

Summaries

Justitiële verkenningen (Judicial explorations) is published nine times a year by the Research and Documentation Centre of the Dutch Ministry of Justice in cooperation with Boom Juridische uitgevers. Each issue focuses on a central theme related to judicial policy. The section *Summaries* contains abstracts of the internationally most relevant articles of each issue. The central theme of this issue (nr. 2, 2006) is *Money laundering*.

Is underground banking a real danger?

B.J.M. Slot

In the war against money laundering and the tackling of financing terrorism, so called underground banking has a high place on the international political agenda. Underground banks, internationally labelled as 'hawala', are being used by migrants to send money to their countries of origin. Also they offer a perfect venue for criminals who want to launder money without being noticed by the authorities. Also underground banks can be used for money transfers within terrorist organizations. How big these international hawala-flows of money are is unknown. On what scale underground banking appears in the Netherlands is also unknown. A couple of questions can be raised. How important is the role of underground banking in laundering criminal money and financing terrorist attacks? And why do migrants choose for underground banking instead of knocking at the door of an official bank or office for money transactions? Do underground banks pose a real danger for the integrity of the financial system? What does the government do to combat underground banking?

The size and effects of money laundering

B. Unger

Money laundering has so far not been properly and transparently estimated. In a study for the Ministry of Finance the author tried to shed light into the existing estimates. According to calculations, money laundering amounts to 3,8 billion euro, which stays in the Netherlands and an additional inflow/trough flow of 21 billion euro from crime abroad. Though the amounts of money laundering are sizeable, its economic effects are so far more positive than negative.

But money laundering is a ticking bomb. It attracts crime and therefore, has very dangerous long term effects. Crime undermines economics, the social and the political sphere. Seen from international comparison, the lead that the Dutch take in studying, discovering and regulating money laundering, seems, therefore, a wise strategy for maintaining the soundness of the Dutch financial sector and the social and political climate.

Money laundering research, mirages and the human standard

P.C. van Duyn

What is a sound research method when examining criminal flows of money? This is the central question in this article on money laundering. Existing empirical sources like police and judicial files, tax and real estate registers provide reliable data, especially if a longer period of time is considered. In addition it is useful to study sectors of society attractive to money launderers, like the real estate market, as well as neighbourhoods which are known to have a sizeable underground economy. The small scale character of this approach may have its limitations. Nevertheless it facilitates reaching reliable estimates of the size of money laundering in a specific sector or area and at the same time get a better understanding of the phenomenon of money laundering. The author is very sceptical about macroeconomic approaches trying to estimate the size of money laundering on a national or global scale. He thinks this can not be done in a scholarly sound way.

About the Dutch provisions on money laundering

P.A.M. Verrest

In December 2001 new provisions on money laundering were introduced in the Dutch Penal Code. Enthusiasm about the new provisions which were thought to make prosecution in money laundering cases more simple, quickly turned into disappointment after some prosecutions ended in acquittal. The article analyses the Dutch money laundering provisions in the broader perspective of international conventions and retraces events in the first 4 years of their existence. As the article shows, law enforcement has learned to work with the money laundering legislation and discovers possibilities rather than deficiencies. Finally, the Dutch Supreme Court has confirmed the wide scope of the provisions in two important cases.

Why don't we just grab the criminal money?

P.A.M. Verrest and Y. Buruma

Recent events in the Netherlands have shown once more, that known criminals succeed in remaining untouchable during a long time and enjoy great financial prosperity. A failure to confiscate their criminal profits contributes in a large extent to this situation. The authors concentrate on some fundamental questions: what do we really know about money laundering in the Netherlands? Why don't we succeed in confiscating criminal profits? What should we do to improve our chances to turn this situation? Solutions could be found in promoting real-time financial investigations during all preliminary inquiries into serious crimes, the wider use of the seizure of goods, and a better targeting of administrative powers.

A new supervisory body for the property market

P. Eichholtz

Over the past decades, the supervision of the public and private capital markets in the Netherlands has been intensified, but the property market still operates in the same supervisory vacuum as 20 years ago. This puts the market at a structural integrity risk, as illegal capital likely flows to the least supervised investment market. To mend this, author proposes a new supervisory body for the property market, which would monitor all property transactions, comparing transaction prices systematically to property values. This would bring to light suspect patterns in property transaction behaviour, analogous to the way stock transaction patterns are studied by the overseers of the stock exchange. Such a new supervision regime would create a better balance in the supervision of the investment markets, making the property market less attractive for criminal capital. It will probably be impossible to rid the sector of illegal practices completely, but that should not be an argument to continue the supervisory gap of the property markets relative to other capital markets.