more launderers are missed, nor to what extent fraud or environmental crime involve other types of money launderers.

Secondly, this analysis is based on transactions that were declared suspicious. Further investigation, for instance into the origin of the money, must still be conducted. It is therefore not certain that the SARs in question are indeed linked to money laundering.

Thirdly, it is possible that a formal police request for financial information triggered the reporting entity to take a much closer look at a particular client's financial activity. This could have led to the filing of more reports to FIU-NL. However, the lack of relevant data makes it unclear which reporting entity was formally requested to provide information about what PML.

These caveats notwithstanding, the analysis has shown that a lot of information about PMLs is available in the compliance chain. In this regard, it is less important if law enforcement's requests or adverse media triggered the filing of a financial report. After all, it was the gatekeepers who provided the information reported in the SARs, not law enforcement.

In conclusion a view to the future. In the approach to organized crime, many governments have been paying more and more attention to money laundering and criminal money flows, also allotting a major role to the private sector with heavy fines as a deterrent. It is not inconceivable that the introduction of criminal money into the financial system, or its concealment, has become increasingly difficult in numerous countries because of such measures. A logical solution from a criminal point of view would be to move the criminal proceeds, or have it moved abroad, where monitoring is less strict. The money is then introduced into less compliant financial systems and is subsequently transferred back, for instance in the form of a business or private loan to fund property. In addition, developments in the field of FinTech increasingly simplify banking from other countries. The consequence of such developments is that ever more higher investments in a banking sector that already is very compliant will have little return on investment.

## Declarations

**Conflict of Interest** The authors declare no conflict of interest.

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