

ANNEX 2: CASE STUDY – THE NETHERLANDS

1. Synopsis

The **Netherlands** for many years has been considered one of the least corrupt countries in the world. Organised crime in the Netherlands can be described as ‘transit’ in nature, involving illegal trade, trafficking and smuggling of goods and services, and taking advantage of country’s role as an important logistical hub. Low-level police corruption and information leakage related to drugs occasionally take place. Although national level politicians and the judiciary are considered not corrupt, at the local government and administrative level, white collar crime related corruption has been encountered (in particular related to construction industry). As some officials admitted, though, due to the perceptions of low corruption, often monitoring is not robust, and detection of corruption low.

2. Introduction

The collection of information took place between April and July 2009. Academic and grey literature of the period 1997-2009 and media sources (2002-2009) were also analysed. Interviews with nine key informants were also conducted:

- Three leading academics conducting research and producing numerous publications on corruption in the Netherlands (A1, A2, A3);
- The head of a Dutch government agency specializing in issues of integrity policy design (G1), and a member of the same agency actively involved in research (G2);
- A law-enforcement anti-corruption representative (R1);
- A leading partner of the Corporate Crime Department in a large independent Dutch law firm, specializing in fraud cases (L1);
- In addition, informal conversations were conducted with three entrepreneurs (import/export joint ventures) from Russia, Serbia and Ukraine, all of them based in the Netherlands (E1, E2, E3).

Name	Position	Institution
A1	Academic	Major University in the Netherlands
A2	Academic	Major University in the Netherlands
A3	Academic	Major University in the Netherlands
G1	Team leader	BIOS (Government agency specializing in issues of integrity policy design)
G2	Researcher	BIOS (Government agency specializing in issues of integrity policy design)
R1	Team leader	National Police Internal Investigation Department (Rijksrecherche)
L1	Partner	Independent Dutch law firm specializing in fraud cases
E1	Entrepreneur (of Russian origin, based in the Netherlands)	Import/export joint venture
E2	Entrepreneur (of Serb origin, based in the Netherlands)	Import/export joint venture
E3	Entrepreneur (of Ukrainian origin, based in the Netherlands)	Import/export joint venture

3. Background: organised crime in the Netherlands

In his book 'The Mafia in Amsterdam', investigative journalist Bart Middelburg described American mafia families running illegal casinos in the Red Light District of Amsterdam in 1970s (Middelburg 1988). At that time, his story was met with disbelief. In fact the possibility of mafia-type crime families discovering the Netherlands as a new territory of their activities was largely underestimated until the mid 1980s. In the nineties, however, criminologists confirmed the presence of American mafia on Dutch land (Fijnaut and Bovenkerk 1996). After the 1990 Dutch-American Conference on Organised Crime the problem of mafia presence gained prominence on the national political agenda and among the Dutch academic community (Fijnaut and Jacobs 1991; Fijnaut et al. 1998; Kleemans et al. 1998; Kleemans et al. 2002; etc.). Based on the perception that mafia-type families were operating in the Netherlands, corruption, racketeering and infiltration in economic sectors were viewed as major threats resulting from organised criminality. Yet, several consecutive studies (PEO December 1994, Fijnaut et al. 1998) proved that criminal groups did not manage to penetrate into political structures, and there were no specific economic sectors controlled by organised crime.

Organised crime in the Netherlands can be best described as 'transit crime', consisting primarily of cross-border criminal activities: drug smuggling, human smuggling, human trafficking for sexual and labour exploitation, trafficking in arms, trafficking in stolen vehicles, money laundering, evading taxes, etc. Though no hierarchical pyramids of mafia-groups or cartels are present in the country, there are (international) criminal networks operating inside its territory. In general, organised crime in the Netherlands can be described as illegal economic entrepreneurship (Van de Bunt and Kleemans 2007).

Rather than controlling certain regions or sectors of the economy, criminal networks use legal infrastructures, legal commodities and money flows. Logistical nodes (Amsterdam-Schiphol Airport, the port of Rotterdam) with Europe-wide importance create opportunity structures of which organised crime takes advantage. Certain economic sectors are used to commit, conceal crimes, or launder criminal proceeds: in particular bars, hotels and restaurants, prostitution, cars and transport.

3.1 Ethnic criminal groups

Ethnicity is important factor in the composition of criminal groups in the Netherlands, though there are also ethnically 'mixed' networks. The large immigrant population in the Netherlands, originating from drug production regions such as Latin America (Cocaine), Turkey (heroin), Morocco (Cannabis), plays an important role in transnational drugs trafficking (Zaitch 2002; Bovenkerk and Yesilgoz 2007).

For instance, while Colombians are involved mainly in the trafficking of cocaine, the wholesale distribution is controlled by Dutch, Surinamese and Antillean criminal groups (NTA 2008, p.33). Three nationalities dominate wholesale heroin markets: Turkish, Dutch and British, where

Turkish criminals make up the largest group (ibid:39). The Netherlands is also considered a leading producer of ecstasy. Chinese and Eastern Europeans are thought to dominate the smuggling and importing of related precursors. Dutch nationals control the procurement of other chemicals and hardware, as well as production (ibid, p.49). There are cases in which native Dutch cooperate with other ethnic groups in trafficking in hashish and ecstasy (Van de Bunt and Kleemans 2007).

West African, mainly Nigerian, are involved in advanced fee fraud, drugs and women trafficking. In 2006-7 Siegel and De Blank (2008) conducted research on the role of the female women traffickers from Nigeria and Ghana, the so-called 'madams'. They concluded that these West African madams led large-scale international human trafficking networks from Nigeria, Ghana and Cameroon to the Netherlands. Other West-African Criminal Networks (WACN), which are mostly responsible for advance fee fraud, are described as flexible networks, consisting of separate cells (NTA 2008, p.109).

The phenomenon of 'mobile banditry' has spread widely in the Netherlands since the mid-1990s. It involves small groups (3-6 persons) of young people (15-25 years old), who arrive to the Netherlands from Baltic countries, Poland and some other East European countries. The gangs conduct a series of robberies or car-theft and return back to their countries within 24 hours.

4. Background: corruption in the Netherlands

According to Transparency International (TI), the Netherlands ranks among the least corruption-prone countries in the world, consistently scoring at the top (least corrupt) ten in annual estimates of corruption. In the Netherlands, 'corruption' is considered as a judgmental term, and instead the term 'integrity' (or lack thereof), is perceived as more morally objective label (De Graaf et al. 2008). 'Lack of Integrity' is also seen as more encompassing concept than corruption, as it covers 'conflict of interest', 'abuses of power', 'manipulation of information', 'greasing palms and lionising', intimidation, discrimination, or misconduct in a person's private life (De Graaf et al. 2008, p.93).

Regardless of the choice of term, corruption is not absent from social and economic life in the Netherlands. Dutch journalists have revealed that policy makers and politicians are sometimes prone to corruption and collusion. Publications on a number of corruption cases have revealed relationships between local public functionaries and businesses in the construction and real estate industry (Nelen 2008; Van den Heuvel 2005).

The Monitor on Organised Crime (Kleemans et al. 2002; Van de Bunt and Kleemans 2007) reveals that the need for corruption is an important factor in the interrelationship between organised crime and 'legal' society. Within this framework, corruption serves three main goals:

- 'gaining indispensable resources 'such as licenses, visas or forged documents;
- evading surveillance (border controls, brothel checks, and so on); and

- getting information from the investigating authorities (such as ‘running investigations’ or imminent police actions)’ (Kleemans 2004, p.323).

5. Targeted Institutions

5.1 Political and administrative corruption

In the Netherlands, corruption is much more widespread in the public administration (particularly at the local level) than in political parties. Political influence over the judiciary, the police, or customs is rare, and even when it happens, it is very subtle (A3, L1). Several studies were conducted in recent years on corruption in different Dutch public administration institutions, though no studies have yet encompassed the entire apparatus. There is however no consensus on the nature and scale of corruption because of difference in definition (discussed earlier) between ‘corruption’ and ‘lack of integrity’. However, corruption at the local and regional levels seems to be more common than corruption in central administrative bodies.

The interviews confirmed the observation that local government is more vulnerable than other levels of government. According to one respondent, local government officials are more susceptible to corruption as they have more personal contacts with local businessmen (G2). One curious detail, on which several respondents seemed to agree, was that local level corruption typically involved small sums and presents, largely disproportionate to the financial damage being done (for instance by granting a construction permit in return).

Construction companies are the most likely perpetrators of local level administrative corruption, in particular in relation to public contracts. Usually, a construction company would pay a bribe to an official with access to information for competitive bids, and would be able to offer a price lower than the competitors. The company would then bribe other officials responsible for overseeing the completion of the public contract, and would not deliver part of the contracted work, making sure that the contract is profitable. This type of fraud has been detected to have been committed by companies in multiple cases across the country, whereby several officials in different branches of the administration and several municipalities have been bribed simultaneously. This type of fraud is not necessarily more likely to be committed by organised crime related construction companies. (R1)

Another common type of local administration corruption relates to red-light districts. Organised crime linked individuals would purchase residential real estate near or in the red-light district. They would then bribe municipal officials responsible for classifying the purpose for which the real estate property is to be used. The corrupt officials would change it from ‘residential’ to ‘brothel’ use. Such practices have inevitably increased real estate prices⁷⁹ in Red Light district areas and often create discomfort to neighbours.

⁷⁹ *Criminals thus have a distorting effect on the real estate market, as they are willing to pay premium prices for residential property, which is used for commercial purposes.*

The predominantly catholic province of Limburg in the south of the country is considered as more prone to corruption, which is explained by reference to ‘tightly-knit social networks, and reversed social capital’ by some (A3). In tight catholic communities the dense social network centred around religious identity facilitates corruption. Traditionally, local level corruption is connected to municipal real estate (e.g. land being sold at artificially low prices). Corruption is also used in municipal public contracts, where networks circumvent the standard rule of expertise, and rely on connections and local cliques to win the contract.

Civil servants susceptible to corruption are not usually to be found among the ranks of low-profile officials, but are rather noticeable personalities in the civil service organizations with the reputation of being astute “fixers” (De Graaf, et al. 2008). They frequently possess or demand the freedom to arrange matters on their own and are known as thorough and enterprising people’ (ibid p.89). Van Duyne et al (2003) describe the dynamics of corruption in the public sector as a “leadership disease”. He argues that corruption often exists alongside successful leadership. Paradoxically, strong leadership brings complacency and accountability is substituted by (blind) trust in the leader. This in turn becomes the breeding ground for corruption (ibid).

With regards to political parties, much of the corruption discussion in Netherlands has been focused on political party financing. This has led to the adoption of a law governing the funding of parties and ensuring some subsidies from the state. The law does not prohibit private funding, although all gifts of more than 5,000 EUR have to be made public. (van Duyne et al 2003). One of the respondents cited a case from the year 2000, when one of the political parties received donations from a businessman accused of real-estate fraud activities (A2).

During a 2001 Parliamentary Inquiry into construction fraud, evidence was gathered on corruption against civil servants and politicians. However, only six cases led to criminal investigations and all were related to one specific whistleblower (De Graaf et al. 2008, p.88; Dohmen and Verlaan 2004).

5.2 Judicial corruption

Corruption in the judiciary is generally not a problem at all: at least not in terms of in terms of bribes. Some high-level influence is possible, yet unusual. The lack of jury system is partially one reason for the lack of corruption. Influence by the government is rarely expected, even on big cases, and is not tolerated at by the public. One case that was recounted involved a Dutch prosecutor who frequently travelled to Turkey for the purposes of an international investigation. There he established contacts with Turkish criminal group operating in the Netherlands and dealing in drugs. Upon return from Turkey he started providing the criminal group with advice on how to avoid effective prosecution.

5.3 Police corruption

The interviewees consulted for the present research (both police and academic sources) shared the opinion that the level of police corruption in the country is relatively low, and generally not an issue of concern. Some argued that the low level could be a result of the lack of attention given to corruption in the country in general (R1). Most research shows that police corruption cases that do occur are “isolated incidents” (G1). Police corruption is restricted to misconduct by individuals, namely ‘grabbers’ and ‘rotten apples’ (Van de Bunt 2004, p.428). It is usually at the lower level of operations. For instance, there have been cases of information leaking, but these are incidental instances, and rarely based on permanent relation between the officer and the criminal (R1). The bribes used to compensate for such “favours” are usually insignificant (and often disproportionate to the favour provided) and may include tickets to games, vacations, dinners, or small amounts of cash. In some cases, officers are filmed receiving the payment and are blackmailed with the recordings in order to provide additional favours. (R1)

Police corruption may also happen in relation to the enforcement of the regulation on licensing of prostitutes. As licensed prostitutes need to pay taxes, some of them remain “illegal”, avoiding registration. Police officers are then bribed in order to turn a blind eye on unregistered prostitutes. This may also be the practice of illicit brothels, but such cases are rare and also involve low level corruption.

Even though, soft drugs are legal in the Netherlands, corruption in drugs investigation departments, are vulnerable to corruption. This is where most higher-level cases have been reported, usually related to information leaking. Despite the presence of much street level cocaine distribution in cities like Amsterdam, the official position of the police has been that street level distribution will not be a law-enforcement priority, and would be largely tolerated. No action is taken against cocaine street dealers, as their arrest with small quantity of drugs does not result in a significant penalty. Such arrests could take place only in smaller towns, where their presence is considered a ‘public nuisance’. Therefore, there is no incentive for drug dealers to corrupt officers. (R1)

Another reason for the fairly low corruption pressure on police officers is the legalisation of prostitution, and the limited way in which police is involved in enforcing the related laws (such as the ones on zoning of brothels). In terms of prostitution, a licence is required, and when a prostitute is ‘illegal’, i.e. if she is avoiding registration and tax payment, this is considered an administrative tax offence, subject to a fine. At the local level it is local authorities and to a lesser extent the police that enforces the licenses, and there could be some low level corruption related to this. If the illegal prostitute is an illegal foreigner, then she is considered a ‘victim’ and the pimp is automatically considered a ‘trafficker’, but for the prostitute this is a misdemeanour. In terms of corruption related to brothel operation, it is again local authorities rather than police that are involved in the enforcement. Certainly investigation into trafficking networks could involved information leakage but that was

not identified as a concern on the same level that drugs investigations were.

According to some observers, “conflict of loyalties” can be a cause for police corruption. Personal relationship with people outside the police organization, based on ethnic bonds or strong social ties, including romantic relationship, (Nelen and Nieuwendijk 2003) may lead some police officers to extenuate their actions. Cases of police inaction or misconduct due to ethnic (in the case of an immigration officer) or personal relationships (in the case of a police officer whose partner was involved with a criminal group) were also cited by two of the respondents (A2 and A1).

The regulation of vices and the ability of Dutch police to distance itself from politics are the major explanations of the low level of police corruption in the country.

Investigation of police corruption belongs to the tasks of the Rijksrecherche (the National Police Internal Investigation Department), an independent investigative unit, external to the regular Dutch police hierarchy.

A database, Registratie Interne Onderzoeken (RIO) (Registration of Internal Investigations), registers corruption cases within the police forces. The data supports the views of interviewees. The 2006 report indicates a total of 1,393 investigations, in which 1,495 people and 1,514 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 1,514 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, while in 2005 there were 14 cases (NTA 2008, p.182).

5.4 Customs corruption

The national borders are guarded by Customs and the Royal Netherlands Marechaussee (KMar – the border protection constabulary). There is little evidence of corruption at either and the respondents tend to agree that bribery of the customs or border guards is a rare phenomenon. The ability of criminals to smuggle illegal goods without the involvement of customs officers was cited by all respondents as one of the reasons for the low levels of corruption. One of the key explanations is the relatively few corruption opportunities (or little corruption pressure) that

customs officers have. The major flows of drugs (cocaine, heroin, or cannabis) or excise tax goods come from Southern or Eastern Europe, and do not pass through customs controls. The two key vulnerable infrastructure points: Schiphol Airport in Amsterdam and seaports of Rotterdam and Amsterdam, have such high volumes of traffic, that the statistical chances of passing undetected are very high (R1, A3).

According to respondents A1, L1, E2 and various leading publications, corruption of public servants is relatively insignificant. Some studies point out that the possibility to hide cocaine in containers is effective enough and corruption is not needed (Kleemans et al. 2002; Zaitch 2002). However, according to one respondent, the criminal groups would revert to corrupting customs officers in order to reduce the risk of investigation when large shipments of drugs are transported (R1). In addition to information on investigation and (new) measures of law enforcement, corrupt custom officers could create fictive legitimisation by the 'custom-stamp', creating impression of legalised (R1). According to a respondent, the fairly small team of customs officers at a big port like Rotterdam could easily fall under corruption pressure, and there is little to prevent that from happening. (R1)

At the airports, the strict passenger and baggage controls, or the so-called 100% control flights from the 'risk countries' (including Suriname, Dutch Antilles, Latin America, etc.), can lead to some corruption of customs. A study showed that at Amsterdam Schiphol airport between 1999 and 2002 only 12 corruption cases took place (Nelen and Nieuwendijk 2003).

5.5 Tax corruption

Corruption in the tax administration is generally not seen as an issue. Cases of VAT fraud are common (NTA 2008, p.96), as in other Member States. These schemes often need corrupt contacts among transporters, purchasers from companies in the Netherlands and abroad, financial service providers, forgers of documents and stamps. Occasionally, such schemes employ corruption in public bodies that could facilitate them, such as customs or tax authorities, or in the police and judiciary, which could provide protection from investigation. The estimates of financial damage as a result of VAT fraud for the Netherlands vary between 50 million and 100 to 200 million Euros (ibid, p.99). 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 Euro and a total loss of almost 120 million Euros (ibid, p.100). Different cases of VAT fraud were mentioned by A2, such as imports of cheap textiles from Asia, imports of meat from non-EU countries, and imports of cigarettes.

5.6 Preventive measures against corruption in targeted institutions

A number of measures to prevent corruption in the Netherlands have been identified. Juridical monitoring is established in a large number

of public sector organizations. 'This often means that one or more employees have been allocated the specific task of monitoring the juridical quality of the organization's operation' (Huberts, et al. 2006, p.15). These employees are responsible for example for conducting legal audits. Internal integrity regulations in municipalities and provinces include integrity workshops and regular discussions. Disciplinary measures are implemented in cases of violation of the regulations.

The Amsterdam municipality established a special Integrity Bureau in 1997, and is considered as the most alert among Dutch municipalities. Following similar approaches in Italy and the US (New York), there is also an administrative approach to organised crime in place since mid-2003 in the form of the new BIBOB Act (*Bevordering Integriteitsbeoordelingen door het Openbaar Bestuur – Ensuring Integrity of Decisions by the Public Administration*). The act provides a legal basis to refuse or withdraw permits, licences and grants when there are serious suspicions regarding abuse by criminals in areas such as hotels and restaurants, the sex industry, the construction industry, public housing, and some others. (Van de Bunt 2004, p.699). Other measures include the MOT Act (*Wet Melding Ongebruikelijke Transacties – Act on the Disclosure of Unusual Transactions*), *Verklaring Omtrent Gedrag voor rechtspersonen (VOG)*: a statement on the integrity of a legal entity that can be shown to potential business partners, i.e. companies and authorities. 'Watchdog groups' and agencies have been set up in the Netherlands with the purpose of observing and supervising governmental and public organizations.

The National Police Internal Investigation Department (*Rijksrecherche*) employs around eighty-five investigators and 125 staff. It is a body under the National Prosecutor's Office. It does not investigate low-level, but only higher level corruption. Its remit includes investigations of police, customs, judiciary, and all public institutions and bodies (ministries, institutions, politicians, Parliament, and local municipal authorities). Local police departments have their own internal investigation units dealing with local level corruption. Similarly, the Customs also have their internal investigations. A recent study of VU University Amsterdam showed that the greatest number of criminal investigations into corruption in the Netherlands are conducted by the police, followed by the Fiscal Intelligence and Investigation Department (Economic Crimes Division).

6. Private sector corruption

The last barometer report of Transparency International (2009) identified the private sector/business as the most affected by corruption as perceived by respondents (58%), leaving political, judicial and other institutions far behind.

In 2007, the analysis of the data from 120 extensive case studies from the Dutch Organised Crime Monitor was published, involving 1,623 suspects. (Van de Bunt and Kleemans 2007). The main sources for this ongoing research project are files of closed Dutch police investigations of criminal groups covering a period of several years. The analysis considers the linkages between various kinds of occupations and specific types of organised crime, or the embeddedness of specific criminal activities in

work relations. One case study describes the involvement of airline staff members who engaged in smuggling cocaine. Thus, in March 2009, the authorities at Schiphol airport arrested ten airport staff members, including seven KLM employees, who, over a period of at least one year, had been involved in smuggling cocaine from Suriname to the Netherlands, concealing drugs in various locations of the aircraft, and using airport service staff to smuggle it to the Netherlands (RNW 2009). Another case study describes a group of financial and tax advisors systematically collaborated to defraud the tax authorities.

The conclusion of the authors is that occupations, work relations and work settings may provide the breeding ground for organised crime activities, particularly in the case of cross-border or transit crime (Van de Bunt and Kleemans 2007). International contacts create various opportunities for (transit) crime. Examples are occupations involving travel, transportation services, and logistics. In addition, the individual employee's freedom of movement and/or discretion is important. 'This explains the involvement of directors of (small) businesses, independent professionals and, in some cases, individuals with relative autonomy in larger organisations, such as companies and banks' (Kleemans and Van de Bunt 2007).

The real estate sector is an attractive playing field for criminals. In a booming economy with great demand for high quality real estate, prices can easily 'explode'. Even in a period of economic crisis, the market is still vulnerable to fraud mechanisms, in particular involving price manipulation.

Real estate is among the markets which have attracted not only legitimate, but also illegitimate and irregular forms of trade, including serious forms of fraud and money laundering (ibid). In 2007, Ferwerda et al. (2007) published a study in which a distinction was made between fraudulent activities with regard to exploitation and speculation, including unlawful occupation, (i.e. the illegal (sub)letting of private homes to individuals who are legally or illegally residing in the Netherlands); rack-renters exploiting their tenants, mostly illegal migrants; and wrongful use ranging from illegal boarding houses to using the property as a cover for criminal activities such as cannabis farms, illegal brothels, etc.)

One of the greatest concerns with regards to organised crime is that criminal groups invest the proceeds of crime in legitimate enterprises, or that licit and illicit business join forces, (i.e. in so-called 'symbiotic relationships' between organised crime and its legitimate environment), which are characterized by mutual benefits. In the Netherlands, this symbiotic relationship involves financial institutions, lawyers, real estate dealers, and car rental firms, some of which cooperate with criminal groups.

Though no data was collected on specific cases of corruption in the private sector, the following information shows the number and types of companies, identified over the course of various law-enforcement investigations to have been connected to organised crime in 2006, by sector:

FIGURE 16. NETHERLANDS: TYPE OF COMPANY WITH A LINK TO CRIMINAL GROUPS, BY SECTOR

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/ political organisations	54
Retail trade and repair of consumer articles	50
Culture, sport and recreation	49
Construction	48
Other/not known	216
Total	1,135

Source: KLPD, IPOL, list of criminal organisations 2006; Chambers of Commerce, NTA, 2008:204

As previously noted, the real estate and construction industry are especially vulnerable to corruption (although rarely involving traditional organised crime). To illustrate this relation, one respondent described a recent fraud case in the Netherlands involving one of the largest construction companies. The Rabo Bouwfonds property company, (owned by Rabobank, one of the largest banks in the country, and formerly by ABN Amro), concluded a real estate development deal with the Phillips Pension Fund. The total amount of the deal related to the fraud was 350 million Euro. Over a period of more than ten years corrupt managers at the Phillips Pension Fund gave contracts to Robobaufons, which were inflated by millions of Euros. According to the respondent, the reason why the construction sector is susceptible to corruption is because there is no transparent pricing mechanism, and oversight, especially at high levels, is often difficult (L1).

Another telling case in the real estate sector involved a real estate dealer who was killed by a hitman in front of his office in the centre of Amsterdam 2004. Starting in the 1980s, he built a real estate empire estimated to be worth around 300 million Euro (in 2001). In the 1990s, he owed at least part of his wealth to the fact that he invested the proceeds of drugs crimes in real estate for several known criminals. Since 2000, police reports and journalistic research have revealed that his symbiosis with several criminals allegedly turned into extortion and attempts by criminal elements to take control of his business. 'Excerpts from his diary, published a year after his assassination, show how he was forced by threats as well as physical violence to hand over large sums of money to his former criminal business partners' (Nelen 2005, p.3).

The main crimes and corruption schemes involving the construction industry are related to the establishment of illegal cartels. In 2004, a Parliamentary Inquiry into antitrust crimes in the Dutch construction industry revealed that construction companies systematically made agreements among themselves relating to the procedures of submitting tenders for contracts. Companies would agree on who would be awarded the contract and for what price. Though there was no hard evidence of organised crime involvement in such practices, it appeared that hundreds of ostensibly legitimate construction companies were heavily involved in price-fixing, cartel forming and secretly arranging the allocation of projects (Nelen 2005).

According to one respondent, similar cartels are formed along geographic lines (regional/town), or on a vertical principle – where supplier or sub-suppliers are integrated within the chain. In such cases, bribes are used to corrupt construction oversight bodies at the regional level. This, though, is often considered only an administrative and not a criminal offence. Nevertheless, forging documents and invoices is necessary to conceal the offence. Therefore, employees of other construction enterprises are bribed to provide the fraudulent invoices needed to disguise the cartel (A3). The same respondent noted that there is little evidence that the construction/real estate sector is used to launder significant amounts of organised crime profits. From the 700 cases of the Dutch Asset Confiscation Bureau, most of the assets confiscated were small apartments, shops, or other smaller investments. According to the respondent, typically, a criminal would own 5-10 premises – a few apartments, a store, etc. (A3)

Another example of corruption in the private sector concerns cargo theft. The research conducted for NTA (2008) revealed that an estimated 80% of cargo thefts involved ‘help from the inside’. This can range from leaving a gate unlocked to providing transport schedules, information about the contents of the lorry and involvement of the drivers themselves. People in the business community blame inadequate screening of new staff (NTA 2008, p.185).

Lawyers and public notaries sometimes also play an important role in facilitating corrupt deals. This usually concerns some small law offices and not the big well established firms (L1). In 2005, a lawyer/fiscal specialist was murdered in front of his house in Amsterdam. He had been accused of assisting top criminals in laundering their money abroad and of being a member of a criminal organisation (Nelen and Lankhorst 2008, p.127). Another case involved a lawyer in a drug trafficking case who ‘advised the leading members of the criminal groups on a regular basis. He had his own licit practice, which is located in the office complex of one of the leading members of the network’ (ibid, p.135). In yet another case, when one of the clients of a criminal defence lawyer was put into custody, the lawyer passed on information about the investigation to another suspect (also his client), who had not been arrested yet (ibid, p.132).

Notaries could also abuse their position by helping to shield criminal activities and their proceeds. The corrupt activities of notaries include

transactions on the property market, the establishment of legal entities and conducting fraudulent deeds to launder criminal money. In one case 'a notary... regularly established legal entities at the request of a major fraudster and also conducted share transactions on his behalf' (ibid: 138). In another case 'a notary linked his name and account to an advanced fee fraud. As a result, a swindler was able to persuade investors to transfer huge sums of money to the account' (ibid, p.139).

According to one respondent, no corruption of bank of officials is required for the transfer of money or for the laundering of smaller sums of money. For large amounts, some banks have the incentive to collude, as it is profitable to them, so no corruption is required again. Yet in some cases, certain bank employees might become involved in a money-laundering scheme as a result of corruption (L1).

7. Conclusion

Though the Netherlands still enjoys the reputation of a virtually 'corruption-free' country, the latest reports based on investigations of law enforcement (NTA 2008) and of the WODC of the Ministry of Justice (Van de Bunt and Kleemans 2007) or academics (Huberts 2006; Nelen 2008, etc.) that corruption is a more frequent phenomenon than sometimes assumed, and occasionally it is connected to organised crime.

Organised crime in the Netherlands may best be described as 'transit crime', which does not need to dominate specific economic branches or geographical regions. Therefore, crime in the Netherlands is fundamentally different from many other countries. In the case of cross-border crime and the trafficking illegal goods and people, criminals are not dependent on police and custom corruption.

The general opinion is that corruption of the judiciary, national level politicians, police and custom officers is relatively rare in the Netherlands, which is reflected by the low number of convictions for corruption. Despite the existence of occasional cases the corruption-organised crime nexus does not yet pose a very significant threat.

The analysis of different institutions that are or can be targeted by organised crime shows that the private sector and the local administration and government are the primary targets of OC corruption. The low number of corruption incidents in the police forces can be primarily explained by the strict formal and informal controls and clear codes of behaviour within the organization, but also by the fact that the legalisation of drugs and prostitution is naturally accompanied by lower levels of corruption pressures on police officers.