



KLPD - IPOL Department

National Threat Assessment 2008

Organised crime

«waakzaam en dienstbaar»



• Korps landelijke politiediensten
Netherlands Police Agency

National Threat Assessment 2008

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Preface

The first National Threat Assessment on Organised Crime (NTA) was published in 2004. As the NTA was meant to describe expectations of *future* developments in organised crime, and the methodology still had to be further elaborated on, the writers did not want to commit themselves too much and called this assessment 'a first trial'. However, despite the writers' reservations, the NTA 2004 met a great need among policy-makers. For the first time since the Parliamentary Committee report that was published in 1996, the current state of affairs as regards organised crime was described extensively, and the NTA was used as a tool to add more rationality to the strategic choices that had to be made in the field of the combat against organised crime. The two Ministers responsible for the police in the Netherlands decided that every four years an NTA on organised crime would be made for the benefit of policy-makers.

The report that lies before you concerns the second assessment in the series, and, since the NTA has matured, this time without the 'trial'. The working methods have been improved and developed further, the scope of the assessment is wider, and the NTA has become a product by and of the police as a whole. It also fits in with the recently constructed National Intelligence Model (NIM), and has thus become fully integrated in policy decision making. The NTA 2004 lacked information on certain subjects; the NDB 2008 describes virtually all organised crime manifestations, and may therefore be used to decide how means can be responsibly allotted among the appropriate law enforcement agencies. In addition, the NTA is a practical reference work for anyone interested in certain forms of, and trends in, organised crime.

As said above, the NTA 2008 is a product by and of the police in the Netherlands. Police officials from all over the country and from practically all forces have contributed to it. In twenty-two police regions the same method was applied to make crime pattern analyses, the National Crime Squad of the Netherlands Police Agency (*Korps landelijke politiediensten, KLPD*) made six of these analyses for the crime areas it has been assigned, and the KLPD's Department of International Police Information (IPOL) produced seven reports. A thorough analysis of the total of thirty-five reports then resulted in the NTA 2008.

Thanks to the NTA, the organised crime monitor of the *Wetenschappelijk Onderzoeks- en Documentatiecentrum (WODC*, Research and Documentation Centre of the Ministry of Justice), and the Dutch contribution to the European Organised Crime Threat Assessment of Europol, the authorities in the Netherlands now have extensive knowledge of organised crime. This knowledge in its turn will contribute to the drawing up of policies and so fits in with the NIM framework. It is therefore that I take great pride in saying that the Netherlands is a forerunner in this field in Europe!

P.J. Aalbersberg

Portfolio 'Intelligence'
Board of Chief Commissioners

Acknowledgements

This National Threat Assessment (NTA) has been achieved by the efforts of many. Without them, the NTA would not be what it is now. We would therefore like to express our gratitude to everyone who contributed to the assessment, very often under time pressure.

During the preparations for the assessment, the Police Academy carried out a study on crime-relevant factors. Many used the outcome of this study to draw up analyses which were incorporated in this NTA. We thank all analysts of the regional police forces who drew up crime pattern analyses of regional organised crime from April to November 2007. No fewer than twenty-two forces produced such an analysis, often with limited means.

We would also like to thank the researchers and analysts of the National Crime Squad for their cooperation with regard to the crime pattern analyses in the squad's assigned crime areas.

We are grateful to all those who contributed to the IPOL subreports, not just to the authors of these reports, but also to the editors and designers involved in revising the manuscripts.

The internal and external experts who were interviewed in connection with the subreports receive our thanks for their cooperation, as do the organisations who lent their researchers to IPOL: the National Public Prosecutor's Office for Financial, Economic and Environmental Offences, and the Police Academy. We thank the members of the supervisory committee who monitored the process and provided the authors with well-wrought comment.

Finally, we would like to mention the following persons who made substantial contributions during the final phases of the project and contributed to the success of the NTA in their own particular way: Peter Klerks, Sally Mesu, Fred Nieuwenhuis, and Ine van Praet.

September 2008

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1

Introduction

1.1 Task

The National and Supraregional Criminal Investigation Regulations (*Regeling nationale en bovenregionale recherche*)¹ specify a four-year cycle² for the publication of a national threat assessment. The national threat assessment (NTA) is a future-oriented analysis of organised crime in which threats to Dutch society are explicitly stated. The Regulations prescribe that the Board of Procurators General must prepare a policy programme every four years for the fight against organised crime on behalf of the Minister of Justice. Partly based on this policy programme, the Minister of the Interior and Kingdom Relations and the Minister of Justice determine the primary aspects of policy on fighting organised crime every four years.

The Board of Procurators General assigned the task of producing a national threat assessment in 2008 to *Dienst IPOL, Korps landelijke politiediensten* (Department of International Police Information of the Netherlands Police Agency). Previously this department (at the time called *Dienst Nationale Recherche Informatie, DNRI* (Criminal Intelligence Department) published the *Nationaal dreigingsbeeld zware of georganiseerde criminaliteit* (National Threat Assessment for Serious and Organised Crime: NTA)³ in 2004 and the *Vervolgstudie Nationaal dreigingsbeeld* (NTA Follow-Up Study) in 2006⁴.

1.2 Theoretical model

Due to the future-oriented nature of the task, the focus is - as in the NTA 2004 and the follow-up study –on the current state of affairs regarding criminal

¹ *Staatscourant*, 29 januari 2004, nr. 19.

² In the document *Wijziging Regeling nationale en bovenregionale recherche* (Amendment to the National and Supraregional Criminal Investigation Regulations) the cycle was changed from two to four years: *Staatscourant*, 30 september 2005, nr. 190.

³ *Dienst Nationale Recherche Informatie (DNRI)*, 2004. *Nationaal dreigingsbeeld zware of georganiseerde criminaliteit, een eerste proeve. Korps landelijke politiediensten* (Netherlands Police Agency), *DNRI, Zoetermeer*.

⁴ *Dienst Nationale Recherche Informatie (DNRI)*, 2006. *Vervolgstudie Nationaal dreigingsbeeld. Nadere beschouwing van potentiële dreigingen en witte vlekken uit het Nationaal dreigingsbeeld 2004. Korps landelijke politiediensten* (Netherlands Police Agency), *DNRI, Zoetermeer*.

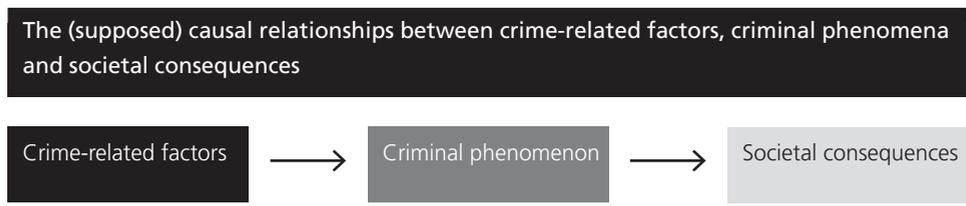
phenomena – as well as on societal factors that affect (or may affect) criminal phenomena. These are described as ‘crime-related factors’. Their effect on the nature and scale of the crime can be facilitating or restricting. Restrictive factors include, for example, crime control efforts such as the intensification of inspections of goods exported to other countries.

The key criminal phenomena can be ordered based on three different perspectives: primary criminal activities, criminal working methods and criminal organisations. Primary criminal activities include offences that intrinsically generate income, such as drug trafficking and car theft. The second perspective concerns activities that can be considered as a more or less specific working method or *modus operandi*, such as the use of violence and corruption. The third perspective includes activities of a certain category of criminal organisations. This perspective encompasses not only aspects of the composition of criminal groups, but also, for example, the nature of the collaboration within one group and between different groups.

Finally attention is also paid to the societal consequences of a criminal phenomenon. This means all of the harmful consequences of a criminal phenomenon for Dutch society. The (supposed) causal relationships between factors, phenomena and consequences can be shown in a diagram.

Figure 1

The (supposed) causal relationships between crime-related factors, criminal phenomena and societal consequences



1.3 Objective and research questions

In accordance with the objective of NTA 2004 and the follow-up study, the objective of the National Threat Assessment 2008 (NTA 2008) is to obtain an insight into:

- the nature and scale of (the selected) criminal phenomena in the area of organised crime,

- (the relationship with) relevant background factors to these criminal phenomena (crime-related factors),
- social consequences of these criminal phenomena and
- future developments as regards nature, scale and consequences.

This in order to provide the basis for: 1) determining the primary aspects of policy priorities in the approach by the police and the judicial authorities on a national and (supra-)regional management level (to prioritise) and 2) defining criminal phenomena as blank spots and alert on new and notable criminal phenomena (to signalise) for the next four years.

In accordance with the objective, the following general research questions apply to the study into specific criminal phenomena:

1. How did the nature of the criminal phenomenon develop with regard to the way in which these criminal activities are performed?
2. How did the scale of the criminal phenomenon develop in terms of the amount of activity (frequency, occurrence, prevalence, scale)?
3. How did the nature of the criminal phenomenon develop with regard to the characteristics of people and criminal organisations suspected of being involved in or committing the crime?
4. What are the consequences of the criminal phenomenon for Dutch society?
5. What crime-related factors exist and to what extent and how do they affect the criminal phenomenon?
6. What are the expectations relating to the scale, working methods, criminal organisations involved and social consequences of the criminal phenomenon for the next couple of years?

1.4 Scope

The research area for NTA 2008 is described as organised crime. This research area covers phenomena of criminal activities that occur (1) in the structural collaboration between people, that are committed with a view to (2) jointly achieving financial or material gain. The characteristic 'structural collaboration between people' not only means that they (intend to) regularly commit crimes, but also that there is a degree of consistency in the composition of the criminal organisation involved.

It should be noticed that the organised crime concept used here considers more crime cases relevant than the traditional concept. The research area in this NTA includes both forms of crime that in the Netherlands are referred to as 'organised crime' and forms of 'serious crime', 'mid-level crime' and 'corporate crime'. The fact that the criminal activities must target financial or material gain means that ideologically motivated crime is excluded from the research area.

Not only Dutch trends and developments are important when determining policy priorities, but foreign ones as well. The research will therefore not be limited to the national Dutch context. However, the statements about consequences for society will only refer to Dutch society.

The expectations formulated with regard to the near future cover a period of four years, which is the period until the next national threat assessment will be published.

1.5 Preparation

1.5.1 List of criminal phenomena

The preparations for the NTA 2008 started in September 2006 when a working party was formed comprising representatives of the National Public Prosecutor's Office, the National Office of the Public Prosecution Service, the Ministry of the Interior, the Ministry of Justice and Department of International Police Information (IPOL) of the Netherlands Police Agency (KLPD). This working party decided on the objective, the research questions and the potential research subjects.

As a starting point for determining the criminal phenomena to be studied and in view of the scope of the research, an overview was made – which was as exhaustive as possible – of primary criminal activities and criminal working methods that are regularly linked to organised crime. This resulted in the following list of criminal phenomena:

1. Human trafficking (exploitation)
2. Smuggling of illegal immigrants
3. Illegal trading in and smuggling of weapons and explosives
4. Trading in and smuggling cocaine
5. Trading in and smuggling heroin
6. Producing, trading in and smuggling synthetic drugs
7. Producing, trading in and smuggling cannabis
8. Producing and distributing child pornography

9. Producing and distributing counterfeit money
10. Environmental crime
11. Fraud (without money laundering)
12. Crimes against property
13. Money laundering
14. Corruption
15. Use of violence
16. Use of ICT

It was then decided to conduct a preliminary study to determine the desirability and feasibility of further research into (parts of) the subjects on the list.

The first six subjects on the list were not included in this preliminary study because these subjects are part of the key areas remit of the National Crime Squad (DNR). The National Public Prosecutor's Office had given DNR the task of preparing a Crime Pattern Analysis (CPA) for each key area in 2007. In other words, further research into these subjects would be conducted by another department anyway. After agreeing on the contents and a schedule, it was decided to use the CPAs on the key areas as the building blocks for NTA 2008 in addition to their own individual objectives.

1.5.2 Preliminary study

The preliminary study was conducted in January and February 2007. The desirability and feasibility of further research was determined for the remaining 10 subjects on the list. The desirability was established based on the answers to a number of questions. The main questions were: 'what is the scope of the criminal phenomenon in question?'; 'what are the current consequences and the consequences to be expected in the near future for Dutch society'; and 'to what extent is a study feasible?' Due to the time available, the procedure for the preliminary study had to be rough. Recent literature was studied, interviews were held with key figures and open sources such as the Internet were consulted. All of this work was done with the thought that the results of the preliminary study had to be useful to enable a well-considered choice to be made out of the different subjects. Research into a subject was considered to be desirable if the exploratory preliminary study showed that the criminal activities were of an organised nature and serious consequences in the near future could not be excluded. The feasibility study was supposed to ascertain whether investing in independent research into a subject was appropriate in view of the research possibilities within the time available, the possibilities for working with other parties and the possible use of recently conducted research performed by other parties.

In early 2007 a Supervisory Committee was established for the National Threat Assessment 2008 project.⁵ The results of the preliminary study were discussed at the first meeting of this Supervisory Committee in March 2007. The decision was taken to start the following independent subprojects:

1. producing, trading in and smuggling cannabis;
2. crime relating to soil remediation projects and international waste streams;
3. fraud constructions;
4. organised crimes against property;
5. laundering of unlawfully obtained assets;
6. updating of threats from NTA 2004.

Cannabis

Cannabis as a subject was not addressed in NTA 2004. In NTA 2008 the first subproject addressed the production of, trade in and smuggling of cannabis.

Environmental crime

The preliminary study produced a large number of subtopics for environmental crime: 16 types of 'grey' environmental crime, six types of 'green' environmental crime and illegal fireworks. The results of the preliminary study did not show a clear selection of environmental subjects that required attention in NTA 2008.

There are a number of significant criteria for such a selection (organised nature, assessment of the consequences for society) that are difficult to measure.

Environment as a subject area is too big, complex and impenetrable to analyse completely in a brief preliminary study. Nevertheless, two subjects were nominated as subprojects, namely soil remediation and waste processing. The first of these subtopics was chosen mainly because of the estimated 600,000 locations in the Netherlands where the soil is contaminated. It is expected that soil remediation is needed at around 10% of these locations. The second subtopic was selected due to the vulnerability of the waste processing chain to fraud and the unauthorised addition of substances. A few major companies allegedly dominate the market and are therefore able to direct the market and possibly monopolise it. On the advice of the Supervisory Committee, the logistic vulnerabilities were studied.

Fraud

In the fraud subproject the emphasis was on fraud *constructions*, because they can be used for several types of fraud and are therefore more flexible than fraud *types*. The constructions involved are organisational or administrative in nature and are set up with the aim of putting criminal intentions into practice and concealing the true nature of those intentions.

⁵ See Appendix 1 for the composition of the Supervisory Committee.

Organised crimes against property

In the organised crimes against property subproject the focus is on criminal organisations that commit crimes against property and are active at a supraregional level in doing so. A different basis was chosen for this subproject, namely that of criminal organisations with certain characteristics rather than certain types of crimes against property.

Money laundering

Two subtopics were identified as being the most important in the literature study and the interviews with key figures carried out as part of the preliminary study into money laundering. These two subtopics were 'criminal investments in property' and 'use of financial service providers to launder criminal proceeds'. The money laundering subproject focuses on these two criminal phenomena.

Updating of threats

The 'updating' subproject was chosen for the sake of continuity. This subproject addresses the criminal phenomena that were designated as threats in NTA 2004 and that are not addressed in the other subprojects for NTA 2008. The following subjects were updated: corruption, use of violence by criminal organisations, ICT piracy, phishing, misuse of companies, counteracting strategies, false and falsified identity documents.

It was decided not to carry out any further research into the production and distribution of child pornography and the production and distribution of counterfeit money. In the case of child pornography there were doubts about the organised nature of the activities (for the Dutch situation), whilst in the case of counterfeit money the consequences for Dutch society were judged to be less serious. The descriptions of these two subjects in this final report are based on the findings from the preliminary study.

No independent subproject was carried out to study the use of ICT in more depth. For several subjects it was sufficient to update the knowledge from NTA 2004 or the NTA 2006 Follow-Up Study. It was decided to focus separately in all subprojects on how ICT was used to commit the crime in question.

1.5.3 Regional Crime Pattern Analysis Organised Crime

In 2007 the regional forces prepared crime pattern analyses for organised crime⁶. This was done on the basis of a format⁷. This format laid down the guidelines on the basis of which regional forces had to prepare regional crime pattern analyses for organised crime (known as 'regional CPA-ZGCs').⁸

The aim of the regional CPA-ZGCs is twofold. First of all, the CPAs are intended to facilitate decisions or choices at regional or district level. Secondly, the regional CPAs are important for decisions or choices at national level. They should 'feed' the crime pattern analyses in the National Crime Squad's key areas and act as building blocks for the National Threat Assessment.

1.6 Performance of substudies

1.6.1 Social trends and crime-related factors

Crime-related factors are a major issue in the theoretical model described in section 1.3. The Police Academy carried out an exploratory study of crime-related factors between January and April 2007 on behalf of IPOL's NTA project management. They investigated which crime-related factors could be important for criminal phenomena covered by NTA 2008 and which potentially important developments are connected to these factors. They also investigated new social developments that may become crime-related factors in the 2008–2012 period. The 'SEPTED dimensions' (Socio-cultural, Economic, Political, Technological, Ecological and Demographic) served as guidelines for identifying relevant factors and developments. These main social categories are often used to draw up prognoses. The possible relevance of specific developments was mainly investigated in logical relationships with aspects of crime, criminal investigations and law enforcement, targeting the 'meso-level', in other words, avoiding both broad generalities and specific details.

⁶ Letter from the Minister of Justice to the Lower House, parliamentary year 2005-2006, 29911, no. 4.

⁷ *Landelijk Kader Nederlandse Politie 2007* (explanatory notes to the police performance agreements), *ad artikel 3.1.2.1*.

⁸ The Criminal Investigation Board approved the format on 20 March 2007.

The crime-related factors study ('CRF study')⁹ was made available to people involved in implementing building blocks, i.e. investigators in the National Crime Squad, investigators at IPOL and investigators and analysts in regional police forces. The study was intended as a tool for describing expectations with regard to the development of criminal activities over the next four years (see 1.3).

1.6.2 Building blocks

Twenty-two regional forces prepared a regional CPA-ZGC. For twenty CPAs the descriptive details related to 2005 and 2006. For the other two CPAs they related only to 2006. Almost all CPAs included reports on criminal activities in DNR's key areas. There were also reports on one or more other types of crime encountered in the police region in question. The three regional forces that did not prepare regional CPA-ZGCs are Gooi en Vechtstreek, Kennemerland and Amsterdam-Amstelland.

Six CPAs on the key areas that acted as building blocks for NTA 2008 were drawn up under the responsibility of the National Crime Squad. During the preparation of the CPA on smuggling illegal immigrants there were a number of staffing problems, as a result of which the research period was shorter, the analysis could not be as exhaustive as planned and delivery was also later than originally planned.

During the research for the Money Laundering CPA it was decided to collaborate closely with the IPOL subproject on 'criminal investments in property' and 'use of financial service providers to launder criminal proceeds'. This resulted in a joint report on money laundering.

Six subprojects were performed under the responsibility of IPOL between April and December 2007. A subproject team consisted of a project leader and several team members (see Appendix 1). Each team worked according to their own action plan based on the same general research questions (see 1.3). The action plan contained a definition of terms, the scope of the subproject, an objective, specific research questions, a description of methods and sources, and a timetable and planned deployment of the available human resources.

⁹ *Klerks, P. & N. Kop, 2007. Maatschappelijke trends en criminaliteitsrelevante factoren. Een overzicht ten behoeve van het Nationaal dreigingsbeeld criminaliteit met een georganiseerd karakter 2008-2012. Politieacademie (Police Academy), Lectoraat Criminaliteitsbeheersing & Recherchekunde, Apeldoorn.* An English version (pdf) of this study is available at the Police Academy or through the project management.

For environmental crime, the study of international waste streams was performed by investigators from the Police Academy and the study of soil remediation was performed by IPOL. The results for these two subjects were recorded in two separate study reports. The leader of the fraud constructions subproject was an employee of the National Public Prosecutor's Office for Financial, Economic and Environmental Offences. All in all, seven study reports were submitted by IPOL.

1.7 Synthesis

1.7.1 Overview of criminal phenomena

The studies conducted under the responsibility of the National Crime Squad, the regional police forces and IPOL resulted in 35 study reports. These reports formed the basic material for the qualification phase, which started in January 2008. Six investigators¹⁰ analysed the basic material. Each of them compiled a list of criminal phenomena that was as complete as possible from the available basic material. To do so, they not only studied the reports separately, but also in relation to each other. This meta-analysis identified notable criminal working methods and revealed that certain criminal organisations were active in several areas. The various lists were combined by the project management into an overall list of criminal phenomena.

1.7.2 Qualification of criminal phenomena

The primary aim of qualifying criminal phenomena is to determine whether they pose a threat to Dutch society for the next four years. What should be considered a threat in this case is explained in the description of the qualification method. This method is broadly similar to the method used for the follow-up study (2006).

Qualification method

The qualifications used in this final report are *threat*, *conditional threat*, *no specific threat* and *blank spot*. Criminal activities¹¹ are considered to constitute a threat if there are well-founded indications that:

¹⁰ Five of them were IPOL employees and one was from the Police Academy.

¹¹ The term 'criminal activities' was deliberately chosen here rather than 'criminal phenomena' (as used in the NTA 2004), as we believe that threats are always related to criminal activities. From this perspective, Eastern European groups cannot in themselves pose a threat, but the criminal activities they carry out can.

- they will occur or continue to occur in the coming years¹² in the shape or as part of¹³ a recurring partnership between two or more people who wish to obtain financial or material gain together;
- several criminal organisations will be guilty of these criminal activities;
- and that, overall¹⁴, these criminal activities will have serious¹⁵ consequences for Dutch society.

Well-founded indications must be substantiated on the basis of arguments.

The substantiation can, for example, be derived from:

- A extrapolation from current data on crime or criminal groups;
- B a line of reasoning based on the development of crime-related factors;
- C an analogous line of reasoning or generalisation.

The qualification as a *threat* requires an affirmative response in each of the three conditions of the definition of a threat. If there are well-founded indications to the contrary for at least one of the conditions, the qualification will be *no specific threat*.

The qualification *blank spot* applies to criminal phenomena into which sufficient research has not yet been conducted in the context of the NTA. These phenomena may be identified as the list is drawn up as an ‘additional catch’ on the margins of an investigation in which the focus is on other criminal phenomena. If a criminal phenomenon is qualified as a *blank spot*, the basic material will not have provided enough data about the developments to be expected in its nature and scale in the coming years and/or the seriousness of its consequences for Dutch society.

¹² This expectation is based on current knowledge about the frequency or scale of the problem in relation to the presence of crime-related factors (weighing up crime-facilitating against crime-restricting factors).

¹³ In the wording ‘in the shape or as part of a recurring partnership’, ‘in the shape’ refers to a jointly undertaken primary criminal activity, and ‘as part of’ refers, for example, to corruption or the use of violence in relation to the primary activity.

¹⁴ A consequence is only relevant if it occurs in a substantial number of the cases in which the criminal activity in question occurs, or if it occurs due to the accumulation of separate cases of criminal activities. That is why this definition refers to ‘overall’ consequences.

¹⁵ The seriousness of the consequences is determined partly on the basis of the frequency with which the criminal phenomenon is expected to occur, the type of consequences and the effort required to limit damage (damage control).

A *conditional threat* involves criminal activities that cannot be considered a threat at the moment, but may become a threat in the future under the influence of certain crime-related factors.¹⁶

Estimating the 'consequences for Dutch society' forms an important part of the qualification process. Two questions play a role in this estimation. First of all, *what* consequences will most probably occur in the next few years? Secondly, how *serious* (scope, scale) will they be?

The types of consequences can be classified into two categories:

1. direct harmful effects and
2. indirect harmful effects.

The *direct* harmful effects are the harm caused as a result of the crimes in question being committed or the effects that are caused directly by these activities. There are at least the following subcategories:

- harming of physical or mental health or public health;
- damage to assets due to loss of money or goods (real estate);
- harming or threatening the natural environment or the living environment;
- damaging or threatening infrastructure;
- disruption of socio-economic relationships;
- influencing judicial procedures and/or
- influencing political or administrative decision-making.

Regarding *indirect* harmful effects, there are at least the following subcategories:

- activities performed or omitted to avoid becoming a victim (for example, costs incurred by installing a firewall on a computer);
- harming of certain interests, relationships or (international) relations (such as loss of reputation);
- new or other types of criminal activities that are facilitated or generated by the criminal activities (such as procurement crime).

There are no objective criteria for determining the level of seriousness. The final assessment of the qualification therefore has to be based on intersubjectivity.

Application of the method for NTA 2008

The qualifications of criminal phenomena for NTA 2008 were determined in

¹⁶ The NTA 2004 used the term 'potential threat'. Although this term also indicates the presence of conditions, the term 'conditional threat' provides a more direct reference to the presence of those conditions.

qualification sessions. In preparation for these joint sessions each of the six assessors applied the qualification method for each of the criminal phenomena on the overall list. Determining a joint final assessment for all criminal phenomena in the qualification sessions took four days in late March 2008. The meetings were led by an independent chair. Under her leadership the meeting discussed the presence or lack of well-founded indications. The result of this discussion was an intersubjective assessment of the seriousness of the consequences of each criminal phenomenon.

It sometimes proved difficult to assess whether there were well-founded indications. Stating expectations basically involves assumptions, which means that there is always a certain level of uncertainty. Despite the subjective nature of the qualification method, the team of assessors managed to reach a joint decision in every case on the level of threat to Dutch society over the next four years, based on substantiated arguments.

The qualification *no specific threat* for a criminal phenomenon means that the criminal activities in question will at most have limited consequences for Dutch society. However, this does not mean that it will not be necessary to fight these criminal activities. What it means is that, compared to other criminal activities, these activities can have a lower priority within the scope of investigating organised crime.

1.7.3 Final report

The discussion of a criminal phenomenon in this final report is based on the information from the basic material used in this NTA. The information from 35 study reports was used by the authors of this final report to create a line of reasoning for a qualification. Here some information was copied almost literally and some was interpreted.

The source references in this final report are largely limited to references to the study reports that served as building blocks. Please refer to those reports for further background and more information on use of sources. Whenever sources were used in this final report in addition to the basic material, this will be stated in the text.

1.8 Merits

NTA 2008 is much more a product of the entire Dutch police force than was the case for NTA 2004. Apart from the efforts by the staff of IPOL that undertook the assignment, many investigators and analysts from the National Crime Squad, staff from the Police Academy and dozens of staff members from the regional

forces all made their contributions. For the first time regional CPAs on organised crime were prepared according to a format. The bottlenecks that occurred whilst preparing these regional CPAs can be interpreted as teething problems. Since the publication of the first regional CPAs, various initiatives have been developed to draw attention to these bottlenecks and implement improvements.

There were 22 regional CPA-ZGCs available for NTA 2008, which compares to none for NTA 2004. Nevertheless, the lack of regional CPA-ZGCs for Gooi en Vechtstreek, Kennemerland and Amsterdam-Amstelland must be seen as a shortcoming. This shortcoming was compensated for as much as possible by using data about these police regions that was available from the National Crime Squad and the Supraregional Crime Squad, both of which have a national remit. In addition, in certain cases investigators contacted regional forces on their own initiative to collect targeted information for their specific subject.

In the National Threat Assessment qualifications are assigned to criminal phenomena according to a fixed procedure. As explained in the discussion of the method, the qualification of a criminal phenomenon is based on intersubjectivity. This means that a different group of assessors could arrive at their own, possibly different, qualification. Bearing this in mind, it is important to emphasise the role of the line of reasoning. Greater value should be attached to the arguments that resulted in a particular qualification than to the qualification itself.

In 2004 the first National Threat Assessment generally met with a positive response. There was some criticism because certain criminal phenomena that were deemed to be important by the critics had not been included. For example, there was no focus on 'cannabis' at all and too little attention was paid to 'fraud'. This is why the NTA 2008 project was launched based on a complete list of primary criminal activities, supplemented by a important criminal working methods. The intention was to make NTA 2008 'more complete' than NTA 2004. Attention was also paid to organised crimes against property committed by supraregional criminal organisations. As a result, part of the 'mid-level crime' was also mapped out.

However, every approach or working method has its downside, including this one. For example, the discussion of themes such as the role of Schiphol Airport and Rotterdam Harbour in cross-border crime as independent subjects, as in NTA 2004, does not fit in with the structure of the current National Threat Assessment, which is based on 'criminal phenomena'. This difference in working method means that the present final report does not contain a systematic comparison of the results from NTA 2008 with those from NTA 2004.

1.9 Structure of the report

This report is the final part of the NTA 2008 project. The information from the study reports prepared in the course of this project was used in this final report to describe criminal phenomena and supplemented by a qualification of threat levels. The findings are described in chapters 2 to 5.

Chapter 2 discusses criminal activities that are related to illegal markets. Fraud constructions and money laundering are the subjects of chapter 3, whilst chapter 4 addresses various types of supraregional crimes against property. Chapter 5 is devoted to criminal working methods. In these chapters the following aspects are in principle addressed in every section: introduction and scope, general context (logistics, nature, working method), scale, criminal organisation, consequences for Dutch society, crime-related factors and expectations, and the conclusion, with a qualification of the threat to Dutch society.

Chapter 6 addresses alerts, which emphasises the signalling function of the NTA. Finally, the seventh and final chapter reflects on the results of this final report.

This final report has two appendices. The first appendix describes the structure of the project. The second appendix provides an overview of the criminal phenomena covered in NTA 2008 and their qualifications.

2

Illegal markets

2.1 Introduction

This chapter focuses on organised crime on various illegal markets. The following criminal phenomena are discussed in separate sections:

- trading in and smuggling of cocaine;
- trading in and smuggling of heroin;
- production of, trading in and smuggling of synthetic drugs;
- production of, trading in and smuggling of cannabis;
- human trafficking;
- human smuggling;
- illegal trade in and smuggling of firearms and explosives;
- production and distribution of child pornography;
- production and distribution of counterfeit money.

The sections were compiled using information from various study reports. The introduction to each section states the relevant reports. Please refer to the reports in question for a list of references.

2.2 Trading and smuggling cocaine¹⁷

2.2.1 Introduction and scope

Apart from a more general description of the illegal market, the CPA used as a basis in this section also provides an insight into the increased involvement of West-African players on this market and the cash flows relating to the cocaine market. In recent years, it has become increasingly clear that Colombian criminal networks use African countries and African people. This development is an important reason to pay extra attention to the trade in and smuggling of cocaine in and via Africa. The source used mainly covers the investigations conducted into the trading in and smuggling of cocaine.

¹⁷ This section is based on a report prepared in part for NTA 2008: *Dienst Nationale Recherche (DNR), 2008. Cocainehandel. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten* (Netherlands Police Agency), *DNR (National Crime Squad), Driebergen* (confidential). The authors of this report are S. Verploeg and M. Pronk. The information from this report was included with a view to qualifying the threat level of the criminal phenomenon. This qualification and a summary of the arguments can be found in the final section.

2.2.2 General context

Production

For years now, Colombia, Peru and Bolivia have been the three major cocaine-producing countries. The global production of cocaine generally remained stable in 2005 and 2006. In 2006 a total of 156,900 hectares of coca were cultivated in the three aforementioned countries. Whereas the total number of hectares cultivated is significantly lower than in the 1980s and 1990s, the actual production of cocaine has only fallen marginally (-2%). The yield per hectare has risen dramatically due to more efficient cocaine laboratories and the higher level of knowledge of the producers. The processing of coca leaves into coca paste and coca base is carried out in the vicinity of the cultivation sites in Colombia, Bolivia and Peru. The level of overall cocaine production is estimated at around 1 million kilograms per year.

Transit countries and smuggling routes

The vast majority of South-American production of cocaine is exported to other continents. The largest user populations are in the US and Europe. The routes by which the cocaine is smuggled to the destination countries are increasingly varied. The cocaine is by no means always delivered directly; in most cases stopovers are used to disguise the origin of the shipment. Sometimes these stopovers are made in the larger South-American countries, such as Brazil and Argentina, and sometimes the route runs via the Caribbean. More recently, West Africa has started to play a larger role. Traditional trade patterns are changing, and the number of countries involved is increasing. Whereas 20 years ago cocaine was seized in 69 countries, this had risen to 131 different countries by 2005. Many of these countries are located in (West) Africa and are ideal transit countries for drugs because of the lack of a proper government. The country that is most striking in this regard is Guinea-Bissau, which is one of the poorest countries on earth. By smuggling 6 kg of cocaine, an inhabitant of Guinea-Bissau can earn the equivalent of an annual salary. This former Portuguese colony is struggling with a failing legal system and a corrupt army leadership and is increasingly referred to internationally as the first African 'narco-state'. In 2007 the UN stated that Colombian networks operating in Guinea-Bissau have their own logistical facilities such as a runway and refuelling stations for boats and ships.

No cocaine shipments coming in from Africa by sea were intercepted in the Netherlands in 2005 and 2006. However, this does not mean that there are no such shipments. Cases have been recorded in which cocaine was smuggled from African countries as air freight or by using couriers. In addition, Colombian groups in Africa, including in Togo, Nigeria and Ghana, have set up companies

with the aim of transporting large shipments of cocaine to Europe. For cocaine smugglers an increased flow of goods between countries creates more opportunities to smuggle cocaine. Consequently, whereas the number of containers handled at Dutch ports a few years ago was still 3 to 4 million, these days it has risen to 9 million containers a year, and it is expected to rise further to 12 million containers a year within the next few years. Most cocaine seized in the Netherlands is intended for transit to other European countries. Given the role of the Netherlands as a transit country, the increase in cocaine consumption in Spain, Italy and the UK greatly affects the Dutch cocaine market. Spain, Portugal¹⁸ and the Netherlands are the main importers in Europe – Spain and Portugal because of their favourable location in relation to North Africa and their traditional ties with South America, and the Netherlands due to its relationship with Surinam and the Antilles. Other less obvious smuggling routes are also operated from North African countries across the Mediterranean Sea to the Balkans. The criminal organisations apparently use their own cargo vessels on these other routes. In a recent publication, investigators from the universities of Leuven and Bath describe three Balkan routes for cocaine smuggling that originated from old cigarette-smuggling networks. These routes can be linked to criminal organisations that were active in Serbia in the 1990s under the regime of President Slobodan Milosevic. After the collapse of Milosevic's regime, the Serbian authorities successfully tackled the cigarette smugglers. However, the trafficking routes remained open and smugglers started using them to smuggle cocaine.

The Dutch market

A market may consist of various submarkets on which market parties trade goods. These submarkets are also found in the literature, in which a distinction is often made between various levels: wholesale, distributive trade and retail.

Wholesale mainly involves (inter)national trade and distribution in large amounts of cocaine (from several kilograms to several tons).

The *distributive trade* mainly involves distribution of cocaine on a regional and local level. The amounts traded are limited to several grams, ounces, kilograms or sometimes several dozen kilograms. A distinction can also be made here between the larger distributive traders who only supply to smaller distributors and for safety reasons do not wish to supply (street) dealers who sell directly to consumers/users, and the distributive traders who do supply to (street) dealers.

¹⁸ The total amount of cocaine seized in Portugal rose from 7,200 kg in the first six months of 2005 to 30,400 kg in the first six months of 2006.

The *retail trade* takes care of direct sales to users (sometimes via straw men) at home addresses, in squats or pubs and clubs, via fast delivery service (for example, by taxi drivers or cocaine deliverymen on scooters or mopeds), or on the streets. The 'lowest' level of retail trade is formed by the activities of drug users in what is called 'wheeling and dealing' (drug users trading amongst themselves) and so-called 'runners', in other words, users who – in exchange for small amounts of drugs – take other drug users to addresses or buy drugs at addresses for other users.

The purity of the cocaine and the prices charged on these different markets vary. Drug traders are not automatically limited to particular weights. Traders who trade in kilograms may sometimes also be active on the 'grams market'. Somebody who, for example, successfully smuggles a kilogram of cocaine past Customs may then divide it into smaller portions and sell it on. In that case one person combines the roles of importer, distributive trader and retail trader. In recent years new solvents and adulterants such as dimethylformamide and boric acid have been used. Cocaine washing facilities have also emerged as a new phenomenon in the Netherlands. In these washing facilities the cocaine is extracted from the materials and/or substances that are impregnated with cocaine. A total of 6 cocaine washing facilities were found in the first nine months of 2007. In the past two years 8 cocaine laboratories have been dismantled in the Netherlands. These laboratories were found to be increasing in size (from living-room size up to factory size). Increasingly, the impregnated cocaine is masked by metal salts in order to prevent the standard microchemical tests from showing a blue colour (i.e. positive for cocaine).

2.2.3 Scale

Not much can be said with certainty about the exact scale of the cocaine trade and cocaine smuggling in the Netherlands. There are, however, two indicators. First of all, there is the number of cocaine users in the Netherlands and secondly there is the amount of cocaine seized. There are, however, a couple of snags. To be able to estimate the overall use of cocaine in the Netherlands, the average use per individual has to be known, but individual use varies so widely that a reliable average cannot be calculated. The snag with the amount of cocaine seized is that we do not know what percentage this amount is of the total amount of cocaine smuggled into the Netherlands. Sometimes 10% is mentioned, but other publications say the amount is closer to 50%. Furthermore, the amount of cocaine seized has wholesale purity levels, whereas for retail and street trade the imported cocaine is adulterated to various purity levels, which proportionally increases the number of kilograms that enter the market. Nevertheless, we will focus on the demand and seizures in the Netherlands in the following sections.

Demand

In 2005 the number of 'current'¹⁹ cocaine users in the Netherlands was estimated at 32,000. This is equal to 0.3% of the population aged between 15 and 65. If we take 'recent'²⁰ users instead, the figure doubles. It appears that cocaine is mainly used by men aged between 25 and 45 who live in very urban areas. This percentage puts the Netherlands in the middle of the European table as regards the number of users.

Seizures

For years, the Netherlands was second in Europe after Spain with regard to seizures. However, in 2005 this position was overtaken by Portugal.

Table 1

Seizures of cocaine in countries in the European Union (in kg)		
Country	2004	2005
Spain	33,135	48,429
The Netherlands	12,387	14,603
Portugal	7,422	18,083
Belgium	3,541	9,259
France	4,502	5,196
Italy	3,583	4,372
United Kingdom	4,700	-
Germany	971	1,084
Greece	1,151	42
Norway	40	177
Bulgaria	0,8	141
Romania	24	109
Croatia	17	8
Ukraine	16	2

¹⁹ In this case 'current' means that the user has taken cocaine in the past month.

²⁰ In this case 'recent' means that the user has taken cocaine in the past year.

The annual use of cocaine and the equivalent monetary value were estimated in 2004. Annual use in the Netherlands is between 4 and 5.4 tons. If we assume a wholesale price of € 30,000 per kg, the annual use would represent an amount of between € 120,000,000 and € 162,000,000. If we take the retail price (street value) of € 50 per gram as the basis for the calculation, the annual use represents an amount of between € 200,000,000 and € 270,000,000. These amounts relate to the trade on the Dutch user market. These are obviously not net profits, as all kinds of expenses and overheads have to be paid from these proceeds. However, whatever the net amounts are, the cocaine trade involves large amounts of money.

After subtracting the amount seized, between 33 and 50 tons of cocaine would be available on the Dutch market. Taking the annual Dutch consumption into account, this would mean that roughly 30 to 45 tons of cocaine is transported through the Netherlands in transit (about 90%).

2.2.4 Criminal organisations

Colombian criminal groups

Recent Europol reports show that the supply of (large-scale imports of) cocaine to EU countries is dominated by Colombian criminal groups that have established their networks in Europe. The structure of the Colombian groups is fragmented. They work together with other (ethnic) and local groups in flexible criminal networks. However, there are also European criminal groups that have direct contact with suppliers in South America and the Caribbean. According to Europol, the Colombians have set up commercial enterprises in a number of West African countries, such as Togo, Nigeria and Ghana, to facilitate large-scale cocaine transports by ship to the EU. In the Netherlands the Colombians are mainly involved in importing cocaine. In Spain they work mainly with criminal groups from Galicia and in Italy they have close ties with Italian organised crime, especially the 'Ndrangheta and Albanian groups, whose contacts are used to store cocaine pending further distribution. According to Europol, other criminal groups such as Jamaicans, Antilleans, Nigerians and Albanians also play important roles in the importing and distribution of cocaine. Distribution at wholesale level is controlled by Dutch, Surinamese and Antillean criminal groups. The distribution to the UK is mainly organised by British criminals, whereby the role of the 'brokers' who live in the Netherlands is crucially important.

African criminal groups

In the police investigations that were studied, most of the African criminal networks consisted of four to five people of Nigerian or Ghanaian nationality. The suspects had residence permits for Spain and Italy, but they also had fake

identity papers. It was impossible to determine whether the main suspects in the investigations studied were the ones actually giving the orders, or whether they were in Nigeria or elsewhere directing criminal operations from a distance. One Nigerian main suspect was running an extensive network of drugs and cash couriers. This main suspect always used an intermediary in his contacts with the couriers to avoid being traced. Some European countries reported problems with groups of Nigerian suspects. These countries included the Netherlands, Germany, Spain, France, the UK and Italy. Colombia also reported Nigerian activities on its cocaine market, especially involving cocaine couriers. It is not clear whether the Nigerians act as facilitators for the Colombian criminal organisations or whether they themselves buy shipments of drugs in Colombia and ship them to Europe.

2.2.5 Consequences for Dutch society

The consequences of the trade in and use of cocaine can occur at various levels: individuals, economic sectors or society as a whole.

Individuals

Cocaine can be consumed in various ways and the various ways lead to varying health problems. Those users who inject cocaine may suffer from injection abscesses caused by non-sterile needles. Crack users (cocaine freebasing) run a major risk of physical ailments, such as damage to their lungs. Crack can also disrupt the cardiovascular system and cause epileptic fits. Crack produces a more intense rush, which is why the risk of addiction is greater than for the other types of consumption. Extreme or careless use can lead to an overdose, in which case the user may die if nobody intervenes in time.

The number of recorded deaths resulting from cocaine use is not high: there were 20 deaths recorded in 2004 and 23 in 2005. The number of acute deaths had been increasing between 2002 and 2005, but this trend did not continue after 2005.

Economic sectors

The cocaine trade involves large sums of money, which also affects the legal economy. There may be occasions, for example, when criminals take up strategic positions in legal economic sectors for illegal purposes. These sectors include the transport sector, places of entertainment (such as amusement arcades and clubs) and the property market. In the CPA on cocaine it is mentioned that the property market is used by 18 of the 173 criminal organisations in 2006. There are also eight reports of investments abroad in the suspect's native country.

Some sectors are essential for cocaine smuggling and cocaine trafficking, which makes corrupt employees and blackmail more likely in these sectors. Apart from the adverse effect on the integrity of these sectors, some of them also suffer substantial financial losses, for example, the sectors that are used to transport cocaine. This type of damage is mainly the result of delays caused by inspections and seizures. The aviation sector in particular has to deal with stringent checks that were introduced because of cocaine trafficking.

Society as a whole

Not only people and economic sectors but also society as a whole is harmed by cocaine smuggling and trafficking. The state is harmed because of all the costs incurred by anti-drugs programmes and drug prevention and relief programmes. In addition, a lot of money is also spent on funding criminal investigations and penal institutions.

Apart from the damage that occurs due to the costs incurred by the government in the fight against drugs, society is also harmed by the procurement crimes committed by drug addicts. Drug-related problems have led to degeneration in certain areas and increased the local residents' fear of crime. Anti-social behaviour by drug addicts is most often experienced at locations such as shopping centres, stations, industrial estates and red-light districts.

Cocaine trafficking sometimes causes corruption too: staff at ports and airports are regularly linked to cocaine-smuggling operations.

The integrity of the Dutch state can be harmed by various aspects of drug trafficking. After Spain and Portugal, the Netherlands is third in the list of European cocaine transit countries. There is a great deal of pressure from abroad on the Dutch police and the judicial authorities to fight drugs trafficking in and via the Netherlands. This requires capacity, which comes at the expense of the fight against other crimes.

2.2.6 Crime-related factors and expectations

The Dutch cocaine users market has been reasonably stable for a number of years now. Usage is slowly increasing, however, and this trend is expected to continue. In various European countries (Spain and France) using cocaine has recently undergone a process of 'democratisation' in public opinion in the sense that using cocaine is no longer seen as the preserve of a small elite; cocaine is now accessible to all levels of the population. The growing number of users in various European countries (especially in Spain) is related to increased prosperity, as a result of which cocaine has become affordable for more people. A Belgian study by criminologists from the University of Ghent in 2005 showed that using cocaine was considered increasingly 'normal'. The normalisation of cocaine

use currently occurring in various Western European countries may also occur in Eastern European countries that recently acceded to the European Union. In view of the transit function of the Netherlands for the countries around us, changes in other countries may directly affect the Dutch market.

Cocaine use in the Netherlands can be seen in a wide variety of subcultures. Various Dutch publications report that cocaine use in rural areas is increasing. If this trend continues, the expectation is that the drugs-related problems currently faced in cities (i.e. crime, degeneration of neighbourhoods, etc.) will also be seen in rural areas.

Another recent development was the introduction of the European Authorised Economic Operator certificate (AEO) in January 2008. This is a certificate for companies that do business outside of the EU. Companies with an AEO certificate are eligible for less stringent Customs inspections and faster processing through Customs. The introduction, the requirements for businesses in order to be eligible for the certificate and the assessment of compliance with these requirements are still under development. It is expected that 80% to 90% of the flow of goods will run through AEO-certified companies within a couple of years. This involves a certain risk, as it provides criminal networks with the opportunity to send illegal goods in the name of certified companies.

2.2.7 Conclusion

The consequences of trading and smuggling cocaine are serious, both the direct consequences in terms of addiction-related problems and the indirect consequences that are in part caused by the illegal nature of the cocaine market (money laundering, corruption, intertwining of the legal and illegal worlds). The role of the Netherlands as a transit country within Europe is also a reason for concern. Although there is no reliable recent estimate of the turnover and proceeds from the illegal cocaine trade, the figures are probably hundreds of millions of euros.

There is no reason to assume that this situation will change in the next four years. The scale of the problem, the seriousness of the consequences and the expectation that they will not change in the next four years make the trading in and smuggling of cocaine a *threat* for the next four years.

2.3 Trading and smuggling heroin²¹

2.3.1 Introduction and scope

Heroin is produced from the dried latex (raw opium) of the poppy species *Somniferum*. The raw opium is converted into morphine and then mixed with chemicals to make heroin. The most important of these chemicals is acetic anhydride (AA), which is also traded legally. There are various types of heroin, depending on the production method that is used. As a powder, it can be pure white, brown or grey. It can also take the form of grains ('rocks') that are light brown in colour. Heroin is rarely used in its pure form; it is usually adulterated by adding agents such as paracetamol and caffeine. The purity of heroin at wholesale level is approximately 50% to 60%.

Most heroin comes from two parts of the world that are called 'the Golden Crescent' (Iran, Pakistan and Afghanistan) and 'the Golden Triangle' (Burma, Vietnam, Thailand and Laos). Globally speaking, the most illegal poppy cultivation takes place in Afghanistan. Ninety percent of the heroin consumed in Europe comes from Afghanistan, which is therefore the main focus of this section.

2.3.2 General context: nature and scale

Production

The production of opium in Afghanistan has increased since the fall of the Taliban in 2001. In 2006 poppies were cultivated illegally in 28 of the 34 Afghan provinces (a total of 165,000 hectares). In 2007 this had risen to 195,000 hectares of land where poppies were cultivated. According to estimates, opium production doubled between 2004 and 2007. With an average crop of 43 kilograms per hectare, the total Afghan opium production was estimated at 8,200 tons in 2007, which is 93% of worldwide production. This level of production comes from using 4% of the total amount of agricultural land in Afghanistan, which means that it is not inconceivable that the harvest will be even higher in future.

²¹ This section is based on a report prepared in part for NTA 2008: *Dienst Nationale Recherche (DNR), 2008. Heroïne. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten* (Netherlands Police Agency), *DNR (National Crime Squad), Driebergen* (confidential). The authors of this report are B. Lieuwen and H. Rengelink. The information from this report was included with a view to qualifying the threat level of the criminal phenomenon. This qualification and a summary of the arguments can be found in the final section.

An important indicator of heroin production is the presence of laboratories. Mainly morphine laboratories were found during criminal investigations in Afghanistan; the number of heroin laboratories was smaller. This might suggest that most of the opium in Afghanistan is only converted into morphine and that it is converted into heroin elsewhere. In principle, heroin can be produced anywhere in the countries along the smuggling routes from Afghanistan to Western Europe. In practice, it will mainly be produced at locations where AA is available or where the risks attached to conversion are smaller.

It is estimated that 25% of all the opiates produced worldwide were seized in 2006. However, this has apparently not affected the prices or the purity of opiates on the Western European markets. The assumption is therefore that opium produced and stored previously has been used to balance out the 'shortage'. Little is known about opium storage locations. The shelf life of opium is several years.

Smuggling

Two major smuggling routes run from Afghanistan to Europe: the Northern Route and the Southern Route. The Northern Route runs from Afghanistan via the countries of Central Asia and Kazakhstan to the Russian Federation and on to Europe. The Southern Route runs from Afghanistan to Iran (sometimes via Pakistan) and then through Turkey to join up with the various Balkan routes. According to the Turkish authorities, this Southern Route has had a branch for a number of years, whereby the route from Iran no longer runs to Turkey, but veers to the north and runs through the countries next to the Black Sea or even crosses the Black Sea. This is known as the 'Northern Black Sea Route'. In Europe this route runs through Romania and/or Bulgaria to join up with the usual Balkan routes. Romania and Bulgaria have formed the external border of the European Union since 1 January 2007. As a result, Romania and Bulgaria have become even more appealing to smugglers as transit countries. The Netherlands plays a role in the distribution of heroin, especially to the UK, France, Spain and Portugal.

The smuggling method depends greatly on the criminal group involved. Turkish criminal organisations, for example, appear to smuggle heroin primarily over land via the Balkan routes, where they sometimes outsource the transport to 'Balkan criminals'. In addition, shipments are also transported by sea from South-West Asia, but less is known about these transports. Smuggling from Turkey by air couriers is called the 'Balkan Route by Air'. The number of couriers arrested at Schiphol has increased, and so has the amount of heroin smuggled. Pakistani criminals seem to be smuggling heroin directly from Pakistan using air couriers.

The smuggling of heroin by air couriers mainly seems to involve shipments of limited size – several kilograms each time. This is also called the ‘little but often’ method or the ‘ant trade’. However, the couriers are usually not occasional couriers, but people who are members of organised criminal groups. Smuggling organisations are highly inventive as regards concealing the transport of goods and avoiding inspections. Whenever a working method is discovered, they simply change it. In Pakistan, for example, the authorities saw a change take place from Nigerian air couriers to white Pakistani air couriers.

Consumption

Approximately 11 million people use heroin worldwide. This number has stabilised in recent years, but there are still two major growth markets for opiates, namely Asia (especially China) and Eastern Europe (especially the Russian Federation, Estonia, Latvia and the Ukraine). The size of the European heroin markets is estimated at 3.3 million users. The largest market is in Eastern Europe, with over 1.8 million users. The heroin markets in Western and Central Europe consist of more than 1.4 million heroin users and are stable or shrinking. The largest groups in these markets are users in the UK, Italy, Germany, France and Spain.

The Dutch situation

The Netherlands mainly acts as a transit and distribution country for the major heroin markets, such as those in the UK and France. The Dutch heroin market is an open market on which various suppliers (wholesalers) of heroin are present, all of whom have their own heroin supply lines. The (Dutch-)Turkish wholesalers dominate the heroin market, but there are also several other groups as well. The customers, the people who buy from the heroin wholesalers, are mainly dealers who buy heroin in the Netherlands for the aforementioned foreign markets. There are even British criminals living in the Netherlands for this purpose. They can be described as ‘criminal liaisons’.

The enforcement agencies in the Netherlands seized a total of 984 kilograms of heroin in 2006, compared to 901.5 kilograms in 2005.

The number of heroin users in the Netherlands is stable (almost declining). In total, the number of problem heroin users is estimated at around 33,500 people. Based on this number, national heroin consumption is estimated at around 3.800 kg of street heroin, which is equivalent to 1.900 kg of heroin at wholesale level. Users are generally aged between 30 and 40. However, specific groups of young people also seem to be using heroin more often these days. Problem youngsters in Amsterdam, for example, combine heroin with other drugs, such as crack, benzodiazepines, alcohol and cannabis.

2.3.3 Criminal organisations

Three nationalities dominate at wholesale level: (Dutch-)Turkish, Dutch and British. (Dutch-)Turkish criminals make up the largest group. They play key roles in both heroin imports/exports and heroin trafficking. These criminal organisations can be described as networks with a loose structure, consisting of several heroin suppliers and buyers, as well as an extended social network. Dutch traffickers or suppliers often combine the heroin trade with trading in XTC, cocaine and/or soft drugs.

British criminals in the Netherlands mainly play the roles of buyer and exporter of heroin for the British drugs market, whereby they often trade in combination with other drugs.

2.3.4 Consequences for Dutch society

Many types of harm are inflicted on Dutch society involving health, social and economic performance, safety, public order, criminal investigations and criminal prosecutions.

The harm is caused in part by the simple fact of people using heroin. Another part of the harm comes from the illegal nature of the activity and the involvement of criminal organisations.

In the Netherlands the amount of harm caused by heroin use itself is falling since many years. One of the reasons is the Dutch policy to fight the drug problem, namely limiting harm that arises from the use of heroin (*harm reduction*), e.g. by setting up user facilities and by providing heroin on medical grounds. In addition, the population of addicts is shrinking, even though this constantly ageing group is suffering from serious health problems related to many years of heroin use.

The black market on which heroin is traded and the side effects associated with the illegal trade and smuggling (e.g. violence, corruption and the investment of criminal proceeds) are key types of harm inflicted on Dutch society. The turnover levels and profits generated are massive. Legitimate society and criminal circles are highly intertwined. It is striking how often the catering and transport sectors are involved in heroin trafficking and smuggling. In most cases the businesses involved have a facilitating function. Finally, a damaged reputation also harms Dutch society, as the Netherlands has an important distributive function within Europe.

2.3.5 Crime-related factors and expectations

The Netherlands is mainly a distribution country for the heroin markets in the UK, France, Spain and Portugal. This will not really change in the next few years. The Netherlands will remain an attractive distribution country due to

environmental characteristics such as the low price, the high quality and the large number of heroin suppliers.

In the future the Dutch heroin market will mainly be a wholesale market. The role of distributive and street trade will continue to shrink, mainly because the Dutch market more and more is a European distribution hub. This could have the effect that more drug dealers will move to the Netherlands to add to the British dealers who are already here. These drug dealers could include groups that can organise direct imports of heroin from major source or distribution countries, such as Afghanistan, Pakistan, Iran, and Eastern European countries (especially Albania and the Russian Federation). Nigerians should also be mentioned because, apart from their involvement in various other forms of organised crime, Nigerian criminals are considered by both national and international partners to be a group of criminals about whom more information is needed regarding the nature and scale of their involvement in the various Dutch drugs markets. Also, it is important to monitor the Chinese criminal involvement in the importing of heroin in view of the economic developments that are currently occurring in Asia, i.e. the expansion of ports, the development of China as a major growth market for heroin and the implementation of measures to promote trade that could unintentionally facilitate the smuggling of illegal goods from ports such as Shanghai and Hong Kong.

In the case of heroin-related crime, criminal circles and the legitimate world are highly intertwined. In addition to the involvement of the catering and transport sectors, it has been established that significant amounts of criminal proceeds are invested both in the Netherlands and abroad. In view of the suspicion that the Netherlands will remain an important distribution hub for heroin in the coming years, the criminal profits generated on the Dutch heroin market are also expected to remain the same in that period.

2.3.6 Conclusion

The market for heroin in the Netherlands is relatively small and stable, with a tendency to shrink. Users are generally older people, but heroin use among problem youngsters is currently more widespread and the tendency to combine heroin with other drugs and alcohol is worrying. The Netherlands has an important distribution function on the international heroin market. This role will very probably continue in the future. There is extensive involvement of criminal organisations. Especially (Dutch-)Turkish and British criminals play a role. Foreign criminals who have (temporarily) moved to the Netherlands need to be monitored, as they are able to develop their criminal activities here almost

without being noticed.

The harm that will be caused in the Netherlands in the coming years is directly and indirectly linked to the role of the Dutch heroin market as a wholesale market. This harm includes side effects such as violence, corruption and the investment of criminal proceeds, which go hand-in-hand with the illegal trading and smuggling. Criminal circles and legitimate society are highly intertwined, especially in the transport and catering sectors, where considerable amounts of criminal proceeds are invested.

The trading in and smuggling of heroin is a form of crime that will also have serious consequences for Dutch society in the next few years, which is why it can be qualified as a *threat*.

2.4 Producing, trading and smuggling synthetic drugs²²

2.4.1 Introduction and scope

Synthetic drugs are drugs that are made from chemical raw materials. These drugs are produced at a production location using a chemical process (synthesis). The synthesis method used depends mainly on the type of synthetic drug. 'Leuckart synthesis' is mostly used to produce amphetamine (speed), whilst 'reductive amination' is used to produce MDMA. MDMA and related substances such as MDA and MDEA will be referred to below as ecstasy (XTC).

Amphetamine and ecstasy are the main synthetic drugs that are produced, traded and consumed by various groups of users in the Netherlands on a relatively large scale. In addition, there are dozens of other types of synthetic drugs, most of which are only found rarely. The most well-known of these other synthetic drugs are methamphetamine, GHB and LSD. The synthetic drugs market is always developing. Producers are constantly looking for compositions of substances that circumvent the law but have the same effect as the illegal variant; these are the so-called 'designer drugs'. mCPP and ketamine, for example, are not covered by the Opium Act, but by the Provision of Medicines Act (*Wet op de Geneesmiddelenvoorziening* (WOG)).

²² This section is based on a report prepared in part for NTA 2008: *Dienst Nationale Recherche (DNR), 2008. Synthetische drugs en precursoren. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten* (Netherlands Police Agency), *DNR (National Crime Squad), Driebergen* (confidential). The authors of this report are S. Huisman and E.M. Smits. The information from this report was included with a view to qualifying the threat level of the criminal phenomenon. This qualification and a summary of the arguments can be found in the final section.

Amphetamine, ecstasy and the other synthetic drugs mentioned above are mainly used for pleasure. In addition, there are synthetically prepared substances that have a different purpose, which include all kinds of substances that are known under the collective name 'substances considered to be doping' and that allegedly have a performance-enhancing effect. Anabolic steroids, corticosteroids and hormone preparations are examples of such substances.

2.4.2 General context

The production of synthetic drugs

The logistics of producing and trading in synthetic drugs involves various steps:

1. Procurement of precursors
2. Procurement of other chemicals
3. Procurement of hardware
4. Organisation of a production location and staff
5. Production (synthesis, crystallisation and tableting)
6. Dumping of waste products
7. Selling of synthetic drugs

The production of ecstasy and amphetamine requires PMK and BMK respectively, which are precursors that are unavailable in the Netherlands. PMK is legally produced in China, after which it is illegally shipped to other countries, mainly in ocean-going containers with cover loads. Nowadays, BMK mainly comes from Russia, where it is legally produced. The Russian government has issued permits to a few Russian companies to purchase the substance for processing in legal applications. Exporting BMK is not permitted; employees sell it illegally outside the factory gates. Relatively small batches of BMK are often found in the loading floors and fuel tanks of lorries.

The other chemicals and solvents required are ordered from chemical suppliers in the Netherlands but companies abroad are increasingly being used as well. Legitimate or fictitious companies are used, for example, a tanning studio to order acetone. Chemicals can also be obtained through theft.

The processing of chemicals also requires production equipment such as reaction vessels, heating mantles, spherical condensers and tableting machines. This hardware is usually bought second-hand via legal companies or in criminal circles. Apparently, it is becoming increasingly difficult to obtain certain hardware, which is why nowadays criminal buyers go abroad more often for their business. This situation appears to be the consequence of the effective monitoring system in the Netherlands and the awareness of supply companies in the Netherlands. Monitoring and awareness are still at a low level abroad. The social network is crucially important when looking for a suitable location.

Criminals often look for a remote location, such as a farm, for example. Apart from a few exceptions, the production locations were found in the west of the Netherlands, and especially in the south of the country as well. Production locations were found in both urban and rural areas. Amphetamine is almost only produced in North Brabant. A few very big production locations were dismantled in 2006.

After a location has been found, converted to make it suitable and production equipment has been transferred, production can start. The knowledge required for this purpose is present in criminal circles. Tableting is usually done by specialists. In 2006 the production process was split up more often than had previously been the case, which means that synthesis, crystallisation and tableting were all performed at different locations, probably in order to spread the risk. Compared to previous years, more mobile laboratories and mobile tableting facilities have been found since 2005. No two production facilities are the same. The differences are mainly in the set-up of the hardware and the amount and type of hardware. This leads to huge differences in the level of professionalism and production capacity.

Whenever synthetic drugs are produced, a lot of waste materials are generated which the producers will have to dispose of at some point. There are a number of different ways to do so. For example, in recent years (stolen) lorries have been used, which were loaded up with waste materials and left behind on abandoned sites. In a few cases the lorry was set on fire. Other groups dumped their waste materials in built-up areas, on the roadside, in the countryside or in surface water.

Foreign dealers who purchase the drugs in the Netherlands mostly use one of two methods to finalise the transaction. The most popular method seems to be bartering, whereby the drugs are obtained by exchanging them for another (illegal) product. These other products are often other (hard) drugs or weapons. Whenever bartering is not possible, the transaction is usually in cash.

International drug transport can take place directly, be divided into various stages or run via a diverted route. There are an unlimited number of transport concealment techniques. In addition, goods can be transported without documentation, which means that the load is not manifested and can be removed by logistics staff who are aware of its existence. These logistics staff may be container planners, platform assistants, baggage hold assistants or catering assistants, for example.

Special attention should be paid to road transport as a replacement for air transport, which is emerging in the EU, and transport via consolidated cargo (Consol), which is carried out by air. In the case of road transport (replacing air transport), there are various possibilities to manipulate the load. In the case of

Consol the airline company sells a particular volume to a transporter. The transporter can then fill this volume with goods that the airline company is unaware of under the so-called 'groupage' system. Only a brief description of the sealed goods is provided.

2.4.3 Scale

The scale of the synthetic drugs market is discussed here on the basis of use, seizures, dismantled drugs laboratories and dumping sites for waste materials.

Use of ecstasy and amphetamine

Ecstasy's image has changed in the Netherlands. The ecstasy culture of the 1990s has disappeared. Some people believe that ecstasy belongs to a different era and is no longer exciting. Nevertheless, ecstasy is still widely used; it is a cheap stimulant. The percentage of recent users remained more or less the same between 2001 and 2005: just over 1% of the Dutch population had used ecstasy in the past 12 months. The percentage of current users, which are people who used ecstasy in the past month, remained more or less the same in that period as well at 0.4%. In 2005, 4.3% of the Dutch population aged between 15 and 65 had used ecstasy at some point in the past. At 2.1%, experience with amphetamine is less widespread. The number of recent amphetamine users in the Netherlands has dropped slightly in recent years. Ecstasy and amphetamine are mainly consumed on nights out.

The level of use also appears to be stabilising abroad. As far as ecstasy is concerned, the markets were more stable in 2007; some even shrunk slightly. The recent growth regions, such as (South-)East Asia, also showed growth levelling out. In Western and Central Europe and in North America current use of ecstasy is just under 1%, whilst it is 3% in Oceania. Although current use of ecstasy is very low in (South-)East Asia (0.1%), that is still the fastest growing market. In (South-)East European countries and Italy the use of ecstasy is rising, as it is in some South American countries. Amphetamine is almost only used in Europe, most of it traditionally in the UK and Scandinavia. In Germany, Italy and a number of Central European countries the number of users is apparently growing, whilst in other European countries use remains at the same level or is falling.

Seizures of precursors, ecstasy and amphetamine

Until 2004 thousands of litres of precursors were seized every year. This has not been the case in recent years. Nevertheless, we know that production in the Netherlands has continued. Precursors are apparently obtained via new routes, using methods that investigating agencies are still unaware of. Raw materials

other than BMK and PMK are increasingly only available to order outside the Netherlands. As a result, increasing amounts of substances such as acetone or formic acid are being smuggled.

Figures relating to seizures of synthetic drugs are greatly affected by incidental major seizures, which makes it difficult to determine trends. After the record low of 2005 (1.8 million tablets) the amount of ecstasy tablets seized in the Netherlands increased once again in 2006 (4.1 million). In the first six months of 2007 the number of tablets seized increased even further (5 million). These figures do not include the semi-finished products found in the Netherlands (MDMA powder) and the seizures abroad that can be linked to the Netherlands. Every year the largest amounts of amphetamine powder are intercepted in the Netherlands. Shipments of amphetamine powder are mainly seized abroad in countries with the largest sales markets: the UK, Germany (also as a transit country) and Scandinavia. In 2005 more amphetamine powder was seized than before. The seizures in 2006 were once again in line with the preceding period between 1999 and 2004. In the first half of 2007 more amphetamine powder was seized once again.

Production locations

In the 2004–2006 period 70 production locations were dismantled in the Netherlands: 29 in 2004, 18 in 2005 and 23 in 2006. It is striking that the production locations found in 2006 had a larger capacity than in previous years. Producers appear to be focusing on laboratories with a higher production capacity.

Since 2005 the number of reports of ecstasy production on continents other than Europe has been increasing. Canada in particular has apparently acquired an important position. Ecstasy is currently also produced in Australia. Apart from the Netherlands and Belgium, several amphetamine production locations are found in Poland and the Baltic States every year. The expertise required sometimes comes from the Netherlands. It is known that Lithuanians and Poles have received explanations from Dutch producers in the Netherlands about the production process and the production hardware.

Waste dumping

In the 1999 to 2004 period a drop in the number of cases of dumping and the amount dumped each time was observed (except for 2001). This downward trend continued in 2005 and 2006, with 51 and 42 cases of dumping respectively. In the first half of 2007 a total of 26 cases of dumping were discovered. In Belgium 12 cases of dumping were discovered in 2006, especially in Flanders in the Turnhout region where the waste may have come from the south of the Netherlands.

Turnover

Most of the sales market is located abroad, which is where the greatest profits can be generated in terms of scale and price levels. The turnover amount cannot be determined precisely. In any event, investigations show that Dutch criminal entrepreneurs earn millions selling large shipments of ecstasy tablets to buyers overseas. Foreign dealers also generate a huge turnover, but they deal in smaller amounts than the Dutch criminal entrepreneurs, who also control the production.

Other synthetic drugs

Methamphetamine has been consumed for years, mainly in East and South-East Asia (China, Philippines, Burma and Thailand) and in North and Central America (United States, Mexico and Canada). Seizures mainly take place in the United States and China. In Europe and Oceania only 1% of the global amount is intercepted every year. In Europe the use of methamphetamine is mostly limited to the Czech Republic, Slovakia, Estonia and Latvia, although Bulgaria, Norway, Denmark, France, Slovenia and the UK have reported increased use. Most of the laboratories are found in the United States, with more than 10,000 production locations being discovered every year, especially in California.

The majority of these laboratories are so-called *kitchen labs*: small set-ups in a kitchen or shed that are used to produce a few kilograms of methamphetamine. In Europe production is concentrated in the Czech Republic and Moldova. Production also takes place in Slovakia, and to a lesser extent in other Eastern European countries. In 2005 a total of 310 methamphetamine production locations were dismantled in Europe, most of which were kitchen labs. Recently, production has also begun in Western Europe. In 2006, for example, 7 production locations were dismantled in Germany and in January 2007 a large methamphetamine production location was found close to the British city of Sheffield.

In the Netherlands, methamphetamine is not yet gaining popularity according to organisations responsible for the care and treatment of drug addicts; its use is apparently limited to the gay scene (the same as GHB). Criminal investigations have shown that methamphetamine has recently also been produced in the Netherlands. Traces of methamphetamine were found at production locations, for example, and precursors have also been found. In addition, the production of methamphetamine could also be identified from monitored conversations between suspects, packaging materials that were found, seizures of raw materials and recipes that were found.

LSD (lysergic acid diethylamide) is on list I of the Opium Act. LSD is designated as a semi-synthetic drug that is derived from lysergic acid. The substance is colourless, tasteless and odourless. LSD is found most frequently as drops on colourfully printed tissue paper. Each piece is the size of a postage stamp and contains four to six trips. The market is small, which is why LSD is not really profitable for the criminal trade. Despite this, the people involved in various synthetic drugs investigations regularly notice the LSD trade. A large number of LSD trips were found in a production location in Amsterdam in 2005. A significant amount of LSD hardware was found in a lorry in Belgium in September 2007. All of this indicates that the market may not be as small as is generally assumed.

The popularity of *GHB* (gamma-hydroxybutyric acid) peaked around the turn of the century, but it has become less popular since then. The exceptions are after-parties, sex parties and dance festivals. GHB is still known as a sex drug or as a dangerous 'rape drug'. The use of GHB is apparently increasing in the north and east of the Netherlands in particular. Its use is apparently falling in the Randstad. Negative publicity has slowed down the use of GHB. GHB is relatively easy to produce; people can even order GHB kits online so that they can produce the drug at home. The raw materials required for GHB are GBL and sodium or potassium hydroxide. All three of these raw materials are used in the chemical industry, which is why it is relatively easy to obtain them legally. In the Netherlands GHB has been on List II of the Opium Act since 2002. In the 2005 to 2006 period one production location was dismantled. The GHB market is currently small.

Ketamine has been used for around 10 years, especially among trendsetters, in the party circuit and in the gay scene. It is probably obtained mainly via legal business sectors (pharmaceutical companies or the veterinary sector). Little is known about sales channels. Ketamine is apparently gaining popularity among potential groups of young users. In 2006 ketamine was found more often than in the previous years. People are expressing an interest in this substance on Internet forums, but it does not (yet) appear to be readily available. Criminal investigations have shown that several well-known criminals from the synthetic drugs world also deal in large shipments of ketamine, which they shipped from Asia to the Netherlands. In one investigation a person involved was found with a recipe for synthesising ketamine.

mCPP (meta-chlorophenylpiperazine) is one of the newest types of synthetic drugs. It is produced legally – in Asia, for example. In the Netherlands mCPP is imported as a liquid, after which it is converted into tablet form. mCPP turned

up in Sweden in 2004 and in the Netherlands, Belgium, France and Germany in 2005. In all of these cases the mCPP tablets were sold as ecstasy. In 2006, a total of 385,000 mCPP tablets were intercepted and an mCPP tableting facility was dismantled. A single intercept operation in August 2007 in Kennemerland yielded 3,000 litres of mCPP.

The time when the use of *doping substances* was limited to (top-class) sport to enhance performance is long past. Doping substances are also used for other purposes, including slimming, solving concentration problems or because people want to improve their general physical condition.²³ There are apparently tens of thousands of users who fall into this category in the Netherlands. The substances are usually sent by post in small batches (several dozen capsules, for example). Consumption is growing due to a lack of efficient monitoring, the presence of several non-regulated markets and the availability of the substances online. In the north of the Netherlands one criminal organisation was trading in anabolic steroids, growth hormones, testosterone and GHB. Substances considered to be performance-enhancing are mainly sold through the world of gymnasiums and fitness centres.

2.4.4 Criminal organisations

The players in the synthetic drugs market can be classified roughly on the basis of logistical involvement. Chinese and Eastern Europeans dominate the smuggling and importing of precursors. Dutch nationals control the procurement of other chemicals and hardware, as well as production. The sales market is controlled by people of various different nationalities.

People involved in the smuggling of precursors

Trading in the precursor PMK is mainly controlled by Hong-Kong Chinese living in the Netherlands. In addition, there are a few Dutchmen who obtain the substance in China. Purchasing in China is cheaper, but the buyers then run the risks involved in transporting the substance to the Netherlands. In the Netherlands the smuggled shipment is usually sold quickly to various buyers (who are linked to the producers). The smugglers are generally not the people who own the shipments.

²³ Paul Minnebo, 2005. *Iedereen kan doodvallen. Bevindingen uit een omgevingsonderzoek naar de handel in dopinggeduide middelen*. Memorandum published by the National Public Prosecutor's Office for Financial, Economic and Environmental Offences.

From the source country onwards, the trade in the precursor BMK is controlled by Russian-speaking people. They sell the BMK somewhere in Russia, the Baltic States or Poland to Estonians, Lithuanians or Poles. These buyers then smuggle the BMK to the Dutch buyers. The Lithuanians involved in the smuggling of BMK mainly live in the Randstad and, to a lesser extent, in the south of the Netherlands. There are also Dutch buyers who have built up contacts in Poland and the Baltic States, and who buy shipments there. There are probably still no direct contacts with Russian dealers.

People involved in the trade in other chemicals, hardware and production

The producer community of synthetic drugs in the Netherlands is small, concentrated in the south of the Netherlands and probably consists of several hundred people. Within this community there are several dozen criminal entrepreneurs who produce synthetic drugs on a structural and large-scale basis. Most of them have their roots in the caravan camp community. They are usually born and bred in a caravan camp, which is where the basis of their social network is located. These criminal entrepreneurs are often the financiers or organisers and they are usually not involved themselves in the primary processes. They are mainly involved in obtaining shipments of precursors and selling the final product at the international level. For both processes the criminal entrepreneurs maintain contacts with suppliers, buyers, transporters, co-financiers and helpers.

The work is carried out by numerous helpers, who are contacted relatively easily via relatives or acquaintances. These helpers are controlled by confidants of the organisers. Almost everybody knows everybody else in the producer community. Without a legal cover, large shipments of chemicals are generally difficult to obtain in the Netherlands, which is why buyers go abroad, but suppliers abroad are also becoming increasingly alert to suspicious circumstances. As a result, buyers constantly have to look for other suppliers. Obtaining the legal raw materials that are needed requires an increasing amount of expertise. Mainly Dutch and Belgian natives are involved, although young Moroccans living in the Netherlands also appear to be playing an increasingly important role. The hardware (production equipment) trade is a closed circle of native Dutchmen, in which everyone knows everyone else. The trade involves reaction vessels and related equipment for producing ecstasy. This equipment is partly purchased second-hand, through front companies, from legal companies that are often located abroad. However, the equipment sometimes needs to be modified, which requires experienced members of the organisation who are well known within the producer community. There also is a trade in glassware and related equipment for producing amphetamine. Some of the glassware

purchased has to be modified, which is done by glassblowers who are willing to do business without asking questions.

Within the producer community in the Netherlands, a relatively extended infrastructure has been built up in recent years, within which precursors, other chemicals, hardware, helpers and laboratory workers are available through a network of connections. This type of infrastructure does not exist outside of the Netherlands. Production in other countries is usually incidental and without a wider network to rely on. That may change in Canada, but so far Canadian ecstasy tablets have often contained no MDMA. The Netherlands still plays a central role in the production of and trade in synthetic drugs not only within, but also outside Europe.

People involved in selling

Foreign buyers come to the Netherlands to do business. Meetings are mainly held in and around Amsterdam, whilst the drugs are usually transferred in the south of the Netherlands (near the production locations). Many foreign buyers are suspected of purchasing retail and distributive shipments, from several hundreds to tens of thousands of tablets. In addition, there are foreign wholesalers who buy shipments from hundreds of thousands to over one million tablets. Shipments of several millions of tablets appear to be traded less often. When they are traded, (several) native Dutch criminal entrepreneurs will always be involved. Shipments of this size involve long preparations and probably also long negotiations. Several financiers are probably involved as well, in order to spread the financial risk.

Involvement in other criminal activities

In the police investigations that were studied, the production of synthetic drugs and cannabis growing are often controlled or organised by the same criminal entrepreneurs. Trade by barter occurs on a regular basis: criminal entrepreneurs often deal in more than one type of drug. Also, many criminals have criminal records under the Weapons and Ammunition Act, or for money laundering or forgery of documents.

2.4.5 Consequences for Dutch society

The consequences of producing, trading in and smuggling synthetic drugs for Dutch society can be divided into harm suffered by people, economic sectors and society as a whole.

Personal harm can be suffered as a result of consuming synthetic drugs, but also as a result of the production of synthetic drugs. In 2005, consumption of synthetic drugs resulted in several deaths and dozens of hospital admissions.

People can also be the victims of involuntary consumption. Some people, for example, were sexually abused after they had been given GHB without them noticing. Production poses physical dangers to laboratory workers, the people living near to the production locations and dumping sites, and to people involved in the dismantling of these locations and the removal of waste materials, chemicals and hardware. There is also a constant risk that conflicts – which can occur when organising synthetic drugs crime – will escalate into violence. In the 2005 to 2006 research period seven people (five of whom were Chinese) were liquidated in the Netherlands in connection with such conflicts. There were also two attempted liquidations. In addition, people were held hostage in one case and there were probably several other cases of abuse as well. Most of the incidents involving violence occurred in the regional police forces North Brabant and Limburg.

The harm to economic sectors is twofold. On the one hand, economic sectors in which some companies have (unintentionally) collaborated with illegal buyers in the organisation of synthetic drugs crime suffer damage to their reputation. This mainly applies to the companies that supply hardware and chemicals, rental companies, transport companies and financial institutions. On the other hand, it also leads to unfair competition because bona fide companies are priced out of the market by companies involved in drug trafficking, which do not have to make a profit. These companies that are involved in drug trafficking exist thanks to criminal proceeds and are able to sell cover loads below the cost price. Finally, Dutch society as a whole is also harmed. The living environment is harmed as a result of the dumping of chemical waste. Costs are also incurred to dispose of seized substances and to clean up dumping sites. In addition, the government loses income, as import duty is evaded when legal chemicals are smuggled into the Netherlands. Costs are also incurred due to the healthcare and addiction care provided to users. The extent to which society as a whole is harmed is unknown, as is the extent of the loss of reputation suffered by the Netherlands.

The harm suffered as a result of the production of synthetic drugs is greater in the Netherlands than abroad, whilst the harm due to consumption of synthetic drugs is greater in some other countries than in the Netherlands.

The harm suffered as a result of doping substances mainly relates to the consumers. The use of these performance enhancing substances is risky, as people usually use without medical guidance and they are at risk of taking excessive doses and dangerous combinations. The risks involved in the use of falsified products are even greater than in non-medical use of original branded articles.

2.4.6 Crime-related factors and expectations

Despite the emergence of Canada and Australia as producing countries, the Netherlands will continue to play an essential role in the synthetic drugs market in the coming years. There are three reasons for the Netherlands' role:

- Foreign buyers know that drugs supplied from the Netherlands are usually high-quality (e.g. tablets with sufficiently high MDMA content);
- The Netherlands has (1) an excellent road, water, rail and air infrastructure, (2) a favourable location with regard to various markets, (3) points of contact for the various migrant communities, (4) a good international meeting place (Amsterdam), and (5) a punishment regime that is mild, which means that criminal entrepreneurs are eager to continue or start their activities in the Netherlands.
- The criminal entrepreneurs have a social basis here within which production takes place.

The chances of other nationalities taking over production in the near future are deemed to be low. Poles and Lithuanians have been producing XTC and amphetamine in their own countries for years, but on a very small scale compared to the Dutch. This is probably because the hardware available to Poles and Lithuanians is less professional. The Chinese have been involved in the manufacturing of ecstasy tablets for quite a while. However, they have not taken control of production yet. They do have control of production in Canada and Australia, but many different substances are combined in 'ecstasy' tablets in those countries. Just as in Poland and Lithuania, the large-scale production of ecstasy that takes place in the Netherlands still does not appear to exist in Canada and Australia.

One precondition for keeping production of synthetic drugs in the Netherlands (and Belgium) is that hardware and chemicals remain available. Since the seizures of PMK in 2003 and 2004, no more large shipments have been seized in the Netherlands and the neighbouring countries. It is currently unclear which routes are used to smuggle PMK. There are indications of smuggling via the eastern borders of the new EU Member States and via Southern Europe. Countries in Africa and possibly also in the Middle East are used as stopovers. BMK is currently smuggled to the Netherlands via the eastern border of the EU, which will probably continue, as that border has various weak points. Should border inspections at the eastern borders of the Baltic States and Poland be intensified, it will still be possible to smuggle the BMK through Belarus and the Ukraine to the EU via Slovakia, Hungary or Romania.

Other chemicals will probably be obtained more and more often via supply companies in other EU countries, where inspections are less strict compared to the Netherlands and where less knowledge is present about possible illegal use. The hardware encountered is manufactured industrially and often second-hand. As a result of several successful criminal investigations, certain hardware appears to be more difficult to obtain. As a result, self-manufactured hardware is currently found as well. Hardware may have to be purchased from further away in the next few years – from Asia, for example.

The backgrounds of the people involved in synthetic drugs crime are expected to change very little. The Chinese may start focusing more on BMK in addition to PMK, as BMK is also produced in China. In addition, it is also possible that, by tagging along with the increased flow of goods from China to the EU, (assistants and confidants of) Dutch drug producers will be buying precursors directly in China. Dutch Moroccans have recently acquired a position in the trading in precursors and other chemicals.

The incidents that occurred and items that were found in the Netherlands in 2006 and 2007 indicate a possible increase in the availability of methamphetamine, which is worrying, as it reduces the barrier to using it. However, not enough information is currently available to make valid statements about these developments.

It should also be pointed out that seizures and information obtained in criminal investigations could indicate increased trading in mCPP, LSD and ketamine. The locations of the most important markets are, however, unknown. The popularity of ketamine appears to be increasing among young user groups. If the substance is consumed with alcohol, a dangerous combination is created, which may result in a coma if a large dose is taken.

2.4.7 Conclusion

The Netherlands is expected to maintain its leading position as a country that produces synthetic drugs in the next few years. The scale of the synthetic drugs market is considerable, as is shown by use, seizures and the production locations that were found. The consequences vary from physical dangers for laboratory workers involved in production and people living in the vicinity of production locations to liquidations within criminal circles and from loss of reputation suffered by companies and unfair competition to environmental pollution and harm to the reputation of the Netherlands abroad. All in all, the consequences are therefore serious. The vast majority of the activities on this illegal market are related to ecstasy and amphetamine, which is why the production of, trade in

and smuggling of both ecstasy and amphetamine is a *threat* for Dutch society in the coming years.

As far as the other synthetic drugs such as methamphetamine, LSD, GHB, mCPP and ketamine are concerned, reports recently received may indicate an increase. However, the information is still limited and does not constitute a sufficient empirical basis to formulate expectations for the coming years. The illegal activities relating to the other synthetic drugs will therefore be qualified as a *blank spot*.

Criminal investigations have revealed little information about anabolic steroids, corticosteroids, hormone preparations and similar products. Due to lack of information, the production of, trade in and smuggling of doping substances, considered to be performance-enhancing, is qualified as a *blank spot*.

2.5 Producing, trading and smuggling cannabis²⁴

2.5.1 Introduction and scope

Three cannabis products will be discussed in this section: Nederweed, Nederhash and so-called 'exotic hash'. Out of these three products, the focus of this section will mainly be on the production of, trade in and smuggling of Nederweed. Nederweed is a type of marihuana produced in the Netherlands and consists of the dried tips of the female plant, which contain the active substance THC²⁵. Nederhash is produced from the plant waste that remains after the Nederweed has been harvested and is formed by pressing together the crystallised resin of the cannabis plant. Exotic hash only differs from Nederhash in terms of origin. The major countries producing exotic hash are Morocco, Lebanon, Afghanistan and Pakistan.

2.5.2 General context

Nederweed became popular in the 1990s and acquired an ever increasing market share. An information bulletin from the then National Criminal Intelligence Service (*Centrale Recherche Informatiedienst*) from 1992 states

²⁴ This section is based on a report prepared for NTA 2008: *Dienst IPOL, 2008. Het Groene Goud. Verslag van een onderzoek naar de cannabissector voor het Nationaal dreigingsbeeld 2008. Korps landelijke politiediensten* (Netherlands Police Agency), *Dienst IPOL, Zoetermeer*. The authors of this report are I. Emmett and R. Boers.

²⁵ Tetrahydrocannabinol.

the expectation that organised crime involved in importing hash would be concentrating more and more on the production and sale of Nederweed. The bulletin stated that there was a risk of the Netherlands becoming an exporter of Nederweed because of the large scale of its Nederweed harvest. This expectation has proven correct. In 2007 the production of Nederweed grew into an illegal business sector that should not be underestimated.

A number of logistical steps are involved in the production process: organising a suitable growing location and suitable equipment, setting up the growing location, carrying out the growing process, harvesting, selling the harvest, transporting and distributing the final product, and finally selling Nederweed via sales points that are tolerated by the authorities.

There are many types of growing locations and they are found in every conceivable place: above-ground and underground, on ships and in sheds, from Delfzijl to Maastricht. Locations are owned or rented. Some growers have set up the attics of their houses as nurseries, whereas others use entire buildings to grow the Nederweed. A glasshouse horticulturalist with cannabis between the chrysanthemums, caravan camp residents with nurseries in the back garden and estate agents who deal in property that includes cannabis nurseries are just a few examples of real-life situations. There are broadly four different types of growing locations: houses, locations on industrial estates, remote locations in thinly populated areas and boats.

Cannabis nurseries are found throughout the country. In urban areas they are located mainly in houses (rented or owned) and (company) premises, and in rural areas they can be found in large open spaces. In Belgium a growing number of cannabis nurseries are being found in which Dutch people are involved. Similar reports are also being received from Germany and Poland. In these cases Dutch expertise is being exported.

The cannabis sector is becoming more and more professional. This is shown in various ways. Firstly, an extremely high level of expertise has been reached in terms of refinement techniques. Secondly, the set-up of growing locations is also extremely professional. Thirdly, cannabis growers are organising and carrying out their activities in a professional manner. There are examples of criminal organisations that control the entire production chain, from slipping, growing and drying all the way to cutting. Some also own a grow shop or coffee shop, which means that the Nederweed can be sold easily, or they control their own transport line, which they use to export the Nederweed.

Grow shops are increasingly important because these suppliers of growing equipment are increasingly playing a supporting or central role in the organisation of home growing and the distribution to the retail trade.

Grow shops are an important link in the trade in and distribution of cannabis,

although direct (large-scale) trade and distribution involving buyers in the Netherlands and abroad also take place. Sometimes the grow shops also act as pre-financiers. Anyone who wishes to start their own home nursery can start at a grow shop. Not only equipment is available there²⁶, but sometimes the entire set-up is taken care of, in exchange for delivering the harvest in question to the grow shop. This ensures that the grow shops are supplied and it also makes the growers dependent. Coffee shops have largely lost their distributive function and are left with their sales function.

Depending on the destination country, Nederweed intended for export is transported by road, water, rail and sometimes by air. Weed transports are quite often combined with hash, ecstasy and/or cocaine, and bartering is involved: one product is delivered and exchanged for another.

Criminal investigations have shown that Nederweed is mainly intended for the UK, but that it also goes to Belgium, Germany, Italy, Scandinavia and Spain. Shipments are smuggled to the UK – where according to entrepreneurs in the cannabis sector the market is huge – by means of specially prepared lorries that arrive in the UK by ferry or through the Channel Tunnel. Transport companies' current infrastructure or, for example, the network of the flower auction, are used to smuggle the weed.

A new trend – *fragmentation* – can be seen as regards the foreign business partners. In the past the Nederweed was smuggled to a central intermediary in a foreign city, who distributed it to small dealers. Nowadays, more and more shipments are smuggled directly to the small local dealers, which appears to show that the distributive trade link has disappeared. This practice is evident especially with regard to the trade with Germany, Belgium and France. Due to its geographical location and the greater amount of logistics work involved as a result, this phenomenon does not appear to play a role in the trade with the UK. This could also explain the large cocktail shipments of drugs to the UK. In various English cities traditional distributive traders still take care of local distribution to the smaller dealers.

2.5.3 Scale

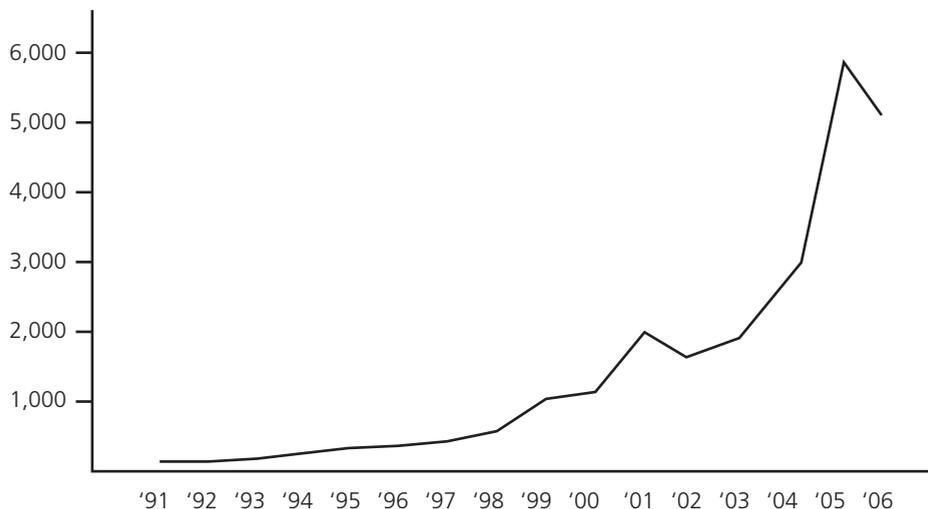
Nurseries

The figure below shows that the number of nurseries dismantled has risen almost constantly since 1991.

²⁶ Sometimes this even extends to the sale of seals and pliers to reseal the electricity meter after the reading has been adjusted.

Figure 2

Number of nurseries dismantled, 1991–2006



Source: Netherlands Police Agency, Department of International Police Information (IPOL)

Figure 2 shows the number of dismantlings registered with the police and reported to the KLPD. In recent years the regional forces have been more consistent in reporting dismantlings, which may explain part of the increase. Not all nurseries in the Netherlands are traced and dismantled. Various attempts have been made to estimate the total number of nurseries in the Netherlands. These estimates differ considerably. The highest estimate was in 1995: 50,000 home growers and 80 professional growers. In 2003 investigators estimated that there were 5,000 to 10,000 cannabis nurseries. In 2006 the estimate was 30,000 to 42,000 nurseries, around 17,500 of which were home nurseries and 14,000 to 25,000 of which were professional nurseries. An alternative estimate was made for this NTA, using the estimated percentage of traced nurseries. In 2006 around 6,000 cannabis nurseries were dismantled. It is estimated that between 30% and 50% of the actual total are discovered. On that basis, there would have been between 12,000 and 20,000 cannabis nurseries with more than five cannabis plants and cuttings in the Netherlands in 2006.

Production

The estimates of Nederweed production vary from 36 tons in 1995 to 766 tons in 2006. Another attempt at an estimate was made for NTA 2008. According to that estimate, there were 4.4 to 7.4 million cannabis plants

in the Netherlands in 2006, 2.2 million of which were seized. This means that an estimated 2.2 to 5.2 million plants remained and produced a harvest. With an average yield of 27.2 grams per cannabis plant, Nederweed production was therefore between 61 and 142 tons in 2006, excluding the yield of officially tolerated cannabis plants (fewer than 5 plants for private individuals).

Just like the production estimates vary, the estimates of total national consumption vary as well. For this NTA a bandwidth of 37 to 54 tons per year is assumed, which is 26% to 90% of the national production estimated above. This margin is so wide that it is difficult to interpret the percentages. The width of the margin is due to the various (estimated) variables on which this estimate is based. Nederweed intended for export makes up between 10% and 74% of total production. According to this data, between 7 and 104 tons of Nederweed were smuggled abroad in 2006. This basically means that there is no clear idea of the scale of Nederweed exports.

Hash

The waste of the Nederweed harvest is used to produce Nederhash. There are indications that Dutch criminal organisations buy in these waste materials on a large scale to produce Nederhash. The scale of production is small. Due to the labour-intensive production method the price is high – compared to other cannabis products – at between €15 and €40 for a gram. Nederhash is available in around 40% of coffee shops, but it is only slowly becoming more popular. Due to the small yield and the high price the level of exports is almost zero. The hash market in the Netherlands is therefore dominated by hash from abroad. This hash trade is largely transit in nature: the Netherlands acts as a transit country. Estimates of its scale are rare and some date back years. Some estimate the current national scale of foreign hash consumption at 14 to 16 tons per year, whereas others say 15 to 20 tons. Within a decade the national consumption of foreign hash has decreased by around 75%. The amount entering the Netherlands every year is still many times higher than Dutch national consumption. Seizure figures alone show that in the 2001 to 2004 period almost 200 tons of hash intended for transit via the Netherlands were seized abroad. With a wholesale price of €2,000 to €3,000 per kilogram, the Dutch transit hash trade remains a lucrative business.

Use

The use of cannabis among the population has been stable for years. A prevalence study showed that in 2005 almost 23% of the population aged between 15 and 65 – around 2.5 million people – had used cannabis at some point in the past. Current cannabis use (in the past month) lies at around 3%,

which is just over 360,000 people. No major changes in this situation have been observed since 1997. In recent years the number of cannabis users contacting addiction care services with a request for help has been rising. In 2006 over 6,500 cannabis users sought help, which is an increase of 7% compared to 2005. There are relatively few requests for help (2%) compared to the total estimated current number of cannabis users. Apart from the rising number of requests for help at addiction care services, general hospitals are also registering an increase in the number of admissions where cannabis use plays a role. However, the numbers involved are small: 24 cases in 2000 and 62 admissions in 2005.

2.5.4 Criminal organisations

Criminals work together in the cannabis sector in various ways. Cultivation is increasingly organised, from amateur growers who grow fewer than 5 plants to self-sufficient or self-supporting organisations of entrepreneurs that themselves control the entire chain of production, harvest, trade, distribution and smuggling.

Dependent home growers

Dependent home growers grow cannabis plants in their own houses, sheds or elsewhere on their land. Their most important characteristic is that they often have some kind of relationship of financial dependence on another entrepreneur in the cannabis sector. Grow shops not only provide advice, growing equipment and materials, but they also set up nurseries, including the cannabis cuttings. The nursery can be set up for a small fee or free of charge, in exchange for the yield of one or more harvests depending on the investment made by the grow shop or another service provider. It is sometimes agreed that any future harvests will also be offered to the grow shop or wholesale buyer. These agreements are generally entered into voluntarily. Home growers who have paid their debt to a grow shop or wholesale buyer become independent home growers.

Independent home growers

These are growers who work at their own expense and risk. The nursery is funded from the grower's own resources and the grower also does the work as much as possible. The grower is still able to handle most of the work. For sales the grower uses various types of wholesale buyers, including grow shops, who are also contacted for advice if the knowledge within the grower's own social network is insufficient. Independent home growers can be found, for example, in districts with a lower socio-economic status that are at risk of (further) criminalisation.

Independent professional growers

Apart from independent home growers, there are also independent professional growers. Independent professional growers have large numbers of cannabis plants spread over several nurseries. Due to the size of the nurseries, independent professional growers are no longer able to do all the work themselves. Due to the large scale a certain level of organisation is required. To take care of the cannabis plants and/or to run several nurseries at the same time, the growers consequently call in helpers, many of whom are relatives, friends or acquaintances.

Operators

Operators focus on running several nurseries in areas that belong to other people. The person renting out the room may be involved in the criminal process or may be renting out the room in good faith. Lease contracts are often entered into using fake documents and false names. A financial arrangement is agreed with the owners, such as a percentage of the proceeds in addition to paying the rent or mortgage. This allows the operators to transfer the risks to the owners of the growing areas. Operators cultivate on a large scale. They take care of the growing set-up and the growing process and they organise the harvest. The actual implementation is done by the supervisors, who are growers recruited to monitor the entire process on site. Furthermore, operators often have fixed addresses where they sell the Nederweed. They can keep most of the proceeds of the harvest. These operators are well known as 'commercial guys', because they focus on maximum production and yield from Nederweed and are not interested in its quality. The cannabis plants are often harvested before they are in full bloom, which results in inferior quality, and less care is taken with the use of pesticides and growth supplements.

Apart from the nurseries the operators often run one or more grow shops. A significant part of cannabis cultivation and the weed trade is facilitated by grow shops. Grow shop owners use a range of intermediaries and dealers, such as coffee shop owners and foreign buyers. They act as a pivot to criminal organisations. Most grow shop owners have criminal records. Research has shown that only 29% of grow shop owners are not listed in police records. Operators have national and international business contacts, which is how they sell Nederweed on a large scale. A turnover of 100 to 200 kg per week is not unusual. The key figures with contacts in the Netherlands and abroad are not only active in cannabis cultivation and the cannabis trade; they often have a wider field of work and are also involved in other criminal activities. Criminal investigations have shown their involvement in handling stolen goods, theft and burglary, as well as in more serious offences such as producing, trafficking and smuggling hard drugs, trading in and smuggling firearms, VAT fraud, forgery of documents, mortgage fraud, identity fraud and human trafficking.

A strikingly high number of criminal caravan camp residents are found among the operators. They control the entire growing process. They set up nurseries both inside and outside the caravan camp, cultivate, cut and dry the plants, and sell the harvest mainly to grow shops, from where they also obtain their gear. In the south of the Netherlands reports state that criminal caravan camp residents focus not only on the production of Nederweed, but also on buying in the regional Nederweed in order to create a monopoly. An undesirable additional circumstance is that the violent reputation of caravan camp residents can also be seen in the cannabis trade. As a result, the involvement of this category of caravan camp residents in the cultivation of and trade in cannabis has contributed to a hardening of the cannabis sector, especially on a regional level.

New players in the market

The first group of new players on the market consists of Dutch people who enter the market laterally (i.e. from a different area of activity), as shown in the WODC's third Organised Crime Monitor report. The report describes these lateral entrants as people who are unknown to the police and the judicial authorities. There are also foreign lateral entrants who become involved in the organisation of cannabis cultivation. Various criminal investigations revealed Vietnamese criminal organisations that focussed on the production of, trade in and probably also smuggling of Nederweed. The UK and Belgium also identified Vietnamese criminal organisations that were active on the cannabis market, and British Customs identified unusual drug transports from Vietnam.

Apart from lateral entrants, there is also another group of new players active in the cannabis sector, namely criminal organisations that were previously involved in other criminal activities but are focusing more and more on activities in the cannabis sector. These criminal organisations include not only groups of criminal caravan camp residents, but also Turkish criminal organisations that were originally involved in heroin trafficking. The involvement of different types of growers, dealers and smugglers in the cannabis sector and their attempts to gain a position on the market affects the whole sector, which not only include loss of quality of the final product²⁷ and the use of improper (growing) methods to generate maximum profits, but also a hardening of the sector, increased horizontal violence and involvement with other criminal activities such as the production of, trade in and smuggling of hard drugs.

²⁷ By using herbicides and dangerous additives to increase the weight, for example.

Another development seen in recent years involves the activities of so-called 'rip groups'. They specialise in raiding nurseries that have just been harvested. These raids sometimes involve a great deal of violence, which adds to the aforementioned hardening of the cannabis sector.

2.5.5 Consequences for Dutch society

Public health

Cannabis use has limited negative consequences for a person's health. The use of cannabis as such has limited physical consequences. Research into the long-term effects of cannabis use among young people has shown that, under normal circumstances, cannabis has no direct relationship with brain defects. However, for certain high-risk groups cannabis consumption definitely affects mental health. Furthermore, frequent and intensive use of cannabis not only involves a risk of mental addiction, but also risks relating to psychosocial functioning. There are vulnerable groups that are more at risk of running into problems. Heavy users of cannabis show behavioural disorders and other behavioural problems more than average, but it should be noted that these issues generally precede the cannabis use and are not a result of it. The rise in the number of intensive and long-term cannabis users is expected to continue in the next few years, especially within the high-risk groups. Most cannabis users suffer no direct harm as a result.

Social nuisance

Illegal cannabis cultivation is a limited nuisance. The main problems are nurseries in residential areas that cause obnoxious smells in the immediate living environment or create a dangerous situation in the residential district. Non-professional installation of electricity and improperly setting up the nursery may cause a fire hazard or flooding. In Rotterdam the fire brigade is called out twice a month to a fire related to illegal cannabis cultivation. The property will also be damaged if a cannabis nursery is set up there. Illegal cannabis nurseries are mainly located in areas with socio-economic disadvantages, and the areas can become criminalised as a result. These areas are usually run-down and impoverished and there is often tension between residents or between residents and the local government. However, this situation is not caused by the presence of cannabis nurseries. On the other hand, cannabis cultivation in an area with socio-economic disadvantages can promote further criminalisation.

Damage to property

The organised criminals in the cannabis sector mostly use fraud to launder their money, to enter into a rental contract under false pretences or to take out a

mortgage. Various types of fraud are committed, including benefit fraud, identity fraud, tax evasion and mortgage fraud. The financial sector sometimes appears to be involved, as a result of which the criminal origins of the money are erased by means of complex financial structures. Criminal circles and legitimate society are highly intertwined. Due to the fact that cannabis cultivation involves hundreds of millions of euros – it is not called ‘Green Gold’ for nothing – there is considerable financial damage as a result. Furthermore, cannabis cultivation often involves energy theft and damage to houses. The extent of this damage to property cannot be precisely determined, but it is clear that large sums are involved.

Influencing of criminal investigations

Professional criminal organisations have the resources (financial and otherwise) to protect themselves effectively from the police and the judicial authorities. The presence of nurseries is masked in various ways, for example, by installing containers underground. Obnoxious smells and noise pollution can be prevented by using filters or double walls. The scale of the activities is greater than before, as are the financial interests and the level of professionalism. Greater use is made of service providers, such as document forgers, transporters, estate agents, money exchangers and financial advisors, who provide their services in a professional manner. Legitimate Society therefore becomes intertwined with criminal circles, which makes criminal investigations and prosecutions difficult. Criminals also use front men and straw men, so that they themselves remain out of reach in the event that a nursery is dismantled. The increase in major and new players in the cannabis sector has also led to increased rivalry and, as a result, increased horizontal violence.

Damaged reputation

The Netherlands is seen as a drugs country: the source of ecstasy and Nederweed. Due to the tolerance policy of the past 30 years, the Netherlands has a special position within the European Union. This policy is subject to its share of criticism from abroad on a political and administrative level. In recent years the Netherlands has improved its reputation through a variety of measures, such as tackling cannabis cultivation more severely and the 100% inspections of body packers at Schiphol Airport on high-risk flights from South America.

2.5.6 Crime-related factors and expectations

Policy

For many years the Netherlands has had a policy on soft drugs that is unique throughout the world. Even though this policy has become more restrictive in recent years – partly due to pressure from abroad – it still stands out due to the

fact that cannabis consumption and the public sale of cannabis are tolerated. The policy has several effects. It has been successful, for example, with regard to the number of cannabis users and the separation of the hard drugs and soft drugs markets. However, in terms of the production of, trading in and smuggling of cannabis, this liberal drugs policy also has its drawbacks. In combination with a low political/administrative priority, the policy of tolerance has contributed to a more or less general acceptance of cannabis use and the (home) cultivation of cannabis plants among the general public. The visible presence of the sector, such as the presence of coffee and grow shops, also appears to lower the production threshold. Partly because of the low priority given to tackling it, the cannabis sector has been able to thrive in recent decades. However, this has changed to some extent because the Board of Procurators General made large-scale cannabis cultivation a priority area in 2007. The measures taken as a result are intended to reduce the production of Nederweed.

Normalisation

A process of normalisation has occurred in Dutch society since the policy of tolerating cannabis use was originally introduced. The use of cannabis is generally accepted. In addition, the normalisation process not only relates to cannabis use, but also to cultivation. Growers come from different backgrounds and can be found in various professional groups. Normalisation plays an important role in this regard. Although illegal cannabis cultivation may not be subject to the same level of normalisation as cannabis use, cannabis cultivation is still socially accepted. The sector is (partially) 'visible' in society and it is easy to start growing cannabis. One consequence of this situation appears to be the rise in the number of 'lateral entrants' – in other words, people who are not known to the judicial authorities – into the cannabis sector. In combination with the high profits that can be generated, the (moral) threshold for illegally growing cannabis is lower than for other criminal activities. Depending on the extent to which this process of normalisation is 'complete', this lower threshold may cause the scale of production to increase in the coming years.

Internationalisation and migration

Internationalisation is important not only for the Dutch exports of Nederweed and growing expertise, but also for foreign groups who use Dutch infrastructure or operate from bases in the Netherlands. There are Turks, for example, who are becoming increasingly involved in the Dutch cannabis sector, and there are also Vietnamese criminal organisations. The number of Eastern-Europeans – who are mainly used as plant cutters – will rise as a result of the increased migration of Poles, Bulgarians and Romanians to the Netherlands due to the removal of the borders. Because immigrants use the social infrastructure of Poles, Bulgarians

and Romanians who already work in the Netherlands, it is not difficult to understand how some of these immigrants end up on the illegal jobs market in cannabis cultivation.

Technological developments

For years growers have been trying to maximise the yield per plant. Both developments in the agricultural and horticultural sectors and developments within their own sector have supported these efforts. Refinement and cloning techniques have been optimised, for example, as have new growing methods. These technological developments have resulted in a fivefold increase in the yield per square metre compared to the early 1990s and there is more to come. For example, insulation materials are now being used that were originally developed by NASA and there are also fittings with LED lights that consume much less power than normal assimilation lights. These developments could make locating nurseries more difficult and growing more efficient.

Market developments

The expected developments in the nature and scale of cannabis cultivation greatly depend on the level of (national) priority given to the subject, the policy pursued and the implementation of measures. The theory of opportunism appears to partly explain the massive increase in cannabis cultivation in recent decades. Due to external factors, such as the wide availability of growing materials, knowledge and advice, the relatively easy sale of the final product and its economic value, combined with relatively mild penalties and a seemingly limited risk of being caught, the scale of illegal cultivation of Nederweed has increased enormously. This will not change much in the next few years. The integrated fight against cannabis cultivation is expected to further reduce the number of home growers. As a result, an increasing portion of cannabis cultivation will be controlled by new criminal groups that are active on the cannabis market.

2.5.7 Conclusion

Nederweed

The production of, trading in and smuggling of Nederweed together form an extensive illegal market with many negative effects for Dutch society. The availability of large sums of money is especially important in this regard. The money can be reinvested in criminal activities. It is also laundered to form a bridge to the legal world, which leads to the intertwining of legal and illegal activities. In addition, many forms of fraud are committed, of which mortgage fraud is only one example.

The presence of nurseries in residential areas puts the residents at risk. There are many dependencies on the cannabis market and the balance between these dependencies is easily disrupted. For example, many home growers depend on grow shops that provided the (financial) resources to set up the nursery. Violence among criminal organisations is increasing due to the fierce competition on the market.

In terms of public health, there are vulnerable groups of youngsters whose problems are exacerbated by excessive use of cannabis.

Other relevant developments include the increased level of professionalism of the cultivation process, the large-scale export of Nederweed and the relatively low threshold for taking part in home cultivation. Together with the expectation that production will increase in the next few years, this makes producing, trading in and smuggling Nederweed a *threat* for the next four years.

Nederhash

In terms of scale, Nederhash is a by-product of Nederweed production. The availability of Nederhash on the Dutch market may be increasing, but its market share is still small. Due to its relatively high price only a few users consume Nederhash. Furthermore, production is so limited that it is hardly exported. Nederhash therefore constitutes *no specific threat* to Dutch society for the next four years.

Foreign hash

The study of the cannabis market did not yield enough current information and knowledge about illegal exotic hash to assign a substantiated threat level. The only indication is the evident transit function of the Netherlands with regard to foreign hash. This alone is not enough to decide that foreign hash constitutes a threat. This is why this criminal activity has been designated a *blank spot*.

2.6 Human trafficking²⁸

2.6.1 Introduction and scope

Human trafficking includes all actions and types of behaviour that are criminal

²⁸ This section is based on a report prepared in part for NTA 2008: *Dienst Nationale Recherche (DNR), 2008. Mensenhandel. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten* (Netherlands Police Agency), *DNR (National Crime Squad), Driebergen* (confidential). The author of this report is F. van der Laan. The information from this report was included with a view to qualifying the threat level of the criminal phenomenon. This qualification and a summary of the arguments can be found in the final section.

offences under Section 273f of the Penal Code. At the heart of the offence is that 'anyone who recruits, transports, transfers, accommodates or shelters a person using force, violence or the threat of violence, extortion, fraud, deception or abuse of power resulting from factual circumstances with the intention to exploit this person or have his/her organs removed' is guilty of human trafficking. Exploitation covers 'exploitation as a prostitute, other forms of sexual exploitation, forced or compulsory labour or servitude, slavery and practices akin to slavery or servitude'.

Since the entry into force of Section 273f of the Dutch Penal Code on 1 January 2005, the scope of the term 'human trafficking' has no longer been limited to prostitution, but also encompasses exploitation in being put to work in other sectors, as well as the illegal trade in human organs. However, there are no signs that criminal organisations are involved in the illegal trade in human organs in relation to the Netherlands, which is why this subject will not be discussed further here.

This section describes the two aforementioned forms of human trafficking – namely exploitation as a prostitute and exploitation in other sectors – separately.

2.6.2 General context

Exploitation in prostitution

The prostitution sector is divided into two parts: a legal part, which is regulated by the authorities (brothels, window brothels and sex clubs), and a non-regulated part. Exploitation in prostitution occurs in both sector parts. It is estimated that there are more than 1,200 regulated, licensed prostitution businesses in the Netherlands. The number of businesses in the non-regulated sector is unknown, as it encompasses a large part of the escort services sector and prostitution services offered in private residences. Furthermore, research also shows that there are informal prostitution circles, whereby arrangements are made by phone or online. (Turkish) coffee houses, pubs and hotels are used as meeting places and/or places where the prostitutes ply their trade.

An analysis of 18 selected criminal investigations into prostitution-related human trafficking showed that offenders and victims often come from the same country. The recruiters are often from the same region as the victims or know the victims in one way or another.

The victims are usually convinced with false promises about work and/or pay. In four investigations the potential victims were won over with gifts, which is the so-called loverboy approach.

There were underage victims (often in addition to adult victims) in half of the 18 prostitution-related investigations. These cases generally involved establishments with no licence to operate as a sex establishment, such as Turkish catering businesses, or activities taking place in or from a suspect's home. In some cases there are links between smuggling of illegal immigrants and human trafficking. It was noticed that the reception procedure for unaccompanied minor asylum seekers was sometimes misused. Some of the victims who entered the Netherlands under this procedure were forced to work in the Netherlands and others were forced to work abroad. A Nigerian group of offenders used this method to put Nigerian girls and/or women to work as prostitutes in Italy and Spain.

Once the girls/women had started to work as prostitutes, the great majority of the suspects forced them to continue by using violence or threatening to use violence. As well as getting victims to work harder and to hand over their earnings, the use of coercive measures can also prevent victims from telling others about their plight. The relationship between offenders and victims is characterised in some instances by a mixture of intimacy and fear.

It can be concluded from the records of victims/potential victims of human trafficking kept by the Foundation against Trafficking in Women (*Stichting tegen Vrouwenhandel*) that most of the victims are aged between 18 and 30. Dutch, Bulgarian, Nigerian and Romanian nationals comprised the bulk of the victims in the period in question. The victims are almost always women. The Foundation reports that in recent years more and more Dutch girls have been recorded as victims of human trafficking. These native Dutch girls are recruited before they turn 18 and introduced to prostitution shortly after their 18th birthday.

Exploitation in other sectors

'Other exploitation' was made a criminal offence only relatively recently (in 2005). An exploratory study of the 2000 to 2005 period by the National Rapporteur on Trafficking in Human Beings (*Bureau Nationaal Rapporteur Mensenhandel, BNRM*) shows that other exploitation occurs in various legal sectors, such as domestic work, agriculture and horticulture, the temporary employment sector and (Chinese) catering establishments.

People are also exploited for the benefit of criminal activities. The analysis of five criminal investigations into exploitation in other sectors showed that two related to employment in illegal cannabis cultivation. There have also been reports suggesting that people were being exploited as body packers and pickpockets.

2.6.3 Scale

Exploitation in prostitution

No reliable figures are available as to the precise scale of the human trafficking phenomenon. In 2005 the police forces received more than 700 credible reports of human trafficking in relation to prostitution and more than 1,100 were received during the first nine months of 2006. One explanation may be the increased attention paid to human trafficking both by the police and by the public, but not much more can be said otherwise. It is clear, however, that the dark number is high. This is shown, for example, by the difference between the aforementioned number of reports received by the police and the number of (possible) victims of human trafficking in the records. The Foundation against Trafficking in Women recorded 405 (presumed) victims in 2004, 424 in 2005 and 579 in 2006.

Exploitation in other sectors

The investigating authorities still have little insight into the scale of the problem as regards exploitation in other sectors. In the aforementioned exploratory study by the BNRM into other exploitation in the Netherlands, information

Table 2

Number of cases of exploitation, 2000-2005, per sector	
Sector	Number of cases of exploitation
Domestic work (including childcare)	11
<i>Number of cases involving relatives</i>	6
Agriculture and (glasshouse) horticulture	11
Temporary employment sector	10
Catering establishments	8
<i>Number of Chinese catering establishments</i>	3
Food industry	5
Factory labour	4
Criminal activities, including fraud	4
Construction	3
Transport and logistics	3
Retail (markets and shops)	2
Cleaning	2
Other	2

Source: *Bureau Nationaal Rapporteur Mensenhandel* (the bureau of the national rapporteur on trafficking in human beings), 2007

was gathered on a total of 119 cases of abuse in an employment situation, 54 of which were qualified as exploitation within the meaning of Section 273f of the Penal Code. The number of listed cases of exploitation is shown in table 2. However, the totals cannot simply be added together, as one case may be related to exploitation in several sectors. It is also unclear to what extent these are cases related to organised crime.

2.6.4 Criminal organisations

The ethnic composition of the criminal organisations in the 23²⁹ cases analysed was generally heterogeneous. As well as Dutch suspects, there was also a high number of suspects of Turkish origin. Other frequently occurring countries of origin were Morocco, Romania, Bulgaria and Surinam. The number of suspects per group of perpetrators varied between 3 (the minimum in this selection) and 55. An analysis of data from the Public Prosecutor database ('OM-data') shows that human trafficking regularly occurs in combination with drug trafficking. Other secondary offences included in charges in human trafficking cases were violent supporting offences such as sexual assault or rape, assault or intimidation.

2.6.5 Consequences for Dutch society

The consequences for society consist of the harm to victims of human trafficking. Due to most victims' reluctance to file a report and the limited possibilities available for detecting human trafficking, no reliable estimate of the number of victims can be provided. It is clear, however, that each year at least several hundreds of victims suffer direct and serious harm as a result of human trafficking. The severity of the exploitation is primarily shown in the way in which the victims are treated. Victims of both types of human trafficking undergo psychological violence: they often have limited freedom of choice, as they find themselves in a position of dependency. In addition, the exploiters use physical violence against victims in many cases.

It should be noted that in some cases of exploitation the victims apparently preferred to surrender (part of) their earnings rather than remain in the more impoverished or more hopeless circumstances of their past. However, the victims suffer financial loss, as they have to surrender (some of) their earnings. Especially in the case of forced prostitution, the victims' physical integrity is also in jeopardy.

²⁹ A total of 23 criminal investigations, of which 18 cases related to exploitation in the prostitution sector and five to exploitation in other sectors, two of which involved illegal cannabis cultivation.

2.6.6 Crime-related factors and expectations

Policy and regulation

The factor that will most determine future developments in the nature and scale of human trafficking is (changing) government policy and the regulation thereof. One issue is that, since the ban on brothels was lifted in 2000, the regulation of the prostitution sector has not been specified in an unambiguous manner. An escort service, for example, may require a licence in some municipalities but not in others. Another aspect is that forms of prostitution that do not involve a fixed location, such as escort prostitution, are not (or cannot be) monitored as intensively as forms of prostitution where a fixed location is involved. Although exploitation can occur everywhere, there is an increased risk of exploitation in these less monitored situations.

Relatively little is known about exploitation in sectors other than the sex industry. Due to the fact that exploitation in other sectors was only made a specific criminal offence in 2005, the alertness to signs is still limited. Intensifying investigative and monitoring activities in this area in the future is expected to result in an increase in the number of detected cases of other forms of exploitation.

The exploitation of Romanian and Bulgarian Roma (children) may also increase in the years to come. Bulgarian Roma begging and working as prostitutes seems to be more of a problem in Belgium than in the Netherlands. Possible intensification of Belgian measures to combat the criminal activities of Roma could result in an increase in this problem in the Netherlands. It seems advisable to continue to closely monitor Belgian policy with regard to the criminal activities of Roma.

Expansion of the European Union and the Schengen area

EU expansion has resulted in a substantial increase in the number of (labour) migrants from Poland, Romania and Bulgaria. Neighbouring countries have seen an increase in the number of victims – and sometimes also the number of perpetrators – of human trafficking from these new member states. The asylum procedure in the Netherlands has shown to be vulnerable to (potential) victims of human trafficking being smuggled in for exploitation both in the Netherlands and abroad. The expansion of the EU does not mean that illegal employment and/or exploitation will stop. Shifts will occur in the victims' countries of origin, but vulnerable groups will still exist.

The expansion of the Schengen area at the start of 2008 to include the Central and Eastern European countries that acceded to the EU in 2004 may cause the routes to change. Instead of transporting (potential) victims via Southern Europe or through airports, traffickers may prefer the new eastern borders of the Schengen area because they are more difficult to guard.

2.6.7 Conclusion

The scale of exploitation in the prostitution sector is difficult to determine. In recent years the number of (potential) victims recorded has varied between over 400 to almost 600 a year. In recent years more and more Dutch victims have been recorded. The number of credible reports of human trafficking received by the police forces is significantly higher. In 2005 there were more than 700 reports and in the first nine months of 2006 there were more than 1,100. The early stage of the offender-victim relationship is often consensual and becomes violent at a later stage. The diffuse line between voluntary and involuntary involvement of the victims (the 'loverboy method', for example) makes it difficult to trace and prosecute suspects. The scale of human trafficking in connection with prostitution is not expected to drop in future in the current circumstances. The consequences for society are serious, especially as regards the damage to the personal living environment of the victims in a mental, physical and financial sense. Prostitution-related human trafficking is therefore a *threat* to Dutch society.

Exploitation in other sectors is a subject about which little information is available as yet from criminal investigations. In the future the focus of the police and the judicial authorities on these other sectors will probably increase, but there are currently many questions that cannot yet be answered. The scale of the exploitation, for example, is unknown, both in the legal and illegal sectors where people are put to work. In addition, the circumstances under which people are put to work (including the use of physical and psychological violence) are unclear, as is the extent to which criminal organisations are involved. In the current circumstances it is difficult to estimate the consequences for society, which is why the subject 'exploitation in other sectors' has been qualified as a *blank spot*. Further investigations should focus separately on exploitation in criminal activities, because that is not an area that is subject to monitoring and regulations.

2.7 Illegal immigrant smuggling³⁰

2.7.1 Introduction and scope

Since the amendment of Section 197a of the Penal Code on 1 January 2005, smuggling of illegal immigrants has been defined as the provision of assistance in gaining illegal access to the Netherlands, the provision of assistance in illegal travel through the Netherlands and the profit-motivated provision of assistance in illegal residence in the Netherlands. People can decide to move to a different country for various reasons. If the journey to the destination country cannot be undertaken in a legal manner, for example, due to a ban on leaving the person's home country or a restrictive admission policy in the destination country, the migrant may contact smugglers for help. Smuggling of illegal immigrants can therefore be described as an illegal services market. The smugglers have the knowledge and means required to organise the journey at a price. People who use these services may attempt to obtain legal status in the destination country after their arrival, or they will have to accept life as an illegal alien.

The law makes a distinction between smuggling of illegal immigrants and human trafficking. The former involves illegal migration on a voluntary basis, whilst human trafficking involves a violation of personal freedom. In practice it is not always easy to distinguish between these two offences. Especially problematic are situations where smuggled people start working at their destination after they arrive and are exploited in relation to their work. If the smuggler had intended from the start to exploit the smuggled person, then the entire process – including everything about the person's actual migration – will probably be considered to constitute human trafficking. If the smuggler was not involved with whatever happened to the smuggled person after the person arrived in the destination country, the illegal migration will usually be considered to constitute smuggling of illegal immigrants. In this example we simply stated that the smuggled persons were victims of exploitation; real life, however, is not as clear-cut. It is often difficult to establish whether illegal migrants who work in bad circumstances in the catering sector are victims of socio-economic exploitation or whether they are performing illegal work that is badly paid. Nevertheless, this distinction determines whether this is a case of human trafficking or smuggling of illegal immigrants.

³⁰ This section is based on a report prepared in part for NTA 2008: *Dienst Nationale Recherche (DNR), 2008. Mensensmokkel. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten* (Netherlands Police Agency), *DNR (National Crime Squad), Driebergen* (confidential). The author of this report is M. Soudijn. The information from this report was included with a view to qualifying the threat level of the criminal phenomenon. This qualification and a summary of the arguments can be found in the final section.

The consequences of smuggling of illegal immigrants for Dutch society depend greatly on the destination: the Netherlands or another country. This is why we made a distinction between smuggling of illegal immigrants with the Netherlands as the final destination and smuggling of illegal immigrants where the Netherlands acts as a transit country.

2.7.2 General context

Roughly speaking, the logistics process regarding smuggling of illegal immigrants has three stages: the preparations for the journey, the journey itself and the arrival. The powers of the Dutch investigating authorities are limited to their own territory, which is why they only provide a limited insight into the *overall* smuggling process. The criminal investigations studied, for example, reveal little about the preparations for the illegal migration, such as the way in which contact was initiated between illegal migrants and smugglers. If the final destination is outside of the Netherlands, what happens at the final destination will also remain unknown.

The journey

Research on criminal investigations showed that smugglers used various methods to transport their clients to or via the Netherlands. If they used scheduled flights, suspects would accompany the people being smuggled. They would then hand out passports to their clients just before they got to the border inspection point. Other smugglers had their clients climb into a lorry en route to England at night to hide in the load. Misuse of the Approved Destination Status (ADS) Agreement was one particular method used. The European Union and the Chinese government signed the ADS Agreement to speed up the processing of visas for large groups of Chinese tourists. However, crooked employees working at a Chinese travel agency enabled entire groups of tourists to disappear once they had arrived in the Schengen area. The arrangements have since been changed to prevent future misuse.

Arrival and transit

Almost all the criminal investigations analysed involved transit smuggling, in other words, smuggling to another country where the Netherlands was used as a transit country. The Dutch asylum procedure was sometimes abused for the purposes of transit smuggling. After a stay in temporary reception centres or elsewhere in the Netherlands, the people being smuggled continued their journey. England, Italy and the Scandinavian countries were especially popular destinations. Nevertheless, inspections by the Aliens Police and the Social Security Information and Investigation Service (SIOD) regularly find immigrants

who have been in the Netherlands illegally for quite some time. Not everyone is therefore in transit. How or why people ended up here, however, is usually unclear. An unknown number used the services of smugglers.

The fact that potential illegal migrants themselves choose to use the services of a human smuggler does not mean that there are never cases of victimisation. During the journey, for example, a smuggler may take too many risks, which leads to dangerous situations for the people being smuggled. This may result in physical injury or even death. In addition, anybody who invests a lot in a smuggling journey and is close to his destination after several weeks will not easily give up. As a result, this person is now in a position of dependency and will be more inclined to agree to dangerous smuggling methods.

2.7.3 Scale

Smuggling of illegal immigrants constitutes an illegal services market. We will discuss its scale based on both the people who purchase the illegal services and the people who offer those services, i.e. the smuggled people and the smugglers.

Smuggled immigrants

There is no reliable record of the number of smuggled immigrants who are intercepted. However, in any attempt to still say something about the number of illegal immigrants smuggled to the Netherlands, the usual method is to analyse the figures for requests for asylum. It is then assumed that some of the asylum seekers managed to reach the Netherlands by using the services of smugglers.

Table 3

Total influx of asylum seekers, 2000-2007							
2000	2001	2002	2003	2004	2005	2006	2007
43,895	32,579	18,667	13,402	9,782	12,347	14,465	9,750

Source: *Immigratie- en Naturalisatiedienst (IND)* (the bureau of immigration and naturalisation)

Up to 2004 the influx of asylum seekers fell considerably, before rising slightly and then falling once again in 2007. Estimates vary of the number of people who received assistance from a third party for their journey to the Netherlands, paid a travel fee and entered the Netherlands illegally. Around 2004 this was

apparently true in 80% of the cases, whilst in 2005 and 2006 the proportion was apparently around 40%. In the past four years Iraq, Somalia and Afghanistan were the most frequently occurring countries of origin of asylum seekers. Nevertheless, only two criminal investigations are known to have involved smuggling from those countries in the 2005 to 2006 period.

A certain level of insight into the scale of smuggling is also provided by the inspections performed by the Royal Netherlands Marechaussee. In the 2005 to 2006 period, for example, teams at Schiphol reported 160 incidents where one or more suspects were arrested in connection with smuggling of illegal immigrants. Apart from at Schiphol, the Royal Netherlands Marechaussee also reported approximately 100 incidents at the border inspection points at Hoek van Holland, IJmuiden, Eindhoven Airport and Rotterdam Airport. Most of the suspects arrested were en route to England. Also, as part of the Mobile Monitoring of Aliens by the Royal Netherlands Marechaussee, approximately 300 other incidents were reported near the internal borders of the Schengen area in which suspects were arrested.

One category of smuggled people who were especially notable in the 2005 to 2006 period were the unaccompanied minor aliens, who are also referred to as 'unaccompanied minor asylum seekers'. Mainly Indian and Chinese unaccompanied minor aliens were in the news several times during the research period. The reason was that many of them left the reception centres – where they were awaiting the outcome of their requests for asylum – en route to an unknown destination. Estimates for previous years suggest that the peak in the number of disappearances was in 2001 and 2002, when 2,674 and 1,519, respectively, left for an unknown destination. Since then, the unaccompanied minor aliens regulations have been modified, as a result of which the number dropped remarkable to 199 in 2006. The involvement of human smugglers was suspected in particular in the disappearances of Indian, Chinese and Nigerian unaccompanied minor aliens. In response, various criminal investigations were launched, which revealed that the reception centres for minor aliens in the Netherlands were being misused by human smugglers as stopover points. When they arrived in the Netherlands, the smuggled 'asylum seekers' phoned home (often their family) to say that the money could be paid to the smuggling organisation. Criminal investigations found Nigerian unaccompanied minor aliens in the Italian prostitution sector, where they were being exploited by human traffickers.

Smugglers

The Dutch suspect recognition system (*Herkenningsdienstsysteem, HKS*) shows that, for 2005 and 2006, 315 and 292 unique people, respectively,

were registered as being suspected of human smuggling. Together, suspects who are registered as coming from 'Africa', 'Asia', 'the Middle East' and 'Turkey' amount to more than half of the total number of suspects. Apart from the registration of suspects in the HKS system, the Public Prosecutor database ('OM-data') also records who were actually prosecuted for offences regarding smuggling of illegal immigrants. The numbers in OM-data and in the HKS system almost match entirely for this period.

2.7.4 Criminal organisations

Among the more than 500 cases of smuggling of illegal immigrants identified by the Public Prosecution Service for the 2005 to 2006 period, there are 86 that involved more than one person: a criminal group). Most of the groups involved two suspects, but there were also 13 criminal organisations with three suspects, one with four suspects, two with five suspects and one with eight suspects. The members of these criminal organisations included 39 suspects with a Turkish background, 35 with a Dutch background, 11 with an Iraqi background, 11 with a Romanian background, eight with a Russian background and eight with a Surinamese background.

Apart from large-scale organisations, quite a few 'amateurs' are also involved in human smuggling. They may, for example, now and then lend their passport to a *look-alike* to allow that person to come to the Netherlands. Others may help with accommodation for illegal aliens, especially relatives or friends. These family relationships make smuggling of illegal immigrants a low-threshold crime. An analysis of the case files from criminal investigations should provide an insight into the substance of how more large-scale organisations work together. The files from 21 criminal investigations were therefore gathered together. Seven of these investigations ultimately proved to involve smuggling of illegal immigrants from the 2005 to 2006 period. Five of these cases involved transit smuggling. The two other cases related to the supply of fake documents. Suspects had been able to supply all kinds of high-quality documents, including blank passports for various nationalities. These passport suppliers did not themselves smuggle people, but they did make it possible for others to do so. They also facilitated other crimes, such as fraud and human trafficking.

2.7.5 Consequences for Dutch society

The harm suffered by Dutch society as a result of smuggling of illegal immigrants can be divided into harm suffered by individuals, harm suffered by economic sectors and harm suffered by society as a whole.

Harm suffered by individuals includes cases, for example, where people are

injured or killed because too many risks are taken during the smuggling process. Smuggling of illegal immigrants also increases costs in a number of economic sectors. Transshipment companies, for example, have to employ stricter security measures at their sites to prevent people from climbing into their lorries. Goods transport also takes longer due to border checks. Companies in the tourist sector are also subject to economic dangers. The government may hold transport companies liable if they transport aliens without the necessary documents. Comprehensive *pre-boarding checks* are therefore carried out in certain high-risk countries. However, it should also be noted that smuggling of illegal immigrants may reduce costs for sectors in which illegal aliens can be used as cheap workers (e.g. in a sowing shop or a shrimp-peeling mill). Examples of (financial) harm suffered by society as a whole include misuse of certain regulations such as the Approved Destination Status Agreement, student visas and the asylum procedure.

2.7.6 Crime-related factors and expectations

The market regarding the smuggling of illegal immigrants is influenced by push and pull factors such as national (international) migration policies, ecology, economic developments and areas of conflict throughout the world. However, the exact relationship between these factors and smuggling of illegal immigrants to or via the Netherlands is unclear. One conclusion that can be drawn is that changes to the policy of the Dutch government may affect the scale of smuggling operations. The European Union's policy with regard to its external borders and the accession of new member states is also important, as this accession has extended the eastern external borders of the European Union to the Baltic states, Poland, Slovakia, Hungary and Slovenia and these countries have borders that are difficult to monitor. In addition, anyone who crosses the external borders into the Schengen area is free to travel anywhere within that area, which is why these countries are being trained by the EU in the performance of their new task. The next few years will show whether human smugglers start using the new external borders of the EU and change their smuggling routes accordingly.

There are no indications of the development of new working methods for smuggling of illegal immigrants in the near future. No major changes are expected either within the logistics of human smuggling. The same roles, such as organiser, local guide, driver and money launderer, will remain relevant. False and falsified passports will remain an essential tool, as they make many different ways of legal travel possible.

It is not known whether the position of the Netherlands as a stopover point in smuggling routes will shift to other western countries. The geographic location of the Netherlands and its extensive infrastructure are relatively constant considerations in this regard.

2.7.7 Conclusion

The information available from criminal investigations in 2005 and 2006 concerns smuggling of illegal immigrants where the Netherlands acted as a transit country. The consequences of this smuggling for Dutch society are limited. Possible indirect consequences of smuggling of illegal immigrants that are related to illegal residence in a country are mainly at the expense of the destination country. As a result, smuggling of illegal immigrants where the Netherlands acts as a transit country constitutes *no specific threat*.

Little information was obtained about smuggled people who wish to stay in the Netherlands. Smuggling of illegal immigrants where the Netherlands is the destination country is therefore a *blank spot*.

2.8 Illegal trading and smuggling firearms and explosives³¹

2.8.1 Introduction and scope

As regards the illegal firearms trade, two dimensions can be distinguished. The first one is the illegal trade in firearms for criminal circles. The second one is the illegal firearms trade for areas of conflict around the world, where the buyers are mainly rebel groups and terrorist organisations. The focus in this section is primarily on the illegal trade in light firearms for criminal circles. Explosives are only addressed in passing, because the trade in explosives does not appear to be a significant problem. The reason may be that people can manufacture explosives themselves relatively easily, partly as a result of the legal availability of the ingredients and the wide availability of recipes on the internet.

³¹ This section is based on a report prepared in part for NTA 2008: *Dienst Nationale Recherche (DNR), 2008. De illegale handel in vuurwapens en explosieven. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten* (Netherlands Police Agency), *DNR (National Crime Squad), Driebergen* (confidential). The author of this report is M. de Vries. The information from this report was included with a view to qualifying the threat level of the criminal phenomenon. This qualification and a summary of the arguments can be found in the final section.

It should be noted that the illegal *production* of weapons and explosives is not considered here. This is a deliberate limitation of the scope of the study. The production of weapons and explosives (as is meant here) does not take place in the Netherlands but in various other countries. Furthermore, the production of firearms is almost always legal, which excludes it from the scope of the report on which this section is based. In addition, it should also be stated that the use of firearms for all kinds of criminal activities has also been excluded from the scope of this section.

2.8.2 General context

Over 600 million small arms and light weapons are in circulation worldwide. The total production of small firearms is estimated at 800,000 weapons per year. Governments purchase an average of one million small arms every year for military purposes. The replacement of supplies of small arms leads to a thriving trade in old supplies. These old supplies are mostly purchased by developing countries. The annual scale of this trading in surplus weapons is estimated at around 280,000 small arms worldwide. A total supply of 200 million firearms is available worldwide for military purposes.

Small arms and light weapons are traded on three different markets: the 'white', the 'black' and the 'grey' markets. 'White market' transactions are carried out in accordance with national and international laws and regulations. 'Black market' transactions involve a clear violation of national and/or international laws and take place without the permission of or inspection by any authority. Weapons traded on the black market are generally intended for individuals or criminal organisations. 'Grey market' transactions involve the use of loopholes in national and international laws for transactions. The buyers of weapons on the grey market are generally rebels and governments of countries that are placed under an embargo.

The global illegal trade in small arms and light weapons is estimated at around 10% to 20% of the overall trade in small arms that takes place annually. The value of the black market arms trade supposedly totals about one billion euros per year worldwide. The extent to which illegal firearms trading takes place in the EU countries differs depending on the member state in question, as does the nature of the trade involved. Firearms are mainly smuggled into the EU from the Balkans.

Firearms are mainly transported and smuggled in cars or delivery vans and only small amounts are involved each time. This is also called 'car boot smuggling' or 'ant trade'. Upon arrival of the goods in the Netherlands, the weapons are temporarily stored in so-called 'stashes'. Pending further transport to other countries (the UK and Scandinavia, for example) or sale on the Dutch market,

the weapons are stashed at a safe address, sometimes with the knowledge of the owner/resident and sometimes without.

2.8.3 Scale

Little is known about the scale of illegal trading and smuggling of firearms. Illegal firearms possession and incidents involving firearms in the Netherlands are therefore used as an indication of scale.

Possession

The most recent estimate of the illegal possession of firearms in the Netherlands dates from 2000. At the time, there were an estimated 54,000 illegal owners of firearms in the Netherlands who were allegedly in possession of between 85,000 and 125,000 illegal live firearms. It should be noted that this level of possession among the population is not merely the result of illegal trading by criminal organisations. An unknown number of the weapons held illegally is the result of private individuals purchasing weapons abroad without the organised arms trade being involved.

During the 2002 to 2006 period, the police registered a total of over 20,000 people as being suspected of illegal possession of Category II and III firearms or ammunition (Section 26 of the Weapons and Ammunition Act). The table below shows how many suspects are registered annually. Since 2003 there has been a steady decline in the number of people suspected of illegally possessing firearms.

Table 4

Suspects of illegally possessing firearms, 2002-2006						
Year	2002	2003	2004	2005	2006	Total
Number of suspects (Section 26 Weapons and Ammunition Act)	3,886	4,590	4,506	4,254	3,873	21,109

Source: Herkenningdienststelsysteem (HKS, registration system for suspects), 2007

Incidents

During the 2001 to 2006 period, the number of incidents where firearms are involved varies, it rises from 3,572 in 2001 to 5,013 in 2004 and then decreases to 3,747 in 2006. It is unclear to which extent these incidents are related to illegal trade in firearms.

2.8.4 Criminal organisations

The illegal arms trade in relation to the Netherlands is mainly small-scale. As a result of this small scale, there are no major dealers or well-organised trading networks in the Netherlands. There are only small dealers and loose connections. Supply is divided between various dealers, which is probably due to the fact that it is relatively easy for private individuals to buy arms abroad. Most of the illegal firearms trade in relation to the Netherlands involves Dutch criminals, with other Western Europeans and Turks in second and third places respectively. The involvement of criminals from the former Yugoslavia appears to be more limited than previous publications suggested. The criminal organisations mainly consist of men aged between 30 and 40. The trading of a shipment of arms usually involves a limited number of people: a supplier, an importer in the destination country, several brokers, and sometimes also intermediaries. Criminal organisations involved in the illegal firearms trade in one way or another are relatively small. Most of the criminal organisations registered in the 2005 to 2006 period consisted of fewer than five people. Sometimes the organisation has a hierarchical structure, but collaboration within the organisation is usually based on equality. The criminal organisations involved in the illegal firearms trade in relation to the Netherlands have a loose structure and generally work together for a limited period (usually less than two years). The firearms trade is not the exclusive domain of specific criminal organisations. Most of the criminal organisations collaborate with other criminal organisations, with the primary objective being to use each other's resources. A clear majority of the criminal organisations registered have an ethnically diverse composition. The illegal firearms trade is not very profitable by itself. Partly as a result, the organisations in question are nearly always involved in other offences as well – especially drug trafficking, because firearms and drugs are almost inextricably linked. In most cases, the firearms trade is a secondary activity for the criminal organisations in question.

2.8.5 Consequences for Dutch society

Firearms

Due to the strict regulation of the legal arms trade and also due to the closed nature of the illegal arms trade, the legal and illegal markets are two distinctly separate worlds. It should be noted, however, that the deteriorating economic situation in the legal firearms sector may increase the attractiveness of illegal activities. The Netherlands' reputation internationally does not seem to suffer because of the illegal firearms and explosives trade. This is partly due to the

limited scale of detection of illegal weapons in transit and relatively strict Dutch arms legislation.

Finally, the damage the Dutch government incurs as a result of the illegal firearms and explosives trade appears to be limited as well. During the research period, there were no indications that illegal firearms and explosives dealers systematically corrupt government officials, intimidate or otherwise pressurise them. Illegal firearms dealers do not seem to have been able to gain a strong foothold in the legal world either.

Explosives

We can be brief about the consequences of the illegal explosives trade: there are (almost) none. There are hardly any signs of an illegal trade for criminal circles.

2.8.6 Crime-related factors and expectations

A number of factors may affect the supply of (illegal) weapons. The first is the ending of armed conflicts. The result is usually that large amounts of firearms and explosives become available, as was shown by the ending of conflicts in the Balkans. A second factor involves the (partial) replacement of the military arsenal of weapons. In the next 5 to 10 years a number of NATO member states will be replacing significant sections of their arms supplies. A large portion of the replaced arms will be sold to other countries, but an unknown portion likely will become available on the illegal market. These two factors may cause an increase in the illegal trade, but are not relevant for this NTA, because the circumstances will not arise in the next four years.

One limiting factor is the development of EU legislation that is intended to restrict the illegal arms trade. The demand for illegal firearms appears to be stable.

Based on the above it can be concluded that, as regards the scale and nature of the illegal firearms trade in relation to the Netherlands, there are no indications at the moment that it will change significantly in the next four years.

2.8.7 Conclusion

The illegal trading in and smuggling of firearms and explosives is a limited problem for the Netherlands. The consequences can be controlled. In recent years we have seen a drop in the number of seizures and the number of incidents. This indicates that the scale of illegal trading in and smuggling of firearms to the Netherlands is decreasing.

A substantial portion of the firearms in the Netherlands has a legal origin. The illegal origins of firearms in the Netherlands cannot be attributed to criminal organisations alone. In many cases individuals buy firearms abroad and import

them illegally into the Netherlands, but this is not part of organised trading and smuggling.

The involvement of criminal organisations may have been demonstrated, but it is also fragmented and small-scale, the period of collaboration is limited and the proceeds are small.

All in all, the illegal trading in and smuggling of firearms and explosives constitutes *no specific threat* to Dutch society for the next four years.

2.9 Producing and distributing child pornography³²

2.9.1 Introduction and scope

The scope of the research is defined by Section 240b of the Penal Code and by the Child Pornography policy instructions (*Aanwijzing Kinderpornografie*) drawn up by the Board of Procurators General, which provide more specific rules for criminal investigations and prosecutions. According to Section 240b of the Penal Code, anyone who distributes, publicly displays, manufactures, imports, transships, exports or possesses an image or a data carrier is committing a criminal offence if that image or data carrier shows a sexual act involving (or seemingly involving) a person who has apparently not yet reached the age of 18. The words ‘seemingly involving’ eliminate the need to prove that an ‘actual’ child was used to manufacture the image. This makes virtual child pornography also a criminal offence.

In legal terms, paintings and drawings fall outside of the scope of Section 240b of the Penal Code because, according to the legislation, paintings and drawings ‘demonstrate insufficient lifelike character’. The ‘Child Pornography policy instructions’ do, however, state that this exception should be treated critically, as some drawings and animations definitely refer to the sexual abuse of children.

2.9.2 General context: nature and scale

Production of images of child abuse

The IPOL document distinguishes between production on a small scale that is not focused on financial gain and production for commercial purposes.

³² This section is based on an internal document on this subject that was drawn up for the NTA 2008 preliminary study; no separate substudy was carried out on this subject (see Chapter 1). The authors of this document are S. van der Zee and C. Groenveld of the Department of International Police Information (*Dienst IPOL*). The document is compiled using information provided by IPOL's Child Pornography Prevention Team.

The commercial production of images of child abuse mostly involves organised criminal groups, as far as we know mainly from countries in the former Soviet Union, such as the Ukraine and Belarus, and other countries from the former Eastern Bloc. Production takes place in the countries of origin of these organisations and local children are abused. The children are often runaways living on the streets or they come from children's homes, and they vary in age from 2 to 14. The distribution of the images of abuse is also controlled from abroad. The scale of commercial production is unknown, but it is clear that it generates a great deal of money. The United Nations reported on a worldwide investigation in 2006 that criminal profits of 6 billion dollars were generated.

Non-commercial production of images of child abuse involves images of child abuse by individuals, usually by relatives and acquaintances of the victim's family. Victims are also recruited under false pretences (this is known as 'grooming'). There are many possibilities for grooming on the Internet; contact can easily be made via chatboxes, for example. The abusers pay attention to the children and sometimes give them presents, with the ultimate aim of sexually abusing them. There is no commercial purpose in these cases. However, the material is often distributed online, mainly by exchanging it for other material. This form of non-commercial production is also found among sex tourists, who make recordings with their digital cameras in countries with limited monitoring, such as Thailand or Cambodia.

The scale of the non-commercial production of images of child abuse is difficult to determine. The investigating authorities often fail to reach the source. The relationship with the Netherlands or Dutch nationals is also difficult to establish.

Distribution of images of child abuse

The production of and distribution of images of child abuse tend to go together, although the driving forces are not always the same. The Internet is an important medium for distribution among the target group. The consumers are usually very well aware of the fact that their sexual values are deviant and they use the possibilities offered by the Internet to remain anonymous. The IPOL document reports four types of distribution of images of child abuse on the Internet:

1. Peer to peer

In the publicly accessible sections of the Internet you can still find people who download images and distribute them independently. Some of these people use so-called 'peer-to-peer' programs such as Kazaa to exchange images. These cases do not involve distribution for commercial purposes.

2. Private networks

As people run the risk of getting caught in the public part of the Internet, contacts are made more and more frequently in sections of the Internet that are not accessible to everyone. The people who participate in these private networks are usually more skilled with the Internet than the average citizen. A lot of material is exchanged in these networks. The exchange of images of child abuse online serves various purposes for this group of people. It is a means of making contact with other paedophiles and of expanding the person's own collection. In addition, people also give each other tips and advice about issues such as how to come into contact with children, the steps leading up to certain sexual activities and the activities themselves, 'interesting' websites and how to stay out of reach of the investigating authorities. Many Internet networks in which images of child abuse circulate can only be accessed by other members of the group. Sometimes you can only join if you can prove that you produce material yourself. New material is 'worth its weight in gold' in the shady subcultures of collectors, as you can exchange it for other material and it can help you obtain a status within the group. No information is currently available about the scale of these networks and the involvement of Dutch nationals. Due to the virtual nature of the contacts, it seems obvious that these contacts are not only Dutch, but worldwide.

3. DVD compilations

DVD compilations of images that circulate on the open and private sections of the Internet are sold online. There is clearly a commercial purpose in these cases, but as far as we know there is no real systematic collaboration like in criminal organisations. These are usually individuals who 'know their way around' in technical terms.

4. Commercial sites

On commercial websites you can gain access to images of child abuse with a credit card. These sites are gaining in popularity. They are often run by the same groups that also produce the commercial material. Some groups function as real companies, with 'departments' that take care of production, departments that organise the sites and departments that collect payments. As stated above, the organisations often have their origins in countries of the former Soviet Union and other countries from the former Eastern Bloc. The production also takes place in these countries.

Consumers

Collecting and viewing images of child abuse used to be linked mainly with stereotypical paedophiles and ascribed to a select group of individuals who acted

in isolation. According to the IPOL document, this view is not (or is no longer) accurate; the market is much more extensive. International investigations in particular always yield a large number of suspects and they probably only represent the tip of the iceberg. In 1998, one of the first major international police operations took place – the ‘Wonderland case’, which was named after the Wonderland network. Anyone wanting to join this network had to supply thousands of new images of child abuse online. The more material a participant provided, the more privileges he was given and the higher his position in the network’s hierarchy. Tips to increase anonymity or to outwit the police also improved people’s status. The victims were both boys and girls between 3 months and 10 years old. It was striking that the suspects often had good jobs and were respected members of society. Another - more actual - international investigation mentioned in the IPOL document also revealed a similar picture. This investigation resulted in over 1000 arrests; the suspects included police officers, judges, dentists, soldiers, a teacher, a well-known pop star and two British former ministers. In recent Dutch investigations it was also striking that several suspects had good jobs and were highly educated. The suspects included doctors, lawyers, school principals and teachers. It remains to be seen whether this group is representative of the total population of consumers.

Paedosexuality is viewed as paraphilia, in other words, a condition involving sexually deviant behaviour. Research into offenders, which is discussed in the IPOL document, shows that they often have a strong, addictive urge to view material of a sexual nature. This may constitute a ‘stepping-stone’ process, i.e. people slowly look for the boundaries and at a certain point they cross them. After a while they come into contact with a so-called ‘virtual community’ of people with a common interest in images depicting sexual activities with children. Contacts via these ‘virtual communities’ ensure that the person in question starts believing more and more that it is more or less accepted to have these interests and put them into practice. This is followed by a phase when people get to know and use the Internet more and more, partly as a result of the contacts with other members of the community. The time spent online also increases steadily, and the end result may be collector’s mania: in order to obtain as many images as possible, the collector must exchange them with others or buy material. Collecting may result in more fantasies and sexual activity. The fact that people are involved in an illegal activity may also work as an aphrodisiac. The relationship between viewing pictures of child abuse and expressing personal perverse sexual needs has not been proven, but experts suspect that this relationship exists.

2.9.3 Criminal organisations

Commercial production and distribution of images of child abuse is organised crime for financial gain. According to Europol³³ the involvement of organised crime in the sale and trafficking of children for exploitation, including prostitution, increased worldwide in 2007. However, there are no indications that Dutch criminal organisations are involved, and little is known about the involvement of Dutch criminal groups in the production abroad³⁴. Nevertheless, the IPOL document does make it clear that Dutch payment companies are involved in the cash flow between consumers and producers or distributors of images of child abuse online. Not much more information is currently available other than that. The most important link to the Netherlands is probably the fact that customers live here, just like in many other countries. Europol³⁵ expects that the coming years will see more use of special software to hide the identity of people involved, including in relation to payment systems.

Non-commercial production and distribution of images of child abuse does occur in the Netherlands. Mainly individuals are involved in production; there are no indications of production by criminal organisations. However, these people are sometimes involved in Internet networks within which material is distributed. It can be proven that Dutch nationals are also involved in these (international) networks. These networks, which are also referred to as paedophile networks, do not work like the usual organised crime organisations. One reason is that there are no commercial interests. It can be stated, however, that the members of these networks pursue material gain, because the exchanging of images can be considered bartering. As a result, these activities fall within the scope of the NTA. There is also a common interest - although not from a group perspective, but due to the competitive nature of the contacts within these networks it can hardly be said that these are individual people with exclusively individual interests. Production appears to be mainly carried out by individuals, but the distribution clearly serves the interests of more. The group dynamics within paedophile networks have a perpetuating and possibly also a strengthening effect on the

³³ *Dienst Nationale Recherche (DNR), 2008. Mensenhandel. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten* (Netherlands Police Agency), *DNR (National Crime Squad), Driebergen* (confidential).

³⁴ See also: *Dienst Nationale Recherche (DNR), 2008. Mensenhandel. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten* (Netherlands Police Agency), *DNR (National Crime Squad), Driebergen* (confidential).

³⁵ *Dienst Nationale Recherche (DNR), 2008. Mensenhandel. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten* (Netherlands Police Agency), *DNR (National Crime Squad), Driebergen* (confidential).

continued existence of both the production and distribution of images of child abuse. However, no empirical data are currently available to draw substantiated conclusions about the form of collaboration in these networks.

2.9.4 Consequences for Dutch society

The consequences for the victims of the production and distribution of images of child abuse are particularly serious, in terms of both physical and (often long-term) mental harm. As far as we know, the groups involved in these practices on a commercial basis have no ties with the Netherlands and nor do the children they abuse. Strictly speaking, according to the underlying principle of this report, these consequences do not affect the Netherlands. The links with the Netherlands concern the purchase of commercially produced images. In fact, the economic damage for the producing countries – since money disappears into illegal circles – does not constitute harm to Dutch society either. There are indications that the money is invested in the producing countries themselves. The involvement of Dutch payment companies has been proven, but little information is currently available about the scale of their involvement and the methods used.

The assumed methodology behind the online paedophile networks contributes to their perpetuation and possibly also to the promotion of the production and distribution of images of child abuse. Dutch nationals and Dutch victims are known to be involved in this non-commercial form of trading in images of child abuse, which is why it has serious consequences for Dutch society. However, no empirical data are currently available to give an impression of the nature and scale of these networks. It is a world into which investigating authorities find it difficult to gain an insight.

2.9.5 Conclusion

The production and distribution of images of child abuse organised by foreign, commercial criminal organisations has few links with the Netherlands, but there are consumers of child pornography in the Netherlands, and it has been proven that Dutch payment companies are (or were) involved in online transactions. That in itself may warrant further investigation but, as yet, the commercial production and distribution of images of child abuse is *no specific threat* to Dutch society.

As regards the non-commercial production of images of child abuse originating in the Netherlands and the distribution thereof via online networks, the

conclusion has to be that there are serious consequences due to the physical and psychological harm suffered by victims. It is difficult, however, to determine the number and size of these networks, and the involvement of Dutch nationals. Moreover, the assumed group dynamics of these networks and the effect on the (indirect) form of collaboration between its members require further investigation. This is why the qualification of *blank spot* has been given to the non-commercial production and distribution of images of child abuse online.

2.10 Producing and distributing counterfeit money³⁶

2.10.1 Introduction and scope

The counterfeiting or falsifying of money as such is not a criminal offence. It only becomes a criminal offence if people intend to spend the money (or cause it to be spent) as if it were real and not counterfeit (sections 208 and 209 of the Penal Code). Money is *counterfeit* when coins or notes are copied in full. Money is *falsified* when a real note (or a real coin) is modified (by changing the denomination, for example). Falsified money will not be discussed in this section. The focus here is on the production and distribution of counterfeit money, which means the forgery of money and/or the deliberate distribution and spending of counterfeit money as if it were real and not counterfeit.

2.10.2 General context

In early 2007 a preliminary study was conducted on counterfeit money. This preliminary study was supposed to show whether further research into this subject was required in order to establish a qualification as part of the NTA. The conclusion was that further research was not required. In the previous NTA (2004) the presence of counterfeit money was not included as a threat due to its limited scale, and since then the scale had only decreased. In the meantime, however, it has become clear just at the last moment that the decrease in the number of counterfeit euro notes has not continued; since early 2007 there has even been a significant increase. This is sufficient reason to discuss the development of the scale of the activities here in more detail.

³⁶ This section is based on an internal document on this subject that was drawn up for the NTA 2008 preliminary study; no separate substudy was carried out on this subject (see Chapter 1). The author of this document is F. Nieuwenhuis of the Department of International Police Information (*Dienst IPOL*). In addition, the IPOL document entitled *Overzichtsrapportage vals geld 2007* by M. Naber was used.

2.10.3 Scale

In the Netherlands most of the counterfeit money found every year consists of euro notes. As a result, counterfeit euro coins and counterfeit money in other currencies will not be discussed here.

In 2007 the Dutch banking sector checked over 2 billion euro notes, of which 36,439 were found to be counterfeit (three quarters more than in 2006 – see table 5).

Table 5

Counterfeit euro notes in the Netherlands and in the European Union, 2004-2007		
Year	In the Netherlands	In the European Union
2004	25,526	594,000
2005	25,022	579,000
2006	20,745	565,000
2007	36,439	561,000

Source: *De Nederlandsche Bank*

The total fictitious value was 3.1 million euros. The increase in the number of counterfeit euro notes continued in the early months of 2008 (10,000 counterfeit euro notes in January and February). Most of the counterfeit notes were 50 euro notes. The pattern in the Netherlands deviates from that in the EU as a whole. Most of the counterfeit notes found in the Netherlands came from abroad.

2.10.4 Criminal organisations

As far as we know, the counterfeit euro notes are mainly produced abroad. Five illegal printing establishments were taken out of circulation in Colombia in 2007. Apart from US dollars, they had also been used to print counterfeit euro notes. In late 2007 two professional printing establishments were discovered in Italy and closed down. Experts believe that a Bulgarian syndicate and a British organisation are still active abroad. In the Netherlands one organisation is supposedly involved in the counterfeiting of 50, 100 and 200 euro notes in a less professional manner: they use a regular printer.

The information about counterfeiters is often limited. It is usually nothing more than the observation that counterfeit notes were spent or that counterfeit notes were found as an additional seizure in an investigation into another primary offence. For example, a criminal organisation was identified in 2006 in which the

members tried to buy caravans and camper vans abroad using counterfeit euros with the intention of selling the vehicles again in the Netherlands. They also tried to buy cannabis with counterfeit euro notes. Most of the members of this criminal organisation came from the caravan camp community. Another group consisting of Bulgarians residing in the Netherlands used various working methods to launder counterfeit money. For example, they used deposit machines to pay counterfeit 500 euro notes into an account, which was then emptied again within 24 hours. They also used counterfeit money to buy cars, which were then sold in ordinary trading. Finally, goods are also bought quite frequently online using counterfeit euro notes.

2.10.5 Consequences for Dutch society

The total print value of the counterfeit euro notes found in 2007 was more than 3 million euros. This amount can be considered to constitute the direct damage to Dutch society, whereby small and medium-sized enterprises in particular were the victims. The indirect damage is unknown. Examples of indirect damage include the purchasing of equipment by small and medium-sized enterprises to detect counterfeit money, insurance premiums, and the costs of training staff to recognise counterfeit money and to use the detection equipment. Costs are also incurred when the police and the judicial authorities investigate and prosecute counterfeiters, and costs are incurred to comply with international agreements. Finally, large numbers of counterfeit notes may harm the trust of the public in the financial system or the currency.

2.10.6 Crime-related factors and expectations

No further research was conducted into factors affecting the production and distribution of counterfeit money (see Chapter 1). It can be stated, however, that the two aforementioned Italian printing establishments that were closed down may have an after-effect, because the professional offset printing presses found there can be used to print large numbers of counterfeit euro notes in a short space of time. It is therefore quite possible that a large number of counterfeit euro notes produced by these presses will be put into circulation in the coming period.

2.10.7 Conclusion

Large numbers of counterfeit euro notes coming into circulation can damage trust in the financial system, which could have far-reaching economic consequences for Europe. It is therefore important to continue to follow

developments relating to counterfeit banknotes closely, especially the (different) position of the Netherlands within the EU.

Despite the increase in the past year, the number of counterfeit euro notes is still small. The chances of receiving a counterfeit euro note are therefore small: 36,000 in 2 billion. The financial system is not being undermined. As a result, the production and distribution of counterfeit money constitutes *no specific threat* for the next four years.

3

Fraud and money laundering

3.1 Introduction

This chapter first of all discusses the following two types of fraud constructions:

- constructions whereby laws and regulations concerning taxes that increase cost prices are misused or evaded (thereby taking money from the public purse), and;
- constructions intended to misuse a false possibility to earn a lot of money quickly (Fata Morgana).

A 'construction' in these cases is an organisational or administrative working method set up with the aim of putting criminal intentions into practice and concealing their true nature. The reason for taking constructions as a starting point and not types of fraud is mainly that constructions can be used for various types of fraud and are therefore more general and more flexible. Constructions are more long-lasting, as they can survive circumstances that threaten certain types of fraud, such as changes to laws and regulations.

After the discussion of the two types of fraud constructions, the following two types of environmental crime will be addressed:

- crime relating to soil remediation and;
- crime relating to international waste streams.

For both types of environmental crime the criminal offences committed are usually forgery of documents, withholding or making up information, etc. – in other words, cases that can be included under the heading of 'fraud'.

Two specific types of money laundering will be analysed:

- criminal investments in property and;
- criminal use of financial service providers.

The following sections were prepared using information from various research reports. The introduction to each section states the relevant reports. Please refer to the reports in question for a list of references.

3.2 The public purse: VAT fraud, excise duty fraud and customs fraud³⁷

3.2.1 Introduction and scope

The introduction to this chapter stated that the “public purse” fraud construction relates to an organisational or administrative working method set up deliberately to misuse or evade the laws and regulations concerning taxes that increase cost prices. The aim is to earn a lot of money at the expense of the treasury, hence the name ‘public purse’. The government is (primarily) the injured party.

The public purse construction is used for various types of fraud, not all of which will be discussed here. The types addressed in this section are VAT fraud, excise duty fraud and customs fraud.

3.2.2 General context

In the Netherlands VAT fraud may be committed by not revealing turnover to the tax authorities so that no VAT has to be paid on that turnover. There is also another possibility because of the fact that the so-called ‘zero rate’ applies to the import and export of goods, as a result of which no VAT is charged to a buyer in another EU Member State. This zero rate allows VAT carousels to exist, whereby non-paid VAT is still reclaimed from the tax authorities.

Excise fraud is made possible because of the differences in excise duty between countries. This means that the price of the same product can differ widely in different countries, which gives rise to attractive profit-making opportunities. Examples of such products include cigarettes, alcoholic drinks and mineral oils. Customs fraud occurs when existing customs regulations, such as the ‘in-transit’ system within countries of the European Union, are misused, as a result of which no customs levies have to be paid when exporting to countries outside of the European Union.

The ‘public purse method’ has been used for many years for this and similar types of fraud. There are three phases in the public purse method: preparation, execution and results. In the preparation phase a number of conditions have to be met.

³⁷ This section is based on a report prepared for NTA 2008: *Dienst IPOL, 2008. De Staatsruif en de Fata Morgana. Verslag van een onderzoek naar fraudeconstructies voor het Nationaal dreigingsbeeld 2008. Korps Landelijke politiediensten* (Netherlands Police Agency), *Dienst IPOL, Zoetermeer*. The authors of this report are P. Minnebo (National Public Prosecutor’s Office for Financial, Economic and Environmental Offences), S. Mesu, F. Nieuwenhuis and D. van Nobelen.

For example, sufficient knowledge must be available, a start-up capital is required and a network of (corrupt) contacts for purchasing, sales and services must be in place. In addition, people are also required to execute the fraud. Knowledge involves understanding of taxes that increase the cost price of products and of the differences between countries, knowledge of the administrative procedures used in relation to these taxes and an insight into the opportunities for fraud in this system. This type of fraud is so complex in legal and financial terms that professional help is required when setting it up. Corrupt contacts are established with a range of people, including transporters, purchasers from companies in the Netherlands and abroad, financial service providers, forgers of documents and stamps, and people who work for the police, the judicial authorities, Customs and the tax authorities. The preparation phase also involves buying or incorporating one or more legal entities. These legal entities are often registered in the name of straw men. The *Plof BV* ('bust-out company') - a fraudulent company that has been established with the specific purpose of going bankrupt - is one example. Most of the execution phase consists of concealing the actual objective: generating profits at the expense of the treasury. To achieve this concealment, goods are sold and transported via various links and misleading accounts are kept, but otherwise financial procedures are handled in the usual manner. To the outside world there is no difference compared with the legal trade between companies. However, the administrative route often differs from the route taken by the goods. In a case of VAT and customs fraud involving chicken, for example, the chickens were only transported through the EU to a buyer outside the EU on paper. In reality the chickens were delivered illegally within the EU using forged consignment notes, without having to pay import duty or taxes. A general characteristic of the public purse method is that it always involves unlawful claiming or non-payment of VAT, excise duty or other Customs levies. In the results phase the criminal profits disappear in an untraceable manner. Regardless of the type of fraud involved, the true origin and/or the true nature of the goods is difficult to discover. The amounts involved are considerable; the cases investigated often involved millions of euros of criminal profits per case.

VAT carousel, Customs and excise frauds involve (virtual) goods crossing borders. Goods are transported to other countries via several (apparent) links in order to conceal the true origin and/or the true nature of the goods. Legal entities play an important role because they can set off VAT. Front companies often play a role in smuggling in order to conceal the contraband. When the goods are marketed (paper) companies are used to conceal the true origin of the goods and therefore to 'launder' them.

The European Anti-Fraud Office (OLAF) has observed a development whereby

a separate legal entity takes care of the administration for the virtual streams of goods and the forged purchasing and sales invoices that are required. This method is known as 'cross-invoicing' and is increasingly being used in VAT carousels as an alternative to the bust-out company. Cross-invoicers are also used for the other types of fraud discussed in this document that involve a virtual administrative route.

Customs are misled in various applications of public purse frauds where goods sometimes cross national borders and sometimes do not. Misuse of existing Customs regulations forms the basis for excise and Customs fraud. Whenever goods cross borders a report must be submitted to Customs. The report is submitted electronically and is also checked electronically using NCTS.³⁸ However, NCTS cannot prevent false reporting of goods and clearance of these goods in a country where they are not actually present.

As the Netherlands is a transit country for many types of organised crime, it also plays a transit role as far as goods are concerned that are transported as part of a fraudulent public purse construction. The goods are repackaged in the Netherlands and/or transported to the next link in the chain or to the final destination. The goods stream may be real or virtual. A number of investigations clearly demonstrate the facilitating role of the Netherlands in the transport, transshipment and repackaging of goods. In a case of cigarette smuggling from Eastern Europe to the UK, for example, the cigarettes were repackaged by a Dutch link in the smuggling chain and provided with a different cover load.

3.2.3 Scale

It is impossible to estimate the scale of fraud accurately in terms of the number of incidents. Only a limited number of frauds end up being clearly recorded in a registration system that could be used to establish a picture of the scale of the activities involved. First of all, an unknown number of incidents are not even discovered or recognised as fraud by the injured party. Only a limited number of frauds are identified or reported. The number of the remaining hidden frauds is unknown: the so-called 'dark number'. Some companies are also reluctant to participate in fraud investigations. However, this reluctance has decreased in the past decade, as it has become less stigmatising for companies when they are victims of fraud.

³⁸ Unlike the paper-based procedure, the New Computerised Transit System (NCTS), which has been in use in all EU Member States since 2006, prevents wrongful clearance of goods with falsified documents or stamps.

For types of fraud where crossing national borders forms part of the method the problem is that it is not always clear in which country the fraud was committed. This has consequences for tackling the crime and for estimating the scale of a type of fraud in a particular country. The fact that the precise scale of the fraud cannot be established makes it impossible to determine whether these activities are increasing or decreasing because there is insufficient hard data available.

The description of the nature of the public purse fraud shows that there is no immediately obvious difference between legitimate constructions and fraudulent constructions, as the only difference lies in the criminal intent with which the construction is set up. As one respondent put it: 'People are allowed to avoid tax, but not to evade it.' The public purse method is suitable for both intentions, as a result of which there is a 'large black hole', making it impossible to find out the exact scale of the use of these constructions.

VAT fraud

In the absence of hard data, estimates have to be used. For VAT fraud the estimates of damage for the entire European Union vary between 60 billion euros and around 100 billion, whereby the greatest damage is suffered in the UK and Germany. The estimates of financial damage as a result of VAT fraud for the Netherlands vary between 50 million and 100 to 200 million euros.

One important element in the evasion of VAT is the deliberate incorporation and misuse of legal entities. Some of these legal entities deliberately go bankrupt after they have accumulated a large amount of debt in unlawfully withheld VAT. The *Centraal Bureau voor de Statistiek* (CBS, Statistics Netherlands) records the frequency of criminal damage inflicted by insolvent companies and whether dubious activities with shell companies are the cause of the company's insolvency. The bust-out companies that are used in VAT carousels are covered by the definition of criminal damage. In the 2000–2004 period dubious activities involving shell companies were considered to be the cause of the bankruptcy in 88 out of 133 cases. In the 2000 to 2004 period the number of liquidations involving criminal damage inflicted on the creditors varied between 340 and 380 liquidations per year. The total number of liquidations increased in this period. Economic trends do not appear to affect the number of liquidations where criminal damage is identified. The same applies to liquidations whose cause is dubious activities involving shell companies (see table 6).

Table 6

Misuse of companies in 2000, 2002 and 2004 (absolute numbers)			
	2000	2002	2004
Company liquidations discharged	3,758	3,948	5,939
of which: Criminal damage	380	340	359
of which: Shell companies, dubious activities	114	88	133

Source: CBS (Statistics Netherlands), Statline

The Hugo Sinzheimer Institute³⁹ calculated a higher estimate for the number of liquidations involving criminal acts. For 2004 the institute estimated the number to be more than twice the number calculated by CBS. According to the institute, the explanation for this difference is that CBS only included the cases where the liquidator undertook some form of action according to the files. However, liquidators often take no action if there is no more income to be obtained from the assets. The number of legal entities incorporated with the intention of harming creditors is indicative of the number of VAT carousels that are set up in the Netherlands. The relatively limited number assumed for 2004 is in line with the observation by experts that the damage caused by the VAT carousel is relatively limited as far as the Netherlands is concerned.

It should also be added that the number of bust-out companies alone is not an absolute measure of the number of VAT carousels in which the Netherlands is involved in one way or another, as the bust-out companies may also be registered in any other EU country. The transit function of the Netherlands causes it to contribute to the damage in other countries. When a real flow of goods is involved, this role does not damage the Dutch transport sector; it even generates financial profits. In 2006 the Tax and Customs Administration and FIOD-ECD handled 21 cases of VAT fraud, which had resulted in a tax loss of over 39 million euros and a total loss of almost 120 million euros⁴⁰.

Excise fraud

Only a few figures are available on excise fraud. Based on Customs seizures, however, cigarette smuggling does not appear to be in decline. Compared to 2005 the number of cigarettes seized was even higher in 2006 (2005: 107 million; 2006: 116 million). Most of the cigarettes are intended for the UK

³⁹ The Hugo Sinzheimer Institute is part of the Faculty of Law of the University of Amsterdam. It conducts research in the field of employment law.

⁴⁰ These figures resulted from debts remaining after the fraudulent liquidation of a 'bust-out company', for example.

market. In 2006 there was little cigarette smuggling in investigations aimed at criminal organisations. Cigarette smuggling was a secondary activity in addition to drug trafficking as the main activity in two investigations, and in one investigation cigarette smuggling was a primary activity. The financial loss involved is unknown. The estimated scale of the black market in cigarettes rose from 500 million cigarettes in 2003 to 650 million cigarettes in 2005. The fiscal loss for the Dutch state totalled 55.5 million and 87 million euros respectively. Research by FIOD-ECD into 'illegal smoking' in the Netherlands shows that there was an increase in 'illegal smoking' from 3% of all smoking in 2003 to 5% in 2005. In 2005 the cigarettes involved were mainly counterfeit brands (4%) and to a lesser extent 'smuggled' brand cigarettes (1%). According to FIOD-ECD, the scale of excise fraud involving mineral oils is unknown. The total amount of excise duty on mineral oils received by the Dutch government is around 6 billion euro per year. A relatively small number of investigations are conducted into excise fraud involving mineral oils; fraud investigations are complex and very time-consuming. In the 2000–2007 period FIOD-ECD conducted seven investigations. Various agencies have noted signs that the scale of excise fraud has increased in recent years.

Based on figures from OLAF for 2006, the number of cases in which excise and customs fraud play on a European level is small. The same applies to investigations into evasion of VAT regulations. This conclusion cannot be drawn from the number of current cases. At the end of 2006 the total number of 430 cases being handled by OLAF included 77 relating to cigarettes, 72 relating to Customs regulations and 45 relating to VAT fraud. This comes down to just under half of the total number of cases. However, the numbers of new and completed investigations were small, both in terms of the numbers themselves and the proportion compared to the overall total. In 2006, a total of 10, 23 and 12 of the aforementioned three types of cases were completed.

3.2.4 Criminal organisation

Little is known about the structure of criminal organisations involved in public purse frauds. There are various reasons. First of all, a relatively small number of investigations were conducted into criminal organisations involved in VAT fraud, cigarette smuggling or excise fraud involving mineral oils. Secondly, the investigations are usually limited to the facilitating role of the Dutch link in the criminal organisation. Due to the international nature of these types of fraud, an investigation into the entire criminal organisation would require too much time and capacity.

Chinese Dutch nationals are reported to be involved in the trafficking of smuggled cigarettes into the Netherlands; many counterfeit and rebranded cigarettes are produced in China.

It is no exception for a member of a criminal organisation to start up for himself once he has all the required knowledge and contacts. This is typical of the development of criminal organisations involved in fraud cases. This differs from the more traditional picture of recruitment. Following from this, there is also a group of habitual fraudsters, the names of whom came up several times for the same type of fraud. For example, suspects who had already been arrested 10 years ago for a similar fraud turned up in an investigation into VAT carousels.

3.2.5 Consequences for Dutch society

Direct consequences

A direct consequence of fraud involving taxes that increase cost prices is the loss of income suffered by the Dutch state. Adding together the amounts in subsection 3.2.3 results in an estimated total loss of € 140 to 290 million. This amount is composed of estimates for VAT carousel fraud and excise fraud involving cigarettes. No figures are available for Customs levy fraud for the Netherlands, but investigations conducted by OLAF indicate that the amounts involved are also considerable. At the end of 2006 OLAF were conducting 72 investigations into Customs fraud, which together represented a loss of over € 284 million for the entire EU. Another direct consequence of fraud is the increase in unfair competition, as products are offered at below the current market price. The discovery of fraud can have serious consequences for transport and forwarding companies that have become involved. This involvement does not always have to be deliberate and therefore culpable. Whenever Customs levy, excise or VAT fraud is discovered, the evaded amounts are collected from the transport or forwarding company that signed for the goods in question, regardless of whether these companies were culpably involved or not. The amounts for which these companies are held liable can be so high that liquidation becomes unavoidable.

Indirect consequences

There are many indirect consequences. The loss suffered by the state in the form of loss of income is always recovered from taxpayers in one way or another, e.g. by increasing taxes or premiums, or by government budget cuts for facilities. Public health may also be at risk. In some cases products of inferior quality are marketed, for example, such as counterfeit cigarettes that contain many more hazardous substances than branded cigarettes. There was also the case where

a criminal organisation tried to import chicken from Asia into the Netherlands, despite the fact that a transport ban was in place at the time because of the bird-flu virus.

Unfair competition may also put companies in financial trouble or may even result in liquidation. Some of the companies tend to purchase goods via a fraudulent construction, especially if that limits the chances of liquidation.

Seriousness of the consequences

Although the absolute number of times public purse fraud is used and the absolute scale of the financial loss are unknown, it can be stated that the consequences of this fraud construction are very serious. The seriousness mainly lies in the continuity of the construction and the authorities' inability to fight it. Measures taken in the past turned out to be ineffective. New measures such as the 'Wet Herziening Toezicht Rechtspersonen' (Monitoring of Legal Entities (Revision) Act) should not be expected to work wonders either; previous amendments to laws and regulations also proved to be unsuccessful. Various experts expect that the new Act will have no effect on the use of this fraud construction.

The fraud construction is multifunctional, is easily adapted to changing situations and can be used for several types of fraud and for money laundering. Successes in the fight against a particular type of fraud, such as the Dutch fight against the VAT carousel, affect the type of fraud in question but not the construction, which can often be used again by the same offenders at any given time.

3.2.6 Crime-related factors and expectations

The increasing complexity and intensity of (international) trade and financial transactions may help to further these and other types of fraud. On the other hand, companies and the government have been focusing more on corporate social responsibility and integrity issues in recent years. The *Code Tabaksblat* and the introduction of whistleblower regulations in government and the business community are particular examples. To an increasing degree, hotlines such as Crimestoppers have also been helping to launch and solve investigations. These types of developments may help to reduce crime.

As well as being good for the economy and the further development of society, the fast emergence of digital technology for storing and distributing information also ensures that constructions that can be used to commit fraud can be set up and run more quickly and more efficiently. The rapid expansion of the Internet and the possibility to offer all kinds of services and carry out payments online

have created more opportunities within business activities. Information can be distributed at lightning speed on an unprecedented scale. However, apart from legitimate uses, such distribution speeds also facilitate current criminal activities and make new types of criminal misuse possible.

Finally, the differences in tax rates within the EU are also an important factor, because as long as those differences exist, fraud will remain an attractive possibility to earn large sums of money.

Expectations

One important characteristic of public purse fraud is that performance details can be adjusted easily to changing circumstances. Between the 1980s and now, for example, this fraud construction has been used for several types of fraud, despite various measures to prevent its use. The results of this research provide no reason to assume that the use of this fraud construction will decline in the coming years. The opposite is more likely. The construction can be set up in an increasingly complex manner, as more and more legal entities in more and more countries become involved. As a result, the true nature of the various transactions can be effectively concealed. This makes investigation and prosecution difficult and, as a result, time-consuming and expensive, and partly dependent on chance. The quality of the collaboration and information exchanged between different countries, on which investigations are dependent, varies.

In the Netherlands the duty on alcohol, cigarettes and tobacco was increased considerably in 2008. In 2009 this will be followed by the VAT on luxury goods with an increase from 19% to 20%. These measures increase the price wedge, thus making fraud more attractive, and the scale of fraud is therefore expected to increase rather than decrease.

A number of developments are expected to encourage fraud. The roles of Customs and the tax authorities are central in this regard. Due to the free movement of goods within the European Union, there are no longer inspections at the internal borders, as a result of which Customs now perform fewer physical inspections. Customs is in the process of closing down various units that used to perform physical inspections. A shift is underway towards more administrative monitoring. In part due to technological developments, the authorities can easily check whether everything registered in advance actually reaches its destination. The basic principle of self-regulation is also used more and more often. Requests for permits submitted by transport and forwarding companies are nowadays checked less frequently. Furthermore, the inspections are increasingly being taken over by the tax authorities. In the short term this

encourages fraud. The long-term effects are unclear. A comparable development in the UK led to a substantial increase in the use of this fraud construction, especially the VAT carousel.

3.2.7 Conclusion

The public purse method can be used for various types of fraud. As a result of its flexibility, it is difficult to fight this construction. This is also due to the large number of opportunities to commit fraud. The differences in taxes levied in the countries of the EU explain the use of this fraud construction to a significant degree. The loss of income of the main victim – the state – totals tens, and probably even hundreds, of millions of euros per year. The damage to bona fide companies can result in liquidations. The indirect damage cannot be measured in euros, but it is also considerable; the intertwining of criminal and legal activities plays an especially important role. Together with the expectation that this fraud construction will be used to an increasing degree, the above reasons make this construction a *threat* to Dutch society for the next four years.

3.3 Fata Morgana: advance fee fraud and investment fraud⁴¹

3.3.1 Introduction and scope

Two fraud constructions are described in this report. One of them is discussed in this section, namely fraud where a suggested possibility of earning a lot of money quickly is misused. The construction used by the fraudsters in these cases is always the same: the Fata Morgana. This name was chosen as this construction always involves the suggestion of a dream scenario – earning a lot of money in a short period of time – which comes apart at the very moment when the victim believes that he has almost achieved his goal. In the meantime the swindlers disappear ‘into thin air’ and it is no longer possible to contact them. Advance fee fraud and investment fraud are examples of Fata Morgana scenarios. Both are types of parasitic fraud: fraud from which only the fraudster benefits and everybody else loses.

⁴¹ This section is based on a report prepared for NTA 2008: *Dienst IPOL, 2008. De Staatruif en de Fata Morgana. Verslag van een onderzoek naar fraudeconstructies voor het Nationaal dreigingsbeeld 2008. Korps landelijke politiediensten* (Netherlands Police Agency), *Dienst IPOL, Zoetermeer*. The authors of this report are P. Minnebo, S. Mesu, F. Nieuwenhuis and D. van Nobelen.

Investment fraud is the general name for various types of fraud involving investments. These include 'boiler rooms', Ponzi swindles and pyramid games. 'Boiler rooms' are small offices from where people are encouraged to invest money. The potential customers are promised very high returns. To avoid inspections, Dutch investors are often called from abroad and vice versa. A Ponzi swindle involves classic investment fraud, whereby investors are told that their money will be invested in a lucrative manner. In reality nothing is invested and investors are paid using the contributions of subsequent investors (this type of fraud is named after the swindler Charles Ponzi). Investment fraud can also be set up in the initial phase as a pyramid game. Fraudsters using a pyramid game recruit investors from their circle of friends and acquaintances, who, in turn, also bring in acquaintances who invest in the scheme. Once again, the returns are paid from the money invested by other investors and only the people who set up the swindle actually benefit from the game. Other types of investment fraud that fall under the definition of a Fata Morgana construction are 'high-yield investments', 'ghost funds' and 'share-spam fraud'.

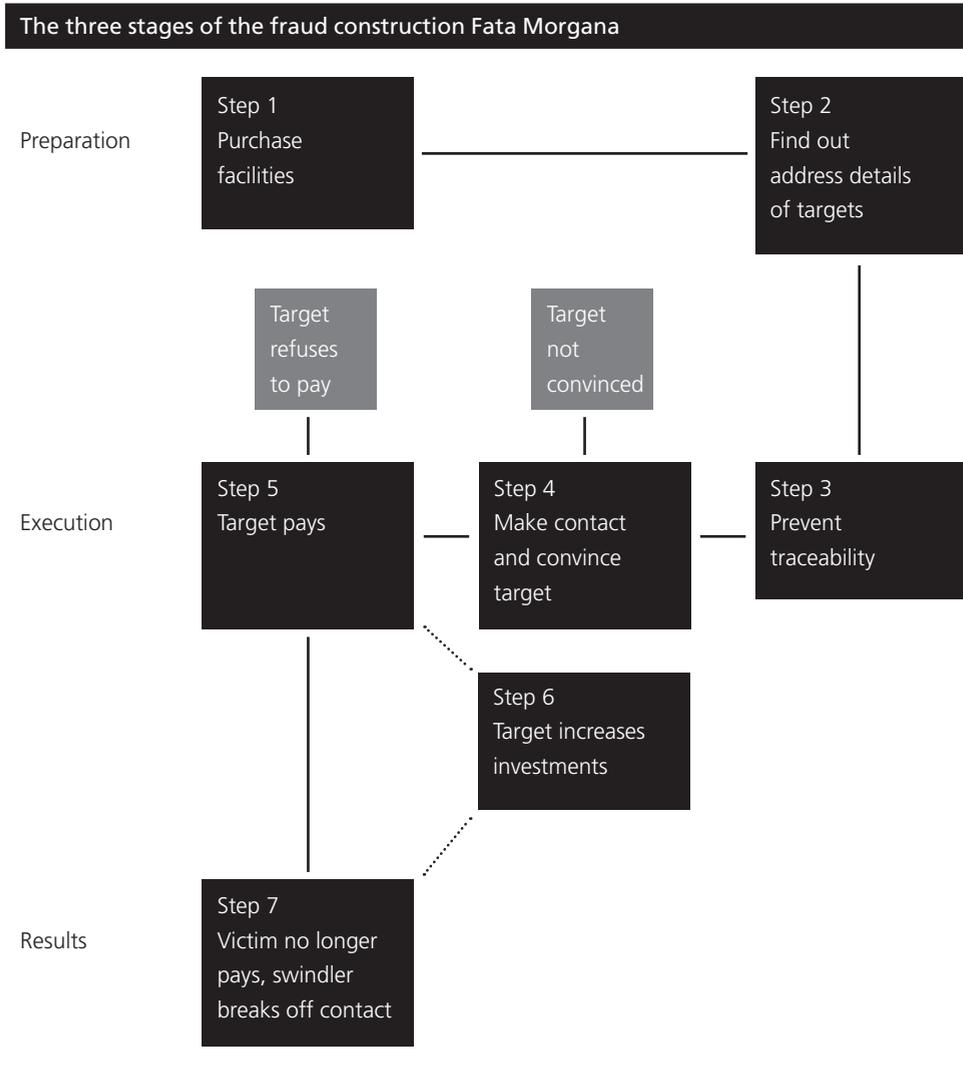
Advance fee fraud is fraud committed by asking for an advance fee from the victim without providing a service in return. This is also called '419 fraud', which is a reference to the country of origin of many offenders – Nigeria – where this fraud is a criminal offence under Section 419 of the Penal Code.

3.3.2 General context

In a Fata Morgana fraud there are three phases, namely preparation, execution and results (see figure 3).

In the preparatory phase of this fraud construction the required facilities are obtained and potential victims are selected. A telephone and an Internet connection are crucial. After the initial contact the swindler and the target mainly communicate by telephone. The Internet offers the possibility of setting up fake websites and forging documents. The swindler ensures that he has the contact details of potential victims. These contact details are collected and/or bought. During the execution phase the swindler tries to conceal his activities as much as possible. He contacts a potential victim and tries to convince him that he is being offered an ideal opportunity to earn a large sum of money easily or to obtain a high return on investments. Inspiring confidence is important as regards convincing the victim to transfer money (as an advance payment or as an investment). Forged documents, brochures and websites that look professional are among the methods used to suggest reliability. This suggestion is reinforced by pretending to have business relationships with well-known banks and by giving the impression that supervisory authorities are aware of the products

Figure 3



being offered. Any doubts that the potential victims may have are expertly anticipated and cleverly eliminated. The first payment requested is usually a small amount of money. After the first payment the victim will have crossed a certain barrier and he will then want to earn back his money. The swindler will then try and convince the target to continue making payments, but in higher and higher amounts. The pressure on the victim is increased by using psychological techniques.

Almost all contacts in advance fee fraud are by telephone or email. When the target has responded to the first email his details are transferred to a 'job owner' who carries out the swindle. The target is then given different contact details. If victims start asking difficult questions and do not immediately fall for the swindle they may also be approached by another contact person. As soon as the victims become 'annoying', when they stop paying and really want to see the money promised to them, the swindler breaks off all contact. During an investment fraud the swindlers quite often close the 'Dutch' office of the company. The customers are given the new (foreign) address and telephone number, at which the swindler can initially still be contacted. Again swindlers will hardly be contactable, or will be impossible to contact altogether, once the victim starts asking 'difficult' questions or wants to see his money. As soon as reports appear in the media in which certain investment funds are mentioned as being (possibly) suspect, the fraudsters disappear (abroad). In some cases new attempts are made to contact the victims after a while using so-called 'sucker lists'. Sucker lists are lists of people who have already been conned by a mala fide stockbroker, which means that they are vulnerable to this type of fraud.

3.3.3 Scale

It is impossible to make a reliable estimate of the scale of fraud constructions, as fraud constructions are based on various underlying types of fraud. It is difficult to estimate the scale of these types of fraud for various reasons, including aspects of the registration process, dark numbers and differences in definitions. Nevertheless, we have still tried to provide an idea of the possible scale of the two types of fraud discussed here.

Advance fee fraud

In the period between 1 October 2006 and 1 November 2007 a total of 175 reports of advance fee fraud were received. These reports were the starting point for further investigations as part of Project Apollo.⁴² One of the results of the project was to identify 2536 people as victims. The victims mainly came from the United States, Italy, the United Kingdom and Germany. Gangs of swindlers who reside in the Netherlands usually victimise people abroad. On the other hand, Dutch citizens are mostly victimised by swindlers operating abroad. The number of cases in which groups abroad have victimised people in the Netherlands is unknown.

⁴² 'Apollo' was a project launched by various investigating authorities in October 2006, the objective being to make the Netherlands unattractive to West African criminal networks. The project involved collaboration with private parties such as financial institutions and Internet providers.

The number of advance fee fraud cases is much higher than the number of reports. The Supraregional Investigation Team estimates that only 5 to 10% of all victims actually report advance fee fraud.

Investment fraud

The number of investment fraud cases is unknown. The Netherlands Authority for the Financial Markets (AFM) estimates the damage suffered as a result of illicit financial activities relating to securities at 400 to 500 million euros. This would be less than in 2005. The question remains whether this reflects reality, because possibilities of exemption have been extended. Investments of more than 50,000 euros, for example, are no longer monitored by the AFM. As a result, recent cases of debatable investments in a holiday complex in Turkey that was still to be built or in property in Dubai were not included in the figures.

3.3.4 Criminal organisation

West-African Criminal Networks (WACN), which are mostly responsible for advance fee fraud, are described as flexible networks, consisting of separate cells. They are also guilty of many other types of crime. The members are often acquaintances or relatives of each other, who collaborate intensively for a short period of time. This loose structure is typical of the WACN and ensures that the fraudsters can quickly respond to changing situations. The loose structure also makes them difficult to track down. A relatively large number of Dutch nationals with Nigerian backgrounds live in Amsterdam South-East; these people represent an attractive social network for the swindlers, who themselves are often in the Netherlands illegally. In combination with the international nature, anonymity, spirit of free enterprise and transit structure of the Netherlands, Amsterdam makes a suitable base of operations for this type of advance fee fraud. An analysis of cash flows confirms the impression that Nigerians in particular are guilty of this type of fraud. The cash flows to Nigeria and the numbers of unusual transactions performed by Nigerians exceed all transactions involving other West-African countries. A shift can also be observed in how transactions are carried out by victims and offenders. Less money is being transferred through banks; instead, greater use is being made of money transfers.

Two variations were found with regard to the structure of the organisation. The first variant has a leader who provides a few other members of the cell with facilities, allowing them to contact the victims themselves. In the second variant the leader himself sends the emails to potential victims and other members are (a cell is) called in when the victim responds.

The structure of a boiler room is described as hierarchical. The staff on the telephones usually know little about the structure of the rest of the organisation. There are examples of staff being recruited from temporary employment agencies. One case description states that staff themselves were defrauded by the owner. Their salaries and bonuses were to be paid in the form of 'high returns', which turned out not to have been achieved. Meanwhile, the owner had left without a trace. In hierarchical criminal organisations, the lower tiers are not always aware of the 'bigger picture'. This applies especially to loose contacts that are used for particular jobs.

3.3.5 Consequences for Dutch society

The direct consequences for victims consist of considerable financial loss and emotional harm. The figures from Project Apollo show that more than 11 million euros was transferred by victims in the project's research period. This amount includes only the losses of the victims that were identified in this project, which means that the actual total amount is greater. For 2006, the Ultrascan research bureau estimates the amount involved in fraud concerning Dutch organisations at 386 million dollars. Dutch victims apparently lost an estimated 79 million dollars in that year.

Based on identified violations of supervisory legislation, the total loss suffered as a result of illicit financial activities in the field of securities is estimated at between 400 and 500 million euros for 2006. For consumers the loss probably amounted to at least 90 million euros in that year.

Fata Morgana frauds involving Dutch victims are usually investment frauds. The emotional harm is difficult to express in amounts of money. In some cases financial problems may ultimately lead to suicide. The victims feel ashamed of how stupid they have been and wonder how it could ever have come to this. Not only their self-confidence, but also their trust in other people has been severely dented. These feelings affect how the victims go about their daily lives.

One particular indirect consequence is damage to the reputation of the financial sector as a result of loss of trust. Furthermore, various other types of organised crime are funded by the criminal proceeds of Fata Morgana fraud. The reputation of the Netherlands is also damaged if swindlers operating from bases in the Netherlands are not tackled adequately. Financial constructions are cleverly set up. Laws and regulations prove to be inadequate as regards preventing the use of misleading wording that is used to sell fraudulent products.

3.3.6 Crime-related factors and expectations

To limit the number of Dutch victims, the Netherlands Authority for the Financial Markets (AFM) provides potential investors with information and advice. The information concerns the Financial Supervision Act, which entered into force on 1 January 2007 and in which the possibilities for the AFM were expanded. Previously, a criminal prosecution was not possible after a warning had been given. Now, a warning by the AFM to a mala fide supplier is no longer punitive in nature and the possibility remains open to start criminal proceedings after all. Unfortunately, the reality is that many fraudsters set up their fraud from abroad. This enables them to evade Dutch laws and regulations, whilst they still focus on Dutch consumers via the Internet. The AFM is also working on increasing people's awareness of the Financial Markets Hotline, where consumers can report suspect suppliers of financial products. The Ministry of Finance intends to make sure that the financial knowledge of consumers increases by developing the 'CentiQ' website. The aim of the website is to warn and inform consumers; it is operational since 2008. The information is not only intended for major investors, but also for private individuals who have been speculating with borrowed money. The AFM has no legal powers of supervision for investments of more than € 50,000.

The West-African criminal networks that were involved in advance fee fraud relatively often were tackled in the national Apollo project. The project focused on disrupting the activities of WACN that operate from the Netherlands. The approach seems to have been successful, as there are indications that the swindlers are moving to other countries. Project Apollo ended in late 2007, which may lead to offender groups once again increasing their use of the existing opportunities in the Netherlands.

The use of the Fata Morgana method is not expected to change significantly in the near future. The method remains attractive to fraudsters, as it can be applied relatively easily and there will always be people who are convinced by a tempting offer. The procedure used can be adjusted easily to changing circumstances without changing the construction. The products offered are easily adjusted to the current situation as well; shortly after the commotion about investments in teak, for example, people offering fraudulent investment products jumped on the bandwagon of the next popular investment object, for instance property in Dubai. New target groups are contacted if the contact method used so far proves to have lost its effect. New victims are then recruited via new channels, sometimes via large-scale recruitment (TV commercials), sometimes via a targeted one-on-one approach (dating sites). There are no indications that in the future fewer people will put their trust in fraudsters or that the risk of getting

caught will increase. Fraudsters successfully evade supervision by using tricks, such as offering investment products with a value of more than € 50,000 or by calling a product a loan or funding rather than an investment. They also operate from abroad, as a result of which they are able to evade Dutch laws and regulations. Swindlers residing in the Netherlands can also evade supervision by the Dutch authorities by only making offers to residents abroad. As a result, the scale of Fata Morgana fraud will probably not decline in the next four years, and neither are there any reasons to assume that the consequences will change.

3.3.7 Conclusion

The scale of the Fata Morgana fraud construction is difficult to establish, but it is clear that the financial loss involved in advanced fee and investment fraud is significant, even if estimates are used that should be seen as lower limits only. Furthermore, there are also consequences of a non-financial nature, especially the psychological harm suffered by victims. The outlook for the next four years does not look promising. Swindlers are flexible and always find new ways to carry out the same fraud construction. Supervision can easily be evaded. The Fata Morgana fraud construction therefore qualifies as a *threat* to Dutch society.

3.4 Crime involving soil remediation⁴³

3.4.1 Introduction and scope

There is a need for soil remediation when polluted ground means adverse consequences for people and the environment. The purpose of soil remediation is to limit these consequences for people and the environment, and to reverse them as much as possible. The Soil Protection Act is one of the most important Acts that govern the use and management of ground. In the Netherlands the Ministry of Housing, Spatial Planning and the Environment is responsible for the soil remediation operation. The provinces and municipalities prepare long-term programmes for scheduling and performance of remediation operations. An environmental advisor supervises the remediation process, which is carried out by a contractor.

⁴³ This section is based on a report prepared for NTA 2008: *Dienst IPOL, 2008. Bodemsaneringen. Verslag van een onderzoek voor het Nationaal dreigingsbeeld 2008. Korps landelijke politiediensten* (Netherlands Police Agency), *Dienst IPOL, Zoetermeer*. The author of this report is W. van der Leest, with assistance from F. van den Heuvel and G. van der Zon.

This section explains how criminals misuse the opportunities offered by the logistical chain involved in soil remediation.

3.4.2 General context

Before 1980 there was relatively little political or police attention focused on the problem of seriously contaminated ground in the Netherlands. However, in 1980 the ground in a residential district in Lekkerkerk turned out to be seriously contaminated by chemical waste.

There are various reasons why the ground gets contaminated:

- dumping/discharging of waste, sludge, process water;
- storage and transshipment of liquids and other materials;
- (former) business activities;
- working with contaminants without taking measures to protect the soil;
- spread from neighbouring sites;
- precipitation spraying the ground with airborne contaminants.

Even though the pollution is often not immediately visible, polluted ground is equivalent to waste, which gives it a negative value. Remediation gives the ground a positive value once again, making it usable as a raw material or for building purposes. The main reasons for soil remediation are making the land suitable for building on (38%), maintenance of the soil or repairing damage to the soil (18%), tackling risks involved in current or future use (9%) and purchasing/selling the land (7%).

However, soil remediation often involves major financial interests, as a result of which there is frequently a certain tension between ecological and economic interests. Customers want their 'problem' solved for as little money as possible. Illegal working and pricing agreements have been identified, which, like malpractice in the construction industry, can continue to exist thanks to the process of 'effective non-disclosure'⁴⁴. The non-disclosure of malpractice stems from the fact that the soil remediation sector is a 'small world' where most of the players know each other and a small number of players control a large share of the market. Some of the business people involved believe that the rules for reusing polluted ground are too strict. This attitude affects the way in which some people interpret and follow the rules. Another important aspect also plays

⁴⁴ Term introduced by Van de Bunt (2007). Source: *Dienst IPOL, 2008. Bodemsaneringen. Verslag van een onderzoek voor het Nationaal dreigingsbeeld 2008. Korps landelijke politiediensten* (Netherlands Police Agency), *Dienst IPOL, Zoetermeer*.

a role, namely the fact that supervision and enforcement in relation to soil remediation crime is insufficient. Inspections are rarely performed, the level of professionalism of the inspections leaves a great deal to be desired, communication with fellow supervisors or enforcers is limited and after a remediation operation there is rarely a test to determine whether the findings of the evaluation report are correct. The police's environmental task is made more difficult by the specific (environmental) knowledge required and the complex environmental legislation. Another complicating factor is the extended enforcement network in which the police are merely one of the links in the chain. As a result, carrying out the environmental task requires more collaboration with and information from other (enforcement) agencies than other police tasks.

Due to the competition between companies, there is also a risk of other players adjusting their standards when they see that offenders run only a low risk of getting caught and if they are caught, they are given relatively mild penalties.

There are many opportunities for illegal trading in the soil remediation industry, in all phases of the remediation process and for all the players involved. Cases in which these opportunities are used mostly involve fraud and forgery of documents. For example, maybe no or only selective testing (in the least contaminated areas) is carried out on site; maybe survey reports trivialise the pollution or use old test results; maybe a remediation operation is only performed on paper; and maybe soil is mixed without permission. Players who carry out the remediation often have specific opportunities at their disposal. For example, a contractor on site A may have to remove contaminated soil, whilst soil has to be deposited on site B. The number of opportunities increases the more a player is active in various links in the chain or maintains contacts with people who are active in other links in the chain.

Table 7

Opportunities for soil remediation crime

Preparatory phase	
Preparatory phase: soil survey	<ul style="list-style-type: none"> • Not performing soil surveys • Not submitting a remediation plan • Carrying out remediation before the soil survey is completed or before the permit is issued • Not performing the soil survey according to protocols • Using an outdated soil survey • Forging the soil survey analysis report • Not submitting all the results of the soil survey to the competent authorities • Modifying the results of the survey so that remediation can be performed according to the BUS⁴⁵
Execution phase	
Execution phase: soil remediation	<ul style="list-style-type: none"> • Carrying out the remediation illegally • Not carrying out the remediation plan • Mixing soil with different levels of pollution • Misusing analysis reports • Delivering contaminated soil to companies without a permit
Completion phase	
Completion phase: processing contaminated soil and finishing activities	<ul style="list-style-type: none"> • Deviating from the remediation plan • Not processing soil according to protocols • Not reporting completion of the remediation process • Falsifying the results of the evaluation report

3.4.3 Scale

The scale of environmental crime cannot be established on the basis of criminal activities registered by the police, the judicial authorities and the

⁴⁵ *BUS (Besluit Uniforme Saneringen)*: Uniform Remediations Decree. This Decree is intended to simplify the rules regarding soil remediation, to speed up soil remediation procedures and to reduce the costs for contractors performing the remediation process. Based on the BUS, remediation operations (especially smaller ones) can be performed more easily and, as a result, more cheaply.

special investigation services. There are a number of reasons why the recorded information is incomplete. For example, people do not have to report environmental crimes, crime involving soil is difficult to establish and the legislation is complex. In recent years hardly any criminal investigations have been conducted into soil remediation crime. However, a number of examples provide some insight into the scale:

- The Netherlands Police Agency's Department of International Police Information (IPOL) receives an average of two reports per month about possible malpractices in relation to soil remediation;
- Within a couple of months, a campaign by Crimestoppers Netherlands resulted in 11 reports of illegal activities involving soil remediation;
- An investigation by the Netherlands Court of Audit noted that it was unclear where the contaminated soil was transported to and where the clean soil came from in a quarter of the remediation cases that were investigated;
- An investigation by the Inspectorate of the Ministry of Housing, Spatial Planning and the Environment showed that 15 out of the 21 remediation operations investigated did not meet the remediation objective, whilst the evaluation report stated that the objective had been achieved;
- That same investigation revealed a significant deviation from the official remediation result in 75% of the cases investigated (i.e. the level of residual pollution was greater than stated in the evaluation report). In a few cases public health was even at risk;
- An investigation carried out by the Amsterdam-Amstelland regional police force showed that 70% of the transports investigated were in breach of the Soil Protection Act. These transports mainly involved the illegal disposal of contaminated soil.

The above examples may give the impression that the entire soil remediation sector is systematically involved in criminal behaviour. This is not the case, but supervisors, enforcers and representatives of investigating authorities do agree that malpractices occur regularly in the soil remediation sector.

3.4.4 Criminal organisation

Many of the companies simply carry out their activities according to the rules. Other companies operate 'on the edge' of what is permitted, some companies go 'over the edge' by violating the rules.

There are two categories of offenders. On the one hand, there are the incidental offenders and, on the other hand, the systematic offenders (the so-called 'free riders'). The former group consists of company employees who originally were

not planning to commit the violations, but were confronted with setbacks during the remediation, perhaps because the survey was not extensive enough, because they were unable to perform the remediation properly, because they were put under pressure by the customer or because they did not have enough time or money to do the job properly. This group of offenders includes employees of municipal authorities that try to save money for the community. Municipalities often have a limited budget for soil remediation. In some cases the offenders in this category are not sufficiently aware of laws and regulations, and the illegal activities can be attributed to incompetence.

The latter group commits crimes of an organised nature. They make as much use as possible of the opportunities for committing crimes and make as much money as possible from those crimes. One example involved a company that acted illegally during a soil remediation operation and made a profit of 750,000 euros. The fine imposed afterwards was (a mere) 15,000 euros.

A company supplied contaminated soil to a soil cleaning company. This company paid between 30 and 40 euros per cubic metre for the heavily contaminated soil to be processed. The soil processing company sold the soil (without cleaning it) to another company via contacts with a former employee. The company purchasing the soil was compensated for accepting the contaminated soil, which generated an unlawful profit of 150,000 euros. This allowed the soil cleaning company to save 35 euros per cubic metre. The unlawfully obtained profit made by the soil cleaning company was estimated at 400,000 euros. Investigations also revealed that incorrect permits were used and that the supervisor must have been aware of the illegal activities. The company intimidated the municipal supervisor to ensure that he took no action.

3.4.5 Consequences for Dutch society

Soil remediation crime harms the living environment and may have a direct effect on public health. However, the risk to public health differs depending on the substance, the period of exposure and individual physical characteristics, which means that exact figures about the damage to public health in the Netherlands caused by soil remediation crime cannot be established. The value of a house can drop sharply if it is found to be built on contaminated land. This can lead to social unrest. Another effect is a loss of trust in the government, as the government is responsible for the issuing of permits, as well as for enforcement and supervision. By not following the rules a number of companies are able to work more cheaply than their competitors, which constitutes unfair

competition. In the past this has resulted in other companies also observing the rules less strictly.

3.4.6 Crime-related factors and expectations

Soil remediation crime is sometimes called corporate crime, as the opportunity to commit the crime arises from the regular work of a legitimate organisation. These types of crime can be explained by the 'Routine Activity Theory'. According to this theory, three factors determine whether criminal activities occur: an attractive target, failing supervision and a capable, willing offender. In this case soil remediation is the target and this target is attractive because of the difference in price between using clean and contaminated soil. It has been established previously that the supervision of soil remediation operations is insufficient, and that the laws and regulations are complex. As a result, a willing and capable offender will have many opportunities to commit crimes during soil remediation operations. With regard to willingness, it was also stated above that some of the entrepreneurs believe that the laws and regulations are too strict. Within the sector, people have been arguing for a widening of the possibilities to use contaminated soil. There is also another important factor, namely the fact that the number of remediation operations is not meeting the policy objectives. Every year, around 2300 remediation operations should be performed in the Netherlands. That may put pressure on inspectorates, which may have a negative effect on the care with which inspections are carried out. This might give the impression that little attention is paid to compliance with the rules, which can encourage criminal behaviour.

Another important factor is the development of the 'in-situ' technique. In this soil remediation method some of the contaminated soil is cleaned on site. Possibilities include introducing bacteria into the soil or using electric current to clean the soil. The results from a survey in 2007 showed that 'in-situ techniques' were used in 80% of remediation operations. The use of these techniques is expected to increase in the coming years, which will lead to a sharp reduction in costs and in turn reduce soil remediation crime.

A certification process that was recently launched should also result in improved compliance with laws and regulations in the soil remediation sector. Furthermore, guidelines have been drawn up describing the 'enforcement implementation method' for the Soil Protection Act. These guidelines must be used when performing inspections. It will take some time before these measures have the desired effect. A reduction in soil remediation crime can only be achieved by considerably improving and intensifying supervision.

3.4.7 Conclusion

The nature and scale of soil remediation crime cannot be established on the basis of registers kept by investigating and supervisory authorities. Many of the companies involved simply perform their activities according to the rules, others operate 'on the edge' of what is permitted and there are also companies that regularly go 'over the edge'. One major motive is that a lot of money can be earned from soil remediation crime. There are many opportunities to commit soil remediation crimes, as supervision and inspections are insufficient. Furthermore, the number of remediation operations is not meeting policy objectives. The chances of being caught are small and the penalties are relatively mild. Measures have recently been taken to provide support for inspections and supervision, but they are not expected to have a significant effect in the short term. One crime-reducing factor is the technological development whereby some of the soil can be cleaned on site. This reduces costs and may also result in less crime. It is not known how many of these crimes are committed by individual offenders and how many by organisations, but past cases show that several partners in the chain are often involved. It is worrying that local government agencies do not always apply the rules strictly. Soil remediation crime has various consequences for Dutch society. The main ones are damage to the interests of the public if buildings are built on contaminated ground, and unfair competition if companies that do not follow the rules are able to work more cheaply than others. The scale of soil remediation crime is not expected to increase any further in the near future, but it will only be reduced if supervision and inspections are set up in a considerably more intensive and effective manner. As it is unclear whether or not this is going to be realised in the next few years, soil remediation crime is a *conditional threat* to Dutch society.

3.5 Crime involving international waste streams⁴⁶

3.5.1 Introduction and scope

With regard to the waste processing market, the research focused on three waste streams that were considered to be the most relevant within the context of the NTA, namely:

⁴⁶ This section is based on a report prepared for NTA 2008: *Dienst IPOL, 2008. Criminaliteit bij internationale afvalstromen. Verslag van een onderzoek voor het Nationaal dreigingsbeeld 2008. Korps landelijke politiediensten* (Netherlands Police Agency), *Dienst IPOL, Zoetermeer*. The authors of this report are C. Esman and H. Ruessink, both of whom work at the Police Academy.

- electronic and electrical appliances (E-waste);
- scrap vehicles;
- mixed hazardous substances.

E-waste includes all electrical and electronic waste, such as fridges, washing machines, razors and mp3 players.

Scrap vehicles are vehicles that no longer meet the Dutch MOT requirements and have been deregistered with the Road Transport Agency. These scrap vehicles can often still be used in countries where vehicles are not subject to any or only a few technical requirements.

The term mixed hazardous substances includes different types of substances, such as heavy metals, polychlorobiphenyl compounds (PCBs) or agricultural chemicals. Studying and describing these substances as a single generic waste stream proved to be difficult. Where possible, the research focuses on mixed hazardous waste materials.

3.5.2 General context

In industrialised countries environmental policy and regulations have become more and more strict in recent decades. It became more and more time-consuming and expensive for companies to dispose of hazardous waste. As a result, increasing amounts of waste were shipped to countries with more lenient rules: developing countries and former Eastern Bloc countries. Major environmental incidents have drawn attention to the need for international waste processing agreements. For example, after the chemical disaster in 1976 near the Italian town of Seveso, Seveso soil contaminated with dioxin turned up in many different places all over the world. In 1989 international agreements about controlling the cross-border shipment of hazardous substances and their disposal were laid down in the Basel Convention. These agreements were followed up in 1994 by EU Regulation 259/93 on the shipment of waste. On 12 July 2007 this 'old' Regulation was replaced by a new Regulation (no. 1013/2006).

The current EU Regulation provides for a system of supervision and inspection of the shipment of waste to other countries. Whether a waste material may be shipped and according to which procedure, depends on:

1. the nature of the waste: hazardous or non-hazardous;
2. the intended processing method: useful application or disposal and;
3. the destination country: a country with which a special treaty is in place or a country with which there is no special treaty.

Hazardous substances are listed on the orange list in the aforementioned EU Waste Shipment Regulation. Whenever the shipment of hazardous substances is allowed, a written notice must be issued and permission must be granted prior to the shipment. Hazardous substances may only be shipped if they are intended for a useful application and, even if they are, only to certain (usually wealthy) countries. A useful application assumes that secondary raw materials have been obtained by recycling, re-use, recovery or other actions. All other cases are considered to be disposal (dumping of waste materials, for example).

Non-hazardous substances are listed on the green list. When shipping non-hazardous substances it is sufficient to send certain accompanying information with the transport. Non-hazardous substances intended for a useful application can be shipped to any country (provided that the accompanying information is present). Shipment of non-hazardous substances for disposal is prohibited, unless the substances are exported to countries to which the OECD Decision applies, countries that are named as 'third-party countries' in the Basel Convention or countries that have entered into a bilateral agreement with the EU.

The shipment of waste materials requires that a contract be drawn up between the person having the waste shipped (or the person carrying out the shipment) and the person receiving the waste. This contract must be accompanied by financial guarantees if the waste in question requires a notification. As part of the notification procedure, the person issuing the notification must send a notification to the competent authorities in the country from which the waste is to be shipped, who must then send on this notification to the competent authorities in the destination and transit countries. The competent authorities must grant permission within a period of 30 days (with or without conditions) or make their objections known. If a shipment cannot be completed in the planned manner (including the useful application of the waste materials or their disposal), the person issuing the notification must take back the waste materials, in principle at his own expense.

In the Netherlands, the Inspectorate of the Ministry of Housing, Spatial Planning and the Environment is responsible for supervising compliance with and the administrative enforcement of the EU Regulation on the Shipment of Waste. An inspection can be performed:

- at the premises of the producer of the waste materials, the holder or the issuer of the notification;
- at the premises of the recipient of the waste materials;
- during the shipment itself;
- and – in consultation with the enforcement agency in the destination country – at the premises of the processing company.

Any violation of the EU Regulation on the Shipment of Waste is a criminal offence.

An illegal shipment of waste materials is defined as any shipment of waste materials that, deliberately or otherwise, is shipped, whether or not to a subsequent useful application or for disposal, without the required notification, without the required permission, based on permission obtained through fraud or forgery, or in violation with Community provisions.

The illegal shipment of waste materials is also referred to as 'illicit trade'. Intentionally carrying out an illegal shipment is a crime. Unintentionally carrying out an illegal shipment is a summary offence.

The investigation is carried out by the Netherlands Police Agency, the specialist police environmental teams and the Intelligence and Investigation Service of the Ministry of Housing, Spatial Planning and the Environment (VROM-IOD). Apart from criminal proceedings, administrative or possibly civil proceedings may also be instituted.

The shipment of waste materials can generate large profits on this supply-and-demand market. The revenue can be increased even further by clever handling of the waste materials.

For example, a company can wrongly designate waste materials as re-usable products. This is often done for televisions, monitors and scrap vehicles, which are then transported as 'second-hand goods', thus circumventing waste legislation. Waste materials on the orange list are also transported as if they were on the green list (or with a cover load of substances from the green list), to eliminate the need for notifications, make the transport easier and cheaper to organise and reduce the chance of being inspected. According to interviewees, different waste materials are also frequently mixed: this is not allowed.

The criminal activities are concealed in many different ways. The inspection of a transport is made difficult by 'top loading' (as a result of which everything comes out when the container is opened), by welding vehicles and containers shut, and by 'gassing' (whereby the container is filled with pesticides after loading).

The following methods also occur on a regular basis (IMPEL-TFS⁴⁷):

⁴⁷ IMPEL is an informal network of environmental enforcement agencies in the EU Member States. IMPEL stands for Implementation and Enforcement of Environmental Law. TFS projects provide for cross-border collaboration between the authorities in the Member States in the context of the EU Regulation on the Shipment of Waste, including coordinated joint enforcement operations in European ports. TFS stands for Trans Frontier Shipment.

- making several stopovers, whereby various ports are visited to create confusion in the paper trail and to make it difficult to trace illegal loads (this is known as 'port hopping');
- using legal trade routes to conceal the illegal activities (e.g. transporting domestic waste labelled as 'waste paper' to a country such as India, which is often the destination for waste paper transports);
- not following the appropriate procedure (notification/permission) or forging documentation;
- frequently changing the owner of the waste, which creates greater confusion;
- using detours for transports. Until 2006, for example, Hong Kong was a frequently used detour en route to China, as waste legislation in Hong Kong used to be vague. Fishing boats were used at night to transport shipments from Hong Kong directly to China.

3.5.3 Scale

The overall market for waste and recycling in the Netherlands in 2005 was estimated at around 10 billion euros. The overall market consists of the waste collection and processing market (5.1 billion), the recycling market (1.2 billion) and the group of companies that trade in waste materials (3.9 billion).

According to data from CBS, the total amount of waste in the Netherlands in 2005 was 71,956 kilotons, of which more than 61,000 kilotons were created in the Netherlands itself. According to CBS, the total amount of waste exported from the Netherlands was almost 12,500 kilotons. This was not only waste generated in the Netherlands, but also waste that was first imported into the Netherlands (i.e. both export and transshipment of waste). It is difficult to establish to what extent the shipment of waste involves criminal activities.

The chance of violations being detected is small in the waste sector. Indications of the scale of violations can be derived from inspections. The Inspectorate of the Ministry of Housing, Spatial Planning and the Environment has established that violations occur regularly during the transport and processing of waste materials. Violations include failure to follow the correct procedures, handling waste materials that do not meet the prescribed criteria or processing waste other than in the prescribed manner.

During enforcement operations in 2003, a total of 1709 inspections to check compliance with the EU Regulation on the Shipment of Waste were performed in the Netherlands. Violations were found in more than 20% of the inspections. A report published in 2006 about IMPEL-TFS Seaport Project II revealed that violations occur quite regularly in cross-border waste transports at the European

level. Out of a selection of more than 1,100 waste transports, inspections showed that over half were not carried out according to the rules, with the violations varying from relatively minor errors in documentation to transports that according to the EU Regulation on the Shipment of Waste should not go to the destination country and which were therefore illegal. The second European Verification Project revealed that around 12% of a random sample of transport movements did not comply with the EU Regulation. This figure included both illegal shipments and administrative errors.

Nowadays there are more and more reports in the media about transports of discarded electrical or electronic equipment. It is difficult to determine whether this equipment is second-hand goods or waste. Shipments that include both functioning and non-functioning electronic equipment are regularly exported to countries such as China or India or to African countries.

In 2005 the Inspectorate of the Ministry of Housing, Spatial Planning and the Environment (VROM Inspectorate), in collaboration with Customs and the KLPD, intercepted a total of 1,000 tons of E-waste that was being transported illegally. A large number of the approximately 70 transports were destined for China, Hong Kong or a West African country. In a third of the cases the load consisted of hazardous waste in the form of monitors and televisions. Furthermore, one third of the transports consisted of cooling and freezing equipment containing (H)CFC refrigerant gases; these are hazardous waste materials. In 2006, a total of 44 transports of discarded equipment with a total weight of 430 tons were stopped. Compared to 2005 the loads were smaller on average, which confirms the suspicion that smaller dealers in particular are breaking the law nowadays. In 2005 the VROM Inspectorate carried out a national operation aimed at improving compliance with the rules within the waste disposal chain for electrical and electronic waste. The Inspectorate knew that at least 20% of discarded televisions ended up in illegal circles. Inspections in 2004 showed that both small businesses and major retail chains handed their equipment over to non-certified collectors and dealers. In 2006, buyers and exporters of discarded electronic equipment were inspected once again.

According to the VROM Inspectorate, the number of violations has dropped because of the inspections in 2005 and 2006 and various operations to make people more aware of laws and regulations. The Inspectorate reports that the major retail chains now operate properly, whilst small businesses are still being drawn into selling their discarded equipment to non-certified collectors.

In 2006 the Government Road Transport Agency withdrew the registration numbers of around half a million vehicles. Most of the vehicles whose

registration numbers are withdrawn are sent for recycling or exported. Apart from scrap vehicles, second-hand vehicles are also exported that have not yet reached the end of their life. In 2006, Auto Recycling Netherlands (ARN) was responsible for the processing of almost 210,000 vehicles. The remaining 10% of the cars not processed by ARN were bought by foreigners or stolen.

3.5.4 Criminal organisation

Dealers and waste brokers are the high-risk groups as far as criminal behaviour is concerned in the waste sector. They are usually out to make a quick profit and are less likely to stick to the rules. Transporters of waste materials are usually flexible and helpful towards their customers, who are sometimes guilty of fraud, e.g. by strategically choosing transport routes and other methods to evade inspections. For some people the fierce competition in the transport sector lowers the threshold for becoming involved in illegal practices.

Scrap vehicles

Most scrap vehicles that are exported are shipped to West African countries, such as Nigeria and Ghana. Sometimes they are transported to African countries via Eastern Europe. The shipment of scrap vehicles to these countries serves various purposes:

- disassembly of parts that can still be used;
- restoring the vehicles so that they can be used again;
- a method for transporting other goods;
- dumping.

In several interviews the following picture emerged regarding the working method in suspicious exports of scrap vehicles. In many cases private individuals from African countries came to the Netherlands on a tourist visa with the aim of organising the purchase and export of waste. These 'waste tourists' organise a container and have it filled and exported, after which they return to their country of origin, often even before the actual transport takes place. Due to the tourist status of these people and the lack of cooperation between Customs, investigating and enforcement agencies, they often remain out of sight. If any irregularities or fraudulent activities are discovered with regard to the load, the organiser of the transport will no longer be traceable, which makes it difficult to take action against offenders.

E-waste

The 2006 IMPEL-TFS Threat Assessment describes Africans as being responsible for organising the export of E-waste from its country of origin to African countries. The methods used by these waste tourists are comparable to

those used for scrap vehicles. A lot of E-waste also ends up in Asian countries. One frequently used transport method involves loading up scrap vehicles with E-waste to combine the two waste streams.

Hazardous waste materials

It has been known for some time that Africa is regularly used as a dump site. A study carried out for the United Nations back in 2000, for example, described incidents relating to the importing of hazardous waste materials into African and Asian countries in 1993 and 1994. Most of the offenders were Nigerian businessmen. The most widely used method to prevent the discovery of the illegal activities was to mislabel the waste materials. The offenders tried to evade inspections by pretending that the materials were raw materials or components with a positive economic value.

Since the 1990s China has also been the destination for various shipments of hazardous waste. Research by Greenpeace shows that most of these shipments come from industrialised (OECD) countries. In many cases, however, the exporter or intermediary can no longer be traced, often because the 'companies' involved turn out to have only a PO box address. As a consequence the costs of returning and processing the waste must be borne by the national government. In the late 1990s the Philippines and Indonesia imported a lot of waste metal from batteries (with permission from the authorities). In many cases this was supposedly for recycling purposes, but it turned out that the quality of the processing plants was insufficient. The result was that much of the waste was dumped on mountains of domestic waste.

It is striking that the legal stream of a particular type of waste can follow a different route from the illegal stream of the same waste material. Fridges and E-waste are two good examples: the legal stream stays within the European Union, whilst illegal transports end up in Africa and East Asia.

The VROM Inspectorate has discovered that a lot of violations of the export ban are linked to the port of Amsterdam. These violations involve the export of waste materials such as computer components, televisions and scrap vehicles to Africa, countries in the Caribbean and islands in the Pacific. Electronic equipment is often loaded into used or scrap vehicles.

3.5.5 Consequences for Dutch society

The negative consequences of cross-border waste streams are mainly in the destination countries, where damage to the environment and public health

result from incorrect processing or dumping of waste. For example, many people in the Chinese Guiyu region suffer from skin and lung disorders due to the processing of printed circuit boards (PCBs) and the burning of plastic wire, and the amount of lead in the water is much too high in the region (lead from computer monitors is known to damage the nervous system, as does mercury from televisions). In addition, cadmium, beryllium and fire-resistant chemicals may cause cancer or lung disease. These consequences usually only become apparent in the longer term, in the country that imports the waste materials. The exporting country does not suffer any damage in this regard.

Dumping scrap vehicles and E-waste in the countryside may cause heavy metals and dioxins to end up in the ground, in water or in the air. Dumped waste is a limited and controllable problem in the Netherlands.

The consequences for Dutch society are mainly related to damage to reputation and unfair competition. Damage that occurs in other countries as a result of the illegal (and often also legal) export of waste materials from the Netherlands may negatively affect the image of the Netherlands. In August 2006, for example, the toxic waste from the freighter Probo Koala was spread out over 10 dumping sites in the Ivory Coast city of Abidjan and resulted in 10 deaths and thousands of people with health problems. The vessel had previously docked in Amsterdam, where it had proven impossible to sell the waste for processing. This led to major public outrage and political unrest.

The second negative effect involves unfair competition. Dutch companies in the waste handling and processing sector suffer loss of income when waste is illegally transported to other countries. Due to the strict environmental and other conditions that apply in the Netherlands, these Dutch companies have had to invest large sums of money and they have difficulty in recovering these investments, as the available capacity cannot be used sufficiently due to the unfair competition. Consequently, no money is left for investing in the development of innovations, no improvements are made in the sector, and waste processing plants run the risk of liquidation. Finally, it should be noted that, if a loss cannot be recovered from the offenders, the government will ultimately have to bear the costs.

3.5.6 Crime-related factors and expectations

There are various factors that lead to crime in the shipment of waste materials. A few of them are stated below.

In the waste sector the profits often precede the costs. Collectors receive their money as soon as they collect the waste. As they only incur costs to process the waste afterwards, they could be tempted to minimise or avoid these costs via an inappropriate route.

As well as being numerous and complex, laws and regulations can also be vague and inconsistent. As a result, definitions and interpretations often differ. For example, it is difficult to determine the difference between a waste material and a second-hand good. Players that do not strictly observe the rules may benefit from this lack of clarity, because if they are discovered they can easily rely on misunderstandings or differences in interpretation. As a result, their true intentions will be difficult to determine. In addition, the chance of being caught is small. Supervision, enforcement and criminal investigation agencies are facing a capacity shortage, insufficient knowledge, a lack of expertise, fragmentation and sometimes conflicting interests.

Furthermore, the processing of waste has become more and more of an international phenomenon. Proper criminal investigations require international collaboration and good mutual exchange of information. In practice this is still difficult to achieve. Another complicating factor is that there are significant differences between countries in the organisation, working method and priority for enforcement and criminal investigations in relation to illegal waste streams.

The effects of the new EU Regulation on the Shipment of Waste, which came into force in July 2007, are also not yet clearly visible. It is hoped that a lot of the vagueness relating to terms and the ambiguity of rules have now been removed, so that violators are no longer able to hide behind this screen.

The recycling of waste is an important source of secondary raw materials. Over three quarters of white goods, brown goods and televisions are now recycled, and a great many scrap vehicles are also processed into recyclable parts or secondary raw materials. The general expectation is that the waste-processing industry will develop more and more into a fully-fledged supplier of raw materials. Most of the players will operate within the rules, but some will be involved in illegal activities on the market.

Enforcement operations have had positive results in recent years: whereas over half the retailers used to hand over waste to non-certified collectors, the figure has now dropped to below 20%. To continue reaping the benefits of these operations, it is important to keep performing them and to perform them with regard to several waste streams. However, the reduction in supervision costs and the number of rules, as targeted by the government for several years, may have the opposite effect and offer more room for crime. Not all players in the waste sector will be able to handle a more hands-off government approach, which may lead to an increase in crime.

The market for waste materials will probably change due to economic progress in the receiving countries. Increased wealth reduces the need to recycle waste

products (e.g. discarded electronic equipment) because people have enough money to buy new products. This development has already started in some places. Large numbers of scrap vehicles used to be sent to Eastern Europe, for example, but currently they are mostly sent to Africa.

Developments relating to information and communication technology will continue. This will enable players in the chain to respond more and more effectively and flexibly to opportunities for criminal activities, e.g. by responding quickly to reports about transport inspections and other operations by government agencies. On the other hand, these agencies can also benefit from technological developments, provided that they are able to eliminate mutual barriers to effective information and communication. In the near future new technological/micro-technological applications, such as 'micro-dotting' whereby transports/shipments can be accurately tracked in time and space, will become available.

The international market for waste streams will continue to thrive due to continued economic progress and the associated increased demand for raw materials from the recycling of waste materials. Players who wish to benefit from this situation by criminal means will continue to play a role in the future as well.

3.5.7 Conclusion

There are many opportunities for players in the waste-processing sector to evade the rules and there have been cases in which these opportunities were used. Within the waste processing logistics chain the network of dealers and waste brokers is especially vulnerable.

It is not always easy to indicate whether a case involves a violation or a crime.

In this regard, deliberately breaking the rules is considered to be a crime.

Unintentionally breaking the rules is a summary offence.

The consequences of improper processing or dumping of waste are mainly seen outside the Netherlands. Severe consequences for the environment and public health may occur in the destination countries. In the Netherlands the possible consequences concern the effects of unfair competition and damage to reputation. Illicit exporting of E-waste appears to have decreased in recent years. Apparently the major retail chains now operate properly, whilst small businesses are sometimes still drawn to sell their discarded equipment to non-certified collectors. In addition to negative effects, the illicit exporting of E-waste and scrap vehicles also leads to raw materials being recovered from the E-waste and some of the scrap vehicles being given a new life in the destination countries. Market forces are at work in these cases.

The consequences of E-waste and scrap vehicles in destination countries are not expected to result in major damage to the Netherlands' reputation. The

consequences of the exporting of this waste for Dutch society are limited, and this is expected to remain the case in the next four years. Crime involving streams of E-waste and scrap vehicles has therefore been qualified as *no specific threat*.

It is difficult to obtain an overview of crime relating to streams of hazardous waste. There are many different substances that belong to the group of mixed hazardous substances. The research into these substances was only partially successful, as a result of which not all the research questions were answered. This is why crime relating to international streams of hazardous waste has been qualified as a *blind spot*.

3.6 Money laundering⁴⁸

3.6.1 Introduction and scope

This section focuses on two aspects of the laundering of criminal proceeds. The first relates to the role of financial service providers in the integration or weaving in of criminal proceeds into society. The second aspect is money laundering via investments in property, often using those same service providers.

3.6.2 General context

There are three successive phases in the logistical process of money laundering: the placement, concealment and integration of unlawfully obtained funds. In the placement phase unlawfully obtained funds are introduced in legal transactions. This can be done by depositing or exchanging funds at a legal financial institution in the Netherlands or abroad.

In the concealment phase the origins of criminal proceeds are concealed, giving them a legal appearance and allowing them to be invested in legitimate society. To achieve this end, creative financial arrangements such as 'loan-back' structures are used, fake invoices are drawn up or gambling and investment profits are invented.

In the integration phase the concealed criminal profits are spent in legitimate society. This usually involves criminal investments in property or businesses.

⁴⁸ This section is based on a report prepared (in part) for NTA 2008: *Dienst IPOL, 2008. Witwassen. Verslag van een onderzoek voor het Nationaal dreigingsbeeld 2008. Korps landelijke politiediensten* (Netherlands Police Agency), *Dienst IPOL, Zoetermeer*. The authors of this report are J. Lammers, B. Bloem, M. Russelman and C. Zarazaga, all of whom work for IPOL, and M. Bottenberg, B. Ketelaar and J. 't Lam from DNR.

Most criminals do not reach this final phase. The main way of spending unlawfully obtained funds lies in financing a luxury lifestyle and financing new criminal activities. If any money remains, it is largely laundered by investing it in property and in businesses that can be used for laundering purposes. Only just under 20% of the criminal organisations involved in money laundering who were referred to in the aforementioned IPOL report apparently invested in businesses.

Financial service providers

Financial service providers can be involved in all phases, from simple financial/administrative tasks, such as depositing money and keeping accounts, to devising complex financial constructions to facilitate money laundering. These constructions are often complex and criminal organisations themselves do not have the required expertise. This forces them to call in external experts: professionals such as accountants, lawyers, civil-law notaries or tax experts. There are five types of financial service providers who can be involved. Some names have been put between inverted commas to indicate that these are roles rather than actual professions.

‘Bookkeepers’ perform simple financial/administrative tasks, act as straw men, carry out money transfers, and sometimes they handle the entire bookkeeping process.

The bookkeeper can be a member of the criminal organisation who has the necessary skills or a (small, independent) accounting firm that is hired for the task.

‘Constructors’ are experts at devising (complex) fiscal or legal constructions that conceal ownership. A range of foreign legal entities and bank accounts are often used. The specialist knowledge possessed by civil-law notaries, lawyers and financial experts such as accountants is needed.

‘Bankers’ have a considerable personal capital base and/or a property portfolio. Whenever they carry out major financial transactions or buy or sell property, this remains unnoticed. This role can be played by large property dealers or organisations that trade extensively in property. Criminal proceeds or properties are taken for safekeeping and are then hidden among (transactions using) the banker’s own capital or property.

Lawyers are experts in law (including tax law) and can use this knowledge to advise about legal ways of evading criminal investigations and taxes. They also have specific possibilities as regards confidentiality, including third-party bank accounts.

Civil-law notaries: just like lawyers, they are experts in (tax) law. Like lawyers, they also have specific possibilities as regards confidentiality. However, they are different from lawyers in that they are able to perform activities with legal consequences, such as the execution of sales contracts and mortgage deeds.

In recent years, the integration phase and the role of ‘constructors’ and ‘bankers’ in this phase have been the subject of a lot of (media) attention. This phase mainly concerns investments in property, not only portfolio investments but also investments in buildings that are used for other criminal activities. The buildings might be used as brothels, for example, where women are forced to work as prostitutes, or as premises in which to cultivate cannabis. Investments are also made in legal companies – often catering establishments – to mix the legal income with criminal proceeds to give the criminal proceeds a seemingly legal origin.

3.6.3 Scale

A total of 647 criminal organisations were identified in the 2005–2006 period. Around one third (226) were (also) involved in money laundering. Of these 226, there were 21 organisations that were exclusively involved in money laundering for other criminal organisations. These organisations were mainly active in the placement phase in which they exchanged and couriered funds; there were fewer organisations that set up financial constructions to conceal criminal proceeds. Money laundering organisations involved in the integration of laundered money into society have contacts with professionals who have specific expertise or powers that the organisation needs. The most frequent contacts are with accountants, financial experts and civil-law notaries, and to a lesser extent with lawyers.

Cases of a single person working for several criminal organisations are quite frequent. The number of financial service providers that are culpably involved in money laundering appears to be limited.

Hardly anyone is willing to make a statement about the size of the amounts invested in property by (individual members of) criminal organisations. Only one case file reported that, on the basis of money confiscated, 11 million euros of criminal proceeds had definitely been invested in property. Most of the people involved agree that this is an underestimate, but opinions on the actual full amount differ.

It can be argued that only the ‘top layer’ of criminals in the Netherlands are left with enough money to invest in property, but the exact amount involved remains unclear. Most experts agree that there has not been an increase recently, and that such an increase is not expected to occur in the next few years either. An indication of the number of suspect transactions on the property market can be obtained from the number of buildings that change hands several times within a short period of time whereby major price fluctuations are observed.

These are so-called 'ABC transactions' or sales carousels.⁴⁹ An investigation based on data from the Amsterdam Land Registry revealed that surprising price increases occurred for 351 buildings in the 2004 to 2005 period, which could indicate that criminal proceeds were being laundered. However, this is only a small part of the total number of transactions. For the four largest cities – Amsterdam, Rotterdam, The Hague and Utrecht – an analysis of the January 2000 to March 2006 period showed that 1.3%, 4.5%, 3.5% and 1.6% of transactions, respectively, concerned owner-occupied houses that were sold three times or more. To what extent these were actually ABC transactions or sales carousels is unknown.

3.6.4 Criminal organisation

There is a difference between investments made by criminal organisations (as a group) and investments in property by individual members of these organisations. For the criminal organisations identified by IPOL the focus is on investments by the group. The same applies to the role of financial service providers: their role in money laundering for criminal organisations is of prime importance.

Financial service providers are sometimes part of the criminal organisation, and they sometimes play a supporting role for several organisations. They are primarily called in for their expertise, and some of them have been working for the same organisations for years. These service providers often have normal jobs in the legal financial world. There were several occasions when criminals were maintaining strategic contacts in the legal financial world. There are examples of contacts with bank employees, tax and legal consultants and foreign bank managers. Criminal organisations seem to prefer small offices and lone traders, as they are economically more vulnerable and therefore easier to pressurise. But employees of major offices can also be contacted. Cases of threats against, violence against or even liquidations of financial service providers have been identified, but this does not appear to be common practice. Criminal organisations almost always use financial service providers from the same cultural background.

⁴⁹ A building on *Geldersekade in Amsterdam* was a good example: the price of this small building went from € 108,000 (November 1995) to € 82,000 (August 1996), € 83,000 (January 1997), € 166,000 (October 1999), € 295,000 (March 2000), € 700,000 (June 2005), and eventually to the € 1.3 million that the municipal organisation *NV Stadsgoed* paid on December 30th 2005.

Criminals invest in property together if they wish to expand their criminal possibilities. The possible uses of the property to launder money and as a business asset are the main motivations. Collection of capital and expansion of business activities are the dominant objectives. This is why property is usually viewed as a particular form of money that can be exchanged for cash where necessary for consumer purposes. Generating a return is less urgent than limiting the chances of being caught. The concealment techniques used for this purpose, such as straw men and ownership constructions, make it difficult to establish exactly which member of a criminal group is the beneficial owner of a particular investment in property.

It seems that not many of these people are 'saving for a rainy day', as portfolio investments to provide some form of pension scheme are much less frequent. Only a small group of criminals has enough laundered funds and a vision of the future to view property as a portfolio investment.

The level of criminal turnover at which criminals start investing in property is unknown. It depends on the nature of the criminal business and the profits generated, but also on the lifestyle of the criminal involved. In criminal sectors where large profits are generated the chances that the criminals will invest in property are probably the highest. These sectors include the trafficking and illegal production of drugs, human trafficking and fraud. Investments are often made in the country of origin of the members of the group.

3.6.5 Consequences for Dutch society

Damage to physical or mental health

The main sources of damage to Dutch society are extortion, violence and threats against property investors and professional service providers. Violence relating to criminal investments in property is sometimes also aimed at competing criminals. Violence or the threat of violence appears to play a role in the background; criminals use it as a means to invest or launder criminal proceeds. According to several respondents, criminals sometimes force service providers to cooperate with criminal investments in property. In a few cases service providers were even killed.

Financial loss due to loss of money or property/goods

In the event of suspect ABC transactions the parties involved may harm the interests of the tax authorities (read: Dutch society), e.g. if they evade capital gains tax that would otherwise be paid to the tax authorities.

Harm to or threatening the natural environment or the living environment

One possible consequence of criminal investments in property mentioned several times by respondents and in the literature is (further) degeneration or dilapidation of urban districts as a result of neglect and/or criminal exploitation. The properties in which the criminals invest could, for example, be used for illegal residence in the Netherlands, for which considerable amounts are sometimes paid ('rack renting'). It should be noted that this practice mainly happens in districts that have a certain level of deprivation or dilapidation. In these cases the criminal investments in property may also attract crime, as these districts are good locations for (other) suspect (criminal) entrepreneurs to set up their business. More unlawfully obtained properties also offer more possibilities for money laundering. For example, if criminals buy buildings in the Amsterdam red-light district, they will be able to launder their money and then to use it for illegal business. Criminal ownership of property and mala fide practices involving property can be intertwined with other illegal phenomena such as illegal residence, illegal employment, human trafficking and human smuggling.

Disruption of socio-economic relations

Investment of (large amounts of) money in the property sector by criminals affects other investors in the property sector. It disrupts market prices and it creates unfair competition. Due to their comfortable financial position, criminals are often able to buy buildings under better conditions (cash payment, no mortgage, some of the payment 'undeclared'), which also forces prices up. Criminal use of financial service providers can result in unfair competition on the service provider market if they are paid without the payment being declared or if – due to the suspect nature of the situation – they can ask higher fees for their services.

Criminal entrepreneurs involved in money laundering in the property sector mix with bona fide people in the property business. Positions of economic power enable criminal entrepreneurs to manipulate prices, use property for their own criminal purposes, give their criminal activities a legal front and simplify the laundering of unlawfully obtained funds. Money laundering using property always requires help from a third party, such as lawyers, civil-law notaries, tax experts and sometimes corrupt public servants. They form the link between criminal circles and legitimate society.

Harming of national interests and international relations

According to a few respondents, the idea has emerged internationally that unlawfully obtained funds can be easily invested in the Netherlands. This damages the Netherlands' reputation, which in turn affects international economic and political relations.

Undermining of the rule of law and people's sense of justice

Criminal activities and the build-up of criminal assets hinder the proper functioning of public administration, for example, due to the fact that restructuring and development become more difficult in some areas and neighbourhoods. Furthermore, administrative costs are incurred for prevention and detection, e.g. to implement the Public Administration (Probity Screening) Act. This money cannot be spent on other matters that are important in society. In addition, by investing their capital in legitimate society, criminals become more visible in legitimate society.

Societal benefits of money laundering

Criminals consume their criminal profits (often through an exorbitant lifestyle) and invest in businesses and in the property sector. As such, these expenses form a positive contribution to the economy and, as a result, to society. Municipalities may also benefit from criminal investments: some brothels or even entire red-light districts such as De Achterdam in Alkmaar are being beautifully restored. In economic terms it does not matter that much whether these investments are funded with criminal or legal funds.

3.6.6 Crime-related factors and expectations

It is not always easy to make a clear difference between crime-related factors that are related to criminal investments in property and factors that are related to the criminal use of financial service providers. This is why the two will only be distinguished in this document if the differences are unmistakable.

Factors that encourage crime

Most of the crime-related factors that were identified in the research have been designated as promoting the development or perpetuation of crime. The following categories are involved here: good possibilities for concealment, limited risk of being caught, opportunity structure and legislation.

Good possibilities for concealment

In the past decade the supervision of the financial market has been increased and specialised supervisors are now active on the market. However, the property market is less regulated than the financial market and there is no specialised supervision. This situation makes it even more attractive for criminals to invest in property. It is relatively easy to conceal ownership in the property market, as the transparency of the division of ownership is limited. In the Netherlands, for example, there is a difference between legal ownership and economic ownership. Legal ownership is laid down in registers, but economic ownership

can be transferred easily by means of a private deed. As a result, the division of ownership moves out of sight of the official register keepers. Another legal possibility for money laundering is to transfer the ownership of property to a legal entity. This basically makes the shareholders in that legal entity the owners of the property, and buying and selling shares in the legal entity allows the ownership of the property to be transferred without registering this transfer in the Land Registry.

Limited chance of being caught

The regional police forces, the KLPD (FIU Netherlands), FIOD-ECD, the Tax and Customs Administration, the National Prosecutor's Office and the National Public Prosecutor's Office for Financial, Economic and Environmental Offences are all involved in the fight against criminal investments in property, as are local and national agencies that implement the Public Administration (Probity Screening) Act. If a case relates to the criminal use of financial service providers, several supervisory agencies are also involved, including the professional associations representing civil-law notaries and lawyers, the Financial Supervision Office and the Netherlands Authority for the Financial Markets. Due to the number of agencies involved in enforcement and supervision, effective collaboration and the exchange and comparison of information are not easy. This offers possibilities for criminal organisations to invest in property without being noticed.

Another reason why the chances of being caught are relatively small is that investigations into money laundering and other forms of financial/economic crime are unpopular with the police and the Public Prosecution Service. Rather than conducting financial investigations, the police seem to prefer the more traditional forms of investigation. Financial investigations require specific knowledge and skills that are often lacking. The financial expertise that is present or has been built up often drains away to the business community, where good money is paid for this expertise. Finally, 'last but not least', financial investigations are extremely labour-intensive and when people and resources are scarce, that will be an important consideration when deciding whether an investigation is to be launched.

Opportunity structure

The involvement of financial service providers in criminal investments is not always culpable and it is sometimes difficult to establish whether involvement is culpable or not. In addition, there are examples of forced involvement, where service providers were threatened to force them to lend their support to money-laundering activities.

Professionals' right of non-disclosure also gives criminals the opportunity to use professionals to their advantage in order to conceal the results of their criminal actions. The third-party accounts that some professionals have at their disposal by operation of law are a good example. These accounts are used for client's financial transactions, which thereby fall under the right of non-disclosure. Professionals can be obliged to disclose transactions performed via third-party accounts, but only in highly exceptional cases. In practice, enforcement agencies almost always decide against the difficult procedure to obtain information about transactions via these accounts. This makes investigations into criminal cash flows that run via a third-party account almost impossible. Because of the introduction of market forces into the independent professions the service providers in question are also forced to compete with their fellow professionals. As a result of this competition, service providers who are not as successful at operating on a free market may run into financial problems after a while, and it speaks for itself that financial problems can make a service provider vulnerable to criminal influences.

Legislation

As a whole, the laws and regulations in the Netherlands include various possibilities for designing legal financial constructions that can also be used to conceal or siphon off unlawfully obtained funds. It is therefore difficult for law enforcement officials to separate the legal from the illegal. The 'legally permitted lack of transparency' makes it possible to launder large sums of money without being noticed, which means that this lack of transparency can be considered a factor that promotes crime.

Factors that limit crime

Effective legislation

The entry into force of the Public Administration (Probity Screening) Act has provided municipalities with an instrument to block the exploitation of property and businesses that require a permit, on the basis of indications that the applicant is involved in criminal activities. This creates a barrier against criminal activities, and this can be a relatively effective weapon in the hands of the authorities. Its effectiveness can be illustrated, for example, by displacement effects, whereby criminal investments occur less regularly in municipalities where the Act is used effectively. Criminals focus their attention more on municipalities where the Act is not (yet) being used effectively. They also shift their attention abroad. In addition, the Disclosure of Unusual Transactions Act and the Identification (Provision of Services) Act may have a limiting effect on the role of the Netherlands as an international transit country for criminal proceeds.

Intensification of criminal investigations into money laundering

As a result of the increased focus on international cash flows in the fight against terrorism, financial institutions have focused their attention on getting to know their customers. The effect of this 'customer due diligence' is that banks assess high-risk relationships and portfolios more critically and, where required, sell them off. In addition, there is also a greater focus on the fight against financial crime, partly because of the murder of several property developers in the Amsterdam region. The fight against the problems in the Amsterdam red-light district also makes the criminal investment climate more uncertain. The increased focus on investigations into unlawfully obtained assets in the form of property has also reduced the relative anonymity that is a characteristic of the property market in the Netherlands. All of these developments have a deterrent effect on criminals who might otherwise invest in property.

Expectations

Based on the crime-related factors, a number of developments are expected. First of all, economic globalisation makes it relatively easy to invest in property abroad. There are also a number of Dutch measures in place, such as the Public Administration (Probity Screening) Act, which make domestic investment in and running of property more difficult for criminals who are known to the Dutch police. As a result, criminals who are active in the Netherlands are expected to start investing more abroad. Despite these developments, the Netherlands will remain attractive for criminals wanting to invest in property. Apart from the lack of effective supervision, investments in property that are intended to expand criminal activities are made wherever the organisation is active. This is why it remains possible that foreign criminals will be investing more in Dutch property. The Dutch property market is easily accessible and they are not known to the Dutch investigating authorities. There is currently no real reason to expect that the obstacles faced by the investigating authorities will be eliminated within a few years. Expertise must be built up and the number of agencies involved in enforcement and supervision will not change, as a result of which the exchange of information and effective collaboration will not be easy. Effective implementation of the 'Tackling Organised Crime' and 'Financial and Economic Crime' improvement programmes may have a positive effect.

International legislation has made it increasingly difficult for criminals to exploit property in their own name. It therefore seems plausible that they will be using complex constructions with (foreign) legal entities more and more often, including the possibilities offered by all of the various laws and regulations. Financial service providers are crucial as regards these constructions. Financial service providers will therefore remain necessary for money laundering and investing in property.

3.6.7 Conclusion

The investment of criminal proceeds in property has a large number of negative consequences for Dutch society. The economic benefits that are also associated with these investments by no means outweigh the disadvantages. The Dutch situation remains attractive for criminal investments in property. Criminals who are active in the Netherlands continue to invest in property if they wish to expand their criminal activities. For foreign criminals it is relatively easy to invest in Dutch property and investments by foreign criminals may increase. On the other hand, Dutch criminal organisations will be hindered by the measures taken against money laundering and they are expected to invest more in property abroad. All in all, this method of money laundering and spending in the Netherlands is not expected to change in the next few years. The combination of the current negative consequences and the expectation that investments of criminal proceeds in property will not go down makes this phenomenon a *threat* for the next four years.

The use of financial service providers, including independent professionals, will remain necessary for money laundering. More and more complex money-laundering constructions will be designed in order to hinder investigations. Even though the number of corrupt financial service providers is limited, their activities do have serious consequences. As a result, the use of financial service providers to integrate or intertwine criminal proceeds into society has been designated a *threat* for the coming years.

4

Supraregional property crime

4.1 Introduction

This chapter discusses various forms of supraregional, organised property crime⁵⁰. The property crime in question is committed by mobile criminal organisations. In the past the term ‘mobile banditism’ had become established in this context. At the time, this term was exclusively used for criminal organisations from Eastern Europe that committed series of crimes in several police regions during their temporary stay in the Netherlands; these crimes were often burglaries, shoplifting, robberies. However, in the context of the NTA, it was decided to leave out the reference to the temporary presence of foreign offenders. The mobile, supraregional nature of the criminal activities is more relevant in this context, which is why in this report the term ‘mobile criminal organisations’ also refers to criminal organisations ‘with their headquarters in the Netherlands’ that are active at the supraregional level. This creates a link-up with the field of activity of the supraregional investigation teams that are deployed by the supraregional investigation board.

The following criminal phenomena will be discussed in succession in separate sections:

- Domestic and industrial burglaries
- Shoplifting
- Cargo theft
- Car theft
- Robberies and ram raids
- Skimming
- Handling of stolen goods

The section on ‘crime-related factors and expectations’ is organised slightly differently compared to the previous chapters because many of the offences discussed in this chapter are linked to the same crime-related factors. These common factors are discussed below and are therefore not described in each separate section.

⁵⁰ This chapter is based on a report prepared for NTA 2008: *Dienst IPOL, 2008. Georganiseerde, bovenregionale vermogenscriminaliteit. Verslag van een onderzoek voor het Nationaal dreigingsbeeld 2008. Korps landelijke politiediensten* (Netherlands Police Agency), *Dienst IPOL, Zoetermeer*. The authors of this report are M. Grapendaal, M. den Drijver, H. de Miranda and S. van der Zee.

Factors related to property crime

For all forms of (property) crime, the attention of the police and the judicial authorities affects developments in the future, both in national and international terms. Economic developments – both in the Netherlands and in other countries worldwide – that affect the Dutch economy also affect property crime. Wherever criminal organisations from Eastern Europe are involved, the economic and political developments in that specific part of the world are important factors with regard to expectations in the Netherlands. Also, the advancement of security technology is relevant for the future development of property crime.

- *Attention paid by the police and the judicial authorities*
Property crime is classified as medium-level crime and the police usually do not assign a high priority to it. Only domestic burglary is on the list of subjects to which the police should pay extra attention. Experts believe that an efficient approach of property crime would require an intensification of investigations aimed at offenders. The fight against robberies and ram raiding can only be improved further by intensified collaboration between the police and the trade associations. This puts more emphasis on prevention, improvement of security measures and following procedures. Initiatives were recently taken to improve the (joint) approach. A national robbery coordinator was appointed in 2007 by the Ministry of Justice. The coordinator's task is to make sure that matters are coordinated and information is exchanged between the regional forces and between the regional forces and operational police services in neighbouring countries (via Europol or bilaterally). Furthermore, the Business Security Warranty was also launched in 2007. This warranty encourages collaboration between shopkeepers, municipalities, the police and the fire brigade in the fight against anti-social and criminal behaviour. The intensification of the collaboration between trade associations and the police improves the authorities' ability to control property crime.
- *Economic developments in general*
Criminology has always assumed a link between property crime and the state of the economy. Unemployment in particular is closely related to the level of prosperity and economic growth. A high level of unemployment correlates strongly with widespread property crime. When the economy is in decline the scale of property crime increases; and vice versa: when the economy recovers property crime decreases. For a number of years the people in the Netherlands have been enjoying economic growth, but one of the laws of economics is that this growth will slow down at some point and may even stop completely. If the link between economic circumstances

and property crime is indeed as strong as some schools of thought within criminology assume, the moment will inevitably come when property crime will increase once again. There are currently signs indicating that we are past the peak of the economic boom and that we are about to experience slower growth and possibly an economic recession. The credit crunch that began in the US in 2007 is spreading to Europe and will accelerate this process.

- *Economic and political developments in Eastern Europe*

A major reason for foreign and semi-resident groups⁵¹ to commit crimes in Western Europe is probably the prosperity gap. Obviously, this prosperity gap has existed for much longer. This is an important factor, especially when combined with the general increase in mobility, which is also encouraged by the elimination of the national borders within the European Union. The prosperity gap will remain for the foreseeable future. This is a so-called economic 'pull factor'. In Belgian research in which offenders were interviewed the majority stated that they had come to Western Europe for economic reasons. Although the living standards in the Eastern European countries that have acceded to the EU are expected to approach or match those of the 'old' Member States (in due course), it is doubtful whether this will be achieved within the period covered by this NTA. In other words: if the level of prosperity in the countries of origin of the perpetrators of organised property crime does not increase considerably in the next four years, it can be assumed that the appeal of Western Europe will remain at the same level and therefore that no significant changes will occur in the state of affairs. In addition, the EU intends to increase the number of Member States within the next few years⁵², so it can be assumed that people from those countries will become more mobile within the EU as well. Furthermore a number of political developments are currently underway that do not improve the political stability of the Balkans⁵³. It is impossible to predict whether this will result in an actual conflict.

However, the increased mobility is not limited to (candidate) EU Member States, because increased migration from other Eastern European and (West) African countries can also be seen. The temporary or permanent residence of groups of immigrants from these countries brings the risk of imported (organised) crime. The formation of 'criminal bridge heads' is quite possible in these circumstances.

⁵¹ 'Semi-resident groups' are criminal organisations that live for a period of several months in the Netherlands but are not permanently resident. These groups often have a subcultural basis in the Netherlands where, for example, they can find accommodation and other facilities.

⁵² Croatia and Macedonia by 2012, Turkey probably in 2015.

⁵³ For example, the declaration of the independence of Kosovo.

The relative poverty in many Eastern European countries can be a breeding ground for a black market in cheap, stolen goods. The handling of stolen goods that is linked to many property crimes keeps an extensive supply-and-demand market alive.

The aforementioned factors are also significant as regards the problems of groups of offenders travelling round in other Western European countries. The policy in surrounding countries is therefore important, especially as it may cause a 'water bed effect': the introduction of a strict policy in one country leads to a shift of crime to countries where the policy is less strict.

- *Technological security methods*
In the coming years the developments in the field of nanotechnology will produce practical prevention and security applications. Retail businesses and car manufacturers in particular stand to benefit.

4.2 Domestic and industrial burglaries

4.2.1 Introduction and scope

This section concerns (series of) domestic and industrial burglaries⁵⁴ committed by criminal organisations that are active at the supraregional level in the Netherlands. The results of the organised supraregional property crime subproject will be used.

Local and opportunist or impulsive groups of offenders fall outside of the scope of the research. Domestic burglaries where the aim is to get hold of car keys and papers in order to steal the car are included under car theft and fall outside of the scope of this section.

4.2.2 General context

Burglaries are a common form of crime. They are committed in many different ways. Compared to many other forms of (property) crime, domestic and industrial burglaries are relatively easy offences to commit. They generally require little preparation; there are plenty of opportunities; they can be performed quickly and with simple tools; and the loot usually consists of goods that are so common that they are guaranteed to sell.

⁵⁴ Although there are differences between these two types of offences, they are addressed together in this section because of their many similarities.

Logistics

The logistics of domestic and industrial burglaries roughly comprise four steps.

1. Gathering information with regard to the building

The information gathering process (which is also called 'doing a recce') can be done in a number of different ways, varying from rudimentary to highly detailed. Detailed preparations are made by criminal organisations that burgle several houses in a single street during a single night. Other criminal organisations prepare by browsing through newspaper advertisements and advertising leaflets from chemist's shops and department stores for valuable special offers, such as laptops, electronics and expensive perfumes. The stock was then stolen from the warehouse shortly after the advertisements were published. Also organisations may burgle shops in a certain retail chain because the interior design of these businesses is similar.

2. Availability of tools

Tools used by burglars to gain access vary from equipment they bring themselves (a heavy-duty screwdriver is usually enough) to paving stones the burglars remove from the pavement. Members of a criminal organisation that do not have a permanent or temporary address in the Netherlands, have to arrange accommodation. Various possibilities are used for this purpose: sometimes the criminals stay with family or friends who live in the Netherlands; sometimes they rent a summer cottage in a holiday park; and sometimes they sleep in their car.

3. Carrying out the burglary

Burglaries are carried out in many different ways. The most common method is forcing the lock for instance by means of a screwdriver or a crowbar.

The 'Bulgarian method' consists of drilling holes in the guard plate on a cylinder lock, removing the lock and forcing the cylinder.

In many cases burglars look for a 'weak spot' in a building's security system.

For example, a series of burglaries was carried out in petrol stations through the roof (the burglars' target was the supply of cigarettes). The roof was forced exactly above the spot where the supply of cigarettes was kept.

In general burglars try to avoid a confrontation with residents or other interested parties. They often check houses to see if the residents are home and will not break in until everyone has left. This is different to groups that (also) have a history of trespassing and fraud because those are offences where there is almost by definition contact and sometimes a confrontation with the resident(s). The variation in excuses used to gain access to the premises is only surpassed by the level of brutality used by these groups:

- An elderly lady is working in her garden. A woman approaches her and tells her that she has such beautiful flowers in her garden and that she would like to pick a few. The elderly lady proudly agrees. In the meantime the rooms and cupboards in her house are being searched by two trespassers.
- Three smartly dressed people ring the doorbell of a house and say that they wish to buy a house further down the street. They ask if they can see the layout of the rooms in this house because the estate agent failed to turn up to show them the inside of the house they might want to buy. Once inside the house, the owner is distracted and various goods are stolen.
- A young woman with a couple of children asks if she can borrow a pen and paper to leave a note at her mother's house further down the street because her mother is not home. The woman distracts the occupant and the children search the house for valuables.

4. *Handling the loot*

The main aspect as regards the logistics of processing the loot is the volume. It is important to know whether the loot consists of computers, TVs and boxes of cigarettes, or jewellery, bank cards and cash. The storage location is also relevant, as the police once tracked down various batches of stolen computer equipment because they were stored in a house in the middle of a residential area. Residents in the area had become suspicious because people were moving this kind of equipment in and out of the house very frequently. The logistical requirements are different when the loot is transported abroad. It is extremely important that groups of thieves have a network that they can use for storage, transport and handling of the stolen goods.

A Bosnian criminal organisation that specialised in domestic burglaries used the various small bus companies in the former Yugoslavia that ran services between the Netherlands and the Balkans. The drivers were approached to transport stolen goods, money and sometimes also drugs to Bosnia-Herzegovina in return for payment. An investigation revealed that the goods were delivered to relatives in Bosnia-Herzegovina who tried to sell them on the local market.

4.2.3 Criminal organisation

Three types of criminal organisations carry out (series of) domestic and industrial burglaries at the supraregional level:

1. criminal organisations whose members live permanently in the Netherlands;
2. criminal organisations whose members live permanently abroad;
3. criminal organisations whose members are only active in the Netherlands for part of the year (semi-sedentary).

Number three is a relatively new type of organisation that has a 'subcultural basis' in the Netherlands (i.e. one or a few members have a permanent address and status in the Netherlands). These groups often include criminals from Eastern Europe who come to the Netherlands as refugees from the conflicts in the Balkans. They form a 'criminal bridge head' for fellow countrymen. The other members of these groups are only in the Netherlands for a couple of weeks or months and commit series of domestic and industrial burglaries in that time. They spend most of the year in their country of origin. In the case of the other two types of criminal organisations a large amount of the loot is exported to the country of origin. Incidentally, this phenomenon is not limited to the Netherlands.

A documentary shown on Belgian television last year revealed that a new urban district was emerging in the Polish city of Krakow that the residents had nicknamed 'the Belgian district'. The buildings under construction in this district were allegedly funded entirely by illegal Poles who committed property crimes in and around Brussels. A criminologist of Eastern European origin said in an interview that a similar development was underway on the outskirts of Sofia where luxury houses were being built very quickly (in Bulgarian terms) at a single location that were (at least partially) funded by criminal proceeds from Western Europe.

The supraregional criminal organisations specialise in the offences they commit, i.e. they are only involved in domestic or industrial burglaries. Domestic burglaries are sometimes combined with trespassing and swindling, for example, but not with industrial burglaries or other types of property crime. Criminal organisations are homogeneous in terms of ethnicity and nationality, with members coming from the same town or region, and people are often found to be related or to have some other form of family connection. The level of organisation is hardly ever high, which means that there are no clear leaders, hardly any hierarchical relationships and few cases of a mandatory division of duties. This is mainly due to the fact that the offences involved require little preparation or organisation.

4.2.4 Scale

The total number of domestic and industrial burglaries has been falling for a number of years, but this fall has been bottoming out in recent years. The proportion of these burglaries carried out by supraregional criminal organisations is not clear in the various records. Police records are usually set up in such a way that the information is recorded per offence. Questions relating to the

connections between offences cannot be answered from such records. It is therefore quite a task to provide a reliable estimate of the scale of domestic and industrial burglaries.

In Belgium more research has been conducted into these crimes and one of the conclusions was that around 20% of these burglaries are committed by mobile gangs (the groups residing in Belgium were not included in this figure). If this is converted to the Dutch situation, around 28,000 to 34,000 burglaries would be committed annually by supraregional groups of offenders. In 2005, for example, this would involve 19,000 domestic burglaries and 10,000 industrial burglaries. This is a lower limit for various reasons: the dark number is high, for example, and the definition used in Belgium is different from that used in the Netherlands. However, as the records are not entirely usable to draw conclusions in this regard, this estimate of the scale is the best result that can currently be achieved.

In recent years, the Supraregional Teams have conducted between 10 and 20 investigations into domestic and industrial burglaries every year. However, this number says nothing about the actual number of supraregional groups; it says more about the possibilities and priorities of the Supraregional Teams.

4.2.5 Consequences for Dutch society

The direct damage caused by domestic and industrial burglaries is mainly of a financial nature. Based on the aforementioned 20% analogy, the total annual loss caused by supraregional criminal organisations is between 40 and 50 million euros. We have established that the lower limit of the annual financial loss caused by domestic burglaries is around 25 million euros. The equivalent figure for industrial burglaries is around 15 million euros. This is a lower limit, as the loss is probably (considerably) higher for the reasons stated above. Victims of (mainly) domestic burglaries can suffer psychological harm due to the violation of their privacy; the seriousness of this psychological harm increases if a case involves violence in addition to theft.

4.2.6 Crime-related factors and expectations

One of the most important crime-related factors is the increased security level of houses and businesses. In recent years there have been many initiatives to make owners and other stakeholders more aware of the need for security. However, the level of security has a limit; in so far as the reduction in police reports is the result of increased security measures, this reduction will begin to level out after a while. We have established that this has indeed been the case in recent years.

In addition, a number of factors stated above in section 4.1 also have an effect. Due to the existence of a prosperity gap between Western Europe and the new EU Member States, combined with possible political instability in the Balkans and conflicts in those countries, there is a risk of an increased influx of criminals and, as a result, an increase in crime in the Netherlands. The use of high-tech security measures – such as nanotechnology – will in the future provide opportunities to secure products in the retail trade. It should be noted, however, that this will probably affect mainly the possibility of recovering articles once they have been stolen. What this means for the future scale of burglary remains to be seen. Besides this, the focus of the police and the judicial authorities is a relevant factor. In this context, it is worth noting that investments are currently being made to expand forensic investigations as part of the programme to improve criminal investigations and prosecutions. Several hundred extra people will be trained as forensic assistants. However, it is once again not clear at the moment what effect these investments will have on the future scale of domestic and industrial burglaries.

4.2.7 Conclusion

The total number of recorded domestic and industrial burglaries has been dropping steadily for several years. The lower limit of the total annual damage caused by domestic and industrial burglaries by supraregional criminal organisations is between 40 and 50 million euros (around 25 million euros for domestic burglaries and around 15 million euros for industrial burglaries). Psychological and sometimes physical harm is usually involved as well in the case of domestic burglaries.

In the future the downward trend of domestic burglaries of recent years may level off. The main reasons are: the improvements brought about by new security measures may even out and criminal organisations from Eastern Europe may become more mobile. Domestic burglary as an organised offence at the supraregional level has therefore been qualified as a *conditional threat*.

The scale of industrial burglaries is smaller than that of domestic burglaries, even though the actual damage is probably greater than reported here because the victims are less willing to report industrial burglaries to the police than is the case for domestic burglaries. Nevertheless, the amount of financial loss involved seems to be relatively limited. Industrial burglaries hardly ever involve a confrontation with the victims. As a result, industrial burglaries have been qualified as *no specific threat*.

4.3 Shoplifting

4.3.1 Introduction and scope

The discussion of shoplifting in this section focuses on organised shoplifting committed by criminal organisations that are active at the supraregional level. The criminal organisations can have their headquarters both in the Netherlands and abroad, and a combination of the two is also possible in the form of organisations with members living in the Netherlands and members living elsewhere.

4.3.2 General context

Shoplifting is an offence that is easy to commit. It requires few resources and the working hours are good. The organised form of shoplifting is committed by specialised criminal organisations. They often target various branches of relatively large retail chains.

4.3.3 Scale

In 2006 the Retail Trade Platform published a report which concluded that 35% of all shoplifting cases were committed by supraregional criminal organisations. On the basis of reports to the police, this would mean that these gangs are responsible for 12,000 to 16,000 cases of shoplifting every year. The willingness to report this offence to the police is supposed to be around 23%. In other words, the actual scale of this offence is between 50,000 and 70,000 shoplifting incidents. There has been a downward trend since 2002, but this trend has levelled off in recent years. Relatively few investigations have been conducted into criminal organisations that systematically engage in shoplifting: 2 in 2004, 6 in 2005 and 6 in 2006.

4.3.4 Criminal organisation

According to the trade association Retail Trade Platform, the members of the criminal organisations involved in organised shoplifting generally come from the former Yugoslavia, Bulgaria and Romania. The limited number of investigation files available reveal a similar picture: almost all groups come from Eastern Europe. Some criminal organisations can be included among the traditional mobile gangs; the members of other organisations have already been living in the Netherlands for quite a while. When committing the thefts, specially

designed tools – such as modified bags, ‘thieves’ skirts’ or cutters that can be used to remove labels – are used quite regularly.

4.3.5 Consequences for Dutch society

The losses caused by this form of crime run into millions. Based on the figures from the Retail Trade Platform, the total loss is between 95 and 110 million euros. Calculations based on reports to the police indicate an annual loss of between 16 and 22 million euros. If these calculations are adjusted to allow for the dark number, the two estimates no longer differ that much.

The annual loss suffered by the retail trade as a result of organised shoplifting has been dropping steadily for five years. However, the rate of this decrease is different according to the various sources: based on the number of reports to the police, the loss fell by just under 30% between 2002 and 2006, whereas the Retail Trade Platform reports a drop of 10% during that period.

4.3.6 Crime-related factors and expectations

For shoplifting the general factors stated in section 4.1 apply: the prosperity gap between Eastern and Western Europe, possible political instability and conflicts in the Balkans, possible economic recession and unemployment, the use of nanotechnology for securing articles, and the regional organisation of the police such that supraregional criminal organisations are noticed less quickly. A number of initiatives have recently been developed more specifically for shoplifting, which may affect its scale. In the Covenant on Tackling Retail Crime the Retail Trade Platform Netherlands has made agreements with the Ministers of Justice and the Interior to reduce retail crime by 20% in the period 2004-2008. The major factors include the appointment of a national robbery coordinator, the intended national ban on so-called ‘robbery bags’⁵⁵ and the Business Security Warranty. Another factor is the introduction of the European Code of Conduct on Source Security.

As far as the expected development of shoplifting is concerned, the same conclusions can be drawn as with regard to domestic and industrial burglaries: a downward trend has been in progress for years, but it has levelled off in the past two years. In view of the crime-related factors, the levelling of the downward trend can be expected to continue. In the best-case scenario the scale and damage will even out in the coming years.

⁵⁵ Once this type of ban is in place, it will be allowed to conduct inspections to find robbery bags and therefore to eliminate potential thieves.

4.3.7 Conclusion

As a result of shoplifting the financial loss suffered by retail businesses is considerable. Shoplifting is perceived as threatening by staff, even though the personal living environment is harmed to a lesser extent compared, for example, to domestic burglaries. Small shops can get into significant problems if they lose a large part of their inventory. Although the trend has been downward for several years, this may change in the next couple of years. Whether that will lead to an increase in shoplifting in the next four years is rather uncertain. Shoplifting has therefore been qualified as a *conditional threat*. Conditions affecting the development of shoplifting include increased unemployment, increased mobility, political instability in the Balkans, and lasting differences in prosperity between Western and Eastern Europe.

4.4 Cargo theft

4.4.1 Introduction and scope

In NTA 2004 cargo theft was a research subject. At the time this offence was designated as a threat to Dutch society. Now, in 2008, the phenomenon is once again on the agenda. In the intervening four years, the feeling of urgency with regard to the fight against cargo theft appears to have grown. Recently, for example, the media focussed on the successful use of 'decoy cars', but secure parking places for lorry drivers is another measure to reduce cargo theft. This does not mean, however, that cargo theft is no longer a regular offence. The definition of cargo theft used here is that used by the National Transport Crime Team: theft of goods that are present in the logistical chain of transport from one location to another. Locations for storage, transshipment and distribution are also part of the logistical chain.

4.4.2 General context

Cargo theft can take on many different forms. Cargo thieves often know exactly where and when to strike. According to experts inside knowledge is used in most cases of large-scale theft of commercial goods. According to the Dutch Transport Operators Association (TLN), the ratio of thefts with insider involvement compared to other thefts is around 80:20. Investigations show that commercial goods are currently stolen more and more often during transport, as the security level of warehouses is increasing. Transport rather than storage is clearly a weak link in the production chain.

There are three logistical phases in cargo theft (which sometimes overlap). There is a theft preparation phase, a performance phase and a goods processing phase. The exact details of these phases depend on how organised the offender group is.

The preparation phase often starts with an 'order' from a customer outside the group. Alternatively, the group may be ordered by their leader to look for lucrative goods. Whenever specific goods are involved, the cargo thieves may be operating on the basis of an inside tip or members of staff may have been bribed. Sometimes offenders themselves also carry out surveillance or infiltrate the company. So-called 'exploratory operations' take place in which offenders will explore the company premises looking for interesting goods.

This is followed by the performance phase. Cargo can be removed in various ways, such as by breaking into a vehicle or a warehouse on company premises, or by robbing the driver during transport. Physical violence against drivers or other people is rare. Experts believe that the use of violence does not serve the interests of offender groups because violence means that the offence will probably be assigned a higher priority by the police and will generate unwanted attention for the offender group.

Thefts and burglaries make up the lion's share of these groups' operating methods. Investigations show that 20% of the cargo is removed from motorway car parks. Goods are also sometimes stolen from warehouses or container terminals. The rest of the thefts take place on abandoned industrial estates in the Netherlands and sometimes in Belgium or Germany. Trucks parked on these premises are stolen or robbed from its cargo.

The performance phase is followed by the processing phase. The thieves can often use warehouses in which they store the goods temporarily 'to cool them down'. In general they try to sell the stolen goods as soon as possible. If the goods are 'stolen to order' this will not be a problem; in other cases one or more regular receivers of stolen goods will be contacted. Theft of high-quality goods is generally prepared thoroughly and the same applies to their sale. In the case of regular merchandise the goods can be sold easily. The goods can be anything from razor blades to pampers. Investigations have revealed that most of these goods end up on the Dutch market, often at rock-bottom prices, and that the stolen lorries disappear to Eastern Europe after they have been ringed.

The National Transport Crime Team has compiled a top 5 of goods that are regularly stolen during transport. At the top of the list are (precious) metals, followed by regular and luxury foods, household articles or appliances,

audio and video equipment and building materials. Machinery is also stolen on a regular basis. Power shovels and tractors are the most popular, followed by excavators, forklift trucks and generators.

There clearly are regional hotspots: in the period from January to October 2007 the number of reports to the police regarding thefts in the road transport sector was highest in the North Limburg region where the number doubled compared to the same period the previous year. North Limburg was closely followed by South-East Brabant, which had been number one. Central and Western Brabant was third, followed by Rotterdam Rijnmond and South Gelderland in fourth and fifth places. The tarpaulin-cutting method is mainly used in the South, South East and East of the Netherlands, especially in car parks on or near motorways.

4.4.3 Scale

Although the recording of cargo theft has improved considerably in recent years, it remains difficult to obtain a complete picture of this offence. Official records probably only show the tip of the iceberg. There are several reasons for such a high dark number. Transporters do not always notify the police, for example, because they are afraid of damage to their reputation and because they believe that the police will not do much about it. Furthermore it is not always necessary to make an official report to the police, either because the company is not insured or it believes that a report would take too much time.

Figure 4 shows the reporting figures for three types of cargo theft in recent years. We can see a drop from 2002 onwards, which in 2006 suddenly changes into a sharp rise for theft of only the cargo. This sudden increase is mainly due to a recording effect: an increase in cargo theft using the tarpaulin-cutting method, which has only been recorded by the National Transport Crime Team since 2005.

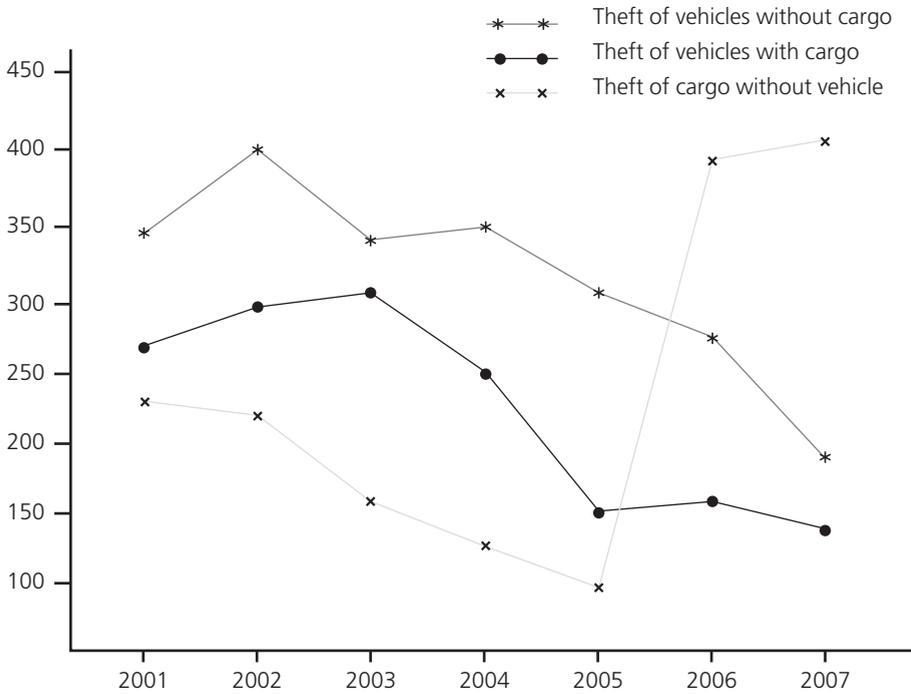
Research shows that 77% of companies in the logistics sector were burgled, and more than half – possibly even three quarters – of these burglaries were transport-related.

There are offender groups who prefer certain marks of lorries. Some offender groups mainly steal relatively old lorries, probably because they will not have a GPS system on board. Refrigerated trailers are also popular, as they can be used to transport goods in an airtight environment. There is a suspicion of a link with cannabis growing because cannabis is sometimes grown in these types of lorries.

Although international comparisons are subject to many methodology pitfalls, some sources believe it is fair to say that the Netherlands is not among the worst countries with regard to vehicle crime in the EU. Lorry thefts are more

Figure 4

The number of reports on cargo theft, 2001–2007 (absolute numbers)



Source: Landelijk Team Transportcriminaliteit (National Transport Crime Team)

widespread in the countries surrounding the Netherlands, despite the fact that the Netherlands has a relatively large number of goods flows due to its European transit function.

4.4.4 Criminal organisation

Contrary to expectations, there are not many indications that the traditional Eastern European mobile gangs, which are often linked to property offences in the Netherlands, are active in cargo theft. Eastern Europeans are, however, involved in ram raiding, robberies, car theft and car break-ins. Their limited involvement in cargo theft might be due to the fact that this offence requires thorough preparation and integration into society. In any case, it is important for the stolen goods to be sold quickly and to know ways to do so. Taking the cargo back to Eastern Europe would not be easy.

Mainly native Dutch offender groups are involved in cargo theft; almost all perpetrators are men. This pattern is confirmed by many sources, as well as the regular involvement of criminals from trailer park circles.

A further notable characteristic of offenders is that in almost all investigations a suspect was identified who knew his way around in the transport sector. Most of them were drivers. This confirms the idea that cargo theft is an offence that requires a certain level of expertise. Many suspects have criminal records. Apart from criminal records for theft and handling stolen goods, over half of them also have criminal records for violent crimes and traffic offences. Many of the thieves in particular have a history of violence, which is surprising because cargo theft hardly ever involves violence.

The degree of organisation of cargo theft varies. Sometimes the groups are more or less permanent and sometimes the collaboration is temporary. The level of professionalism of the groups is shown by their working method; they often steal to order. The groups have contacts in the sector and are sufficiently organised to fulfil these orders. The binding factor in a number of groups is their common caravan camp background. In some cases these are family ties; in other cases the members have a common country of origin. In general there is a set division of duties among the members.

4.4.5 Consequences for Dutch society

The consequences of cargo theft for Dutch society are diverse and include not only the direct financial loss as a result of the theft, but also indirect damage as a result of absence due to illness, missing out on orders, damage to the vehicles and loss of reputation. Some of these consequences can be expressed in terms of money, but this is a lot more difficult for other consequences.

Various estimates of the financial loss are available and the amounts vary widely. The Dutch Transport Operators Association (TLN) estimates the loss incurred through lorry and cargo theft as at least 150 million euros per year. The Foundation for Tackling Vehicle Crime estimates 360 million. The insurance company TVM has calculated 400 to 600 million euros. In the Business Community Crime Monitor, which is periodically drawn up by WODC, the loss incurred by the transport sector in 2005 as a result of theft and burglaries is estimated at € 43 million. This reflects the direct damage; indirect damage in the form of consequential damage, liability, preventive measures, is not included in these amounts. As a result, these amounts can best be described as a lower limit. However, whatever the case may be, it is clear that the damage suffered is considerable.

As goods transport by road takes place within a logistical chain, cargo theft often results in serious consequential damage. If a shipment of microchips is stolen, for example, not only the transporter will suffer, but the buyer of the microchips as well, because he will not be able to produce the computers for which he needed the microchips, which means that he will not be able to supply them to the wholesaler. In turn, the wholesaler will not be able to meet his supply obligations towards the retailer and so on. The party generally held accountable for damage is the transporter. Transport companies often run a high level of own risk. Payments made by insurance companies are often subject to a maximum, but the entrepreneurs themselves often have unlimited liability. If transporters prove to have been negligent they can be held liable for the entire loss.

Another type of damage that is difficult to express in money is the intertwining of criminal circles and legitimate society in the form of the extensive involvement in cargo thefts of people working in the sector. It was already stated above that an estimated 80% of thefts are carried out with inside involvement. These could also be considered cases of corruption.

4.4.6 Crime-related factors and expectations

The future nature and scale of cargo theft is affected by the growth of international road transport. The more goods are transported, the more possibilities cargo thieves have. According to TLN, international road traffic will continue to grow every year. This growth is caused in part by the increased diversity of products. Furthermore, transport safety requirements have been tightened, as a result of which certain goods have to be transported separately, which in turn leads to more journeys. The expansion of the EU has also resulted in the addition of new markets. The scale of the cargo theft phenomenon is further affected by the nature of the goods transported. Expensive goods that are easy to sell, such as computers, mobile telephones and flat-screen TVs, are naturally popular. These goods are transported a lot in the Netherlands.

The transport of these goods is not expected to decrease.

The tight labour market makes it rather difficult to recruit drivers. As a result, new personnel are not screened properly or not at all. As stated above, a total of 80% of thefts in the transport sector had insider involvement. Depending on the extent to which the screening of personnel is intensified, this percentage will either increase or decrease.

The scale of cargo theft is expected to increase in the next few years.

The predicted increase in road transport especially will play a facilitating role.

However, there are also factors that have a limiting effect. The offence is assigned a higher priority by the police and the judicial authorities than was previously the case, not only in the Netherlands, but at EU level as well. In addition, better and better security equipment is being introduced and entrepreneurs are becoming more and more convinced that it is important to take measures. The number of secure car parks for lorry drivers is constantly increasing. Tarpaulin trailers are used less often and tarpaulins that are reinforced with steel wire are now available as well.

If we consider quantitative development of cargo theft, we can see that there has been a downward trend for a number of years in a row. Only the tarpaulin-cutting method had a peak in 2006. Incidentally, it is assumed that that peak was a recording effect. In view of the intended measures and the feeling of urgency that exists with regard to this offence, it is very possible that the downward trend will continue in the near future. However, the overall damage suffered is expected to remain considerable.

4.4.7 Conclusion

The development of cargo theft in the next four years is difficult to establish. Some factors point towards a further reduction of the phenomenon, whilst there are also signals that an increase is more likely. When considering the qualification of the threat level, the scale of the damage, the nature of the criminal organisations involved and the (internal) corruption in the transport sector itself all play a role. Ever since cargo theft was made one of the subjects of the NTA four years ago, the feeling of urgency has grown. This has resulted in measures that caused a reduction in the number of cargo thefts reported to the police. Now, the reports often only represent the tip of the iceberg and an unknown dark number exists. This means that we are not sure whether the drop in the number of reports to the police reflects an actual drop in the number of thefts. One of the measures taken has been to build secure car parks. This measure is effective as regards the prevention of theft by 'external' offenders. The extensive internal involvement, however, makes it possible to avoid the security provided by these car parks. The use of decoy cars has recently proven to be successful. Nevertheless, whether decoy cars are so successful that we will see the success reflected in the statistics still remains to be seen. The transport sector is an important sector for the Dutch economy, and it is expected to grow in the coming years. This will result in more opportunities for cargo theft. Popular articles such as computers, flat-screen TVs and other consumer electronics have a relatively large share in the volume transported in the Netherlands. For thieves these are attractive articles that are easy to sell. The scale of the total damage is significant. In addition to the financial consequences, this also includes all kinds of indirect damage. Despite the observed

drop in the number of reports to the police and the measures that have been announced, cargo theft is qualified as a *threat* for the next four years.

4.5 Car theft

4.5.1 Introduction and scope

There are various motives for car theft. Stealing a car may solve a temporary transport problem or a car may be stolen for fun (joyriding). People might also steal a car with the intention of committing another crime, such as a robbery or a ram raid. These types of car theft will not be discussed in this section, which focuses instead on systematic and organised car theft. New and expensive cars are the favourite targets, and they are quite often stolen to order. These car thefts are committed for financial reasons, namely to sell the cars to the customers or to strip the cars and sell the parts.

Lorry theft falls outside the scope of this section; such thefts have already been discussed in section 4.4.

4.5.2 General context

Due to the use of security systems, most new and expensive cars are almost impossible to steal without the original key. As a result, car thieves nowadays focus more on obtaining the car key than used to be the case. For example, they might break into the owner's house or the dealer's showroom. Car theft also occurs with some regularity in the form of rental cars not being returned or cars being taken for a test drive but not brought back. Furthermore, the police are also facing violent forms of car theft, such as carjacking and 'homejacking'. 'Homejacking' is when violence (or the threat of violence) is used in a home, office or other building to force the owner or resident to hand over the keys to a vehicle or to hand over the vehicle itself. Carjacking is when violence (or the threat of violence) is used to force the driver of a car to hand over the car keys and the vehicle on the public highway.

According to experts, car theft combined with domestic burglary in which the car keys are stolen (theft aided by burglary) is a frequent form of organised car theft. A total of 694 cases were recorded in 2005, 424 in 2006 and 360 in the first half of 2007. These numbers presumably represent a lower limit, as the true reason for a car theft often remains unclear or is not specified in statistics. New and more expensive vehicles in particular are stolen using this method and they represent a major export item in the illegal car trade in Europe.

According to the National Vehicle Crime Information Centre (LIV), the extent to which criminal organisations are involved in homejacking is unclear. There is more information regarding showroom raids. To obtain the cars, criminals sometimes break into showrooms and sometimes ram the shop front. Showroom raids were a regular form of car theft in the late 1990s in particular; afterwards there was a downward trend. Recently this form of car theft has appeared to be on the increase once again. This could be linked to less strict observance of the security regulations that were introduced after the string of showroom raids in the late 1990s. Safes and alarm systems that do not meet the prescribed standards and keys that are not stored away according to regulations offer opportunities for thieves.

Unlike in Belgium, carjacking hardly seem to occur in the Netherlands. Investigations of carjacking revealed that these were mainly cases of individuals with a 'temporary transport problem'. There were no indications of the involvement of criminal organisations.

According to the National Vehicle Crime Information Centre, the criminals involved in rental car theft are mainly from the former Yugoslavia. These criminals rent a car for two or three days and take it abroad.

Test drive theft is mainly committed by individual offenders. On a national level, there are various offenders who systematically steal expensive, luxury cars using this method. Dressed up in a smart suit and armed with a silver tongue, these criminals convince the salesman to let them take the car for a test drive. They use fake driving licences and passports as well.

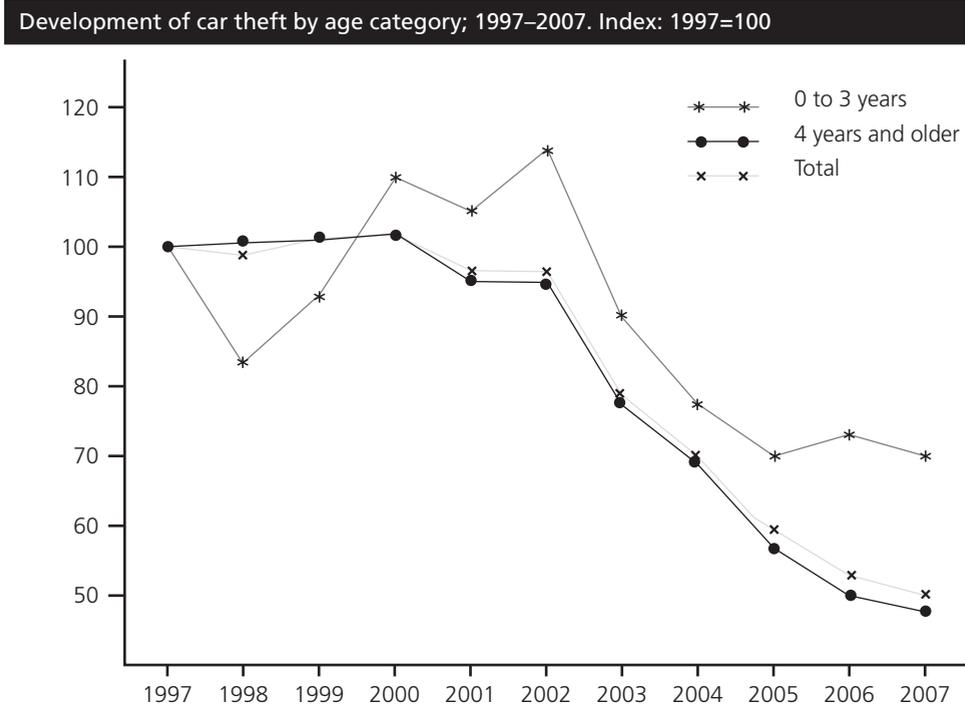
The exporting of stolen cars is part of the logistics of organised car theft. From a logistical point of view, the choice of Rotterdam or Antwerp is quite obvious, as these ports play a central role in the shipping of goods to destinations all over the world. Police investigations in the 2003 to 2006 period revealed that stolen cars were exported to West African ports by criminals from Ghana and Nigeria. The cars were stolen by groups of car thieves from the former Yugoslavia. Other countries were also identified in police investigations: Belgium (transshipment via the port of Antwerp), Sweden (transshipment of stolen vehicles via Denmark to Amsterdam by former Yugoslavians), Germany (car thefts) and the Netherlands (car thefts and transshipment of stolen cars).

4.5.3 Scale

Due to measures such as immobilisers, the number of car thefts has halved in the past decade, whereas the number of cars in the Netherlands increased considerably (22%). The greatest drop in the spectacular reduction in the number of car thefts was in the older car category. Between 2000 and 2007

there was a constant fall in the number of cars stolen annually that were four years old or older (54%). Since 1997 the number of stolen cars in the category younger than four years has dropped by 31%.

Figure 5



Source: *Stichting Aanpak Voertuigcriminaliteit* (Foundation for Tackling Vehicle Crime)

Organised car theft mainly involves stealing cars younger than four years. The recovery percentage for stolen cars from this age category was 35% in 2007; the percentage for cars that were four years old or older was 61%.

Table 8

Development of recorded car theft, 2000-2007: numbers and percentages per age category								
	2000	2001	2002	2003	2004	2005	2006	2007
0 to 3 years	4,257	4,092	4,429	3,486	2,960	2,721	2,871	2,676
>3 years	20,930	18,998	18,950	15,482	13,567	11,123	9,950	9,215
Total	25,187	23,090	23,379	18,968	16,527	13,844	12,821	11,891
Age category as a percentage of the total number of stolen cars								
0 to 3 years	16.9	17.7	18.9	18.4	17.9	19.7	22.4	22.5
>3 years	83.1	82.3	81.1	81.6	82.1	80.3	77.6	77.5

Source: *Stichting Aanpak Voertuigcriminaliteit* (Foundation for Tackling Vehicle Crime)

4.5.4 Criminal organisation

Criminal organisations that are involved in car theft are typically highly organised and exercise control over the entire logistics chain. Bringing together supply and demand, selecting the vehicles, ordering the theft, the theft itself, the use of modern technology, the transport, the storage, the ringing, the forged papers, the export and the delivery are all links in a complex logistical process. Sometimes the entire process is managed by the organisations themselves; sometimes there is a chain of groups, each of which carries out a link in the process relatively independently.

Organised car theft is carried out by local, national and international groups or networks. Within the criminal infrastructure the following function groups play a role: customers and handlers of stolen goods, burglars and car thieves, couriers, ringers (often working for existing vehicle repair shops), document forgers, facilitators and intermediaries.

The groups of thieves frequently have a multi-ethnic composition and mainly consist of young men aged between 16 and 20. They are usually specialists in a certain area, such as theft aided by burglary or showroom raids. Due to the use of electronic security systems in cars the groups of thieves are relying more and more on special hardware and software to manipulate the engine management system. People who could be considered intermediaries and facilitators play an important role. The role of facilitator mainly consists of providing shipbroker services and performing financial transactions. The role of intermediary can be essential in the sale of a stolen car because the intermediary is in contact with the customer and reports the requirements regarding the car to the car thieves. In various police investigations the same names of people in certain roles turn up time and time again.

The dividing line between bona fide and mala fide companies is often thin. The companies involved may include companies that rent out warehouses (to store cars while they 'cool down'), shipping companies that export cars and tyre companies (for 'stashing' cars in containers). We suspect that car thieves infiltrate the car-repair sector, as cars are sometimes stolen shortly after they have been to a garage for servicing.

WODC research showed that two thirds of the criminal groups involved in car theft were internationally oriented, whereby countries in North and West Africa were the most frequent sales markets. West Africans (Ghanaians and Nigerians) play an important role. The stolen vehicles are shipped to Africa via the Dutch ports and via Antwerp. The West Africans play the role of intermediary between demand (customers and handlers of stolen goods) and supply (former Yugoslavian thieves). There were also investigations in which North Africa was the destination of the stolen cars; in those cases the police were dealing with Moroccan offenders and offender groups. A regional investigation identified a criminal organisation that traded in luxury cars obtained in Italy by fraudulent means. The cars were transported by road to the Netherlands, where they were loaded into containers for shipping to Morocco via Vlissingen or Rotterdam. All of the aforementioned function groups turned up in this investigation. In the past the involvement of Central and Eastern Europeans was established in cases where whole cars or car parts were exported to Eastern Europe. According to information from the National Vehicle Crime Information Centre (LIV), criminals from Estonia, Lithuania, Poland and the former Yugoslavia are mainly involved in stripping cars, i.e. the cars are stolen for parts. Research by the National Criminal Intelligence Department (DNRI) showed that criminals from Eastern Europe and the Balkans are involved in car theft aided by burglary. Apparently these offenders are not only involved in breaking into the home of the owner and stealing the car, but also in the handling of stolen cars and the export to other countries.

According to car theft experts, the involvement of Dutch criminals in organised car theft should not be underestimated. The groups in question are apparently involved in stripping and ringing cars. Information from LIV shows that these groups include criminals from a caravan camp background, originating especially from the border region between the Netherlands and Germany. The activities of criminal caravan camp residents in terms of ringing stolen cars are well known, but according to experts they are also involved in the export. This suggests that offender groups that were originally more nationally oriented are starting to operate at the international level.

4.5.5 Consequences for Dutch society

The scale of the financial loss represented by these car thefts is not recorded in the national police files. Insurance data were therefore used to estimate the loss. The average claim payout in recent years for stolen cars in the higher price range was 12,000 euros. According to the records kept by the Foundation for Tackling Vehicle Crime, a total of 2676 cars aged between completely new and 3 years old were stolen in 2007. That brings the total loss for 2007 to over 32 million euros. This does not include car thefts from showrooms as most showroom cars do not yet have number plates. There were 142 cars stolen from showrooms in 2007, which represents a total value of at least 2.5 million euros. All in all, the estimate of the total financial loss therefore comes to 34.5 million euros per year. Most of this loss is assumed to be caused by organised car theft.

The consequences of car theft are not limited to financial loss, however. Due to the security measures taken, new and more expensive cars are difficult to steal without the car keys, which is why the car thieves break into the owner's home to get the key. A direct confrontation between the burglar and the car owner is then possible, with all the associated consequences. Experts fear that the risk of violence directed at owners has therefore increased. However, so far no facts have been established to substantiate an increase in car-theft-related violence. There are no figures that can be used to establish a reliable picture of the development of the number of cases of car theft accompanied by domestic burglary, the level of violence used in those cases and the involvement of criminal groups.

4.5.6 Crime-related factors and expectations

Once again, the factors mentioned in section 4.1 as being applicable for organised supraregional property crime also apply here. The development of prosperity in countries that may be the home countries of people who commit car theft in the Netherlands is especially important; these countries include new EU Member States. Conflicts are another factor because people migrate away from the area where the conflict is in progress and move to the Netherlands where they may act as 'criminal bridge heads'. Economic trends can also affect the level of property crime. Finally technological developments are important.

The number of stolen cars has been falling for several years in succession. The security measures applied by the car industry, such as immobilisers, have proven successful. Even though professional car thieves make every effort to circumvent these security measures, it does appear that trying to steal a car is becoming less

tempting because the proceeds justify the effort and risk involved less and less. In addition, organised car theft involves a complicated logistical process. Furthermore, the security options have not yet been exhausted. We are on the eve of nanotechnology, which will undoubtedly influence vehicle security. 'Microdotting' is a good example. Microdots are miniscule particles to which information has been added. The microdots contain a unique number that is visible under UV light and they are sprayed across the car. It is practically impossible to remove them. Microdots have been tested in Australia, New Zealand and South Africa, among other countries, and have proven to be an important instrument in effectively tackling car theft. They could make car theft even less tempting than it currently is.

4.5.7 Conclusion

Car theft in an organised form, carried out by criminal organisations, mainly involves the theft of new and expensive cars. Due to security measures, the number of these thefts has already been falling for some years, but the fall has levelled off in recent years. The financial loss runs into tens of millions and is mainly borne by insurance companies. For years people have been afraid that there would be an increase in violence as a result of the growing number of car thefts whereby the keys are obtained in a domestic burglary. There has been little evidence to date to substantiate this fear.

After declining for years, the number of car thefts may fall even further in future due to innovative security methods based on nanotechnology, e.g. microdotting. Due to the expected further decline in the next four years, organised car theft has been qualified as *no specific threat* to Dutch society.

4.6 Robberies and ram raids

4.6.1 Introduction and scope

This section focuses on (series of) robberies and ram raids⁵⁶ carried out by criminal organisations that are active at the supraregional level in the Netherlands. The results of the organised supraregional property crime subproject will be used.

⁵⁶ Although there are differences between these two types of offences, they are addressed together in this section because of their many similarities.

Robberies can be described as the removal or extortion of any commodity, or any attempt to do so, using violence or under threat of violence, and are perpetrated against people who are located in a sealed-off area or against a planned/organised (security) transport. A robbery is considered to include taking the (daily) proceeds of a business during transport from the business to a home or bank safe, and stealing from a cash machine in a sealed-off area. Ram raids are thefts committed by using particular resources to break through the front of a building or an entrance door to a business or shop. The exact way in which a ram raid is carried out differs from one case to another. The use of (stolen) cars is most widespread, but there have also been cases in which a power shovel was used or where the criminals used explosives to gain access to the loot ('explosive raid').

4.6.2 General context

Robberies and ram raids include an element of violence that is instrumental to this criminal activity. In robberies the most widely used form of violence is physical violence, in which weapons are used or the criminals threaten to use weapons on the victims. In ram raids the use of violence is aimed at damaging a building in order to gain access. A direct confrontation with victims and the threat of violence associated with such a confrontation are not necessary to carry out ram raids.

According to trade associations, the use of violence in robberies has recently increased. The police have also stated that an increasing level of violence is being used against people during robberies. The *Landelijk Overvallen en Ramkrakensysteem* (LORS: National Robberies and Ram Raids System), which is a database administered by IPOL at the Netherlands Police Agency, shows that between 1994 and 2001 robberies only involved a limited amount of physical violence (usually not more than tying up the victims). Since 2001 there have been more reports of physical violence during robberies. The perpetrators of robberies have used harder methods. The risk of being injured during a robbery has increased in the past two years. Five people were killed in the first six months of 2007, compared to four throughout all of 2006.

The material damage to buildings as a result of ram raids in the past has made owners in the potential target group – jewellers, for example – increase the security level of their shops, for instance by placing iron or concrete posts in front of the shop. As a result, criminals now carry out ram raids in between posts using a power shovel or a rubbish container, or break shop windows using heavy manhole covers and hammers. There have also been cases where ram raiders sabotaged patrol cars or blocked off gates to police stations in advance in order to avoid a confrontation with the police.

4.6.3 Scale

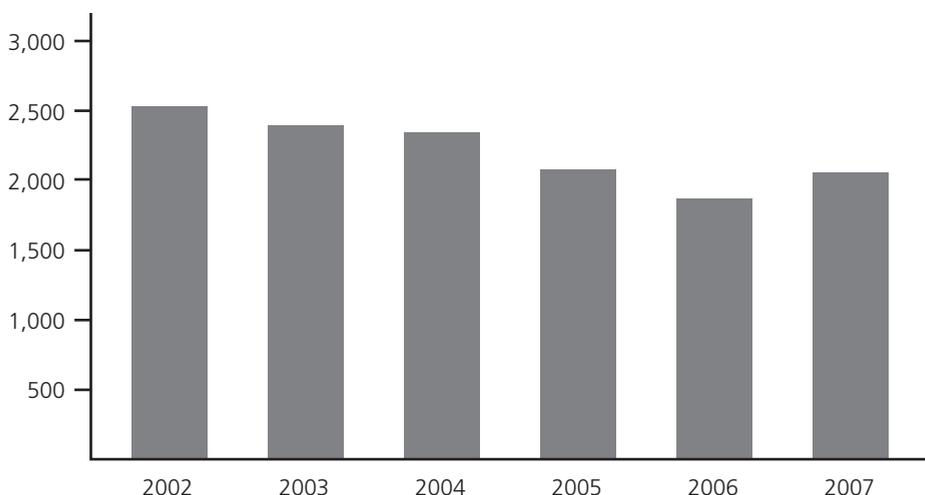
Robberies

Robberies are recorded in the *LORS* database. The development of the number of robberies in the Netherlands recorded in *LORS* for the 2002 to 2007 period is shown in Figure 6.

In the past six years the number of robberies fell by 17%; up to 2006 the number of robberies fell constantly (by 27%), but in 2007 the number rose again by 12%. It is still too early to conclude that a new trend has started.

Figure 6

Robberies per year, 2002–2007 (absolute numbers)



Source: *KLPD, IPOL: LORS* (National Robberies and Ram Raids System)

Even though robberies are often associated with banks and other financial institutions, banks appear to be (far) less regular targets of robberies than retailers and private individuals, for example. This is due to the fact that the security measures at financial institutions are extensive.

The rise in the total number of robberies in 2007 can be linked to a rise – compared to the previous year – of robberies at hospitality and catering establishments (+52%), retailers (+22%) and transport companies (+17%).

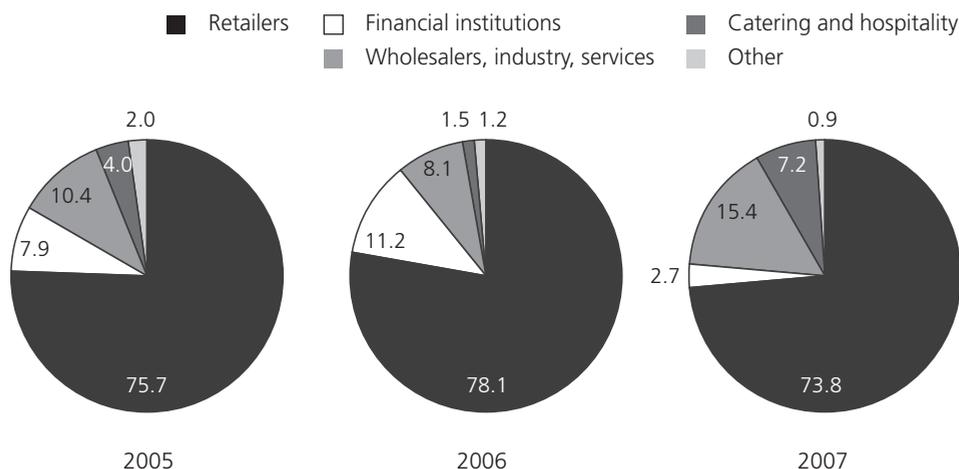
Ram raiding

Ram raids have been recorded in LORS since 2005. The numbers of ram r aids recorded in the past three years were 202, 260 and 221 (in that order). Major investments have been made recently in the security of potential ram-raid targets. There was a fear that there might be a shift towards robberies. To what extent the fall in the number of ram raids in 2007 is connected to the rise in the number of robberies in 2007 is unclear.

Figure 7 shows the number of ram raids per target category. It is striking that retailers (jewellers, photographers, electrical goods shops) are the most frequent victims of ram raids (over 200 out of the 260 ram raids in 2006, compared to 600 out of the 1900 robberies in that year). Here we may be witnessing the consequences of the dilemma between accessibility and sufficient security measures.

Figure 7

Ram raids per target, 2005–2007 (percentages)



Source: KLPD, IPOL: LORS (National Robberies and Ram Raids System)

4.6.4 Criminal organisation

Several criminal organisations are involved in robberies and ram raids in the Netherlands. Initially, most attention was paid to mobile gangs from Eastern Europe. They mainly made the news with ram raids on jewellers and camera shops. The members of these criminal organisations travel back and forth

or stay in the Netherlands temporarily. They form a 'criminal bridge head' for fellow countrymen. In addition, offender groups that are active in the Netherlands also come from South America and Italy, for example, and travel all around Europe with the aim of carrying out robberies and ram raids. Various offender groups that reside in the Netherlands have been found to be involved at the national level in ram raids and robberies on petrol stations, businesses and shops. There are two types of offender groups in particular. The first category has ties to the caravan camp community. A recent investigation identified a criminal organisation with those ties, consisting of 15 to 20 criminals, which was involved in ram raids and burglaries of shops selling expensive children's clothes. The second category of offender groups mainly has an ethnic background. They are also involved in stealing cars for use in ram raids. Analysis of the LORS database shows that over 40% of the offenders who live in the Netherlands were born elsewhere. These are mainly criminals who were born in Surinam, the Netherlands Antilles and Morocco. The formation of groups appears to be based mostly on social ties between the individual members: offenders share ethnic background or family ties. These ties are found surprisingly often in Eastern European mobile gangs, but they also occur among criminal caravan camp residents, for example.

4.6.5 Consequences for Dutch society

The consequences of robberies and ram raids can be described in terms of various categories of damage. The most extensive damage (that is also the easiest to measure) consists of course of the financial loss that is suffered. Most of the damage caused by robberies consists of the loot. In the 2002–2007 period the total loot stolen in robberies fluctuated, varying from over 7 to over 12 million euros per year. The trend is downward. The average loot stolen per robbery has remained more or less the same over the years (€ 3,900). Apart from this financial loss, victims of robberies often suffer psychological harm as well. Threats of physical violence are traumatic events for victims, which often leave their mark. They also contribute to the victims (and possibly other people) feeling that they are not safe. The use of violence during robberies has increased in recent years. In the past three years the risk of being injured during a robbery has increased by a percentage point every year to over 20% in the first half of 2007.

The amount of loot stolen in ram raids has fluctuated. The average haul per ram raid was € 2,700 in 2005, € 4,900 in 2006 and € 4,800 in 2007. Compared to robberies the total amount of loot is relatively small: from around 500,000 to over 1 million euros per year. No record is kept of the collateral, material

damage to buildings, etc. In one case a total of 45,000 euros in collateral damage was caused in a single ram raid. Insurance companies indicate the damage as relatively high amounts (on average 30,000 euros per ram raid) as they add the financial loss and the material damage together. Apart from the costs incurred for damage sustained, there are also the costs of preventive measures. These can run fairly high, but no figures are available. Ram raiding hardly ever involves a confrontation between offenders and victims. However, these incidents may have an effect on the people in the surrounding area, because they contribute to a feeling of not being safe.

4.6.6 Crime-related factors and expectations

Security measures

Security measures are an important crime-related factor. Better security against robberies for retailers, for example, may reduce the scale of this criminal activity. However, the level of security has a limit, as tighter security reduces the accessibility of shops for customers. It is quite possible that improved security will result in the offenders using different tactics. In Germany, for example, there seems to be a shift from ram raids to robberies. Cases have been reported there of robberies in broad daylight when large numbers of the general public were outside in the street. Furthermore, it is also conceivable that a shift will occur towards (simpler) offences such as burglaries or street robberies.

Economic developments in Eastern Europe

The combination of a prosperity gap and the generally increased mobility of people in Eastern Europe is an economic 'pull factor'. In Belgian research in which offenders were interviewed, the majority of the interviewees confirmed this motive.

As the EU intends to increase the number of EU Member States in the years to come⁵⁷, it can be assumed that people will start migrating from those countries as well. A number of political developments are currently underway that do not improve the political stability of the Balkans⁵⁸. It is impossible to predict whether this will result in an actual conflict. During the conflicts in the Balkans (1995-1996 and 1999-2000) more crime was recorded in Belgium that could be attributed to mobile gangs.

Immigration from Poland, Bulgaria and Romania increased in 2007. We are also seeing increased immigration from (West) Africa. The temporary or permanent

⁵⁷ Croatia and Macedonia will join the EU by 2012, Turkey probably in 2015.

⁵⁸ The declaration of the independence of Kosovo, for example.

residence of groups of immigrants from these countries brings a risk of imported (organised) crime. The formation of ‘criminal bridge heads’ has already been mentioned in this regard.

Attention paid by the police and the judicial authorities

Property crimes are generally not assigned a high priority by the police, but the recently intensified collaboration between trade associations and the police makes it easier to control these types of crime.

4.6.7 Conclusion

After decreasing for several years in a row, the number of robberies increased again in 2007. There is no clear explanation for this increase. Robberies may be on the rise because it has become more difficult to carry out ram raids as a result of tougher security measures. The recently intensified collaboration between trade associations and the police and improved security around potential targets might reduce the number of robberies in the future, albeit that there is a limit to how much the security options can achieve. The retail trade – which is where the most robberies are committed – is facing a dilemma between security and accessibility.

Furthermore, there is a risk of an increase in the number of robberies because of the prosperity gap combined with an increase in mobility. In the future we will therefore have to take into account at least the current scale of robberies. It speaks for itself that robberies seriously harm Dutch society, especially in the form of the non-tangible, psychological harm suffered by victims of these offences and the effect that these offences have on people in the surrounding area. In recent years, an increase in the use of physical violence during robberies has also been observed. For these reasons, ‘organised, supraregional robberies’ have been qualified as a *threat*.

The scale of ram raiding is limited. The damage is mainly financial and relatively small hauls are stolen in the ram raids. The non-tangible, psychological harm caused by ram raids is less serious than that caused by robberies, as there is generally no confrontation between offenders and victims, but it should be noted that these offences do affect people’s general feeling that they are not safe. Future developments are difficult to predict due to the fluctuating scale of these activities and the fluctuating amounts stolen in the recent past. The reduction in the scale of ram raids may continue if the aforementioned displacement effect does occur. Moreover, the consequences are generally limited. Controlling the phenomenon of ram raiding mostly comes down to prevention: promoting security measures and compliance with procedures.

'Organised, supraregional ram raiding' has therefore been qualified as *no specific threat*.

4.7 Skimming

4.7.1 Introduction and scope

Skimming means that the data on the magnetic strip of a bank card are copied and placed on the magnetic strip of another card. The white plastic is then used – together with the stolen pin code – to withdraw money from the account at another location (usually abroad). This may happen within a couple of hours of the skimming taking place, as the magnetic strip data are sent abroad via the Internet or by mobile phone (GSM). Skimming is a type of fraud faced seriously in the Netherlands for the first time in 2002.

4.7.2 General context

There are two types of skimming. The first type involves the skimming of cash machines (ATMs) and the second involves chip and pin terminals in shops (CPTs).

Skimming of cash machines

Cash machines are usually easily accessible because they are in public places. When cash machines are skimmed the magnetic strip is copied after the bank card has been inserted in the machine. A false front is placed over the insert slot. This false front contains equipment that copies the data on the magnetic strip. The false front is attached using double-sided sticky tape. After a short time period the skimming equipment containing the customers' details is removed. The data are then copied onto the magnetic strip of a blank card. The pin code for each card can be obtained in various ways: using a camera, using a so-called 'lay-over' and by means of 'shouldering'⁵⁹.

Skimming of chip and pin terminals

The skimming of a chip and pin terminal in shops requires a different approach to that used to skim a cash machine. In order to attach skimming equipment to a chip and pin terminal, the terminal is stolen from the shop at night and the skimming equipment is attached at a different location. That same night the

⁵⁹ A thin piece of plastic laid over the keypad can be used to reconstruct key strokes. 'Shouldering' means looking over someone's shoulder.

terminal is returned and all traces are carefully wiped to prevent shop assistants from becoming suspicious. The modified chip and pin terminal can now copy the customer's magnetic strip and record his or her pin code at the same time. The data are stored on a printed circuit board that is installed in the terminal. After a few days the skimming equipment is removed using the same procedure. The printed circuit board with the customers' details is read by a computer and the details are sent abroad via the Internet or by text message (SMS). In the other country the data are copied onto the blank magnetic strip of a card, after which the criminals can start cashing in.

4.7.3 Scale

In 2003 and 2004 Dutch banks fitted anti-skimming equipment to their cash machines, such as a plastic front over the machine's card insert slot. As a result, the number of skimming incidents dropped dramatically in 2005. However, even though skimming had disappeared almost completely in the Netherlands in 2005, new reports were received in 2006. These reports mostly involved retail chains such as garden centres or DIY stores, but the ticket machines at train stations were also targeted. The number of private individuals who fall victim to these skimming operations varies between several dozen and hundreds. The organisation handling the electronic money transfers in the Netherlands issued a total of 15 warnings in 2005 and 70 warnings in 2006. This figure had already risen to 175 in the first nine months of 2007.

4.7.4 Criminal organisation

International offender groups operate using a cellular structure, whereby they usually target Europe. The offenders mainly come from Romania and, to a lesser extent, Bulgaria. All of the cells are linked to a single organisation in Romania. The hierarchy of the organisation is strict, with various roles and responsibilities such as intermediaries, technicians, people who carry out preliminary reconnaissance, burglars, people who install skimming equipment and others who remove it, and finally the cashers who use the stolen pin codes to get money abroad. The groups are highly specialised, especially in ICT, and there are no indications of involvement in other criminal activities. In the 14 most recent skimming cases a total of 30 people were arrested, 22 of whom came from Romania, three from Bulgaria and two from the Netherlands.

4.7.5 Consequences for Dutch society

It is clear that skimming incidents have a detrimental effect. Whilst the majority of Dutch consumers and businesses have not yet experienced skimming, this type of fraud is still considered to be a problem. Following their experience, the victims of skimming have less confidence in electronic transactions than before. However, as this is a comparatively rare offence, the detrimental effect on Dutch society will be very limited. Despite the skimming incidents, withdrawing cash or paying for an article using a bank card remains a cheap, efficient and safe method. In 2005, 2006 and 2007 the financial loss caused by skimming was 1.8 million, 4.9 million and 12.1 million euros respectively. To put these amounts into perspective: a total of 1.79 billion pin transactions were carried out in 2005, representing a total amount of €111.8 billion. This means that the fraud amount per transaction is €0.0021.

The amount withdrawn from an account by means of skimming is fully reimbursed by the banks, which means that the quantifiable damage suffered by private individuals is zero. As a result, the media attention paid to skimming mainly affects businesses in the form of loss of reputation. A retailer (or chain of retailers) where skimming has occurred runs the risk of being avoided by potential customers, especially in the period immediately following the announcement in the media, resulting in loss of income.

4.7.6 Crime-related factors and expectations

Skimming is mainly carried out by Romanian criminal organisations. As a result, the situation in Romania may have effect on the activities of these organisations in Western Europe. Economic circumstances in particular will play a role. Even though Romania has now acceded to the EU, the level of prosperity in Romania does not appear likely to rise to a Western European level in the short term. As far as skimming is concerned, technological developments will determine the future. The introduction of the EMV chip card in particular could limit the scale of the phenomenon. EMV is a new international standard for payments and cash withdrawal using credit cards and bank cards. The rate at which old chip and pin terminals are replaced by modern equipment also has a profound effect. At the beginning of 2008 some 10% of all chip and pin terminals were still models that could be skimmed relatively easily. Skimmers select the businesses with these models as targets. Technological preventive measures are used to try to reduce the number of skimming incidents. Combined with the fact that the banks reimburse the loss, the seriousness of the consequences is limited. This would change for businesses if the banks were to adopt a different policy, whereby businesses were made responsible for the loss. There are no specific

indications that skimming will increase dramatically in the next four years. The introduction of better protected cards and more modern payment equipment will limit the scale of the phenomenon and the losses incurred.

4.7.7 Conclusion

Skimming is a relatively rare offence, and the overall damage it inflicts on Dutch society is limited. The technological developments as regards card security and reading equipment in particular will prevent skimming from growing into a serious problem in the next four years.

This is why skimming is qualified as *no specific threat* for the next four years.

4.8 Handling stolen goods⁶⁰

4.8.1 Introduction and scope

The law distinguishes between three types of handling of stolen goods: knowingly handling stolen goods (Section 417bis of the Penal Code), deliberately handling stolen goods (Section 416 of the Penal Code) and habitually handling stolen goods (Section 417 of the Penal Code).

Knowingly handling stolen goods means that someone buys something when he could have suspected that it was stolen. This suspicion is usually fed by the price, which is (far) below the market value. The maximum sentence for knowingly handling stolen goods is one year. Deliberately handling stolen goods is different from knowingly handling stolen goods in that the buyer 'knew that the good was obtained by means of an offence'. The maximum sentence is four years. People 'who deliberately handle stolen goods on a habitual basis' are guilty of an aggravating circumstance. The maximum sentence is 6 years.

The last two maximum sentences in particular show that the law considers the handling of stolen goods to be a serious offence.

Handling of stolen goods is not limited to buying stolen goods. The 'possession or transfer' of stolen goods and money obtained from a criminal offence also fall under the provisions relating to the handling of stolen goods.

⁶⁰ The subject 'handling of stolen goods' was not studied separately in a subproject. It was discussed (briefly) in the report on 'supraregional property crime', which was referred to as a source document in the introduction to this chapter.

4.8.2 General context

The handling of stolen goods is preceded by theft. Stealing goods is profitable as there is apparently a market for it. The theft is facilitated, knowingly or unknowingly, by the buyers of the stolen goods.

Handlers of stolen goods often use the Internet to sell their stolen goods. People who visit online second-hand marketplaces and auction sites run the risk of purchasing stolen goods. The black markets are also infamous for the large supply of stolen goods on offer. Various sources have also reported so-called 'living-room supermarkets' where viewing days are held at certain times at the homes of private individuals so that people can view goods obtained from theft that are on display on long tables. Visitors to such a party are by invitation only. In addition, there are foreign criminal organisations that transport large parts of their loot to their home country (usually an Eastern European country) or have someone else carry out the transport for them. The transport is sometimes by car, but there have also been cases where the many small bus companies that run shuttle services between the Netherlands and the former Yugoslavia were used. Usually the bus driver will have been bribed or pressurised. After the goods arrive at their destination relatives sell them on local markets. Sometimes the stolen goods are also used to furnish the recipients' houses (TVs, video and DVD recorders, audio equipment and utensils such as luxury knife sets and espresso machines).

The stolen goods that were handled were not limited to common articles obtained via domestic theft or industrial burglaries (such as PCs): larger shipments of consumer goods also appear on the market in the form of toiletries such as toothpaste, deodorant, shaving foam and razor blades, coffee, perfume and cigarettes (all of which were stolen through systematic shoplifting). Stolen consumer articles are relatively small in terms of volume, so they are easy to transport and also easy to shift (i.e. sell). According to reports, the amount paid on the black market is approximately one third of the value of the article when new, but prices fluctuate depending on supply and demand.

The situation is different if the loot consists of high-volume amounts of goods from cargo theft, for example, because the logistics of selling these goods are more complicated. Little is known about the handling of stolen goods obtained from cargo theft. High-tech goods in particular, such as electronic equipment, chips and computers, are probably stolen to order, which means that there is almost an absolute guarantee that these goods will be sold.

Offender groups involved in vehicle theft also face complex logistical problems as regards selling the vehicles. Specialists are available for each link in the chain.

The 'handling of stolen goods link' concerns intertwining the illegitimate with legitimate society. Garage and shipbroker businesses (for shipping abroad) are knowingly (or unknowingly) guilty of aiding and abetting.

4.8.3 Scale

Every year, between 2000 and 5000 handling offences are recorded by the police. The trend is upward, although the scale of property crime has been decreasing for years. If we compare the number of cases of handling offences with the number of thefts reported to the police, there is a sharp contrast. Around 800,000 thefts are recorded every year. Whilst it is plausible that by no means all of the stolen goods end up in Dutch handling circles, for example, because the thieves keep the goods for themselves or because they are sent abroad, it is still unlikely that only a tiny proportion of the stolen goods are sold off via handlers. We must conclude that relatively few handling offences are discovered by the police.

Vehicles, electronic consumer items, money and clothing are easily the four most wanted items. As regards vehicles, we know that mainly new and expensive models are stolen; electronics equipment is often obtained from cargo theft, shoplifting or domestic burglaries and clothing is mostly obtained by shoplifting.

4.8.4 Criminal organisation

Relatively little is known about the handlers of stolen goods. Traditionally, handlers of stolen goods can be found among the residents of caravan camps. Handlers operate in a network of people and accomplices ensure that the sales channels are open. Sometimes one channel is used, sometimes another. The mechanisms that affect the choice of sales channel are not known; it probably all comes down to 'who knows who'. The extent to which there is an actual criminal organisation in place is not known, but criminal organisations that are specialised in the handling of stolen goods have been identified. The leaders act as handlers. The case files paint a picture of risk-averse dealers. They take on anything that can generate a profit, but they do not go out stealing themselves. There have been cases where the handlers held sessions in cafés so that the group's thieves could come to offer them their goods. The goods on offer varied and included cars, clothing, computers, electronic equipment, parcels, securities, generators, digital cameras, water scooters, jewellery and car parts such as on-board computers, airbags and radios. Some handlers act as coordinators for 'stealing to order'. The frequency with which thieves are sent out with a 'shopping list' is not known.

4.8.5 Consequences for Dutch society

An important part of the consequences for Dutch society consists of financial loss in the form of loss of income for the regular business community. In addition, handlers ensure that thefts are profitable for thieves, which means that they contribute to the perpetuation of all kinds of theft.

4.8.6 Conclusion

The number of thefts recorded by the police every year is 800,000. The number of handling offences recorded every year is between 2,000 and 5,000. These figures illustrate that handling offences are relatively rarely discovered by the police.

Criminal organisations have been identified, but the extent to which the criminals involved work with each other in relation to handling is unclear. Most of the consequences of the handling of stolen goods are financial in nature, due to the loss of income suffered by the business community. In addition, handlers contribute to the continuation of theft. However, as the scale and the level of involvement of criminal organisations is unclear, it is difficult to estimate the damage caused by the consequences. The findings on the subject of the handling of stolen goods result in this phenomenon being qualified as a *blind spot*.

5

Criminal modus operandi

5.1 Introduction

This chapter discusses various criminal modus operandi used by criminal organisations to carry out criminal activities. The contents of all sections of this chapter are based on the report from the subproject *Actualisering dreigingen NDB2004* (Reassessment of NTA 2004 threats).⁶¹

The following criminal modus operandi will be discussed in this order:

- corruption;
- use of violence by criminal organisations;
- misuse of ICT for piracy;
- misuse of ICT for phishing purposes;
- misuse of businesses;
- counterstrategies;
- false and falsified identity documents.

5.2 Corruption

5.2.1 Introduction

Various forms of corruption were qualified as a threat in NTA 2004. Although the general impression was that the scale of the phenomenon was limited, the conclusion was still drawn that a limited number of cases can also result in serious damage. Now, in 2008, corruption was once again analysed to see to what extent the qualifications made at the time still apply. In this section two categories of corruption are analysed in more detail: corruption of public servants and corruption in the business community. A third category, i.e. corruption among independent professionals, is not discussed here, because it has already been discussed to a large extent when focussing on the role of financial service providers in money laundering (section 3.6).

⁶¹ *Dienst IPOL, 2008. Actualisering van dreigingen uit 2004. Verslag van een onderzoek voor het Nationaal dreigingsbeeld 2008. Korps landelijke politiediensten* (Netherlands Police Agency), *Dienst IPOL, Zoetermeer*. The authors of this report are R. Neve, R. van de Berg, D. Roest, M. Soudijn and S. van der Zee.

5.2.2 Corruption of public servants

Scope

Corruption of public servants is considered to be the misuse of public servant powers to perform an act or omit that act for the benefit of a third party, as a result of which personal gain is obtained in the form of financial or other favours. In this NTA, the 'third party' mainly refers to representatives of criminal organisations. The corrupt actions and omissions of the public servants involved are aimed at benefiting the criminal organisations. Not all forms of public servant corruption are discussed here: we will limit ourselves to corruption in the police forces, the Royal Netherlands Marechaussee and the Customs Service.

General context

Police

Newspaper articles sometimes give the idea that criminals with a large bag of money go looking for potentially corruptible police officers, who are then bribed to supply information or to put an investigation on the wrong track. The experts interviewed have stated that this picture is fiction. Whilst criminals are always interested in contacts that could supply them with relevant information, there is no indication that criminals actively recruit such contacts, although they will seize the opportunity if it occurs. However, this does not change the fact that explicit attempts are made by organised criminal groups to recruit police officers as sources of information. The amounts of money involved are usually relatively small. Quite often the amounts for which people risk their careers are only a few thousand euros. Nevertheless, they still do so because there are other interests at stake, such as investing in friendship, family or love.

In many of the cases identified there has been an existing relationship that was a (sometimes indirect) link to criminals. The pattern found in a large number of cases is that someone is enticed into supplying relatively unimportant information such as the name of the person who is the registered owner of a particular vehicle. Slowly but surely, the criminal contact then increases his grip on the supplier of information. The supplier may even end up participating in criminal activities.

Apart from obtaining information from police officers (sometimes in return for money), it is theoretically possible for criminals to have someone from their own network infiltrate the investigating agencies with the aim of obtaining a position with access to information or of otherwise sabotaging criminal investigations. This will not occur more than incidentally, as infiltration is very time-consuming. Criminal organisations have much more efficient ways of obtaining information. It is not always guaranteed that a consideration will be provided in return for information, and if a consideration is provided, it does not have to be provided

immediately. There may be a question of investing in the relationship, whereby the underlying idea is that something will be required in return at some point in the future. Such a consideration is difficult to prove because the people involved remain silent and no administrative traces of the transaction were left, for example. A large number of the investigations concerning corruption (Section 363 of the Penal Code) end up as 'breach of official secrecy' (Section 272 of the Penal Code). Various respondents stated that this is based on deliberately chosen tactics: priority is assigned to removing the bad apple from the bunch. As a result, actually proving and punishing corruption has to take second place.

Customs and the Royal Netherlands Marechaussee

The crossing of national borders is monitored by Customs and the Royal Netherlands Marechaussee (KMar). Employees of these supervisory organisations sometimes aid and abet criminal organisations in return for payment. These employees end up doing so for the same reasons as some police officers help criminal organisations; in that respect their position is not different. The main logistics hubs are Schiphol Airport and the port of Rotterdam. Various leading publications have concluded that corruption of public servants hardly occurs in ports⁶². The indications are different with regard to Schiphol. KMar and Customs employees are quite regularly arrested for aiding and abetting various forms of organised crime. This mainly involves human trafficking, smuggling of illegal immigrants and drug smuggling. According to the respondents, Schiphol Airport provides a lot of opportunities for corruption of public servants. The impression is that these are mainly 'minor' contacts, who allow something through or provide information about a particular flight, for example. One KMar respondent expressed doubts about whether corruption occurs on a large scale. According to one Customs respondent, there are only a few cases per year among Customs officials. Nevertheless, there have also been larger cases recently in which supervisory officials were involved.

One notable aspect of the corruption of public servants is that most cases involve officials in the field and not managerial officials who occupy strategic positions. This is because of the transit nature of crime in the Netherlands. Help from public servants and from supervisory officials in the field is often sufficient for transit activities. It is not necessary to develop positions of power. Criminal organisations prefer not to run more risks than necessary.

⁶² However, corruption does occur among the employees of businesses in the ports, but that subject will be discussed in the following subsection (5.2.3).

Scale

For years the Netherlands has been in the top 10 of the least corrupt countries in the world. This *Corruption Perceptions Index* is not based on quantitative data, but on the perception of key figures in the business community and the government. Obtaining reliable figures about the scale of corruption is extremely difficult, which was also confirmed in the present research. As with many criminal phenomena, there is a dark number, as a result of which the actual scale of the activities remains unknown. It turns out to be difficult to prove any suspicion of corruption. Many of the cases end in dismissals or acquittals.

Since the first NTA, however, some progress has been made in the records that are kept. Since 2004 a database has been maintained to record integrity breaches within the police force: *Registratie Interne Onderzoeken (RIO)*. The 2006 report indicates a total of 1393 investigations, in which 1495 people and 1514 offences were involved. Criminal offences were identified in 180 cases and dereliction of duty in 507 cases. A total of 110 people were dismissed, 64 people were conditionally dismissed and 42 people resigned. The RIO database does not include a separate record of cases connected to organised crime, but there are a number of categories that could indicate the involvement of organised crime. One major category is 'misuse of office'. This applied to 258 of the 1514 offences in 2006 (around 17%). In 53 cases information was leaked to criminals and 10 cases of bribery were recorded. Bribery is difficult to prove. Out of the 481 cases of integrity breaches 'relating to a legal status', 61 were cases of 'undesirable contacts'.

A total of 345 cases were reported to the National Police Internal Investigations Department in 2006, 120 of which were taken up. There were 46 corruption cases. This number is increasing: there were 14 corruption cases in 2005. It should be noted, however, that this difference is mainly due to a different recording method, in addition to increased capacity and a different definition. There is a consensus that more corruption would be discovered if there were greater investment in investigating corruption. People often have (vague) suspicions of 'leaks', for example, with regard to failed raids and attempted arrests, whereby the suggestion is that the suspects were aware in advance and had therefore been tipped off. These suspicions, which are often not investigated, could be dismissed as rationalisations by police officers trying to explain setbacks. Sometimes, however, things really do occur in investigations that can only be explained by leaks, e.g. if documents from an investigation are found in the possession of criminals, although the trial has not started yet. The line of reasoning is that these documents could not have come from the lawyer, so they must have come from the police.

The picture that emerges with regard to the scale of corruption is no different than in previous research for the National Threat Assessment: corruption exists, and every now and then cases come to light. The size of the dark number remains an open question. More cases are discovered as efforts are stepped up to track down corruption and integrity breaches in general. Really serious cases appear to occur only rarely, as is shown by indications that criminals use their contacts very carefully, but those cases can still do considerable harm to ongoing investigations.

Consequences for Dutch society

Even though the exact scale of corruption is not known, we must not forget that a single case can cause serious harm. First and for all criminal investigations get frustrated. Secondly, trust in the police and the judicial authorities can be damaged, because that trust is based on the idea that people working for the Public Prosecution Service and the police are incorruptible, only answer to the authorities and serve public interests. The trust in the police and the judicial authorities is not only harmed by the leaking of confidential information, but also by the resulting uproar in the media. That uproar does not always have to be related to the actual existence of corruption.

Crime-related factors and expectations

Data protection sometimes appears to be taken lightly, on the one hand due to the (sometimes) inadequate systems and, on the other hand, because of the attitude of the staff handling the confidential, protected data. People are sometimes too loose-lipped when talking to (former) colleagues, as a result of which a story can spread surprisingly quickly. It appears difficult to keep data within a limited circle. In some cases the 'old boys' network' is the basis for the leaking of confidential information.

Better data protection also has its downside. Whenever measures are taken to improve data protection, for example, by using passwords, biometric information and encryption, individuals become the key to information in more and more cases. This makes them more vulnerable to attempts to use corruption or force. This may ultimately result in more corruption (attempts) – and possibly also blackmail – than has been assumed to date.

As reported above, corrupt contacts are often made indirectly. Existing contacts, which were made for other reasons, ultimately result in contacts with criminals. Due to the development of new communication methods, it is also possible that new ways of setting up corrupt contacts will emerge. For example, *Hyves* (the Dutch equivalent of Facebook) is an Internet service where people can

make contact with one another. By disclosing personal information, police officers make themselves vulnerable for corruption.

As a counterpoint to the risk factors stated, the increased emphasis on integrity should also be mentioned. In recent years more attention has been paid to corruption, which is reflected in more laws and regulations, for example, as well as in the development of integrity policy by government and businesses. According to some commentators, a lot can be achieved by supervising public servants in this area. They also indicate that the 'selection, remuneration and training' model should be applied in order to reduce integrity risks because these three issues are seen as key in the fight against corruption.

It is not easy to know what to expect in the development of the corruption of public servants. Not enough figures are available to detect a trend and the crime-related factors are also ambiguous.

However, criminals will be just as interested in (criminal investigation) information in the coming years, so it can be expected that attempts to bribe public servants will still be discovered in future.

Conclusion

The general opinion is that corruption of public servants is relatively rare in the Netherlands. There does not appear to be a direct need for criminal organisations to bribe public servants on a large scale. This does not mean that the consequences of corruption should not be taken seriously, even if the number of cases is small. The level of interest that criminal organisations have in obtaining inside information will not diminish. As a result, the integrity of the state under the rule of law runs the risk of being seriously damaged. Furthermore, due to increased and improved (technical) security, the key to information is held by individuals more and more frequently; they have passwords and the required biometric data. As a result, individuals are becoming increasingly vulnerable. It is possible that this will result in more cases of corruption or corruption attempts.

This is sufficient reason to designate corruption of public servants as a *threat* for the next four years.

5.2.3 Corruption in the business community

Introduction and scope

Corruption in the business community was not studied separately for this NTA. However, the various reports on which this NTA is based frequently report this phenomenon. That is why we will discuss it separately in this

section. As it was not studied explicitly, it will not be possible to answer all the questions. The question about the scale of the phenomenon in particular will have to remain unanswered. We will therefore limit ourselves to a description of the types, a few practical examples, the possible consequences and the final conclusion.

Without attempting to formulate a watertight definition, we can describe corruption in the business community as 'the incidental and deliberate participation in or provision of services to criminal organisations, in any way, by employees and/or employers in the private business community'. These are people who are not permanent members of a criminal organisation. If permanent members of criminal organisations use companies, this constitutes misuse of the companies in question. This subject will be discussed in section 5.6. This present section is about people who are (incidentally) contacted by members of a criminal organisation for the provision of specific services related to their field of work.

General context

Corruption in the business community occurs in almost all forms of organised crime. One of the most obvious examples concerns cargo theft. The research conducted for this NTA (see section 4.4) revealed that an estimated 80% of cargo thefts involved 'help from the inside'. This can vary from leaving a gate open to providing transport schedules, information about the contents of the lorries and involvement of the drivers themselves. People in the business community blame inadequate screening of new staff. However, even though it never hurts to establish whether future staff have criminal records, this does not guarantee that corruption will not occur. Not having a criminal record does not imply that a person is not vulnerable to corruption. It is more important to use high-quality procedures and improved data protection. Besides this, it is unclear whether help from the inside always involves corruption or whether there are cases of infiltration. In the former case, someone is rewarded for incidentally providing assistance; in the latter case, a criminal organisation has had a member infiltrate as an employee.

Schiphol is often mentioned with regard to opportunities for corruption in the business community. The luggage-handling area is a good example; the private security firms, hauliers and couriers, and the cleaning companies are other examples. The corruption at Schiphol usually involves drug smuggling, human trafficking or human smuggling. Transport hauliers and Customs hauliers in particular are mentioned as possible targets, as these companies take over some of the Customs formalities.

In cases of investment fraud, potential victims were found to be selected from lists of address details that were sold by corrupt employees of a company. These are Ponzi schemes⁶³.

Crime-related factors and expectations

Most of the crime-related factors stated above in section 5.2.2 also apply to corruption in the business community.

Two opposite trends are occurring, which make it difficult to comment on possible future developments. The first trend is the increased emphasis on integrity and the second trend is the increased vulnerability of individuals. There are no good reasons to assume that corruption in the business community will decrease in the coming four-year period. The interest of criminal organisations in help from the inside will remain as strong, or may even increase. The scale of corruption in the business community is therefore expected to stay at least the same.

Conclusion

For NTA 2008 no separate research was conducted into corruption in the business community. However, the reports on which this NTA is based frequently mention corrupt contacts of criminal organisations within the business community. This justifies the discussion of this subject and its inclusion on the list of criminal activities. However, as no separate research was conducted, there is not enough empirical knowledge to be able to qualify the threat level. As a result, corruption in the business community is designated as a *blind spot*.

5.3 Use of violence by criminal organisations

5.3.1 Introduction and scope

In NTA 2004 various forms of violence were studied and qualified. In the reassessment project, as explained in chapter 1 and in the introduction to this chapter, the following subjects were analysed for NTA 2008⁶⁴:

⁶³ This is a classic type of investment fraud according to the pyramid system: the high returns promised are initially paid using the investments of new victims. Named after the fraudster Charles Ponzi.

⁶⁴ In the final section a single qualification is assigned to the use of violence by criminal organisations. No qualifications of the level of threat were given to forms of violence separately.

- instrumental violence⁶⁵: (threatening) physical or psychological violence against people or violence against objects;
- violence within criminal organisations: (threatening) violence for a disciplinary purpose;
- violence between criminal organisations: (threatening) violence for a competitive purpose.

5.3.2 General context

Instrumental violence

The purpose of instrumental violence is to intimidate or (temporarily) eliminate people, or to destroy objects in order to obtain goods, services or funds. The use of violence is not always functional; criminals do not always confront their victims directly. In many cases their modus operandi is aimed at avoiding a confrontation, for example, in the case of theft. Instrumental violence does occur, for example, in human trafficking, vehicle theft, robberies and ram raids. In human trafficking, violence is regularly used in combination with an exploitative situation⁶⁶. In vehicle theft violence may be functional in order to obtain the car keys. In robberies the chances of becoming a victim of violence have risen in recent times: according to trade associations the level of violence employed has increased. The police have also stated that more violence is being used against people during robberies. Ram raids obviously involve violence, although it is usually directed against company buildings in the form of bank walls in order to force open a cash machine, or jeweller's windows, for example. In very rare cases the police are also targeted.

Violence within criminal organisations

The use of violence within criminal organisations is aimed at enforcing the loyalty of members. Apart from physical violence, fines and deportation to the member's country of origin are also used as punishments. Motives for the use of violence against the members of criminal organisations include enforcing certain behaviour, punishment for damage incurred and revenge in the case of embezzlement or theft. These motives are explained below.

⁶⁵ Apart from the source material for this section stated in the introduction, the following report was also used specifically for the description of 'instrumental violence': *Dienst IPOL, 2008. Georganiseerde, bovenregionale vermogenscriminaliteit. Verslag van een onderzoek voor het Nationaal dreigingsbeeld 2008. Korps landelijke politiediensten* (Netherlands Police Agency), *Dienst IPOL, Zoetermeer*. (The report on supraregional property crime)

⁶⁶ *Dienst Nationale Recherche (DNR), 2008. Mensenhandel. Deelrapport Criminaliteitsbeeldanalyse 2007 Korps landelijke politiediensten* (Netherlands Police Agency), *DNR (National Crime Squad), Driebergen* (confidential).

1. Enforcement of behaviour

In case of enforcement of behaviour people are forced to participate in criminal operations, for example as a courier or as someone who rents out space for cannabis nurseries. Even though this kind of collaboration is usually provided voluntarily for financial reasons, there are situations in which force is used. There are also cases of people being pressurised into 'keeping their mouth shut'. Another example of the use of violence against the organisation's own employees is robbing one of the organisation's own couriers or having him robbed (also called 'ripping'), whereby the courier is then forced to pay for the financial 'loss' incurred. The courier can only pay off this debt by taking on new assignments. Threats are made when the debt is collected. Yet another example consists of the issuing of loans to members at an exorbitant interest rate, which must then be repaid using the income from work for the criminal organisation. Finally, there are reports of people in criminal organisations being threatened when they fail to perform their work adequately.

2. Punishment for damage incurred

In the illegal cannabis growing sector, people from whom part of a house is rented to run a nursery are sometimes held responsible for the damage if the crop is lost, regardless of the circumstances. If they fail to pay they are threatened with violence.

3. Revenge in cases of embezzlement and theft

When members of criminal organisations are accused of embezzling money from the organisation or of stealing part of a drug shipment, violence is sometimes used to discipline the person in question.

Violence between criminal organisations

Violence is used between criminal organisations with the aim of improving a competitive position or settling conflicts. One conflict about control in a case of illegal cannabis growing even resulted in a 'turf war' between two criminal organisations, which had an intimidating effect on the people in the surrounding area. In criminal circles conflicts about money regularly occur and degenerate into violence as the criminals cannot use regular channels to enforce payment for services provided. Some criminal organisations are not afraid to kidnap members of other criminal organisations (or their relatives or friends) and hold them hostage until the payment (or delivery) has been made. There have also been cases where criminals were hired by others for debt collection jobs.

'Ripping' is a striking form of violence among criminals that occurs more and more regularly, especially in relation to drug trafficking. A well-known variant

is a 'rip deal', whereby buyers of a shipment of drugs use violence to take the drugs and leave without paying. There are criminal organisations who are involved in ripping as a secondary activity in addition to their own drug trafficking, but cases have also been reported of criminal organisations that focus primarily on ripping. Rip deals are the most frequently occurring form of violence between criminal organisations. There is extensive use of (heavy) weapons. There are also examples relating to cannabis growing, whereby cannabis nurseries were plundered just before the owners would have started harvesting. Violence is only used in these cases if the owners 'run across' the offenders. As a result, owners have started guarding or securing their cannabis nurseries, not to keep out investigating agencies, but to keep out criminal organisations that want to steal the harvest.

Every now and then there are reports of (threats of) violence as part of extortion by a criminal organisation. In one case, criminals asked for taxes from human smugglers for access to a port area. The smugglers had to pay the criminal organisation a certain amount per person smuggled (100 euros was mentioned). Otherwise they would not be allowed into the port.

Liquidations are another form of violence. A liquidation (or a liquidation attempt) is defined as the use of deadly violence, where the motive is related to one or more other criminal offences. Strictly speaking, a case cannot be designated a liquidation until the crime has been solved. Despite the massive media attention, the number of liquidations appears to be falling rather than rising. A significant number of murder and manslaughter cases in the south of the Netherlands are related to illegal cannabis growing.

5.3.3 Scale

Drawing conclusions about the scale of instrumental violence relating to organised crime is difficult. There are few statistics available and the pattern changes somewhat between the various types of crime. In the cases of human trafficking relating to prostitution that were studied, structural violence was used in around 70% of the cases⁶⁷. The use of violence during robberies has increased in recent years. In the past three years the risk of being injured during a robbery has increased by a percentage point every year to over 20% in the first half of 2007.

⁶⁷ *Dienst Nationale Recherche (DNR), 2008. Mensenhandel. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten (Netherlands Police Agency), DNR (National Crime Squad), Driebergen (confidential).*

The use of violence within criminal organisations was studied in 462 investigations in the 1998–2001 period. Twenty percent of criminal organisations used violence as a punishment within their own group. No figures are available relating to the scale of violence between criminal organisations. The general impression is that it happens on a regular basis, in the absence of detailed information that is all that can be said.

5.3.4 Criminal organisation

Due to the variation in types, it is difficult to draw general conclusions about criminal organisations in relation to the use of instrumental violence.

The way in which criminal organisations use internal violence differs. In some criminal organisations there is a tendency to bind members by providing positive incentives such as rewards. In other criminal organisations negative sanctions (i.e. punishments) are used to keep members in line. The use of violence against subordinates and assistants may indicate a hierarchical type of organisation. The use of violence is sometimes a task carried out by specialists within the group. Violence within organisations occurs on a regular basis in drugs cases (both hard drugs and cannabis). Many assistants are involved in cannabis growing, such as cutters, couriers and owners of locations where cannabis nurseries are housed. All of these assistants have to be kept in line.

Violence between criminal organisations is used in all kinds of criminal sectors and by criminal organisations with different group characteristics. In general criminals appear to be more willing to work together than to fight each other because fighting each other takes their attention away from their core business of earning large sums of money from illegal activities. In addition, it also attracts the attention of the police. Despite all this, violence occurs regularly because criminals often get angry easily and do not always think before they act. Another reason for using violence has to do with establishing a certain position of power. One notable thing is that criminal organisations that use violence amongst themselves are mostly long-lasting organisations.

5.3.5 Consequences for Dutch society

The use of instrumental violence is important when it comes to assessing the seriousness of the consequences of this type of crime for Dutch society. Victims of the violence often bear the consequences for a very long time. Moreover, the rest of the population can start to feel that they are not safe. In addition, the material damage caused by violence can cost an enormous amount of money to repair.

Most of the violence in and between criminal organisations remains unnoticed by the public at large. As long as the use of violence remains within criminal circles, the consequences for society are not that serious. This is also related to the general view that the criminals only have themselves to blame. However, there are also victims in these cases. There is also a possibility that innocent members of the public will become (indirectly) involved if violence breaks out in public places. A liquidation within criminal circles, for example, usually has a profound effect on society because it undermines the rule of law and increases the general feeling of not being safe. The number of liquidations has dropped in recent years.

5.3.6 Crime-related factors and expectations

The use of instrumental violence or threatening instrumental violence often forms part of the modus operandi for specific offences. It speaks for itself that these activities are carried out by a certain type of criminal who does not mind using violence. As there are no indications that the number of offences where instrumental violence is used will drop in the future, violence will continue to be used as well. The use of violence in robberies has increased in recent years.

The use of violence in criminal organisations appears to be determined mainly by the (hierarchical) group structure of the organisation. Violence between criminal organisations is mainly used by long-lasting organisations if major interests are at stake, such as a market share. Naturally, the availability of weapons is also important. For many criminals the use of violence is a way to settle conflicts. In addition, it is clear that violence is not always used based on a rational calculation and often has to do with mood and the disciplining of people involved. Violence within and between criminal organisations will not decrease for the foreseeable future, as the financial interests are considerable. In recent years, for example, illegal cannabis growing has involved huge sums of money. Furthermore, new players who could be described as 'hardened' criminals appear regularly on the market. Experts are therefore expecting an increased spiral of violence.

5.3.7 Conclusion

The use of violence (or the threat of violence) by criminal organisations is described in this section as 1) violence with an instrumental purpose, 2) violence within criminal organisations and 3) violence between criminal organisations. The scale of each of these types is not expected to decrease in the future. There are criminal organisations that systematically victimise people.

In addition, the financial damage to objects due to the use of violence may increase significantly. Society does not always notice violence between criminal organisations, but there are victims in these cases as well. In addition, innocent civilians can become (indirectly) involved, if people are injured or killed for example. The effect on the general feeling of not being safe and the damage to the rule of law should not be underestimated. The overall consequences of criminal organisations using violence (or threatening to use violence) are serious. The use of violence by criminal organisations is qualified as a *threat* to Dutch society.

5.4 ICT piracy

5.4.1 Introduction and scope

In the reassessment project (section 5.1), ICT piracy is described as follows: the illegal copying and distribution of CDs, DVDs, films, games, software and other products, resulting in infringement of copyright. ICT piracy was qualified as a threat in NTA 2004.

5.4.2 General context

A distinction can be made between soft copies and hard copies. Soft copies are distributed purely in digital form, in formats such as mp3, mp4, mpeg, divx and wav, mainly via the Internet, using peer-to-peer (P2P), sharing sites, bittorrent, and other websites. Piracy of hard copies involves the copying and distribution of games, music and films that are burnt or pressed onto a CD, DVD or another 'carrier'. Hard copies of DVDs and CDs are pressed by professional ICT pirates. The production process requires business accommodation for machinery, raw materials (large bags of plastic pellets) and the final product.

The distribution of soft copies is not limited to a particular time or place: within a few seconds the copies can be downloaded anywhere in the world, in the case of P2P websites often from several places at the same time throughout the world. P2P websites do not contain any music or films that can be downloaded. A P2P website is a network of individual Internet users that share part of their own computer to exchange music, films or other products. Making a copy of music or a film is allowed for personal use, in other words, not for commercial purposes. Downloading an Internet file is also allowed. However, if you use a P2P sharing service to do so, you also become an uploader; other users of the network will then be able to download files in the shared directory from you. This is 'offering for distribution', which is a criminal offence.

In the Netherlands, most of the fight against piracy of content protected by copyright has been placed in the hands of the Brein Foundation. The employees of the Brein Foundation visit markets and street fairs looking for illegal CDs and DVDs. Up to 2500 CDs or DVDs the Brein Foundation handles cases under private law. This is done by having the trader sign an agreement in which he undertakes to stop the trading in/production of illegal DVDs or CDs forever, subject to a penalty of 500 euros per DVD or CD. If the trader fails to comply with this agreement the police will be contacted. With large batches (more than 2500 CDs or DVDs) or repeat offenders the case is transferred to FIOD-ECD.

5.4.3 Scale

According to the Brein Foundation, presses for image and sound carriers have been found twice in the Netherlands: once in the late 1990s and once in 2007. Large-scale professional production of hard copies has otherwise not been found in the Netherlands. The police do discover hard copies during investigations (as 'secondary finds'), but it is assumed that these copies are produced abroad. Some time ago, a shipment of carriers produced through piracy was also found in a well-known retail chain. Experts assume that this was an isolated incident; a case of purchasers not always paying attention. There were no indications that this was intentional.

Soft copies distributed via P2P websites are exchanged via the Internet. It is assumed that this occurs very frequently, although there are no figures available.

5.4.4 Criminal organisation

Worldwide, various forms of criminal organisation are involved in piracy, from individuals and 'opportunistic duos' to groups that are very professionally organised. In China, the global piracy market leader, the large-scale production of hard copies is mainly controlled by criminal organisations, which are said to be highly organised and violent. Production and distribution in other countries, such as Russia, Eastern European countries, Brazil, Mexico and Thailand, are also said to be controlled by criminal organisations. According to an interviewee in the film sector, the Neapolitan Mafia (Camorra) is also involved in hard copy piracy. In the Netherlands there appears to be little organised crime in connection with piracy. The machine pressing of illegal carriers only occurs sporadically in the Netherlands. Examples of the use of violence, such as collecting protection money from market stalls, are unknown in the Netherlands. Companies that host P2P and bittorrent sites mainly earn their profits from selling advertising space on the sites. A court recently ruled that five people who were involved in facilitating P2P websites could not be considered a criminal organisation.

However, they were found guilty of copyright infringement as they had offered the opportunity to post files illegally on the sharing sites.

Another form of digital piracy is the theft of versions of new computer games that are still under development by hacking into the producer's network. Unlike with P2P websites, the criminal nature of this hacking is not a subject of debate. After a pre-release version of a computer game has been stolen, it can be copied and distributed on a large scale to earn a great deal of money. In April 2007 two Dutch brothers were arrested who had gained access to the computer network of an international software producer in Greece. They intended to steal the test version of a computer game and make money from it. The investigation showed that these hackers had also gained access to 20 other companies, all of them in the computer games sector. These are currently the only examples of piracy with pre-release versions of computer games in the Netherlands.

5.4.5 Consequences for Dutch society

According to the website of the Home Copy Foundation, piracy has a major economic impact. Producers miss out on income, local markets suffer from unfair competition, governments lose tax revenue and employment is adversely affected in sectors that suffer from piracy. The loss of turnover is compensated for to a certain extent by a levy on blank discs.

Criminals earn money through piracy, which in turn can be used for other criminal activities. The availability of illegal copies undermines the willingness of the public to pay for the content.

The use of illegal products – for example, the pirated version of Windows – results in an increased risk of malfunctions, hacking and other problems. As there is no manufacturer support, new versions and updates are not supplied.

5.4.6 Crime-related factors and expectations

The Netherlands is an attractive country for establishing hosting sites for file sharing and P2P due to its high-quality infrastructure and fast broadband connections. Many youngsters (the main users) have little moral objection to downloading, partly because there is no directly identifiable victim. Until recently, the Netherlands also was an attractive country for hosting sites because prosecutions were hardly ever initiated in connection with the criminal activities involved. Due to a court ruling in 2007, however, Internet Service Providers (ISPs) are now obliged to disclose personal details of web hosts to stakeholders in the event of copyright infringement and to close sites on the request of stakeholders. This more vigorous approach has already resulted in various file sharing websites

moving from the Netherlands to Canada, Russia and other countries. The market for illegal hard copies is shrinking. Anyone can download these days and soft copies are cheaper. The approach under private law also appears to be having an effect.

5.4.7 Conclusion

ICT piracy was designated as a threat in NTA 2004. At the time it was assumed that the number of illegal copies with links to organised crime (hard copies) would exceed those of private amateurs (soft copies). This situation has changed in the meantime. Hard copy sales are constantly falling, whilst the number of soft copies is increasing. It also turns out that there is hardly any production of illegal hard copies in the Netherlands. The damage to the music and film industry is caused by criminal organisations abroad. Due to the loss of popularity, pirates can no longer earn as much from hard copies and the damage has therefore also decreased.

From a financial point of view, hosting file sharing sites is still appealing, however, but because of the advertising income rather than the soft copies. In the Netherlands action is currently being taken against these sites, as a result of which the Netherlands has become less attractive as a country for establishing such sites. The expectation is that ICT piracy will be *no specific threat* in the next four years.

5.5 Phishing

5.5.1 Introduction and scope

Phishing was investigated as part of the NTA 2006 follow-up study and qualified as a conditional threat. The insights from that follow-up study, plus recent observations, formed the basis for the section on phishing in the reassessment project for the present NTA.

Phishing is described as ‘using digital activities to unlawfully gain possession of and/or use the identity details of an Internet user, in whole or in part, with the aim of committing a criminal offence where the Internet user will be the victim’.

5.5.2 General context

Broadly speaking, there are three types of phishing: classic phishing, pharming and spy phishing. In the (now) classic form of phishing an email is sent to Internet users. The email appears to come from a financial institution or company. The aim is to convince recipients to click on a link in the email that

takes them to a counterfeit website where they are asked to enter personal information. Potential victims are approached in an increasingly personal manner (spear phishing). The risk of discovery is smaller with this type of targeted attack. Security packages do not recognise these emails as phishing emails and the personal nature of the message makes victims less suspicious.

In cases of pharming, victims who contact an institution or company online are secretly redirected to a counterfeit version of the website of that institution or company. They are then asked for personal details. The redirection is caused by 'malware' (which is a contraction of 'malicious software') with which the victim's computer is infected. Victims arrive at the wrong sites because the links used for looking up domain names have been changed by malware.

Phishing with malware without using counterfeit web pages is called 'spy phishing'. In spy phishing the behaviour of computer users is spied on. For example, 'key loggers' are used to record key strokes, which are then sent to the fraudsters. Infection with malware not only for spy phishing, but also for pharming, is primarily achieved through email messages, website visits, the downloading of software, the use of search engines and the use of Instant Messaging.

The development of phishing techniques has not stopped in the past two years. Two trends that have developed are 'phishing by proxy' and 'man-in-the-middle phishing'. 'Phishing by proxy' is aimed at hiding the actual location of the phishing website and to keep it up and running for as long as possible. In this phishing technique 'botnets'⁶⁸ are used as proxy servers. Large numbers of IP addresses are linked to a phishing URL and therefore form an intermediate step en route to the counterfeit website. As a result, having these sites blocked and tracking down the offenders is a highly complex operation.

Man-in-the-middle phishing also makes it possible for phishers to gain access to websites that are secured by two-factor authentication. In two-factor authentication a second code is entered after the login details; this second code is often generated per transaction. As a result, this method is safer than using a single password. A man-in-the-middle attack allows phishers to intercept the second code. After using the details for their own criminal purposes, the phishers send the details on to the customer, which makes it seem to the customer that the order has arrived in the usual manner.

⁶⁸ A 'botnet' is a robot network, which is a collection of infected computers that are remotely controlled by Internet criminals. Botnets can be used, for example, to send phishing emails or to infect other computers.

Wireless networks (WiFi) have become more common in recent years. Nowadays, wireless connections to the Internet can be made in a growing number of public locations. The downside of wireless networks is their vulnerability to hacking. Many consumers do not or hardly secure their home network. The home network signal does not stop at the front door (the exact reach of the signal is unknown). Phishers in the area can therefore pick up the signal, hack into the network and install malware on computers and/or steal identity details. Phishers can also easily hack into other people's computers via the network in public places where several people log onto the same wireless network.

A new type of phishing is called 'vishing' or 'voice vishing'. VoIP (Voice over IP) systems can be used to make phone calls cheaply and anonymously via the Internet. Criminals can use VoIP to imitate a professional telephone exchange, whereby login details are entered by pressing telephone keys. Criminals use this method in two ways. In the first case an email is sent to a potential victim, as in the classic form of phishing. However, rather than a fraudulent link, a service telephone number is stated which the customer has to call in order to log on to the financial institution. In the second case, criminals call potential victims and ask them to confirm their personal details, for example, because otherwise their bank account will be cancelled. In both cases the fraudsters are after personal details that can be used to commit fraud.

A further development of phishing is the use of text messages (SMS). The Internet security company McAfee has coined the term 'SmiShing' to describe this technique. In cases of this variant, a bank customer is asked to confirm personal details by text message. Once surfing the Internet on your mobile phone has become common practice, it will also be possible to send a (mobile) Internet link in the text message that links to a counterfeit website.

All phishing techniques are aimed at misusing the stolen details. Criminals can use the stolen details to carry out all kinds of financial transactions. They use an intermediary to keep their own identity secret and still be able to transfer money to their account. These often unknowing intermediaries (who are known as 'money mules') are recruited via spam email or website. They are offered a job at a financial institution. The task of the employee is to make his/her account available to transfer the funds on further using a cash transfer service (usually to Eastern European countries).

The Internet is used by criminals to exchange experiences, advice and techniques via chat services and in forums, for example. All the instructions and tools

required to defraud Internet users can currently be found or bought online. Ready-made email messages and web pages pretending to be the web pages of popular banks and webshops are available, as well as email lists and servers. Botnets are available at reasonable prices. Spyware is also available via special Internet sites.

5.5.3 Scale

The NTA follow-up study in 2006 reported a massive global development and this development has continued since then. According to the Anti-Phishing Working Group (APWG)⁶⁹, the number of phishing websites has increased dramatically in recent years. In July 2004 a total of 584 unique sites were identified, after which a gradual increase was observed until mid-2006. Afterwards the pattern started fluctuating: in April 2007 the number of reports peaked at 55,643, whilst the number dropped again in the final months of 2007. The most recent data relate to January 2008, when 20,305 unique phishing sites were reported. Two percent of the phishing websites are located in the Netherlands, but this does not automatically mean that the owners are also in the Netherlands.

The number of reports to the police and notifications in the Netherlands is increasing slightly: 15 in 2005, 25 in 2006 and 27 in the first 10 months of 2007. However, this is no indication for the actual number of phishing victims. After becoming a victim of phishing, people first of all contact their bank or credit card company, which reimburses them for any losses incurred. There is then no real (personal) need to report the incident to the police. If the victim does file a report with the police, this report will often not be recognisable as a case of phishing in the registration system. According to banks and credit card companies in the Netherlands, they had to deal with about 100 phishing campaigns in 2006. Minor incidents are often resolved by their own security departments. For more serious incidents they call in Govcert.nl (the Dutch government's Computer Emergency Response Team). The Computer Emergency Response Team was called in on approximately 70 incidents between February 2006 and March 2007. The National Crime Squad's High Tech Crime Team also conducted two investigations in 2007 that were related to phishing.

⁶⁹ An organisation set up on the initiative of companies and sponsored by companies, with the aim of preventing identity theft and fraud by means of phishing worldwide.

5.5.4 Criminal organisation

Phishers are generally able to conceal themselves effectively, as a result of which their identities remain unknown. It is generally assumed that the era of 'hacking for fame' has been replaced by 'hacking for fortune'. Hackers are no longer interested in recognition of their digital skills, but rather in quickly earning large sums of money.

Dutch investigations have revealed that Eastern European students join forces to organise phishing attacks. They apparently divide up the duties. Botnets are leased, email addresses are purchased and people are contacted who write malware. IP addresses of the Russian Business Network are often used. The Russian Business Network is a Russian service provider whose customers can use the network anonymously. One especially notable aspect is that the students do not all know each other personally. They contact each other via the Internet, which is where they also met. Dutchmen act as straw men (money mules) for channelling funds to Russia and/or the Ukraine.

5.5.5 Consequences for Dutch society

Phishing has direct and indirect consequences. Direct victims of phishing are mainly private individuals and companies who use the Internet. Criminals obtain their login and credit card details and then use them to empty bank accounts or order things online. Private individuals are reimbursed for the losses that they incur. As a result, losses caused by phishing are mainly borne by banks and credit card companies.

More is known about the total loss incurred because of phishing in the US and the UK than about the loss incurred in the Netherlands. In the UK an estimated 45.7 million pounds were stolen from online bank accounts in 2006. The estimates for the US vary between 630 million and 50 billion dollars for 2006. In view of the increase in phishing incidents and the losses incurred in the UK and the US, losses would be expected to run into millions of euros in the Netherlands as well.

According to the banks in the Netherlands, the total direct financial loss was under 100,000 euros. However, it should be noted that the direct damage is relatively minor compared to the potential indirect damage. Banks mainly fear loss of reputation. Internet banking and online shopping are still on the rise and they save banks and shops large amounts in overheads. Loss of customer trust in these online services could result in a significant financial loss. From this perspective it is understandable that financial institutions are reluctant to report the scale of phishing and the associated costs. They would rather invest in the security of their systems and services and in raising the awareness of their

customers. Customers must be on the lookout for fraudsters and must ensure that their computers are properly secured and remain that way. The level of direct and indirect losses incurred by private individuals and companies in the Netherlands is unclear.

5.5.6 Crime-related factors and expectations

Nowadays an increasing number of people have a PC with Internet access and a broadband connection. PCs with this type of connection are ideal for Internet criminals to include in a botnet. People in the Netherlands are shopping online and using Internet banking facilities to an increasing degree (66% and 72% of people respectively in 2007). The number of credit card payments is also still increasing. With credit cards there is the risk that criminals will obtain the card details and use them to place orders and make payments. To prevent misuse, the business community has developed initiatives such as PayPal and iDeal to make payments more secure. However, PayPal turns out to be vulnerable to phishers as well. With iDeal consumers pay directly online at their own Internet banking site using two-factor authentication. The government and the banks are running campaigns to raise the public's awareness of the lack of security on the Internet and the need to secure their home computers.

It is not only consumers who have difficulty finding out who sends or receives information, investigating agencies have similar problems. Clues often lead via various links to possible criminals in other countries, which means that investigations are time-consuming. Internet criminals do not have to worry about communication problems, arranging the necessary authorisation and technical tools. On the contrary, they benefit from the speed and anonymity of the Internet. More attention is currently being paid to the fight against ICT-related crime. The National Crime Squad at the KLPD has set up the High Tech Crime Team. This team also carries out investigations into phishing.

Technological developments are increasing the number of options for phishers. Whether the method involves WiFi, VoIP, SMS, smart phones, multiplayer online games (MMOGs) or Instant Messaging (IM), more and more routes are being created for fraudsters to use to rob people of their identity details. Spy phishing will be increasingly used in this process because it is then no longer necessary to mislead digital users into disclosing their details since the details are intercepted by malware without the user noticing anything. The classic form of phishing will occur less and less frequently, partly because Internet users are becoming increasingly aware of the existence of misleading emails. Malware will probably be designed in an increasingly advanced and specific manner. If misleading tactics are still used, the expectation is that they will also become increasingly

smart because people will be contacted as members of a particular community. Whereas phishers used to limit themselves mainly to English-speaking countries, phishing emails are now well known all over the world and are written in the local language.

These developments explain the increasing number of phishing incidents reported to the police, and the increase in the number of websites and reports received by Internet security companies and other organisations. It is expected that the scale of phishing will continue to increase in the coming years.

5.5.7 Conclusion

To date, the direct loss incurred as a result of phishing in the Netherlands appears to be less than had been feared. The loss of reputation of banks is more important. New technological applications are expected to result in an increased number of phishing cases and more direct and indirect losses. However, it is difficult to estimate the loss that will be incurred in the next four years. If we take the US as an example, a major increase might be expected. However, internet banking is set up differently in the Netherlands. The scale of the damage in the Netherlands will mainly depend on the security levels of systems and computers in the Netherlands compared to other countries. If the security of Dutch systems and computers is better, the globally operating fraudsters will mainly target people in countries where their chances of success are greater. If this is not the case, the losses in the Netherlands will increase. As a result, phishing is qualified as a *conditional threat*.

5.6 Misuse of businesses

5.6.1 Introduction and scope

The misuse of businesses for criminal purposes is the subject of this section. Legitimate society is used to facilitate and mask illegal activities. This phenomenon was already discussed in NTA 2004 and at the time it was qualified as a threat.

5.6.2 General context

If people have authority over businesses in the form of shares or as owners and board members, they have a certain power that can be used to influence the activities of that business. This authority is important to criminal organisations, as they can use these businesses when carrying out their criminal activities.

Quite often, organised crime does not exist *despite*, but *thanks to* legitimate society. This authority over or ownership of businesses, for example, can be crucial for the production or purchasing of products, for masking criminal activities, for the facilities that they offer, for the laundering of criminal proceeds. Sometimes businesses are incorporated especially with the aim of using them for criminal activities, *plof BV's* (bust-out companies)⁷⁰ are a good example. Sometimes businesses are used that have been around for a while and partially develop legal activities; sometimes businesses and companies are used without the people involved knowing about it. Misuse is widespread. In almost all the reports used for this NTA, misuse is observed or discussed in one way or another. There are four reasons for this misuse:

1. *to facilitate*: a company or agency plays a facilitating role if goods or services are provided for the activities of a criminal organisation;
2. *to legitimise*: a company or agency plays a legitimising role if it offers a front for illegal activities;
3. *to launder money*: a company or agency plays a money laundering role if it is used to simulate legal origins for illegally obtained assets by manipulating the records of legal business activities and the associated cash flows;
4. *to spend*: a company or agency plays a spending role if illegally obtained assets are spent in order to set it up or purchase it.

The way in which businesses are used depends strongly on the type of crime that is being committed. For the countless ways in which fraud can be committed, businesses are set up regularly. Bust-out companies were already mentioned. In the case of investment fraud a business can be set up to invest in, and many companies are involved in VAT and excise fraud.

Money laundering is another offence for which businesses are often used. Cafés, clubs and coffee houses are good opportunities to give criminal proceeds an apparently legal origin. Trusts registered abroad or shell companies in tax havens are also frequently used for this purpose. These are examples of more advanced use of businesses. More often companies are used in a less complicated manner. For example, transport companies played a role in drug smuggling; tourist bus routes were used to transport stolen goods to the Balkans; a scrap metal business was involved in handling stolen copper and lead; a garage/car rental business supplied cars for industrial burglaries and received the proceeds; a reaction vessel manufacturer was directly involved in the supply of hardware for producing synthetic drugs; shipbroker businesses in the ports

⁷⁰ *Plof BV* is translated into 'bust-out company', a fraudulent company that has been established with the specific purpose of going bankrupt.

provided containers for the export of stolen cars; a horticultural business provided an empty glasshouse for a cannabis nursery; a transshipment company rented out space for the temporary storage of stolen trailers and their loads; the Turkish owner of a clothing import business made his business available to third parties to import modified photo frames containing heroin from Turkey; a flower transport business was used to smuggle heroin from the Netherlands to Italy; the owner of a brothel was the main suspect in a human trafficking case involving forced prostitution; and a Colombian criminal organisation owned several seagoing vessels and transported cocaine from North Africa across the Mediterranean to Albania as a trading company.

The variation is endless. Whenever businesses are misused to commit crimes, the legal and illegal worlds meet; criminal circles come to the surface and becomes intertwined and embedded in the legal world.

5.6.3 Scale

There are all kinds of reasons why it is impossible to establish the exact number of companies that are misused for criminal purposes. However, there are ways to find out whether people who are linked to organised crime (as suspects) are registered as stakeholders in companies. IPOL used the EU list of criminal organisations for this purpose. This list forms the basis for the Dutch contribution to the European Organised Crime Threat Assessment. The analysis replicates an analysis that was performed for NTA 2004. The analysis links the database of names on the EU list to the register kept by the Chambers of Commerce. The result is a database that can be used to establish which of the suspects from the EU list were involved in a company in 2006.

A total of 2273 people were checked to see if they were listed in the registers. Of these people, 577 were registered a total of 1516 times, which amounts to a percentage of 25.4. Of every four suspects on the list for 2006, one is registered as a stakeholder in a company. In 2004 this percentage was about the same (27.5). It is noted that this percentage does not include cases in which concealment methods were used, such as registering under the name of a straw men.

The number of registered criminal organisations that can influence or that control companies through (core) members was also checked. Out of the 331 criminal organisations that were the subject of investigations in 2006, there were 246 with one or more members registered at the Chamber of Commerce, which is 74.3%. Three out of four criminal groups can use a business for criminal purposes. A total of 1136 businesses, companies, firms, partnerships were involved. Table 9 indicates the sectors in which these companies were active. Although it is not certain that the companies involved are actually used

for criminal purposes, it is likely that they are. In this line of reasoning the misuse of businesses is a necessary condition for the (continued) existence of criminal business.

Table 9

Companies with a link to criminal groups, by sector ⁷¹	
Sector	Number
Financial institutions (except insurance companies and pension funds)	220
Other commercial services	136
Wholesalers and brokers (not involving cars or motorbikes)	94
Provision of accommodation, meals and drinks (catering establishments)	71
Leasing of and trading in property	71
Trading in and repairing cars and motorbikes; petrol service stations	66
Stock exchanges, stockbrokers, insurance brokers, etc.	61
Employer, employee and professional organisations; ideological and political organisations	54
Retail trade and repair of consumer articles	50
Culture, sport and recreation	49
Construction	48
Other	139
Not known (no code)	77
Total	1,136

Source: *KLPD, IPOL*, list of criminal organisations 2006; Chambers of Commerce

5.6.4 Consequences for Dutch society

The consequences of misuse of businesses for society are mainly in the intertwining of criminal circles and legitimate society. This has many detrimental effects. Legitimate society is used to serve organised crime. As a result, organised crime is maintained.

Other consequences therefore derive from the criminal activities that are developed using companies. These consequences can be found in almost every area covered in this NTA.

⁷¹ A comparison with the data from 2004 is not possible here because different categories were used.

5.6.5 Crime-related factors and expectations

The crime-related factors mainly consist of measures that the government takes to prevent the ownership of businesses and companies by criminal organisations, for example:

- *Wet Bevordering Integriteitsbeoordelingen door het Openbaar Bestuur (Wet BIBOB)*. *Wet BIBOB* has to prevent that permits are given, subsidies are granted for and assignments are given that challenge the integrity of public administration because, willingly or not, criminal activities are facilitated;
- *Verklaring Omtrent Gedrag voor rechtspersonen (VOGrp)*. *VOGrp* is a statement on the integrity of a legal entity that can be shown to potential business partners, i.e. companies and authorities;
- *Verklaring van geen bezwaar (VVGB)*. *VVGB* is a statement by the Ministry of Justice that is necessary for anyone in the Netherlands that wants to start a public limited company, a private limited company, a *societas europea* (European public limited company) or wants to change the statutes of a limited company.

Not all measures are successful (yet). *Wet BIBOB* is implemented by some local administrations only. *VVGB* is insufficient because it only concerns the foundation of a company and not the changes in management that are made later on. At the moment the Ministry of Justice is developing *Herziening toezicht rechtspersonen (HTR)*, a more permanent screening system for the monitoring of legal entities. This screening system intends to prevent the misuse of businesses or is supposed to detect it.

5.6.6 Conclusion

The misuse of companies for criminal activities has many variants and is widespread. Misuse could even be considered a necessary condition to run a criminal business. Around three quarters of the known criminal organisations are able to use legal businesses and companies. A quarter of the suspects are known to be registered at the Chamber of Commerce in relation to one or more companies. Although it is not certain that all of the businesses involved are actually used for criminal purposes, the percentages are high. Criminal organisations also use straw men, which means that the percentages stated are probably lower limits. The measures to prevent misuse of businesses are not sufficient at the moment. A revision of the legal entities act is being developed, but this does not guarantee a decrease of misuse in the next four years. The consequences of misuse are serious. The misuse of companies for the benefit of organised crime is designated as a *threat* for the next four years.

5.7 Counterstrategies

5.7.1 Introduction and scope

The use of counterstrategies by criminal organisations is also referred to as offensive concealment. It is aimed at government efforts to tackle crime. Various counterstrategies were studied and qualified in NTA 2004; some of them were also discussed in NTA 2006, the follow-up study. In the reassessment project, as explained in chapter 1 and in the introduction to this chapter, the following subjects were analysed once again⁷²:

- intimidating and threatening people who work for the judicial authorities;
- intimidating and threatening witnesses and co-suspects;
- spreading disinformation.

5.7.2 General context

Intimidating and threatening people who work for the judicial authorities

Specific threats by criminal organisations as a form of counterstrategy against public prosecutors are rare. It is more common that individual suspects make such threats. One suspect, for example, shouted when he was convicted that he 'knew where to find' the prosecutor or the judge. These events are considered to be an occupational hazard. This means that the resilience of people who work for the judicial authorities is relied upon and that no action is taken until there are indications that people are at risk. To date, threats against people who were working for the judicial authorities have resulted in delayed proceedings at most; all cases have continued.

Intimidating and threatening witnesses and co-suspects

The interests of criminals prosecuted by the judicial authorities are served if people who know about their activities keep their mouths shut as much as possible and say nothing to the police and the judicial authorities. Intimidation and threats are sometimes used to prevent statements and witness testimonies. This can vary from subtle messages that can hardly be classified as threats in a legal sense to setting an example by assaulting or even killing a witness.

In the latter case the 'message' will also be an indirect threat to other potential witnesses.

⁷² A qualification is assigned to all three subjects separately.

One criminal sector in which threatening witnesses is part of the 'core business' is human trafficking, where threats (including against relatives and children) are used to prevent victims running away and alerting the police. Voodoo is sometimes used to mislead victims, especially African women⁷³.

Spreading disinformation

Disinformation is defined as 'deceitful bogus information that is used to twist or falsify the facts, wilfully or otherwise, with the aim of disrupting criminal investigations, breeding a lack of trust in the police and the judicial authorities or damaging the reputation of public servants'. Disinformation can sometimes also be seen as a subtle form of intimidation or threatening behaviour. Examples of disinformation include accusations against people who play an important role in investigations, such as public prosecutors or police team leaders, or spreading false information about the police, e.g. about corruption or the use of 'banned' methods of investigation. Disinformation can delay a specific investigation, but it can also be aimed at undermining trust in the police and the judicial authorities in general. Disinformation can be spread in various different ways, e.g. via the media, via police informants or via a suspect who makes a false statement. In these cases the Internal Investigations Department will launch an investigation. In most cases it can be proven quickly whether the information that has been spread is false or not.

5.7.3 Scale

Intimidating and threatening people who work for the judicial authorities

In 2006 a total of 34 public prosecutors were threatened. In each case these were separate incidents, whereby the threat was made in a personal capacity and not as part of a counterstrategy by a criminal organisation. Whereas criminal organisations used to be involved more regularly in intimidation or threats directed against people who worked for the judicial authorities, there has been only one actual example in the past four years. This is despite a more intensive approach to tackling criminal organisations by the police and the judicial authorities in recent years.

Intimidating and threatening witnesses and co-suspects

There are no figures about intimidation and threats directed against witnesses and co-suspects, but there have been a few examples of investigations where

⁷³ See also: DNR, 2008. *Mensenhandel. Deelrapport Criminaliteitsbeeldanalyse 2007. Korps landelijke politiediensten* (Netherlands Police Agency), DNR (National Crime Squad), *Driebergen* (confidential).

potential witnesses refused (or were too scared) to make a statement or did make a statement but refused to sign the statement. According to experts having a family is a risk in this context: violent actions against wife and children constitutes the ultimate horror.

In recent years the number of witness protection programmes has increased. Two reasons are stated for this increase. On the one hand, the law has offered more possibilities in this area since 1 April 2006. On the other hand, the number of investigations into criminal organisations has increased because of a greater investment by the National Crime Squad.

Spreading disinformation

In recent years various forms of disinformation have occurred. Several police officers were accused of corruption by detainees or informants, but the allegations proved to be completely untrue. The Crimestoppers hotline also received several false reports. These were attempts to discredit the functioning of certain departments within the police force. All of these cases were separate incidents that could be quickly parried without unpleasant consequences for the people involved.

Disinformation with serious consequences, such as damage to the reputation of public servants, disruption of criminal investigations or breeding mistrust as regards the police and the judicial authorities, does not occur often. Since 2004 only one case has been identified, which ultimately failed because it was quickly concluded that disinformation was involved. The case involved a well-known criminal from Amsterdam who used a fake official police report to try and create the impression in the media that the police had used unlawful methods of investigation.

5.7.4 Criminal organisation

Intimidating and threatening people who work for the judicial authorities

The most tangible threats involve individual suspects who in their momentary anger shout out something threatening, directed at a Public Prosecutor or a judge, for example. As stated above, one incident was identified in recent years in which a criminal organisation tried to use threats to pervert the course of justice.

Intimidating and threatening witnesses and co-suspects

Obviously, only long-lasting organisations with an interest in the continued existence of the organisation are involved in intimidating and threatening witnesses and co-suspects.

Spreading disinformation

The general assumption is that only native Dutch criminal groups are involved in the spreading of disinformation. Influencing the media is a subtle strategy and requires knowledge about criminal proceedings, among other things. Furthermore, the resulting publicity can attract undesirable attention. It is assumed that the fame in the media of several 'bosses' who tried this risky route ultimately resulted in their downfall.

5.7.5 Consequences for Dutch society

Intimidating and threatening people who work for the judicial authorities

Intimidating and threatening people who work for the judicial authorities has hardly occurred in recent years. As a result, there are not really any consequences for Dutch society in the current situation.

Intimidating and threatening witnesses and co-suspects

The use of intimidation and threats as a strategy against witnesses and co-suspects has serious consequences for the victims. Many cases involve psychological and physical harm. In addition, the lack of witness statements obstructs investigations and the course of justice. Several cases have already had serious consequences for Dutch society.

Spreading disinformation

In recent years there has been one failed case of the spreading of disinformation. This means that the consequences for Dutch society are limited to the efforts made by the police to counter disinformation.

5.7.6 Crime-related factors and expectations

Intimidating and threatening people who work for the judicial authorities

Public prosecutors who portray themselves as crime fighters in the media are more at risk of being threatened. In recent years, the policy has therefore been introduced of handing the responsibility for high-profile cases to a team of public prosecutors. This prevents all attention being concentrated on a single figurehead. The Public Prosecution Service has also set up a hotline where threats can be reported and investigated further. Contact with the press is maintained nowadays by a spokesperson rather than one of the public prosecutors involved. Nevertheless, public prosecutors involved in high-profile cases cannot avoid becoming more widely known. In these cases they usually

receive protection, as there is always a certain safety risk. Contrary to what some people expected, the tougher approach to fighting crime that was adopted recently has not resulted in more threats. This makes the expectations for the future uncertain.

Intimidating and threatening witnesses and co-suspects

In some cases the evidence hinges on witness statements. There is a major interest in ensuring that witnesses do not talk to the police or the judicial authorities. This will undoubtedly still apply in the future. Due to the rise in the number of protected witnesses and the priority that will probably also be assigned in the coming years to the fight against organised crime, it can be assumed that the scale of intimidating and threatening witnesses and co-suspects will increase in the next few years.

Spreading disinformation

Stories about organised crime are very popular among the general public. This will not change much in the foreseeable future. As a result, there will also be plenty of opportunities in the near future to spread false stories. In this regard, it is important to state that the research shows that journalists are still able to gain access to criminal files relatively easily, despite the Dutch Bar Association tightening the rules of conduct relating to media contact in January 2006.

5.7.7 Conclusion

Intimidating and threatening people who work for the judicial authorities

In the past four years intimidating and threatening people who work for the judicial authorities as a deliberate strategy to pervert the course of justice only occurred once – in the form of a series of letters, the last of which was accompanied by a number of bullets. Incidentally, a police officer was threatened in that case as well. There are no indications that the number of threats of this kind will increase in the next few years. The communication policy of the Public Prosecution Service has improved. This improves the safety of public prosecutors, even though a certain occupational hazard remains. In the future there will still be a risk that people working for the judicial authorities will be intimidated or threatened (or that attempts will be made to do so), but the expectation is that this will be *no specific threat* to Dutch society in the next four years.

Intimidating and threatening witnesses and co-suspects

The increased number of witness protection programmes, combined with the increased attention paid by the police and the judicial authorities to the fight

against criminal organisations, suggest that the next few years there will be an increase in the number of cases where (potential) witnesses are intimidated or threatened by criminal organisations. The consequences for the (potential) victims are serious because of the considerable psychological and possibly physical burden involved. In addition, investigations and the overall course of justice are frustrated if witnesses refuse (or are too scared) to make a statement. This is why the intimidation and threatening of witnesses and co-suspects is a *threat* to Dutch society.

Spreading disinformation

The chances that the spreading of disinformation will have serious consequences are very small because most disinformation can be quickly countered. In recent years there was only one relevant (failed) case, which involved a criminal organisation. The other cases were false reports by spiteful individuals that were easy to disprove. There are no indications that the scale of spreading disinformation will increase in the next four years. However, every case where (possibly false) allegations have to be investigated disrupts ongoing criminal investigations. As a result, there are consequences for Dutch society, but they cannot be designated as serious. The 'spreading of disinformation' is therefore qualified as *no specific threat*.

5.8 False and falsified identity documents

5.8.1 Introduction and scope

The subject of this section is false and falsified identity documents that can be linked to organised crime. Identity documents are considered to be passports, identity cards, residence permits and driving licences. This makes the scope narrower than in NTA 2004, because the first NTA included other documents in the research area in addition to identity documents. Forgeries of other documents, such as forged consignment notes and fake invoices, will not be discussed here.

We will include both false and falsified identity documents in the discussion. False documents are considered to be documents that are completely counterfeit, whilst falsified documents are authentic documents in which, for example, the personal details have been changed.

5.8.2 General context

Forgery of documents was described in NTA 2004 as a high-tech offence. With advanced software and equipment it is now possible to create forgeries that are difficult to distinguish from the genuine article. The forging is mainly done outside the Netherlands. In contrast, recent police information from the Netherlands itself shows a low-tech picture of document forgery in the 21st century. Searches at forger's houses reveal that they mainly work with needles, scissors, thread, correction pens, rulers, glue, laminated paper, stolen or forged stamps and print tongs, passport photographs and typewriters. Consequently, a large part of document forgery still appears to be old-fashioned work done by hand. This method is used in particular to forge passports. Forgers change the personal details by hand, attach a different photograph or completely replace the page with the holder's details. Personal computers, laptops and scanners are also found at forger's premises. ICT appears to be used more and more often to prepare various types of applications, prepare fake employer's statements and reproduce visa or foreign documents. It is striking that not only Dutch documents are found at forgers' homes, but foreign documents as well. Sometimes it is possible to order sets of documents. The forger will then supply a passport, driving licence and a corresponding citizen service number.

Another method of obtaining identity documents is to unlawfully apply for the document in question. Someone impersonates a legitimate applicant. The document issued by the government will be real, but the holder is not entitled to the document. One variation of this method involves a person with legal status applying for a passport for himself but supplying passport photographs of someone else. It is also possible to give a legally valid document to another person with more or less the same physical characteristics as the holder of the document (a look-alike).

False and falsified identity documents are used in many ways. When organising criminal activities these documents are more than just convenient: they are often absolutely necessary. Below are a few examples.

False and falsified identity documents are widely used in fraud constructions (see chapter 3). On the one hand, forgeries are used as protection against detection; on the other hand, they are used to suggest that the offender is a reliable person. In cases of advance fee fraud, for example, English names are used to come across as being reliable and trustworthy. Companies are set up under a false name in carousel fraud. These companies are often registered in the name of straw men, who use false and falsified identities.

Forgeries are also used to open current accounts. The maximum amount is then borrowed, after which the account holder assumes a different identity. There have even been cases where a loan of hundreds of thousands of euros was drawn down using a forged employer's statement.

In money laundering false and falsified identity documents are used to move unlawfully obtained assets and especially to carry out transactions at currency exchange bureaus and money transfer offices. One group of Colombian drug criminals used false identity documents to get drug money out of the country via money transfers and to exchange for British pounds.

False and falsified identity documents are also used for criminal expenditure, such as buying property. The identity of the real owner of the property can then be concealed.

False identities, false vehicle registration documents and plates, and false consignment notes are used on a regular basis in vehicle theft. Some criminal organisations employ experts who supply them with forgeries. If a criminal organization does not employ any experts, they are contracted for a job or a for limited period of time.

Forged identity documents are used in mortgage fraud, together with forged income details and forged valuation reports. Apart from taking out a higher mortgage, the purpose of supplying these forged data might be to get a mortgage that the bank would not normally give to a particular person (e.g. because the applicant is registered with the Credit Registration Office). Falsifying the person's date of birth prevents being noticed by the Credit Registration Office. People may also intend not to repay a mortgage at all. Straw men or incorrect or forged identity details are used for that purpose as well. The bank will then have nobody from whom it can recover the loss.

False and falsified travel documents play an important role in the illegal transporting of people across the border. In smuggling of illegal immigrants illegal migrants require identity papers, if they wish to use legal means of transport. False identity documents are also used to employ victims of human trafficking.

With a false identity, fake documents (such as passports, identity cards or employer's statements) and by having no goods registered in their name, criminals can basically live an unregistered life. False identity papers (or straw men) are used to rent apartments or cars, for example. Cars are registered in other people's names. Falsified passports are used to register with the

Chamber of Commerce and the municipal authority. The person in question can then run a company using a false identity.

5.8.3 Scale

Due to the lack of a central registration system the development of identity fraud in recent years cannot be determined. As a result, estimates of the scale of the problem are almost impossible. Various passports are always found in searches of the houses of passport forgers or their accomplices. The exact number varies from several dozen to over a hundred. The parcels sent from abroad that are intercepted usually contain dozens of modified passports as well.

According to respondents, false and falsified residence permits are cheaper than false and falsified passports and a passport can be used more widely. On average a false residence permit costs 500 euros. The price of a forged Dutch passport varies between 300 and 2000 euros. Forgers purchase unused, stolen passports for between 25 and 90 euros. In one case a fee of 2000 euros had to be paid for a real driving licence obtained by someone impersonating someone else.

5.8.4 Criminal organisation

A large portion of the false identity papers found in the Netherlands are produced abroad. Mainly Eastern Europeans turn up as forgers in criminal investigations, for instance the Lithuanian drug dealers who were involved in the forgery of documents. Their documents were forged by professionals and were not recognised as falsified by the aliens registration office.

In the Netherlands only men appear to be involved in the forgery of passports. Female suspects only appear in cases where they fraudulently submitted a new application. Of the forgers that produce dozens of documents every year, only male forgers are known to the police. The forgers from the police investigations are always people who do not have Dutch origins. The same applies to their customers. Police files show individuals who themselves tried to assume a false identity in an amateurish way. Apart from these amateurs, there are also professional forgers at work. The fact that a forger is professional is shown not only by the large number of tools that he has, but also by his productivity: sometimes dozens of documents every week.

Professional forgers hardly ever work alone. They constantly require new raw materials to be able to produce and therefore know several people who can supply authentic documents on request. Such people include professional

burglars or street robbers who know that they can supply the passports they steal to a forger. In other cases the passport forger gets his documents from an intermediary who acts as a handler of stolen goods. This stolen goods handler is often also involved in the purchase and sale of other stolen goods. Some forgers are very careful and use straw men, in this case to store goods for them. The forgers then run less risk of being found with incriminating evidence. Passport forgers must be able to sell their goods and receive orders. They may maintain all kinds of contacts for this purpose, but they sometimes also have an agent (someone who is able to bring buyers and suppliers together). For each passport sold an agent earns several dozen euros.

Eastern European suspects mostly use several false identities. An investigation team discovered that a Romanian suspect used a staggering 16 different aliases. In another investigation several suspects were in the possession of real (look-alike), false and falsified passports, driving licences and Turkish identity documents. Some of the Lithuanian drug suspects mentioned above were registered under various names in police databases. Nigerian suspects often change their identity and have false and falsified identity papers from various EU countries.

5.8.5 Consequences for Dutch society

The manufacture of false and falsified identity documents cannot be viewed separately from their uses. Many different criminal activities are made possible, easier or maintained using false and falsified identity documents. The consequences of the use of false identity documents are not only serious, but numerous as well. If, for example, illegal immigrants are able to cross the Dutch border without being challenged, their crossing damages Dutch admissions policy. If they then enter the Dutch jobs market, this has economic consequences. The financial loss suffered by the business community due to all types of fraud committed using false and falsified documents must be assumed to be considerable.

Criminals use false and falsified documents to try to stay out of reach of investigating authorities. Whenever they succeed in doing so, the fight against crime is hindered.

In addition, the use of false identities affects the fundamental trust of the general public in civil society and in the economy.

5.8.6 Crime-related factors and expectations

For years people in the Netherlands and abroad have been trying to develop a passport that cannot be forged or is very difficult to forge. Experts believe that work should continue in this area. Focusing on tracking down passport forgers is considered to be less efficient. By using biometric characteristics (such as iris scans, facial scans and fingerprints) lending out and transferring passports to someone else could be made useless in the future. At what point in time these measures will become effective, depends on the pace of implementation in the Netherlands and in other countries within and outside the European Union as well. For the time being the authenticity of identity documents will be checked primarily at the border and not so much in other situations in which false or falsified identity documents are used.

5.8.7 Conclusion

The use of biometric data to prevent forgery of identity documents looks promising. However, biometrics are not expected to be used widely in the next four years. The introduction of biometrics keeps an uneven pace in countries and is primarily applied to border crossing, at the moment. In the next four years, forgeries will remain an important link in the logistics of various criminal activities. Whenever false and falsified identity documents are used for fraud a financial loss is always incurred. By assuming a false identity, criminals can hinder investigations and stay out of reach of the authorities. In addition, the use of false documents is detrimental to the trust in civil society and in the economy. Together with the seriousness of the consequences and the fact that this phenomenon is widespread, the manufacture and use of false and falsified identity documents is qualified as a *threat* to Dutch society.

6

Alerts

6.1 Introduction

The objective of the National Threat Assessment is not only to contribute to setting priorities for the fight against organised crime. It should also provide information about other matters that may be important in this context in the future and that require further gathering of information (alerts, section 1.3). In this chapter several of these matters are discussed. These are mainly new or notable phenomena that can be considered 'additional catches'. This means that the investigation was not from the outset set up to obtain an insight into these criminal phenomena, which in turn means that insufficient information is available to determine whether there is a threat or not.

In previous chapters criminal phenomena were mainly described from the perspective of the criminal activity such as human trafficking and the growing of *Nederweed*. Also the perspective of the criminal *modus operandi* is used, providing an insight into the use of violence or corruption, for example. Up to this point much less attention has been paid to the third perspective: the involvement of a certain category of criminal organisations. A number of groups turned up in the source material for this NTA rather regularly and, as a result, they were more and more noticeable as the research continued. These are criminal organisations whose members belong to population groups that stand out because of their history and culture. This background may partly explain certain involvement in criminal activities. This chapter analyses the criminal activities of three specific categories of criminal organisation, namely criminal caravan camp residents, criminal Roma and West African criminal networks. This discussion does not address the question of whether members of these population groups are more involved in criminal activities than other population groups. We would also like to emphasise that it is not the intention to stigmatise an entire group. However, it is important to take into account the specific culture and networks of these groups during investigations.

There are a few other phenomena that are also worth mentioning. These other phenomena will be addressed in the remaining sections, which cover the criminal liaisons that move to the Netherlands, the cocaine washing facilities found in the Netherlands, the use of the Internet by criminal organisations and the role of smaller airports in smuggling.

6.2 Criminal caravan camp residents

If an alert is supposed to identify something new, the involvement of caravan camp residents in various forms of crime can hardly be called an alert. The Fijnaut study group already provided information about the role of criminal caravan camp residents as part of the Parliamentary Committee of Inquiry into Investigation Methods (1996). The discussion of leading native Dutch criminal groups linked caravan camp residents to drug trafficking, the illegal car trade, illegal gambling and robberies. If – more than 10 years later – we read the recent investigation reports, the involvement of criminal caravan camp residents is still striking. The many different forms of crime and several specific aspects of the involvement are enough to justify drawing attention to this group once again in this report.

The source material for this NTA shows that there are people from caravan camp circles or whose roots are in those circles who are involved in ram raiding, cargo theft, handling of stolen goods, car theft, domestic burglaries, the production of and trafficking in synthetic drugs, cannabis growing, hashish trafficking, cocaine trafficking, the illegal arms trade or the issuing of counterfeit money.

Ram raiding

Various offender groups residing in the Netherlands have been found to be nationally involved in ram raids and lightning robberies at petrol stations, businesses and shops in which a lot of violence is used. These offenders use cars that are usually stolen via domestic burglaries. Two types of offender groups are notable here. Apart from offender groups with mainly Eastern European origins, there are offender groups with links to caravan camp circles.

Cargo theft and handling of stolen goods

Mainly native Dutch offender groups are involved in cargo theft. In research dating back a couple of years, the binding factor in a number of groups was found to be the members' common caravan camp background. There was also an alleged connection through the sale of the stolen goods. Some people cite the presence of stolen goods handlers as one of the reasons for the large number of cargo thefts. These mainly take place in the Brabant regions of the Netherlands.

Car theft

A number of groups are allegedly involved above all in stripping and ringing cars. One expert referred to a Dutch group that was rounded up in late 2005. The members were capable of completely stripping a car within 90 minutes. They operated as a well organised family business. The case involved around

350 new vehicles and a huge total financial loss. According to information from the National Vehicle Crime Information Centre (LIV), it is mainly groups from caravan camp circles in the border region between the Netherlands and Germany that operate in this manner. The cars are transported by road. The activities of criminal caravan camp residents as regards ringing stolen cars are well known, but according to experts they are also involved in the export of stolen cars. For example, the police came across a gang from Utrecht that consisted of a family of criminal caravan camp residents. The father was in Ghana and was involved in the trade in stolen cars in Africa. In another case there was a criminal organisation from caravan camp circles in South Limburg that was involved in large-scale cannabis growing and the export of expensive stolen cars via Rotterdam and Antwerp to Dubai. The cars were supplied by groups of thieves from the Netherlands and the UK. It was determined in late 2005 that the organisation had in fact been active since 1998. According to information from 2004, criminal caravan camp residents were also guilty of homejacking. In addition to car theft combined with domestic burglaries in which violence was used against the residents in some cases, this group was also involved in the theft of excavators.

Domestic burglaries

In a regional analysis of domestic burglaries it was concluded that there were no permanent groups that worked together for prolonged periods of time. (Domestic) burglaries and thefts on an ad-hoc basis where the membership of the group varies are a much more frequent phenomenon. The regional analysis showed that the common factor between the people involved was their origins, because many of them came from caravan camp circles, as a result of which they knew each other and maintained contact.

Synthetic drugs

According to DNR's crime pattern analysis *Synthetische drugs*, the synthetic drugs producer community in the Netherlands is small and concentrated in the south of the country. The producer community probably consists of a few hundred people. Within this community, several dozen criminals produce synthetic drugs systematically and on a large scale. Most of them have their roots in caravan camp circles. They are usually born and bred in a caravan camp, which is also the basis for their social network. These criminals are usually not involved in the primary processes themselves; they are often the financiers or organisers of the whole operation. They are mainly involved in obtaining shipments of precursors and the international sale of the final product. Criminal caravan camp residents are also linked to the dumping of chemical waste. They allegedly receive the waste from synthetic drugs laboratories

Nederweed

In the subreport on cannabis entitled *Het groene goud*, there is a separate section on criminal caravan camp residents. Several caravan camp residents are among the operators. They control the entire growing process. They set up nurseries both inside and outside the caravan camp, cultivate, cut and dry the plants, and sell the harvest mainly to grow shops, from where they also obtain their gear. Several caravan camp residents allegedly manage grow shops themselves. In the south of the Netherlands criminal caravan camp residents focus not only on the production of Nederweed, but also on buying in the regional Nederweed in order to create a monopoly. The involvement of caravan camp residents in cannabis growing and the cannabis trade has also contributed to a hardening of the cannabis sector, especially on a regional level. Criminal caravan camp residents are involved in ripping of cannabis nurseries.

Hash

According to a regional analysis, there are two types of importers. One type consists of people from the Mediterranean who use their contacts in their country of origin to import hash. The other type consists of (several) criminal caravan camp families that were importing hash from Morocco long before the Netherlands starting producing the current amount of Nederweed. The import channels they used have remained intact and were handed down to the next generation within the families.

Cocaine

Criminals from caravan camp circles operate as distributors of cocaine on a regional level and sometimes also on a national level.

Illegal arms trade

Criminal investigations revealed on various occasions that caravan camp residents were involved in the illegal firearms trade in the 2005-2006 period. There may be collaboration in this regard between Eastern European families and caravan camp residents in the south of the Netherlands, due to the fact that children from the two sides have married each other. It is a known fact that there are large supplies of old, but mostly properly functioning handguns in former Easter Bloc countries that are traded worldwide, both legally and illegally. A number of old weapons of this type have been found in recent years in seizures of weapons at caravan camps in the south of the Netherlands. Various hand grenades from the former Yugoslavia were also found.

Counterfeit money

In recent years criminal caravan camp residents were found to have passed counterfeit banknotes on various occasions. This leads to the suspicion that they are also involved in the production of counterfeit money.

The above clearly shows that people from caravan camp circles are involved in many types of crimes. In some areas the criminal experience of older generations is passed on to the younger generation. Other worrying findings are:

- Several criminal caravan camp residents are active on various criminal markets and as such they can be called criminal omnivores;
- Criminal organisations are also active abroad, especially in the illegal car trade and the trafficking of weed;
- There are economically self-sufficient criminal organisations in the cannabis sector. These are criminal organisations that have developed so far that they now control the entire criminal logistics chain. Due to the fact that they are less dependent on other parties, these groups are much more difficult to fight.

Criminal Roma

Traditionally, Roma are a nomadic people. In popular parlance they are referred to as gypsies. Many Roma still live in caravans. However, the term 'caravan camp residents' is usually not used to refer to Roma, but to the descendants of native Dutch people who chose a roving life in the late 19th and early 20th centuries.⁷⁴ Roma have their own language and they did not originate in the Netherlands. The number of Roma living in the Netherlands is not known precisely, but estimates vary from 3500 to 6000 people. Several million live in Europe, mostly in Central and Eastern European countries. The Roma in the Netherlands mainly come from Eastern Europe. Due to Romania and Bulgaria acceding to the European Union the number of migrants from these countries has risen. The number of Roma in the Netherlands may also be rising as a result. Since the Caravans Act was repealed in 1999, Roma no longer have a special position as far as the Dutch government is concerned compared to other Dutch nationals. However, there are problems among Roma – with regard to education, for example – which are more serious than for other caravan dwellers. Roma generally live in poor conditions and communication in Dutch is difficult.

⁷⁴ Fact sheet entitled *Roma en Sinti in Nederland* published by the organisation *Nationaal Platform voor overleg en samenwerking tegen Racisme en Discriminatie* (National Platform for Consultation and Collaboration against Racism and Discrimination). E. Nieuwenhuizen, Rotterdam, February 2004.

Roma have been reported for committing criminal offences in various places in the Netherlands. These offences usually involve pick pocketing, organised shoplifting and burglaries. Criminal activities are mainly committed with family members, whereby several Roma families sometimes work closely together. In Belgium, crimes committed by such families have been a problem for quite a while and a policy has been developed accordingly. Begging and prostitution by Bulgarian Roma is more of a problem in Belgium than it is in the Netherlands. However, in early 2007, groups of organised pickpockets from a Bulgarian Roma background did come to the Netherlands from Belgium. In recent years, there have also been incidents involving very young Roma girls who were forced to work as prostitutes in the Netherlands. A possible intensification of Belgian measures against crimes committed by Roma could result in criminal Roma moving more and more of their activities to the Netherlands.

6.3 West African criminal networks

West African criminal networks (WACN)⁷⁵ are involved in various types of crime. This is not a new phenomenon. In the Netherlands a policy has therefore been launched aimed at hindering West African criminal networks as much as possible. The Apollo project, in which advance fee fraud was tackled, was part of this policy. As described in the discussion of advance fee fraud in section 3.3.4, West African criminal networks consist of loose cells of expendable people who work closely together for a short period of time. This makes them flexible and difficult to identify and track down. In the Netherlands these networks mainly consist of Nigerians, which is also shown by the analysis of cash flows and money transfers. Many of the Nigerians from the West African criminal networks who live in the Netherlands are here illegally.⁷⁶ They are often in possession of various forged travel documents and identity papers. Criminal Nigerians have a reputation worldwide as fraudsters. The money they steal is partly used to fund other criminal activities, such as cocaine trafficking. West Africa has recently played a role in the transshipment of cocaine from South America to Europe, with Nigeria being a major transit country. In the Netherlands Nigerians are active on the cocaine market in Amsterdam. Cocaine is smuggled using couriers. The number of Nigerian cocaine couriers arrested at Schiphol Airport is increasing. Nowadays Nigerians are also organisers of cocaine transports. Nigerians who used to be couriers have now become the owners

⁷⁵ The West African countries are: Benin, Burkina-Faso, Ivory Coast, Ghana, Guinea, Guinea-Bissau, the Cape Verde Islands, Liberia, Mali, Nigeria, Senegal, Sierra Leone and Togo.

⁷⁶ The number of Nigerians living legally in the Netherlands was 8,393 on January 1st 2007.

of their own courier routes. West African criminal networks also smuggle drugs using parcel post. Little evidence has been found of cocaine transports to the Netherlands in containers, but it has been established that Nigerians import large amounts of the adulterating agent phenacetin.

According to Dutch investigations, criminal Nigerians are also active on another drugs market, namely heroin.

The report on human trafficking states that victims of human trafficking in the Netherlands are quite often Nigerian nationals. In section 2.6 it was stated in this regard that Nigerians used the asylum procedure in the Netherlands for the transit of Nigerian girls and/or women to work as prostitutes in Italy and Spain. Other reports state that most (sometimes illegally) exported scrap vehicles are shipped to West Africa. The export of stolen cars to West African ports organised by criminals from Ghana and Nigeria is also described. Regional analyses revealed that Nigerians set up businesses with false and falsified identity documents that are supposed to produce fake employer's statements for loan and mortgage applications. The United Nations Office on Drugs and Crime (UNODC) has stated that West African criminal networks are also linked worldwide to diamond smuggling, cigarette smuggling, illegal manufacturing of firearms, the firearms trade, robberies and the theft and smuggling of oil.

Much is still unknown about the activities of West African criminal networks. Tracking down West African criminal networks is difficult. Criminal Nigerians are masters at changing identities: they usually have several fake identity documents. The investigating authorities in the Netherlands also have insufficient interpreters for this target group. Greater insight must be gained into the activities of West African criminal networks in the Netherlands and, for example, into the relationships between West African criminal networks and South American criminal organisations.

The Apollo project mainly revealed the involvement of Nigerians. So far, the involvement of other West Africans has remained underexposed. In any case, Ghanaians also play a role in West African criminal networks and Guinea-Bissau is referred to increasingly on an international level as the first African narco state. All in all, there are enough reasons to keep a close watch on West African criminal networks.

6.4 Criminal liaisons

British criminals in the Netherlands

Section 2.3 stated that British criminals have moved to the Netherlands to purchase heroin. In addition to the most recent study report by the National Crime Squad, a report from 2005 also mentioned British criminals as major buyers from heroin wholesalers in the Netherlands.

It is believed that the Netherlands mainly acts as a transit and distribution country for heroin. Various suppliers (wholesalers) of heroin are present on the Dutch heroin market, all of whom have their own heroin supply line. The (Dutch-)Turkish wholesalers dominate the heroin market, but several other groups are also present. The customers, the people who buy from the heroin wholesalers, are mainly dealers who buy heroin in the Netherlands for foreign markets. This is why British criminals have moved to the Netherlands. The Netherlands is the distribution hub for heroin trafficking and the demand for heroin is high in the United Kingdom. The British who live in the Netherlands can maintain contact with the wholesalers operating here and purchase heroin at inexpensive prices. They know various Turkish-Dutch and Turkish criminal organisations and negotiate with them to get the most competitive price. Once purchased the heroin is sent to the UK together with other drugs: poly-drug transports. In various English cities traditional distributive dealers still take care of local distribution to the smaller dealers. The British criminals living in the Netherlands work with these distributive dealers and therefore guarantee them a stable supply of heroin. In total there appear to be around 160 British criminals who have moved to the Netherlands, often with their wife and children. In the Netherlands these British criminals often use false identities and documents in an attempt to operate anonymously. In their country of origin they are often known as (serious) criminals or they are on the run. It has also been demonstrated that British criminals are perfectly capable of continuing to manage criminal activities in the Netherlands from their prison cells.

Other foreign criminals in the Netherlands

As the position of the Netherlands as a distribution hub for various types of drugs becomes more important, criminal organisations from other countries can be expected to send members to the Netherlands to live here. Experienced foreign criminals are often able to operate in the Netherlands without any problems because the Dutch government is unaware of their criminal record. In addition, this situation is advantageous for the criminal organisations because there is a better guarantee that they will be able to purchase heroin – and possibly also other types of drugs. Apart from Britons, criminal Italians have

also been spotted in the Netherlands who, just like the Britons, are wanted in their own country, live here using a false identity and work as criminal liaisons.

6.5 Cocaine-washing facilities

Materials impregnated with cocaine are used nowadays to conceal the smuggling of cocaine and prevent discovery. More and more often the presence of cocaine is concealed by metal salts, as a result of which the impregnated materials are not found to be positive when the investigating authorities test them for cocaine. Cocaine-washing facilities are locations in the destination country where the impregnated materials are treated with special solvents, so that the pure cocaine can be recovered. These washing facilities are also called cocaine laboratories, although this may cause confusion with laboratories in South America where criminals produce coca paste and cocaine base from coca leaves.

The knowledge of solvents used in cocaine washing and of materials into which the cocaine is impregnated (jean denim, for example) is not fully and also not universally present among police officers. Various types of chemicals have been found at washing facilities, including the solvents acetone, petrol, ether, hexane and dry-cleaning naphtha. Working with these substances is dangerous because they are highly flammable. Other equipment and materials are often found at the washing facilities as well, such as cocaine presses that are used to press the recovered cocaine into blocks, microwave ovens, scales, shakers, adulterating agents, stamps and packaging material.

Based on information from the National Crime Squad, there were 8 cocaine washing facilities found in the Netherlands in the 2005–2006 period. Most of these washing facilities were in the largest cities (Utrecht, The Hague and Amsterdam).

The general public are one of the sources of reports of possible cocaine washing facilities. One cocaine washing facility was discovered in a house, for example, following a report by the downstairs neighbour that her bathroom was covered in 50 cm of foam. The upstairs neighbour had rinsed trays of chemicals, which he had used to wash the cocaine, with large amounts of washing-up liquid and flushed it down the toilet.

Fires and explosions have also led to the discovery of a cocaine washing facility on a few occasions. In both Amsterdam and Utrecht, a suspect died.

The use of solvents to extract cocaine exposes the people involved in the cocaine washing facilities to health risks. People living in the neighbourhood are at risk of becoming victims of a fire or an explosion. When dismantling 'cocaine labs' the police and the emergency services have to take into account dangerous situations and avoid inhaling hazardous substances.

In the first nine months of 2007, six cocaine washing facilities were reported to the National Crime Squad. The output per washing facility is increasing, as is shown by the quantities of chemicals and production found. The larger washing facilities have recently been found more often in smaller places in the countryside rather than in the major cities. When discussing the number of washing facilities the usual dark number is important, but the fact that washing facilities are probably not always recognised as such when they are found must also be taken into consideration.

In view of the increase in the number of cocaine washing facilities being found and the larger size of these laboratories, criminals appear to be making more and more use of the method of impregnating materials with cocaine.

6.6 Criminal use of the Internet

In previous chapters several criminal phenomena were discussed where the Internet plays a major role: advance fee fraud (3.3), ICT piracy (5.4) and phishing (5.5). Internet use also plays a role in many of the other criminal phenomena discussed in this report, albeit a less central role than for the three aforementioned phenomena. This section describes several types of Internet use for criminal purposes, as they were found in the material on which this NTA is based.

Virtual sex

The number of sexual services being offered via the Internet continues to grow. The Internet is used for establishing contact between clients and prostitutes, as well as to provide pornographic images or virtual sex contacts through webcams.

With the introduction of the webcam a new form of sex industry was created. As with traditional prostitution, people can also be forced to perform sexual acts in front of a webcam. It is often unclear exactly what all the circumstances are and whether the models are of age. The internet is also used by human traffickers for recruitment purposes.

Concealment

The Internet offers possibilities to conceal communication, such as Voice over IP (VoIP) and chat programs. VoIP is a way of making phone calls via the Internet. Tapping VoIP calls is difficult. Criminal organisations therefore deliberately choose to make VoIP calls. Skype is used in the cannabis sector and human traffickers use chatrooms to communicate with each other.

Wireless networks can sometimes be used for anonymity and therefore concealment on the Internet. Using the Internet via a wireless network (WiFi) has become more and more common in recent years. In addition, wireless Internet connections can also be made in a growing number of public places nowadays. The inadequate and limited security of wireless networks and computers offers criminals the opportunity to hack into a computer remotely. They can then access the Internet using a different identity (IP address).

Exchange of knowledge and expertise

The Internet is a source of information for everyone - including people with criminal intentions. For example, recipes for explosives can be found relatively easily. These recipes include nitroglycerine, a highly explosive component of dynamite and other explosives. The Internet also provides instructions on how to make land mines, Molotov cocktails, fire bombs and napalm, all of which are easy to find. The fact that homemade explosives can be effective was demonstrated by the attacks on the London Underground and the Madrid Metro. The chemicals for these explosives are legally available because they are also used for industrial and agricultural purposes.

Information about advanced security systems is also shared via the Internet among car thieves who target new and expensive cars that are equipped with innovative security systems. However, each new technical security masterpiece loses its value fairly quickly because people always seem to find a 'remedy' for security systems. Manuals on how to sabotage the security system in question can be found on the Internet in no time.

Young hackers find the information required to perfect their skills on the Internet. Ready-made hacking programs can be downloaded easily. Criminal organisations contact hackers via chatrooms and online forums. The hackers are then used to manage botnets, which may have been obtained via Internet offers. They are also hired to retrieve identity data via the Internet. When criminal organisations hire digital expertise it does not matter how far away the person is located. Hackers can be hired who are based anywhere in the world. Due to the fact that the contacts are entirely virtual, anonymity is guaranteed much better than in the case of traditional criminal collaboration. Information provision, knowledge exchange, marketing and communication have flourished thanks to the Internet. Coffee shops and grow shops advertise

on the Internet and growing equipment, weed and hash can be purchased online. The Internet also offers detailed explanations of how to set up a cannabis nursery to produce Nederweed. There are promotional videos in which a room is turned into a cannabis nursery step by step. The equipment and materials required to produce Nederhash are also available on the Internet. The manuals are in all kinds of different languages and there are instructional videos on YouTube that show how the equipment works. There are also Internet forums where you can register if you want to start a cannabis nursery. It seems that there are so many people wanting to start a nursery that there is sometimes a waiting list.

Data-mining for targets

The Internet is also used to obtain information about individuals in order to select targets. 'Email extractor programs' can be used to build large databases containing the email addresses of specific target groups. Information can be used to send customised fraudulent 'special offers'.

Speed of action

The Internet offers the possibility to take care of business at any time from any random location. The bank card details stolen by skimmers can be immediately sent abroad via the Internet. The information can then be copied to another card and immediately used to empty an account before it can be blocked. Other types of financial transactions can also be quickly carried out and foreign companies can swiftly be incorporated.

Money laundering

Money laundering using virtual worlds such as Second Life and Project Entropia is a relatively new phenomenon. These digital worlds offer Internet users the possibility to develop all sorts of activities. The activities include doing business together and Second Life, for example, even has its own currency. Participants can use euros to buy so-called Linden dollars with which they can carry out transactions and build up a fortune in the virtual world. The Linden dollars can then be exchanged back into euros. As no taxes are levied in the world of the Internet and few supervision mechanisms exist, this could be an attractive option for fraudsters and money launderers. Despite the fact that the origins of virtual profits are difficult to trace, these virtual profits can be used to account for the assets once they are converted into hard currency.

The Linden dollars are not the only example. There are other electronic money applications as well (WebMoney). Criminals can also use digital gambling and poker or online betting on sports events to try to launder money.

The future

The details presented here only provide an insight into a few aspects of the use of the Internet for criminal activities. The Internet plays a role in almost all the criminal phenomena addressed in previous chapters: from the skimming of bank cards by Romanian gangs, the setting-up of cannabis nurseries, and the exchanging of knowledge for stealing luxury cars, to obtaining identity details, illegal copying of video and audio carriers and money laundering in cyberspace. The digitisation of our society will only increase in the near future and, as a result, the use of the digital highway for criminal activities will increase.

6.7 Smuggling via regional and small airports

The main logistics hubs for crossing the national borders are Schiphol Airport and the port of Rotterdam. The role of these two ports was addressed in previous chapters in the discussion of drugs, human trafficking, human smuggling, car theft, international waste streams and corruption of public servants. In the context of 'issuing an alert', which is the focus of this chapter, Schiphol and the port of Rotterdam do not require any further attention. However, this does not apply to the role of regional and small airports, knowledge about them is still insufficient.

In the previous NTA in 2004 the lack of supervision at small airports was pointed out. It was stated that this created opportunities for smuggling. In this section we will reassess the role of regional and small airports⁷⁷ in cross-border criminal activities. This reassessment will be based on the research report on airports that was prepared by the Verwey-Jonker Institute on behalf of the Royal Netherlands Marechaussee.⁷⁸

The source material for the NTA was also studied for information about smaller ports for pleasure boats and inland shipping. The results of that study will be briefly discussed at the end of this section.

Money laundering

At airports money laundering mainly occurs in the importing and exporting of cash and shipments of money in parcel post. At all regional airports money is

⁷⁷ There are six regional airports: *Rotterdam, Eindhoven, Maastricht, Groningen and Enschede*. The small airports are *Seppel, Teuge, Hilversum, Hoogeveen, Lelystad, Texel, Ameland, Midden Zeeland, Budel, Den Helder and Drachten*.

⁷⁸ *Goderie, M., I. de Groot & J.C.J. Boutellier. Nationaal Dreigingsbeeld Nederlandse Luchthavens (National Threat Assessment for Dutch Airports). Verwey-Jonker Instituut. February 2008.*

regularly found in suspicious circumstances. Most of the incidents relating to money laundering occur at the Eindhoven and Rotterdam airports; the number of incidents is also rising. Cases are also known to have occurred at small airports, albeit to a lesser extent. Respondents warned about the possibility that Turks with large amounts of cash may be using flights from Eindhoven and Rotterdam to their county of origin.

Human smuggling

Pointing out smuggling of illegal immigrants requires special expertise. That expertise is only present at Schiphol and Eindhoven Airport. As a result, cases of smuggling illegal immigrants have only been observed at those two airports. The fact that no smuggling of illegal immigrants has been identified at other airports says nothing about whether it occurs or not. There is the danger that tighter inspections at major airports may cause criminals to relocate to smaller airports where smuggling of illegal immigrants is not recognised. It was also pointed out that business flights to small airports are an extra attractive possibility for human smuggling.

Drug smuggling

Drugs are smuggled by air via couriers, cargo, and parcel post and hidden in the aircraft itself. Registrations and investigations show that the regional airports play a role in drug smuggling. The scale, however, is unclear. The respondents also have limited knowledge about drugs smuggling via small airports. A very small number of cases are known in which a small airport played a role. These cases are discovered by chance, as no inspections are performed. As a result of an accident, for example, a 19-passenger aircraft was found to be exporting hash. Other types of drugs can be smuggled in the same way. Furthermore, a number of shipments to the UK in small aircraft were intercepted during an inspection by the British authorities. These flights had departed from Ameland, Texel and Budel. Ultra-light aircraft are now capable of covering relatively large distances and can therefore also be used for smuggling as a result. The cost of this kind of aircraft at 50,000 euros would be quickly recovered from drug smuggling. However, it is not known whether this actually occurs.

Smuggling of weapons and explosives

Experts believe that large-scale smuggling of illegal firearms via airports is not very likely due to inspections. However, individual weapons and firearms parts could still be smuggled by air. The fact that there are opportunities for this kind of smuggling was revealed by the TV programme Nova in 2005, when they showed that a weapon hidden in someone's luggage was not discovered by security.

Of all the regional airports, Rotterdam Airport has the highest number of recorded weapons and explosives. Inspections for weapons and explosives are not performed at small airports. Nevertheless, a number of incidents did come to light.

Small and regional airports

Hardly any inspections are performed at small airports to check for weapons and explosives. The authorities that are authorised to perform inspections do not do so systematically. The police registration systems show that crime does occur at small airports, but the scale of it remains unknown. It is often discovered by chance. This applies especially to serious and organised crime, where criminal investigations require specific expertise, and this expertise is currently not available.

Small airports may pose an additional risk due to their location close to the North Sea (for example, Texel and Ameland), as a result of which goods could be delivered and shipped quickly without being noticed. Small airports facilitate landings from outside of the Schengen area without knowing it, even though they are not designated points of entry. The aircraft in question indicate that they have already landed elsewhere in the Schengen area, thereby suggesting that they have already been cleared. This is not always the case. In Germany, for example, small aircraft are sometimes allowed to land to refuel without being cleared, after which they continue on to the Netherlands. In the Netherlands it is then unclear from where the aircraft originally came. As soon as an aircraft has landed in Europe or if it comes from a European country it has freedom of access within the European Union. According to many, the removal of the inspections between Schengen countries has created extra risks.

Experts agree that small airports provide enough opportunities for cross-border crime. The fact that this crime is not discovered often enough is related to a lack of inspections and expertise.

Regional airports do not have enough properly equipped staff either and resources such as sniffer dogs or scanning equipment are often not available to check for smuggling. At a few regional airports the number of incidents is rising, possibly due to the increased number of flights via those airports. This may also be the result of a displacement effect from Schiphol to the smaller airports. Business flights are also considered to be high-risk. These flights are often uncontrolled; inspections upon arrival and before departure are insufficient or are not performed at all.

Just like small airports, regional airports seem to be locked in a vicious circle. Without targeted inspections and specific expertise offences are not detected. Without registration of offences not much appears to be happening and

no capacity is made available for inspections. In the meantime, much remains unknown with regard to the role of regional and small airports in cross-border crime.

Ports for inland shipping and pleasure craft

Apart from the concern about the lack of inspections at smaller airports, NTA 2004 also expressed concern about the lack of supervision of ship's crews, inland shipping, pleasure craft, the fishing sector and traffic towards smaller (sea) ports. However, a search for the significance of inland shipping and pleasure craft (ports) in criminal activities carried out for this NTA did not yield much, apart from a criminal organisation that was involved in importing hash brought into the Netherlands on sailing boats. The organisation apparently owned a boat rental company and used it to import the hash. The amount of information available relating to inland shipping and pleasure craft appears to be inadequate.

7

Reflections

7.1 Introduction

In this chapter we will distance ourselves somewhat from the actual criminal phenomena that were the subject of this NTA 2008 and that were discussed in the previous chapters. We will discuss themes that surpass the actual specific criminal phenomena and are (therefore) typical of Dutch organised crime. In many ways these themes form both the preconditions for various types of organised crime to flourish and the Achilles heel of criminal organisations. It concerns the following subjects:

- intertwining of criminal circles and legitimate society;
- technological developments;
- globalisation and internationalisation;
- the Netherlands and other countries.

7.2 Intertwining of criminal circles and legitimate society

The intertwining of criminal circles and legitimate society has recently been the focus of a great deal of attention, both in terms of publicity and policy. Special attention is being paid to the involvement of the property sector in organised crime and the investment of criminal proceeds in property. The Holleeder trial may not have caused this attention, but it did stir it up.

In the subreport *Criminele afscherming en verweving* (Criminal Concealment and Intertwining), which was written for NTA 2004, a long passage was used to be specific about 'intertwining'. We will not quote that entire passage here, but will limit ourselves instead to providing a few clues: "When people talk about 'intertwining and entanglement of criminal circles and legitimate society' they are referring to a certain relationship or link between serious and organised crime on the one hand and the business community or the government on the other hand". "Intertwining of criminal circles and legitimate society is described here as a more or less permanent situation in which organised crime has gained a position of power within branches, sectors or the government". "Intertwining refers [...] to 'collaboration' or 'authority over'. The collaboration takes place between two parties, one of which consists of (members of) a criminal organisation (i.e. criminal circles) and the other of (people working for) legitimate businesses or agencies (i.e. legitimate society)."

Unlike in 2004, the intertwining of the legal and illegal worlds is not a separate subject in NTA 2008⁷⁹. However, the intertwining of criminal society and legitimate society is addressed implicitly in a lot of sections. Criminal phenomena that presuppose intertwining are: corruption (section 5.2), involvement of (financial) service providers and independent professionals (section 3.6), investments in property (section 3.6), misuse of businesses (section 5.6). According to the definition used in this NTA, intertwining does not apply in cases of environmental crime or fraud, because criminal circles and legitimate society can not be distinguished for corporate crime.

The intertwining of criminal circles and legitimate society affects the security of Dutch society. On the one hand, there is a risk that criminals will gain positions of power in legitimate society, such that legitimate society can be manipulated for the benefit of illegal activities. On the other hand, the intertwining consists of using legitimate society as a front for illegal activities.

Positions of power

This NTA shows that the role played by property investments in obtaining positions of power must be put into perspective. First of all, only a small elite of the Dutch criminal world is left with enough money to make serious investments. Once all the bills have been paid and the urge to spend on consumer items has been satisfied, no substantial amounts remain for major investments, in most cases. Secondly, criminal investments in property only make up a small part of the overall property market. The role played by investments in property is related more to the opportunities that it provides to launder criminal proceeds than to gaining a position of power. This conclusion was also drawn in the organised crime monitor published by the *WODC*⁸⁰: "There are no clear signs that attempts are made to control a region or business sector [...] by means of corruption and violence. People involved in organised crime are more likely to use the existing goods and cash flows in the Netherlands than to control parts of the infrastructure in the transport or financial sector, for example. Such business sectors are used, however, to commit offences or to conceal them and to spend criminal proceeds. As far as we are able to assess, this spending of criminal proceeds in a legal environment is not aimed at obtaining positions of power in sectors of Dutch society."

⁷⁹ This is because themes were used in 2004 and 'concealment and intertwining' was one of those themes. In 2008 offence categories or criminal activities were used as the basis for the NTA.

⁸⁰ *Kleemans, E.R., M.E.I. Brienen and H.G. van de Bunt. Georganiseerde criminaliteit in Nederland. Wetenschappelijk Onderzoeks- en Documentatiecentrum (WODC), 2002.*

A front for illegal activities

An aspect of intertwining that deserves attention is the misuse of legal entities and businesses (section 5.6). The use of businesses as a front for illegal activities is exceptionally widespread. Almost all the investigations on which this NTA is based refer to the authority of members of criminal organisations over businesses, one-man businesses, companies, foundations, associations, etc. The way in which businesses are used depends greatly on the type of crime that is being committed. For example, in the case of the numerous ways in which fraud can be committed it is more of a rule than an exception that businesses are set up or taken over. Bust-out companies are a good example, but a business is set up for the purpose of investment fraud as well; businesses are also involved in VAT and excise duty fraud.

Money laundering is another offence for which businesses are often used. Cafés, clubs and coffee houses offer good opportunities to give criminal proceeds an apparently legal origin; trusts registered abroad or shell companies in tax havens are also frequently used for this purpose. These are examples of more advanced use of businesses. Cases often involve less advanced use. The variation is almost endless and probably not exhausted yet.

Transport companies that are involved in drug smuggling, tourist busses that transport stolen goods to the Balkans, a scrap metal business where you can easily get rid of stolen copper and lead, a garage/car rental company that both supplies the cars used for industrial burglaries and handles the proceeds, direct involvement of a reaction vessel manufacturer in the supply of hardware for producing synthetic drugs, shipbroker businesses in the ports that provide containers for exporting stolen cars, a horticultural business that provides an empty greenhouse for a cannabis nursery, a transshipment company that rents out space for the temporary storage of stolen trailers and their loads, a sailing boat rental company that uses its boats to smuggle Nederweed via the Wadden Sea, the Turkish owner of a clothing import business who made his business available to others for the import of modified photograph frames containing heroin from Turkey, a flower transport business that was used to smuggle heroin from the Netherlands to Italy, the owner of a brothel who was the main suspect in a human trafficking case involving forced prostitution, a Colombian criminal organisation that owned several seagoing vessels and transported cocaine from North Africa to Albania via the Mediterranean in its capacity as a trading company.

Misuse

Analyses of the IPOL-database on criminal organisations show that 25% of all people suspected of involvement in organised crime have an influential position at one or more companies. On the other hand, 75% of all recorded criminal

organisations have access to one or more legitimate companies via their core members. The current administrative instruments available to the government to prevent criminals from using companies and other legal entities are up to this moment incapable to prevent this practice. The Monitoring of Legal Entities (Revision) Act, which is to be introduced in the near future, can perhaps change this situation. As yet, the misuse of companies and other legal entities appears to determine criminal operations to such an extent that it can be viewed as a necessary condition for their existence.

7.3 Technological developments

Society nowadays is dominated more and more by technology and its applications. This also applies to (organised) crime and the fight against it. Many of the reports on which this NTA is based refer to technology and technological developments in one way or another. This may be relatively simple technology, such as domestic security systems, but it can also be complex digital technology that is used for skimming and to forge documents. A few examples will be discussed here.

Cloning and growing techniques

In cannabis growing both the average yield from the plants and the THC content have increased sharply in recent years due to the use of advanced cloning and growing techniques, some of which come from regular agriculture and horticulture. Also technological innovations are used to light cannabis nurseries. LEDs are considerably more energy-efficient with the same level of lighting. An additional benefit for growers is that energy peaks hardly ever occur anymore and abuse is more difficult to detect.

Cocaine-washing facilities

Impregnating all kinds of materials with cocaine is a development that requires the availability of techniques to remove the cocaine from the material afterwards. This has led to the relatively new phenomenon of cocaine washing facilities (see section 6.5).

Immobilisers

Car theft and the fight against it exemplifies how technological development can result in a race. Criminal organisations that commit car theft study new security methods so countermeasures can be taken. Immobilisers have resulted in a spectacular drop in the number of stolen cars, but the downside is that the (organised car theft) market is now controlled by highly specialised

criminal organisations that are capable of finding solutions to many technological developments.

Security techniques

In the past decade banks and other financial institutions have invested a lot of money to reduce the number of robberies. This was a success, but it also resulted in displacement. The number of robberies in retail, catering businesses has grown as a result of increased security at banks. For shopkeepers and owners of catering businesses there is a limit to the use of security technology, as these businesses benefit from customer-friendliness and accessibility; extensive security measures do not improve customer-friendliness.

Bluetooth and infrared technology

Criminal organisations that are involved in skimming use bluetooth and infrared technology. A wireless camera is installed above a cash machine to remotely record the pin numbers entered into the machine. Advanced skimmers use a built-in mobile telephone. This telephone sends the magnetic strip data to a receiver in real time. Thanks to email and text messages (SMS), the bank account is emptied in another country far away within a matter of minutes.

Biometrics

Unique biometric characteristics, such as fingerprints and iris patterns are used for identification purposes. This makes the transfer of access cards, for example, less effective. On the other hand, it makes it more attractive to use the owners of this type of card for criminal purposes (possibly by forcing them to participate in criminal acts).

Internet

The Internet, as an example of digital technology, is used in various criminal activities. Phishing, advance fee fraud, distribution of child pornography and handling of stolen goods are well known examples, but there are also many opportunities for money laundering using the Internet (see chapter 6).

Nanotechnology

In the not-too-distant future, nanotechnology will be introduced on a large scale. On 29 January 2008 the *Volkskrant* newspaper wrote that in 2004 nanoproductions worth a total of 25 billion euros were sold worldwide; this figure is expected to rise to 450 billion euros by 2010. This could make it possible to gain a definitive technological lead over criminal organisations. But these and similar developments also have a downside. The main downside in this regard is the increasing vulnerability of individuals. Car owners, bank managers, cleaners

at Schiphol Airport and lorry drivers all have the key to the security system, both literally and figuratively. It is therefore likely that people in those positions will be targets to an increasing degree. When developing practical applications of nanotechnology, it is advisable to take into account these undesirable side effects.

7.4 Globalisation and internationalisation

NTA 2004 drew attention to the ongoing process of globalisation, which is a process that is still underway. The study of crime-related factors⁸¹ conducted by the Police Academy mentions globalisation and internationalisation as major trends of the utmost importance. Modern means of communication are making the world smaller and more and better means of transportation are being introduced. Due to the emerging economies in China, India and Brazil, improved accessibility of major consumer markets and free-trade agreements, the economy is globalising at a high speed. This is resulting in increased movement of people, goods, services, money and information. The global migration flows are likely to remain at least the same and the trade flows over the entire world are likely to increase. These migration and trade flows offer criminal networks more opportunities to continue, mask and even expand their operations. The speed and extent of traffic make supervision and inspections by government agencies more and more difficult, even more so because supervision and inspections often clash with economic interests. In these circumstances, for example, it is not only possible for human and drug smuggling to flourish, but also for complex transnational financial structures to be set up for money laundering purposes.

The expansion of the European Union is an example of internationalisation and international collaboration. Croatia is expected to accede in 2009, Macedonia is on the list and Turkey may well accede in 2015. EU expansion to take in new Member States that have problems with organised crime and corruption may have an impact on potential offenders and victims of exploitation and the trafficking of women. Effective supervision and mutual trust may also be hindered by possible corruption and leaks of information. In this type of climate it is possible that Dutch entrepreneurs who try to set up businesses in these countries will be tempted to engage in corruption, which may have an effect on the integrity of Dutch society.

⁸¹ Klerks, P. and N. Kop. *Maatschappelijke trends en criminaliteits relevante factoren. Een overzicht ten behoeve van het Nationaal Dreigingsbeeld criminaliteit met een georganiseerd karakter. Politie Academie (Police Academy), 2007.*

On the other hand, EU membership is subject to strict requirements. This also creates opportunities, not only in economic and financial terms, but also in terms of safety and the fight against crime and corruption. For example, the various acceding countries are supported by special EU programmes in their attempts to improve crime prevention and to execute criminal investigations according to European standards. Improved collaboration and information exchange may result in criminal investigations achieving successes quicker.

In countries elsewhere in the world the government no longer actually has authority over its entire territory or a blind eye is turned to clandestine activities. These countries may turn into sanctuaries from where criminal organisations can operate freely. Examples of these failed states can be found in Africa and the Middle East, as well as in the Balkans. These sanctuaries may have worldwide harmful effects, including in the Netherlands. The National Crime Squad's CPA on Cocaine includes examples of Colombian criminal organisations that move to West Africa in order to supply cocaine to Europe from there. Inspections of aircraft and ships by the local authorities are virtually absent. Failed states and other foreign sanctuaries may form a shielded structure of opportunity, including for professional lawbreakers from the Netherlands. Exerting a certain level of influence on a weak government may provide unprecedented opportunities for corruption and use of government facilities, for example, to produce forgeries, smuggle in diplomatic bags and engage in the arms trade.

In contrast to these possible threats associated with globalisation, the increased importance given to corporate responsibility should also be mentioned. This resulted in the *Code Tabaksblat* on corporate governance. The increased focus on integrity is a limiting factor for potential offenders and supervisory regimes. As was already mentioned in the NTA 2004, the development of organised crime reflects the societal changes (p.91, abridged version).

7.5 The Netherlands and abroad

The assignment for this NTA consisted of mapping out organised crime and the level of threat it poses to Dutch society. This means that consequences suffered abroad were not considered to determine the level of threat of a criminal phenomenon. This limitation has had consequences for the qualification of the threat level posed by the commercial production of images of child abuse (section 2.9) and by the exporting of scrap vehicles and scrap electrical equipment (section 3.5), for example. Nevertheless, the Netherlands plays a major distributive role on illegal markets.

Whenever illegal markets such as those for drugs, human trafficking and human smuggling, firearms, are concerned, the Dutch market is a transit market. The national demand for drugs, for example, is by no means enough to absorb all the drugs imported into and produced in the Netherlands. This means that (a large) part of the 'native' and imported illegal goods is transported on to other countries. Tons of the Nederweed produced in the Netherlands are exported to the United Kingdom, for example. It is striking that various drugs are often combined in 'poly drug' shipments: seized shipments often contain different types of drugs. Whereas the user markets for hard and soft drugs are largely separate in the Netherlands, this does not apply to the trading markets. Based on the size of shipments seized, the Netherlands together with Spain and, recently, Portugal are the largest import and transit countries for cocaine in Europe. This is not that surprising because these three countries traditionally have (colonial) ties with South America. The drug markets in the United Kingdom, Belgium, Germany and Scandinavia are supplied from the Netherlands.

In recent years the role of the Netherlands in the production of synthetic drugs has decreased slightly. Using Dutch expertise, part of the production has been moved to Poland and Canada. A similar trend has also been observed in the production of Nederweed. Nurseries in part set up by Dutch nationals are being found increasingly in other countries; not only the illegal goods themselves are exported, but also the expertise.

The Netherlands plays an important role with regard to the heroin market in the United Kingdom in particular. The importance is such that British criminals have permanently moved to the Netherlands. They mainly come from Merseyside (i.e. the area around Liverpool), and safeguard the heroin supply to the United Kingdom. They buy the heroin from Turkish or Turkish-Dutch wholesalers. This transit trade is estimated to generate a profit of between 40 and 55 million euros per year. In this transit trade as well, the shipments are almost always combined shipments (in this case heroin and Nederweed in particular).

The notion of the transit function is not new. In the second report based on the WODC organised crime monitor⁸² the following is one of the main conclusions: "People involved in organised crime in the Netherlands trade internationally and the Netherlands is a transit port for that trade". This is also pointed out in other publications.

⁸² Kleemans, E.R., M.E.I. Brienen and H.G. van de Bunt. *Georganiseerde criminaliteit in Nederland. Wetenschappelijk Onderzoeks- en Documentatiecentrum (WODC), 2002.*

The Organised Crime Threat Assessment (OCTA) 2008⁸³ published by Europol introduces the term criminal hub. Within this concept the Netherlands is part of the North-West region: "Specific particularities of the region include the major transport infrastructures, well established ethnic communities of reference, different tax regimes, geographical proximity to various Member States and a flourishing economy which offers possibilities that can be and are exploited by OC. The North-West region, characterised by enormous transport facilities, plays one of the primary roles in drug trafficking and even in drug production."

More and more organised crime is equivalent to cross border crime, in which the Netherlands plays an important part. As a member of the international community, the Netherlands shares responsibilities for tackling organised crime with other countries. This stresses the need for intensified cooperation between organisations that combat crime, in all countries that are involved.

⁸³ Europol, 2008. EU Organised Crime Threat Assessment. Third countries and third bodies version (Europol restricted).

Appendix 1

Project structure

Project management (compilers)

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Chair:
P.J. Aalbersberg
Chief Constable of IJsselland Regional Police

Members:
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Appendix 2

Overview of qualifications

Criminal phenomena qualified				
	Threat	Conditional threat	No specific threat	Blind spot
Illegal markets				
Trading and smuggling cocaine	X			
Trading and smuggling heroin	X			
Producing, trading and smuggling synthetic drugs				
<i>Ecstasy</i>	X			
<i>Amphetamine</i>	X			
<i>Other synthetic drugs</i>				X
<i>Doping substances</i>				X
Producing, trading and smuggling cannabis				
<i>Nederweed</i>	X			
<i>Nederhash</i>			X	
<i>Foreign hash</i>				X
Human trafficking				
<i>Exploitation in prostitution</i>	X			
<i>Exploitation in other sectors</i>				X
Illegal immigrant smuggling				
<i>The Netherlands as a transit country</i>			X	
<i>The Netherlands as a destination country</i>				X
Illegal trading and smuggling firearms and explosives			X	
Producing and distributing child pornography				
<i>Commercial production and distribution</i>			X	
<i>Non-commercial production and distribution via the Internet</i>				X
Producing and distributing counterfeit money			X	

	Threat	Conditional threat	No specific threat	Blind spot
Fraud and money laundering				
Public purse: VAT fraud, excise duty fraud and customs fraud	X			
Fata Morgana: advance fee fraud and investment fraud	X			
Crime involving soil remediation		X		
Crime involving international waste streams				
<i>E-waste</i>			X	
<i>Scrap vehicles</i>			X	
<i>Hazardous waste</i>				X
Money laundering				
<i>Money laundering via property investments</i>	X			
<i>Money laundering and the role of financial service providers</i>	X			
Supraregional property crime				
Domestic burglaries		X		
Industrial burglaries			X	
Shoplifting		X		
Cargo theft	X			
Car theft			X	
Ram raids			X	
Robberies	X			
Skimming			X	
Handling stolen goods				X
Criminal modus operandi				
Corruption				
<i>Corruption of public servants</i>	X			
<i>Corruption in the business community</i>				X
Use of violence by criminal organisations	X			
Phishing		X		
ICT piracy			X	
Misuse of businesses	X			
Counterstrategies				
<i>Intimidation and threatening people who work for the judicial authorities</i>			X	
<i>Intimidation and threatening witnesses and co-suspects</i>	X			
<i>Spreading disinformation</i>			X	
False and falsified identity documents	X			



• Korps landelijke politiediensten
Netherlands Police Agency