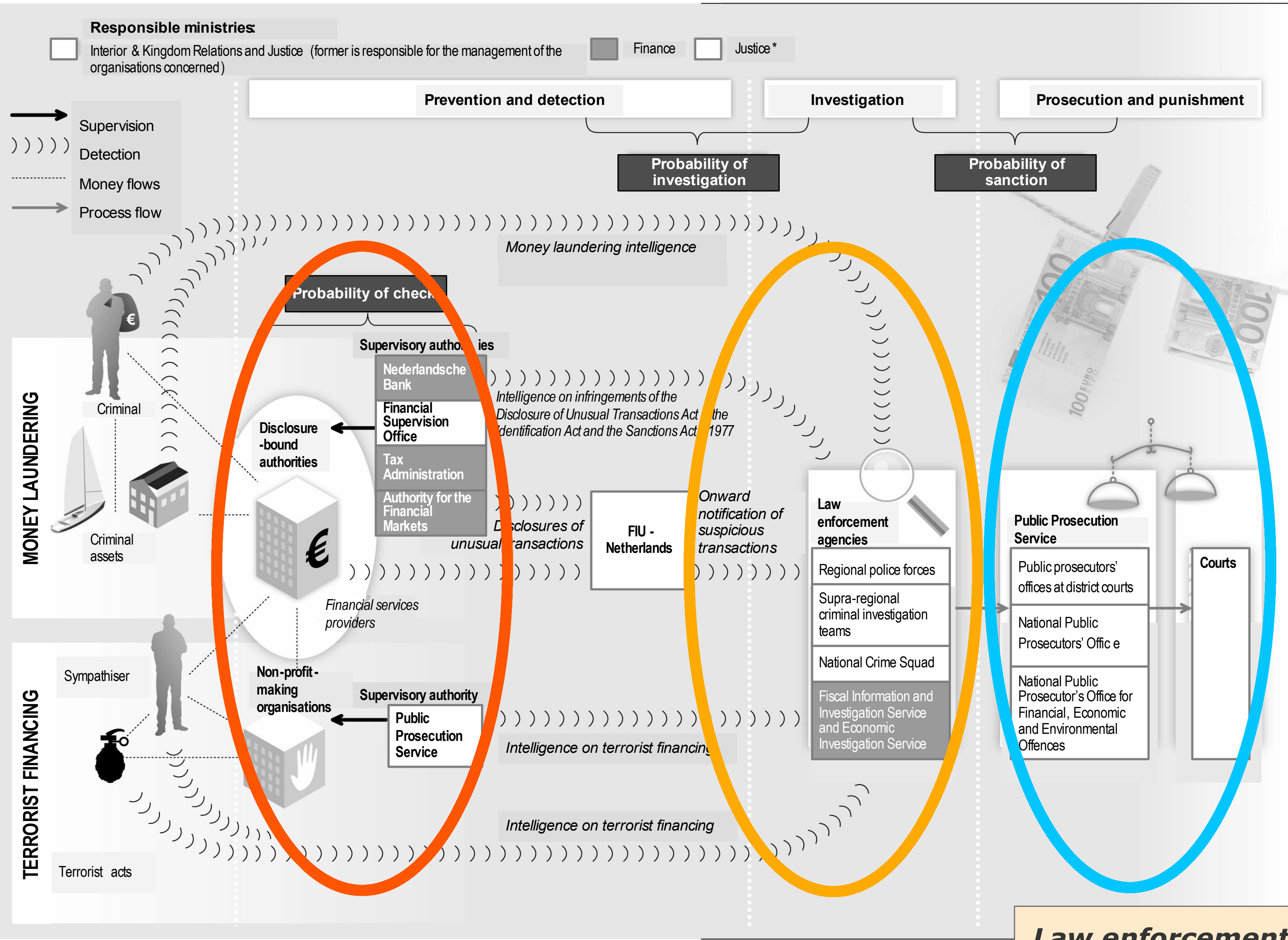


Combating money laundering and terrorist financing

The Netherlands Court of Audit has investigated the measures taken to combat money laundering and terrorist financing. For combating money laundering and terrorist financing the following enforcement system was established, consisting of:

- * **prevention and detection;**
- * **investigation;**
- * **prosecution and punishment.**

Enforcement system for combating money laundering and terrorist financing



* The Public Prosecution Department and the courts are independent. The operations of the Public Prosecution Department are directed by the Board of Procurators General.

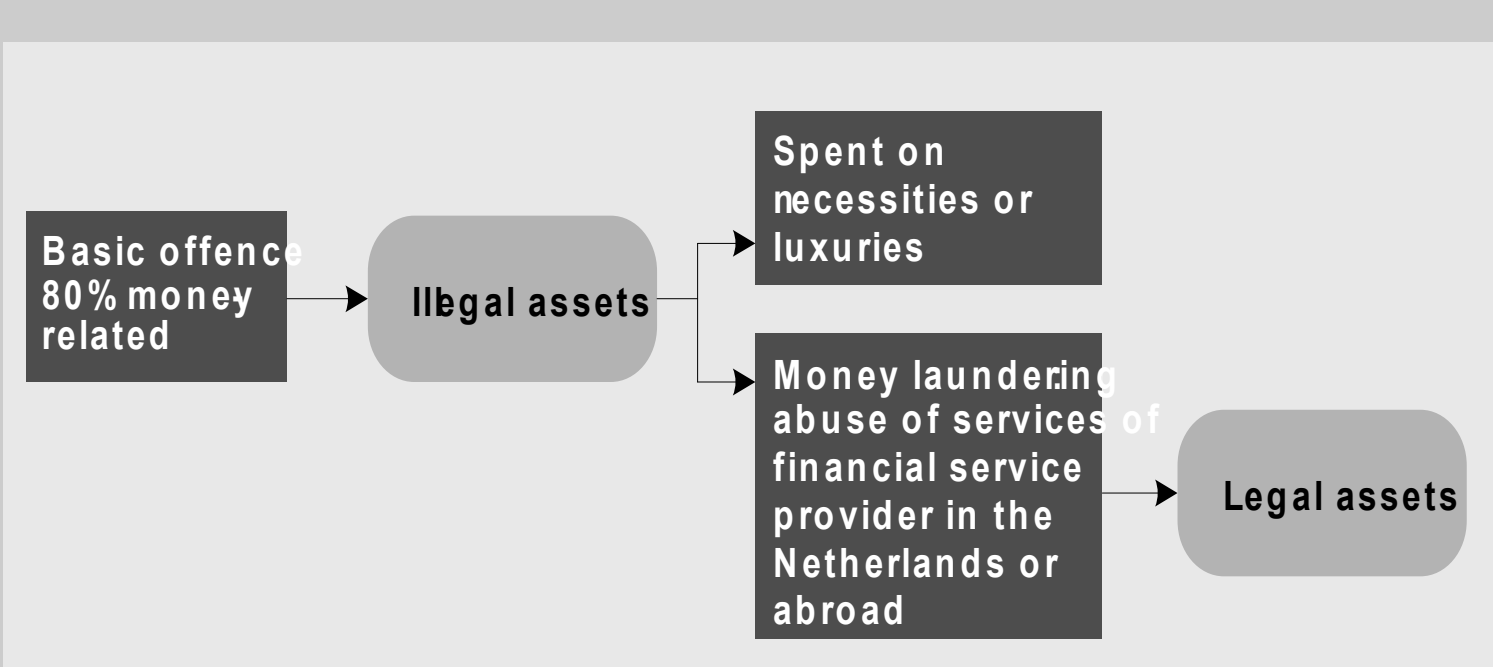
Supervision of compliance with the Identification (Provision of Services) Act and the Disclosure of Unusual Transactions (Financial Services) Act is an important means of ensuring that private institutions check the identity of their customers and disclose unusual transactions.

We found that the probability that institutions will be checked for compliance with the duty of disclosure and identification varies greatly from one supervisory authority to another. The difference in the level of supervision of banks and notaries is, in our view, due not to the risk profile of these institutions but to the available capacity and the legal impediments to the exercise of supervision.

Law enforcement agencies institute an investigation on the basis of intelligence. In criminal investigations, law enforcement agencies identify criminal offences and refer them to the Public Prosecution Service.

Despite the increase in the number of money laundering offences, we conclude that the probability of investigation is small: the number of money laundering investigations is low in relation to the number of suspicious transactions.

Money laundering diagram



Terrorist financing diagram



Our audit shows that

- * too little is still done to prevent money laundering and terrorist financing;
- * that the probability of their being detected and punished is low;
- * and that law enforcement agencies and the Public Prosecution Service still make too little use of their powers to confiscate the proceeds of crime.

These findings are not what would be expected in view of the policy goals of the past five governments and the priority they have accorded to combating money laundering and terrorist financing over the past ten years.

We attribute this lack of notable results to:

- * the limited capacity and expertise;
- * deficiencies in the exchange of information;
- * absence of system-wide management.

Once offences have been referred to the Public Prosecution Service, it may either itself impose a sanction or present the case to the courts, which then decide whether or not to impose a sanction.

Although the probability of sanction for money laundering offences is reasonable (62%), the percentage is substantially lower if the penalties imposed are compared with the number of detected instances of money laundering.

