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An analysis of cash collection systems related to the European drug market

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Author

Nacer Lalam, Institut des hautes études du ministère de
l'Intérieur (IHEMI) Ecole militaire, Paris, France

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Introduction

Money laundering is practised exclusively by criminal organisations that have attained a proven level of professionalism. It occurs at a certain point in the criminal cycle because it enables an illicit enterprise to legitimise the origin of their funds and benefit from their gains while remaining unpunished. Nonetheless, most professional traffickers think in a sequential manner, that is, first they are interested in how to set up their activity (purchase, logistics, distribution) and only much later in how they are going to hide the origin of the profits they make.

However, the money-laundering phase is crucial for those involved in the criminal world. Moreover, public authorities have been working to combat money laundering for more than thirty years, with, of course, varying degrees of success, depending on the relevant legal provisions, their application and preventive effects.

In the context of the European drug market, this paper provides an exploratory analysis of a method of laundering drug money that law enforcement agencies (LEAs) identify through the use of 'cash collectors'. We first highlight the main actors of cash collecting linked to drug trafficking, then we discuss its organisation, especially the interpenetration of networks, and, finally, we highlight some salient elements of public responses to the problem in a number of European countries.

From a methodological point of view, qualitative material was mainly obtained from the French Judicial Police (OCRGDF-DCPJ) ⁽¹⁾ and from interviews conducted with public authorities in charge of anti-money laundering operations in Spain, Italy and the Netherlands, first in the second half of 2019, and further in the second half of 2021. From the outset, it emerged that knowledge of the phenomenon is unevenly distributed and undoubtedly should be shared more widely in order to update a number of criminal police services and thus make government responses to this threat more effective. This study is based on case studies that involve many European countries (cases known as 'Virus', 'Retrovirus', 'Emporio' and 'Kouri'). Significant data are available from police records.

In addition to France, three other countries — Spain, the Netherlands and Italy — have been subjected to specific scrutiny, and the criteria underlying this choice are based on practical reasons pertaining to cooperation with the French judicial police specialised in fighting financial crime. The interviews were conducted with members of law enforcement agencies specialised in anti-money laundering investigations and with experts from the respective financial intelligence units of each country. A questionnaire was used to conduct the interviews. The preliminary contacts suggest that there is no systematic statistical data on this type of money laundering either at the national or European level. At least two experts (LEA and scholars) were interviewed in each country (see Annexes 1 and 2).

Drug revenues are considered to be the principal source of criminal proceeds, especially in relation to the supply of cannabis in Europe. This means that it is necessary to distinguish between the part of this income that will be laundered and the part that will be reinvested in the criminal economy.

This exploratory study emphasises how an underground banking system has emerged for drug traffickers, with the understanding that it is mostly used for legal practices (e.g., remittances). Without doubt, the stringent anti-money laundering controls placed on financial institutions have led criminals to become more reliant on the services and skills provided by professionals to manage their illicit funds. The 'informal value transfer system' appears to have the capacity to deal with huge amounts of money while offering a limited risk of interception and a real potential to circumvent detection strategies. Cash collection systems are a combination of sophisticated and artisanal methods. For instance, the collectors use encryption techniques for their communications and, at the same time, they hide the banknotes in ordinary sports bags.

⁽¹⁾ Office central pour la répression de la grande délinquance financière. Direction centrale de la police judiciaire.

Our analysis operates at different levels, mainly at the micro level, focusing on the sociodemographic profiles of the actors involved in the cash collection system, their skills and abilities, their earnings and the role of the extended family. At the meso level, the report looks at the organisational aspects of this informal banking system, the networks, the cultural references and trade-based money laundering.

The last section is dedicated to public policy analysis — especially in an international context, with an emphasis on the problematic issue of cooperation between countries.

A. The main actors

According to Ben Lakhdar (2013), it appears that, schematically, cannabis distribution networks in France are made up of four different strata of actors: the wholesale seller upstream of the distribution line; an intermediary A; an intermediary B; and the retail dealer. Cannabis trafficking is said to be unprofitable at the bottom level of distribution. In fact, the 'small' street dealers, the most numerous group, earn limited sums of money, while the intermediaries in the trafficking chain, just below the semi-wholesalers, tend to spend the proceeds of their drug dealing ostentatiously but do not resort to money-laundering techniques. Thus, in many cases, drug money responds to a logic of individual social promotion based on a need for social recognition. Most drug dealers do not project themselves into a logic of accumulation, but rather blow the money they make by purchasing luxury products. They follow a short-term logic, in the process sacrificing their prospects of legal integration. It might be said that this is the most basic, most primitive way of laundering money, by diluting the sums earned in the legal economy. These traffickers generally only handle cash. Semi-wholesalers, on the other hand, make enough profit to consider using financial engineering to conceal the origin of the money made from the resale of cannabis. The traffickers who resort to money-laundering techniques are actually few compared to the mass of small dealers and intermediaries. Among the population that profits from drug trafficking, the majority rather use what can be described as artisanal methods. At this stage, let us mention the method of expatriating funds abroad. This rudimentary method is gaining renewed interest from criminals given the increasing control over deposits implemented by the banking system. Once these funds arrive in the destination country, they are invested in small businesses or real estate; they can also be placed in local banks and then transferred again to France (in the cases cited in our research), thus justifying new bank loans.

It is not a question of listing all laundering techniques, but rather of focusing on those that enable the trafficker to solve the equation balance the cost of laundering against minimizing the risk of detection and interception. Some traffickers are willing to pay a significant percentage of their turnover to enjoy the benefits from of a reliable and trustworthy money-laundering method. However, the traffickers' rationale often leads them to look for inexpensive methods. The margins charged by the intermediaries and the transaction costs (with regard to implementing the strategy and managing the risk) are likely to deter traffickers from undertaking money laundering, which could explain why some of them hide cash in more or less elaborate hiding places. Others, given the control mechanisms set up within the banking system, may use so-called clearing methods (characterised by reduced management fees, lack of formalities, etc.), one of which is called *Hawala*.

Hawala is an informal financial network based on centuries-old practices of mutual assistance, which was originally justified by the weakness of the formal banking network, particularly in South Asia. A migrant worker sending money to his family is an example of the use of this technique. It is an informal remittance system (Passas, 2005) used in various parts of the world to move capital from one country to another. Based on a 'contract of trust' (ethnicity, same village, etc.), it is cheap, quick and less bureaucratic than the formal financial system. Considered legitimate by many international organisations (of the United Nations system), *Hawala* can however be diverted from its primary mission, with the reduced formalities and relative anonymity making it easy to use for money laundering and financing illicit activities.

At one end of the drug trafficking supply chain, distribution networks handle large amounts of cash. To transfer their profits abroad they employ different methods, but the use of collectors is the one currently preferred and is becoming more prevalent.

Three main levels can be identified: the collector, the facilitator (or supervisor) and the 'super-facilitator'.

A.1. The collector

This analysis focuses on what are known as 'cash collectors' because they represent the largest number of actors in this money laundering process, and, like street traffickers, they tend to conceal the true nature of the system in which they work. Indeed, collectors are in touch with the informal economy, and this fact along with their community ties mean that they are chosen to perform a basic but trusted function.

Both the drug trafficking and money laundering sectors are rather singular and marked by their level of specialisation and professionalisation. Many of the collectors do not know the remitter, nor where the money comes from. The meeting points for cash delivery are very unremarkable, for example, near a fast-food restaurant belonging to a well-known chain, or a petrol station.

Based on approximately 10 cases from three European countries, collectors appear to be predominantly men, ranging in age from 25 to over 60, and able to speak at least two languages, although they often have a low level of qualifications; they are also unlikely to have a significant criminal record. While they are discreet, they are not familiar with police surveillance techniques. Most of them have little or no awareness of the scale of the penalties that can be incurred.

The collectors generally are members of an extended family, which suggests they can rely on their relatives to do certain tasks.

As indicated, where information is available, it appears that collectors' level of education is relatively low. However, there was one collector who presented himself as a student. We should specify that the required expertise seems attainable; what is expected is rather social skills, such as reliability, punctuality and discretion. Among those acting as collectors, we find, for example, cab drivers, ambulance drivers and deliverymen, indicating that mobility is an asset in this context.

It should be added that the collectors are in contact with cash and not with illicit drugs, which contributes to a feeling of being less reprehensible, even if the transactions involve very large amounts of money.

The collector gets paid a small percentage (not more than 1 %) of the money collected, which he receives at each collection operation. The average transaction is around EUR 200 000 to EUR 300 000. The unit of account is approximately EUR 100 000 and the global amount, in the course of one year, can reach several million euros.

Methods for recruiting collectors

Over the last 10 years or so, 'underground banking' and in particular the intervention of collectors, has played a major role in drug money laundering circuits. Collectors have thus established themselves during the first stage, known as the placement phase. The pre-existing system, relatively basic in its implementation, has now become more professional. Initial recruitment in family circles close to the 'broker' or 'super-facilitator' has been extended to other people in concentric circles further removed from the nuclear family. These are primarily so-called patriarchal. These are primarily so-called patriarchal families, that are characterized by the saying 'all sons marry and settle in the father's home': a controlled division of labour can thus be established, and this proximity is useful for the discharge of business. The laundering network is transnational and involves countries where what sociologists refer to as the 'family-source' still exists, bringing three generations together under the

same roof. Alongside the father and mother, one or more sons, their wives and children live together. In these families, the income resulting from informal activities is mixed with that from official sources. Recruitment from the extended family provides the most convenient point of access. After that, it appears that recruitment from the same village or urban neighbourhood is combined with an ethnic dimension, followed by recruitment among those who share the same language. *A fortiori*, trust remains the basis of this informal financial arrangement. The intersection of the anthropology of the family with an informal activity only reinforces the idea of the power of proximity (ensuring that one's family benefits from this proximity in survival or accumulation strategies). The recruitment carried out by the main organiser of this informal financial system is not undertaken blindly: besides trust, various attributes, skills and knowledge remain criteria for inclusion, such as the following (in no particular hierarchical order):

- ▶ knowing how to move around within a more or less large geographical radius;
- ▶ mastery of communication technologies (a greater exposure to and familiarity with digital technology);
- ▶ facility with languages;
- ▶ knowing how to count;
- ▶ showing discretion, obeying instructions;
- ▶ being uncooperative with police investigators in the event of arrest;
- ▶ not using drugs or alcohol.

In some networks, the organiser will choose an unemployed collector who can be motivated by the prospect of earning money. In others, the organiser will choose a person with a job who wants to increase their income. Someone with a formal job is less likely to attract the attention of the authorities. The sparse data available tends to show that collectors have only a minor or no criminal record; they do not appear to come from the criminal world. The same is true of the 'brokers' or 'super-facilitators' who see themselves as a stockbroker, an economic actor in their own right.

The records show that these 'brokers' will be located in a country where the informal economy and related financial systems are prevalent. The example of the *Saraf* in Morocco precisely illustrates this activity at the confluence of the informal and the formal.

A.2. The facilitator

The facilitator is the person who centralises the cash and may be viewed as providing a type of temporary storage service. Facilitators are based in an ordinary location without any special security. In one case for instance, in Paris, a facilitator hid large amounts of cash under the mattress in the room next to his grocery store.

Facilitators occupy a strategic position in the process since they are in contact with both the collectors and the informal banker. They have no criminal background and occupy a hybrid space, between legal and illegal activities.

The role of the facilitator is mainly to count the money and inform the banker of the amounts received and remitted. At this nodal point, a demand for cash from a third party (e.g., a legal import-export entrepreneur) can be satisfied directly with money from the drug trafficking. Part of this total will be given directly to third parties for cash, and some will physically travel to other destinations (e.g., North Africa, Belgium, the Netherlands, etc.).

An essential tool: the banknote counting machines

Among the objects often discovered during police searches are banknote counting machines, some of which are quite sophisticated and expensive.

There is a wide range of banknote counting machines (costing from EUR 65 to EUR 2 000), the most expensive one counts 1 200 banknotes per minute, and can detect false currency. The banknote counting machine is put to use as soon as the collectors bring the cash to the facilitator in order to count the number and the value of banknotes. The main denominations are 10 euros, 20 euros and 50 euros.

According to one arrested collector, there was concern over the noise generated by the machine and the risk that the neighbours would ask questions.

This machine is highly valued because the data it delivers (number of bills and face value) is hard to question. All the actors involved in this process own this type of machine.

A.3. An example of a 'super-facilitator': the *Saraf*

The figure of the 'super-facilitator' is known as the 'broker' ⁽²⁾ in Latin America and the *Saraf* in North African countries. These individuals may operate in markets, bazaars, the backroom of a telephone shop, a butcher's shop, a hairdresser's, or even within the public space, as can be seen in Pakistan and Afghanistan where street *hawaladars, people (or places) that facilitate hawala transactions*, outnumber the branches of official bank.

The *Saraf*, who presents themselves as the head of a stock exchange or financial office, is in reality an actor inserted in the local economy. They facilitate access to local currency for holders of international currencies and vice versa at exchange rates that are more attractive than those offered by legal banks. In addition to foreign exchange activity, the *Saraf* can negotiate loans between third parties, or facilitate the initiation of a tontine, and thus generally has a positive image. They do not comply with the rules of due diligence as enacted in the legal finance sector. The *Saraf*s provide a benefit to their clients as the money they handle comes mainly from the funds of migrant workers in foreign countries. Even though they operate without an official licence they keep written accounts to keep track of all the money transfers. *Saraf*s also possess better than average telecommunications resources. In addition, one of their areas of expertise relates to the link between trade and the handling of undeclared funds. The line between informal finance and micro-finance is thin.

Furthermore, it is difficult to know what the turnover of these individuals might be. Exchange rates and fees are more accessible, however, giving a relative idea of the gains made by these super-facilitators: a *Saraf* established in one of the souks of Casablanca might earn up to several tens of millions of dirhams annually, or for a *Saraf* established in a back shop in the capital of Algeria or a smaller metropolis the amount might be hundreds of millions of dinars per year ⁽³⁾.

Among the *Saraf*s, some of them are real 'money-laundering brokers' with obvious know-how in cash transportation and/or financial compensation (where the money does not necessarily cross borders). As bankers, fundraisers, money changers and insurers, these brokers are able to launder large sums of money without attracting attention.

⁽²⁾ What we call here the super-facilitator or broker would correspond to the banker, i.e., the person who ensures the consolidation of physical or non-physical movements of money and who brings the supply and demand sides together. These individuals also assume the role of facilitator, i.e., by ensuring the cash is initially centralised via the collectors. The collectors are the small fry of the organisation who handle cash collection and transport. Transposing the legal financial system, i.e., the banks, to the informal system remains an artificial exercise because the informal route relies on minimal infrastructure and therefore low structural costs.

⁽³⁾ 1 euro = 10 Moroccan dirhams; 1 euro = 160 Algerian dinars (January 2021).

Why do they offer their services to criminals looking for a fast and efficient structure? On the one hand, the profit margins are greater than those to be made from, for example, migrant workers' remittances ⁽⁴⁾. On the other hand, they can act as intermediaries assisting criminals in investing part of their profits locally, for which the *Sarafs* will then receive a sizable commission. These are all services that can be offered by the *Sarafs* thanks to their prominence within the community. Moreover, individuals tend to repeat actions that have been successful before, in the absence of any overriding reasons to change.

The *Sarafs* can be considered as figures with local legitimacy, who grew up in a particular neighbourhood and know both the old notables and the young connected elite, which gives them the capacity to mediate between both groups. They are a type of 'proximity elite'. *Sarafs* are generally found through word of mouth. The deals they make are mostly based on an oral commitment. Written records are reduced to the most basic form: a name or a pseudonym, a number even, alongside the amount of the transaction and a telephone number if necessary. Hybridity is also one of their characteristics, in the sense that they act in both the illegal (flows of criminal origin) and legal (trade, real estate) spheres. For example, they are able to finance a student trip abroad, or organise the return of the body of a deceased person from Europe.

Sociologist Alain Tarrus has provided valuable insight into the mobility of certain fringe traders, he speaks of transmigration, or 'a recent type of international migration: hundreds of thousands of small entrepreneurs deploy themselves in networks of advantageous resale of products for lawful uses without tax, all over the world, a true commercial cross-border labour force of large globalised firms, hindered in their expansion by the inter-state rules of official trade'. Some of these border-crossing transmigrants can be exploited by criminal networks to transport illicit products (drugs, counterfeits) and currency. Pendulum movements are emerging between North Africa, Europe and the Arabian Peninsula. These transmigrants operate in 'ethnic networks and are unique in that they develop a code of honour, a commercial metalanguage, free of religious or ideological references, which not only avoids conflicts, but also synergises diversity in obtaining and distributing a product or service' (Tarrus, 2002).

The pattern which emerges from these flexible and reactive channels is thus, on one hand, territorial anchorage with respect to the *Sarafs*, and, on the other hand, transnational mobility for supervisors and cash collectors. While, upstream, the intervention of European law enforcement services disrupts these channels, downstream, on the collectors' side, the *Sarafs* are difficult to reach, especially since they are protected to a certain extent thanks to their contacts with local authorities. Official state rules (the adoption and transposition of international anti-money-laundering standards) may thus diverge from local social standards.

⁽⁴⁾ The World Bank estimates that officially recorded annual remittances to low- and middle-income countries reached USD 529 billion in 2018, an increase of 9.6 % over the previous record of USD 483 billion in 2017. Global remittances, which include flows to high-income countries, reached USD 689 billion in 2018, up from USD 633 billion in 2017. Among the major recipient countries, India leads the way with USD 79 billion, followed by China with USD 67 billion, Mexico with USD 36 billion, the Philippines with USD 34 billion and Egypt with USD 29 billion.

The 'Virus' case: a complex financial circuit

The 'Virus' case concerned money laundering from drug trafficking between Morocco, Spain and France. The investigation found that drug money was laundered through clearing operations between France, Switzerland, UK, Morocco and China.

Searches were performed by the French authorities on 10 October 2012. More than 40 people were arrested, and in Switzerland, a bank employee and an asset manager were charged with aggravated money laundering. This operation also resulted in the confiscation of many million euros in a few months.

It was by combining a financial and criminal approach that the investigators managed to make the connection between cannabis trafficking and money laundering. Three brothers operated from France, Switzerland and Morocco. Firstly, they recovered the money from the sale of cannabis resin, then (in Geneva in this case) they injected the equivalent amount into a complex financial circuit passing through several countries: the United Kingdom, the United Arab Emirates, Spain, Morocco, China, and even Panama, before redistributing it to the traffickers.

More precisely, the money from drug trafficking was transferred to retail outlets and then handed over in France to notables who could thus recover (in exchange for an 8 % commission) the equivalent in cash out of sight of the tax authorities in accounts outside France. Among the notables identified by the judiciary who benefited from the system were a local elected official, a lawyer, a dentist, an art dealer, a doctor, a sound engineer, an entrepreneur and two company directors. With the motive of evading taxes, all of them profited, often without knowing it, from cash coming directly from drug trafficking

Those responsible only for collecting the money were not drug traffickers; their role was to deposit the cash in a local business, where it was received by a 'main collector'. In just six months, 182 collections were identified, with a total value of over EUR 7 million. Invariably, the money that entered the small supermarket ended up leaving in the same way, in plastic bags. The money passed from hand to hand, from traffickers to collectors, then from collectors to notables, without ever leaving the Paris region. The affair continued on the other side of the Franco-Swiss border, in Geneva, where two of the brothers managed the opaque phases of the operation. The first brother, a financial engineering professional, worked as an executive at HSBC Private Bank. The second brother had taken over a financial management company that hosted a charity, thus creating a philanthropic facade which concealed the money laundering activity that was the true purpose of the organisation. On a daily basis, several employees of the management company were in charge of maintaining 'commercial fictions' attached to hundreds of trusts, family foundations and other offshore companies sheltering hidden funds. The investigations also brought to light the existence of 350 trusts, mainly set up in Panama, thanks to the support of the law firm Mossack Fonseca.

How did the link between Moroccan traffickers and Swiss bankers operate? The whole system set up by the brothers between Paris and Geneva was based on the very old *modus operandi* of the '*Saraf*', a hidden banker at the heart of the system. In their referral order, the judges described this central figure as a 'great professional, semi-official, putting his expertise at the service of criminals in particular'. The *Sarafs*' function is to enable the exchange of international currency held by traffickers in Europe for local currency or arrange a transfer to a bank account. In the Virus case, the role of *Saraf* was played by a French-Moroccan man in his fifties who lived in Morocco and was a childhood friend of the brothers. He was the missing link and formed the connection between the two worlds.

The principle is always the same: using a cascade of intermediaries, the *Saraf* collects the trafficker's funds and makes them available to the tax evader. In exchange, the latter makes a bank transfer from his Swiss account to another foreign account designated by the trafficker, who can then freely enjoy his millions in Spain, Morocco or the Emirates. There is no need to cross borders. The cleared funds change owners without being physically moved. For each transaction, the *Saraf* received a commission of between 5 and 15 %. The judges emphasised that the system functioned with the complicity of multiple individuals. The multiplicity of actors guaranteed the security of the operations, as most of the protagonists did not know each other.

B. The organisational aspects of the shadow banking system

When focusing on this method of money laundering leads it is necessary to consider the question of distance and proximity: the geographical distance between the principals and the collectors versus the cultural or affective proximity between these actors. In fact, geographical distance is not an obstacle to carrying out financial transactions that are not reported to the authorities, as long as trust remains the fundamental lubricant. Transactions are recorded on a basic document such as a handwritten piece of paper or notebook.

The organisation is viewed here as an entity of cooperation between actors with a common goal, it is first and foremost a network of interpersonal relationships.

What is remarkable about this type of money laundering is its great adaptability to the world of tax evasion and the use of certain offshore locations and shell companies. The two worlds of financial crime and informal finance rub shoulders without crossing paths. The so-called 'Virus case' in France provides an example of this interpenetration (see Annex 3).

As described above, the *Saraf*, usually based in a third country, is the key actor in the system, allocating the tasks and distributing the 'payments'. The basic subdivision of collecting (through supervisors or facilitators and collectors, or cash smugglers) implies cash recoveries from a member of the drug distribution network and the storage, dispatch and transportation of banknotes. The system has a less vertical structure than drug trafficking.

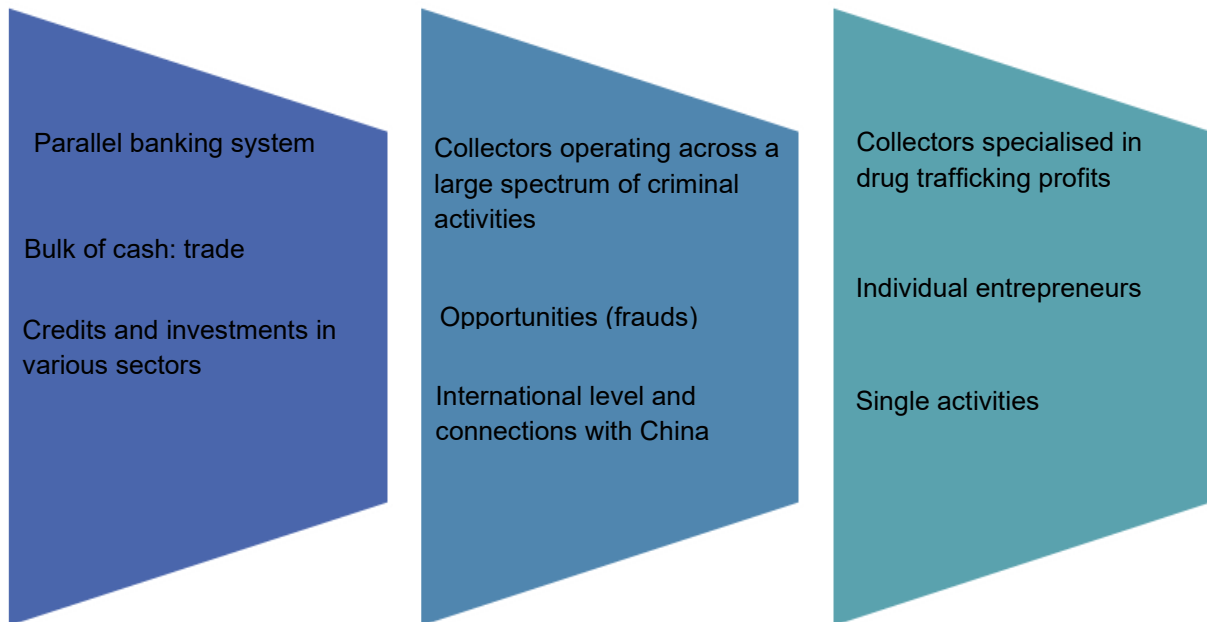
The networks involved in this parallel banking system are interconnected, with the various nodes operating from different countries and mixing cash originating from a range of sources: illegal activities, remittances or trade.

The networks themselves have interesting characteristics. Unlike legal markets, where agents tend to clarify areas where information is missing and choose a working organisation that minimises the cost of transactions, *Sarafs*, who organise in networks, control the circulation of information and, for reasons of security, use vernacular languages and codes. This is why the functioning of the network does not follow a single vertical path, where the hierarchy of firms corresponds to a functional division of the production activities.

Beyond the immediate social circle, the community factor can also favour or even facilitate the entry of newcomers into this parallel banking system. In that sense, the diaspora fosters the migration business between the Paris region and the Rif region of Morocco.

There is a great diversity of informal banking systems or informal value transfer systems (Passas, 2005), some of which specialise in a particular illegal activity (e.g. drug trafficking, human trafficking) while others operate mainly in the field of remittances (see Figure 1).

Figure 1: Main characteristics of the different configurations of money laundering from the usual parallel banking system to collectors specialised in drug trafficking revenues



Source: Interviews, 2019.

Figure 1 shows, on the one hand, the specialisation of the money laundering system in terms of criminal activities, in particular drug trafficking, and, on the other hand, the tendency to make it an exclusive activity.

B.1. Reducing transaction costs: the role of trust

The spoken word is dominant in exchanges and contracts, even if a register may record more or less succinct accounting items. Trust and giving one's word are cardinal principles: the reputation of both parties involved in the transaction is at stake. Failure to be true to one's word can result in exclusion or bankruptcy. However, during these exchanges, which can involve several hundred thousand euros, critical moments arise when the collector who recovers the cash from the trafficker assumes a high level of risk, as does the person to whom the collected funds are to be reverted. These moments of handover are fleeting and the means of control are limited (surveillance, protection), presumably to avoid attracting attention and to limit costs.

As already mentioned above discretion is a key requirement for collectors, hence why people with the most ordinary jobs are chosen for this role. In our research, few examples were provided regarding the use of violence and the presence of firearms in managing disputes. It would seem that in these money-laundering networks, the highest risks (i.e., the loss of the sums collected) are assumed by the *Saraf*, who acts as the insurer of last resort. The *Saraf* handles enough cash for any losses to be diluted or even mutualised across the bulk of transactions. This means that other investigation files should be consulted to determine whether the drug trafficker systematically 'wins' by using this money laundering scheme. Questions would then arise regarding the existence of any records or other evidence indicating the amount of the remittances made by the traffickers. This is relevant to the methods of investigation used, which certainly require an interest in the cash itself, but also in the documents and traces left by these transactions. The fact that the same *Saraf* can participate in the money laundering operations of several trafficking organisations throughout Europe (Spain, France, Belgium, the Netherlands) is an indication of the reach of their reputation and the

financial resources involved.

Economic analysis ⁽⁵⁾ can provide a useful interpretative framework for reporting on the relationship between traffickers and collectors. Indeed, transaction costs are defined as the costs of organising and operating markets, as well as the costs of enforcing the rights exchanged. More specifically, transaction costs cover the direct costs of obtaining information on the terms of the trade (in this case, the reliability of the money-laundering network in which it takes place), trading costs (time, price), as well as indirect costs, such as losses incurred due to non-compliance with the terms of the contract or as a result of economic distortions created by the contract's stipulations (e.g. the protagonists agree on a transfer denominated in euros and it eventually reaches the account in US dollars), which is known as 'moral hazard' (Grellet and Grellet, 1999).

Trust is seen as a belief in, or a conjecture upon the behaviour of the other, which is assumed to be dictated by the pursuit of a common interest over time rather than by the desire to maximise short-term self-interest. This definition has a twofold aspect. On the one hand, it links trust not to calculation but to a gamble, and, on the other hand, it makes it possible to lighten governance arrangements by limiting recourse to mechanisms of supervision, incitement and the threat of violence. Thus, it becomes possible to increase the effectiveness of coordination while reducing transaction costs.

B.2. Social capital: a key notion in understanding the networks

Social capital appears to be a potentially useful concept in understanding the role played by networks and relationships in the informal banking system. By social capital, we mean the value of the resources a person has in the form of social relationships within their families and communities. Although there is still no consensus regarding its definition, some convergence in analysis can be observed. As a general rule, social capital is defined as a collection of networks, norms and values that help those concerned achieve common goals. The OECD definition is often cited: 'networks, together with shared norms, values and understandings that facilitate co-operation within or among groups' (OECD, 2001).

Unlike human capital, which tends to be the property of an individual, social capital is primarily analysed as a relational variable. In other words, it is formed in the relationships between individuals, groups and communities. It involves family, school, social groups, villages, etc. Social capital is a contextual concept: it varies according to the setting in which it arises and grows. The inherent difficulties of measuring social capital should be noted, as it is multidimensional, protean and relational, and comprises different levels and units of analysis. Essentially, it is tacit and relational in nature and cannot easily be measured or codified (Putnam, 2002).

In our case, it seems that the seminal definition given by Coleman (1990) is more appropriate: 'I will conceive of these social-structural resources as a capital asset for the individual, that is, as social capital. Social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: They all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure' (Coleman, 1990). According to Coleman, social capital has the primary virtue of producing trust, and, as a result, facilitating transactions in markets. More generally, social capital and trust improve the ability of individuals to work together and act collectively, thus enabling them to significantly increase the income they obtain from their activities.

⁽⁵⁾ Agency theory can be applied in this type of transaction between a trafficker and a money-laundering specialist: an agency relationship links two economic agents, one of whom is the principal and the other the agent. The principal is the individual who, in return for payment, mandates the agent to perform a task provided for in a contract. They thus delegate all or part of their decision-making power to another individual. The differentiation stems from the asymmetry of information existing between the two co-contractors at the time of signature. The agent has privileged information in relation to the principal: elements that may influence the outcome of the transaction remain unknown to the principal. This concept of agency has been extended to all forms of cooperation between two partners.

The notoriety of an individual who is considered a member of the 'underworld' is based on the density of their entire social network (the volume and value of their contacts list) and the extent of their finances and/or assets. In the world of informal banking, the networks of transmigrants (Tarrus, 2015) have enabled them to become important players in money laundering. Their family relationships (diaspora), which extend throughout the country, enable the *traveller* community to find points of support for banking. In addition, loyalty within the community and the strength of family ties protect them from police scrutiny and competitors.

Shadow banking is structured on the basis of an interconnection of networks:

- networks of information;
- networks of people;
- financial networks;
- networks of product flows.

As such, one element plays a central role in this area: the list of contacts, comprising people, both professional and non-professional, who can assist, facilitate and organise the collecting of cash. This list of contacts can exist in physical form, with names, often coded, written in a notebook or planner, or perhaps may simply be memorised by individuals. The extreme diversity of the people on such lists indicates the potential extent of the organisation.

The circulation of information is of key importance. In addition to often being coded, it is retained by organisations and feeds the formation of high-quality strategic capital. Within organisations, information is disseminated sparingly, enough to give rise to action, but no more, so as to avoid leaks and exposure to law enforcement services and competitors. Between organisations, information has a price: it is a real asset that can be traded and strategically manipulated.

Long-established informal bankers have been able to set up protection systems thanks to their strong social connections. These systems comprise individuals who are called upon to help in one or more operations, thanks to the multiple contacts they have made over the course of their lives.

According to interviews conducted with OCRGDF investigators, the increasing use of collectors by cannabis traffickers became apparent around 2010. Although initially low-key, news of this phenomenon gradually spread among the major traffickers because of the reliability of the system, which combines both rudimentary methods of cash movement within the national territory (the collector collecting the cash from a point located in the trafficking region) and traditional methods of transferring the equivalent amount to a bank account (in France or abroad) minus a commission that may include exchange fees. The most significant risk to which the trafficker is exposed is the seizure of the cash when it is handed over to the collector. Very few examples were given of the possible defection of a collector or operators in the money-laundering industry, although delays can sometimes occur. In reality, within this chain, one part remains hidden from the trafficker, that is, where compensation or risky commercial transactions involving several countries takes place, often including Chinese entities. The law enforcement agencies in charge of the fight against money laundering highlight the recurrent involvement of Chinese pharmacies, particularly in connection with trade and the textile industry, but also the financial sector (banks, branches, savings banks, foreign exchange agencies).

Table 1 compares the costs of money laundering with regard to a number of key countries that receive the cash (in physical or virtual form) and are involved in the so-called stacking phase that obscures the origin of the funds. These rates relate to the sums of money to be laundered, and a wide disparity can be detected, depending not only on the amounts to be laundered (bulk discounts exist), the more or less professionalised and reputable channels used but also on the risks of tracing, detection, seizure and confiscation of funds. These costs need to be analysed to determine whether they relate to money laundering or corruption, for example.

Table 1: Average money laundering costs of the collector system

	Average costs of ML as a % of money to be laundered (commissions)	Number of intermediaries to reach the broker	Carriers
Colombia*	10–15 %	3	Air route
Morocco*	5–10 %	2–3	Overland route
Indian subcontinent**	6–10 %	3–4	Land and air
China**	1–2 %	3	Air route
Australia**	8 %	No information	No information
United States**	10–11 %	No information	No information

Notes: * According to interviews conducted with Cuerpo nacional de policía and Guardia civil (Spain), July 2019.

** According to interviews conducted with Dutch police (KLPD), December 2019.

Carriers generally hold regular jobs that do not attract the attention of the police. While the majority of carriers are men between 25 and 45 years old, a small proportion of them are women over 50 years old (Cuerpo nacional de policía, Spain).

B.3. A money-laundering channel that is more opaque and linked to the complex finance and trade flows between China and France

There are two driving forces behind informal exchanges between China and France:

- First, the presence of Chinese workers in France who wish to send part of their income back to their country of origin in order to support their family, community or village. Remittances use channels that have been in place for a long time, but through which flows have expanded in recent years. The migration of Chinese students to Europe also contributes to the necessary fluidity of (in)formal financial flows;
- Second, the increase in commercial activities between France and China and the establishment of wholesale centres for women's and men's ready-to-wear clothing (Aubervilliers, Tremblay-en-France, Marseille). These centres have become places where local criminals and traders meet. Moreover, it is still difficult to distinguish between formal and informal trade flows or between legal and illegal flows because of the often hybrid and composite way goods and capital are channelled. The interweaving, even interdependent and complementary nature of the exchanges between the formal and informal trade sectors have often been pointed out, both at the level of specific practices and that of actors or sectors (Meagher, 2010).

The aim here is not to participate in the stigmatisation or criminalisation of the commercial activities taking place in these centres or the transfer of funds by Chinese workers, but to highlight, in support of a number of police cases related to collectors, that gaps in the system allow for the intrusion of traffickers and members of the criminal community. In this regard, good practices are being exchanged for illicit activity. Chinese merchants are in need of euros (cash) and traffickers offer this cash in exchange for an international transaction enabling them to recover the funds in question by having them transferred to a bank account, usually abroad. In doing so, the traffickers benefit from these resources and are able to reinvest these funds, be it in Europe or in North Africa.

The demand for cash from Chinese traders is also explained by the fact that they act as an exchange office for Chinese tourists travelling to Europe (offering more advantageous exchange rates between yuan ⁽⁶⁾ and euros).

There is an abundance of literature on the place held by remittances: firstly, from a macroeconomic point of view, in relation to foreign exchange inflows into the economy of the country of origin; secondly, in terms of the dynamism of the local economy; and thirdly, in regard to supporting the community and the migrant's family back home. All indicators tend to show that remittances form a major source of development that exceeds comparable official assistance. Already in 2003, El Qorchi and colleagues, in an IMF publication, highlighted the diversity of remittance companies. They proposed a typology of historical structures, distinguishing between those opting for legitimate and illegitimate uses. In their view, we should not make the mistake of assuming that illegitimate uses are predominant, quite the opposite in fact (El Qorchi et al., 2003). Remittance offices involved in illegal transactions bring the whole business into disrepute. Furthermore, it would be strategically inefficient to apply the same regulation to all of them.

From high-profile investigation cases such as 'Operation Virus' and 'Babel' it is apparent that Chinese products are in demand among Moroccan traders. We know that interdependencies have been built up between the two continents, and, obviously, the Chinese are not the only actors responsible for the distribution on African soil of goods manufactured in the tens of thousands of factories in Guangdong province. 'More and more Africans are selling goods from China and those who were initially employed by the Chinese are setting up their own businesses, benefiting from the know-how and networks of their former employers' (Bredeloup and Bertoncello, 2006). The multiplication of China-Europe-Africa relations is conducive to the intrusion of practices that fall within the grey areas of trade (over-invoicing, under-invoicing, the circumvention of customs and tax obligations), which themselves favour opportunistic behaviour by criminals, from drug traffickers to international fraudsters.

B.4. Some benchmarks of the Chinese banking system

China's banking landscape has been enriched over the years since 1978, which was a key year in the reform of the banking and financial system, and heralded the creation of four specialised banks, which saw their mandates broaden to become all-encompassing (Aguignier, 2012):

- Bank of China (BoC) for international transactions;
- Agricultural Bank of China (ABC) for rural banking services;
- Construction Bank of China (CBC) for infrastructure financing;
- Industrial and Commercial Bank of China (ICBC) for commercial banking in cities.

These banks still dominate the Chinese domestic market to this day, with a market share of deposits close to 50 %, and they all rank among the 10 largest banks in the world in terms of capital (or market capitalisation). They are true leviathans, with thousands of branches and hundreds of thousands of employees; but despite this, their presence does not extend beyond the major cities.

In 1994, the government created a number of development banks, such as the China Development Bank and the Agricultural Development Bank of China. There has also been a proliferation of institutions such as trust companies (ITICs) ⁽⁷⁾, operating outside of the control of the banking regulator. The system is gradually being modernised, with the establishment of a legal, regulatory and technical framework, but governance and the culture of risk control are not keeping pace with this development. In the early 2000s, the Chinese authorities strengthened the regulatory system by creating the China Banking Regulatory Commission (CBRC), the equivalent of the French Autorité de

⁽⁶⁾ Yuan or renminbi.

⁽⁷⁾ ITICs: international development and trust companies.

contrôle prudentiel et de résolution (ACPR) ⁽⁸⁾, including a massive effort to train staff (with support from the World Bank). After a series of reforms and consolidation measures, Chinese banks are now becoming profitable.

The Chinese banking system has experienced many crises (the crisis of the 1990s cost around 30 % of the country's GNP). Nevertheless, today it has adopted prudential ratios (a high-quality standard), especially compliance with solvency ratios, with regulators and bankers increasingly aware of the risk culture. Moreover, it is now equipped with technical and regulatory tools that comply with international standards. China is becoming the world's largest banking sector in terms of asset size. However, some of the smaller local banks are encountering problems (too much credit given to state-owned enterprises with deteriorating balance sheets), suggesting they are less concerned about financial flows from abroad. Shadow banking has also developed to meet the financing needs of the growing economy. The Chinese banking system, with small, fragile banks and large, solid banks, has flaws that may explain why the regulator is not focused on the nature of funds coming from or transiting through the country from abroad. In addition, there are obvious problems in certain peer-to-peer (P2P) activities in the country. High levels of enthusiasm for financial innovation and effective lobbying by some 'fintech' sponsors have allowed major bubbles to develop. Several cases of massive P2P fraud (or 'crowd funding') have led the authorities to practically ban this activity. Where there were more than 4 000 operators in 2018, only a few dozen remain today. There are other grey areas, such as actors in the trust or leasing company sector that in reality are often merely 'sock puppets', designed to allow banks to circumvent credit quotas.

Most Chinese banks are relatively inactive outside China; only the big banks and policy banks are active abroad. This leads the diaspora to use a variety of channels, some of which are informal, to repatriate their funds to local banks whose cash flow is severely lacking (OCDE, 2019). Today, the Chinese digital giants (Alibaba, Tencent, etc.) are increasingly interested in the field of financial services. Since they are not banks, they are not subject to banking regulations and offer services in direct competition with banks. To close this Chinese loophole — which is important because a growing part of the illicit financial flows resulting from drug trafficking in Europe and certain international scams ends up in, or transits through, China — the banking regulator, the CBRC, has enforcement powers over a range of financial service providers, although it remains under 'political' influence.

⁽⁸⁾ Not to be confused with the financial intelligence unit, which in France is called Tracfin.

C. The public response: an unequal consideration

When it comes to drug trafficking, the information collected by law enforcement agents is characterised by the nature of their missions and objectives within the broader context of criminal policy. Given this caveat, it is necessary to consolidate that information with other types of knowledge (government witnesses, interviews with offenders in prison) to achieve a systematised body of knowledge regarding the practices and sociological profiles of those involved in money laundering — provided the case files kept by the police and security services supply biographical information that contributes to a truly heuristic approach.

A money-laundering typology describes the characteristics that point towards money laundering on the basis of experience. This underlying framework is usually created through extensive analysis of criminal investigations. Typologies are established by the Financial Action Task Force (FATF) at the international level, and at the national level by the Financial Intelligence Unit (FIU). In 2013, the FATF produced a report that highlighted the problem of misusing informal banking, entitled 'The role of Hawala and other similar service providers in money laundering and terrorist financing'. The report shed light on two often competing and conflicting views on *Hawala* that still stand: 'Many countries and communities, as well as the development community, view them as essential providers of financial services to the unbanked in countries with limited financial access. In significant numbers of jurisdictions and sometimes in the same jurisdiction, law enforcement views them as one of the leading channels for terrorist financing and money laundering' (FATF, 2013, p. 9).

In the fight against money laundering, Europe is viewed as a model and lays the foundations for combating the problem on an international scale. Since the early 1990s, legislative tools and human and financial resources have continued to improve the systems for dealing with money laundering. Many European countries have adopted anti-money laundering standards under the aegis of the European Union's 5th anti-money laundering Directive, while countries' financial intelligence units play an increasingly important role in prevention, detection and deterrence. However, the question of the effective application of these standards remains. One of the shortcomings in this area concerns the link between law enforcement action and its translation into justice. In some countries, like Spain, judges and prosecutors remain concerned about giving precedence to individual liberties and are reluctant to support the reversal of the burden of proof.

C.1. Some European countries are more heavily impacted due to a prevalence of criminal activities

Spain

In most European countries, in the spirit of the free movement of capital, the transporting of cash is allowed up to a limit of EUR10 000. However, in Spain, this threshold is fixed at EUR100 000 within the country, well over the amount authorised in other EU countries. This factor, along with a number of other reasons, indicates why some organised crime groups choose Spain as a base from which to manage their activities. According to Spanish authorities and the European Central Bank, the circulation of EUR 500 banknotes was particularly intensive in the region of southern Spain, including Andalusia. The EUR 500 banknote, the production of which was stopped in May 2016, is still legal tender.

According to the Spanish National Police (Brigada de Investigación del Blanqueo de Capitales y Anticorrupción / Unidad central de delincuencia económica y fiscal), the country occupies a major place in the European drug market; indeed, it is one of the main gateways for cocaine and cannabis resin (hashish). As a result, Spain records cash shipments to Colombia on the one hand and to Morocco, France and Belgium on the other.

The Spanish authorities are currently cooperating with their counterparts in Colombia to better control money transfers. They report a modus operandi whereby a bank card or cards are sent to Colombia to make withdrawals, thus avoiding the physical movement of cash from one country to another.

The so-called 'Rigoler' case involved smuggling by way of the Chinese industrial sector and cash mules to Colombia. Part of the funds collected went to branches of Chinese banks in Bulgaria and Hungary. The Servicio Ejecutivo de la Comisión de Prevención del Blanqueo de Capitales e Infracciones Monetarias (Sepblac) (the Spanish FIU) points out that requests for information directed to China's financial intelligence unit by the judicial police services of European countries mostly have no effect and rarely lead to cooperation. According to the Sepblac officials, if China were to become a member of the Egmont Group such exchanges would be facilitated.

A specialised officer of the Spanish National Police further stated that 'the growing exchanges between Spain and the United Arab Emirates are conducive to the intrusion of criminal funds. The investments made by Emiratis in southern Spain in the real estate and trade sectors create opportunities for contacts with certain intermediaries working in the legal and illegal spheres. Dubai is also an attractive place for criminals, some of whom go so far as to acquire real estate there'.

Cash transporters active in Spain very often originate from South America (Colombia, Venezuela or Peru). The proximity of Portugal also offers opportunities for transit and transfer to Portuguese speaking countries (e.g. Brazil, Angola), also taking advantage of existing trade routes.

According to the Audiencia Nacional magistrates we interviewed, Spain has territories (Ceuta, Melilla, the Canary Islands) and strong connections with Gibraltar and Andorra, where banks are the main money laundering channel open to traffickers, and few examples were given regarding the issue of collectors. On the other hand, the interviews conducted with the Central Operative Unit (UCO) of the Guardia Civil revealed an operation carried out over a year and a half in 2013–2014 called 'Filósofos' (involving the tapping of nearly 30 phones) which followed collectors linked to cocaine trafficking — as a result of which several million euros were seized identified. This case led to the arrest of five Syrian-Lebanese organisers (including a facilitator in Spain and a super-facilitator or 'broker' in Venezuela) in the Spanish part of an international investigation (covering the Netherlands, Italy, Portugal and Venezuela), also conducted with Operation Cassandra of the Drug Enforcement Administration (DEA). The DEA has a high level of expertise because of its knowledge of money-laundering methods in the Americas. Indeed, the cases revealed in connection with the 'black market peso exchange', especially with regard to Colombia and Venezuela, have enabled the US authorities to accumulate knowledge that could be useful for Europeans.

According to the investigators, the cost to the traffickers of this laundering method is estimated at between 7 and 14 % (see Table 1) of the sums laundered, including a form of insurance in case of loss or theft. They add that there are people who can take custody of the money, for 1 % of the amounts involved per day.

Transactions made by using 'tokens' or a method that does not catch the attention of law enforcement bodies, for instance the exchange of a serial number on a banknote, are intended to ensure trust between parties and facilitate the identification process (with no need to show an official document such as an ID card). Contacts are made by telephone with Messaging applications such as Telegram and Whatsapp in order to determine various ordinary collection points (public squares, fast-food restaurants, car parks, etc.). It would appear that the responsibility for transporting the money lies with the carrier.

Guardia Civil officials spoke of another case that mobilised law enforcement agencies in several countries (Spain, Portugal, Belgium, the Netherlands, Italy) and led to the arrest of 38 collectors. At this stage, the information gathered is not sufficient to build a model of the phenomenon.

Italy

In Italy, although the Guardia di Finanza's priorities include border checks on passengers, stopping

collectors remains a marginal issue. It is far outweighed by large-scale transnational money-laundering operations using the ordinary banking system, the productive sectors and offshore centres. The Italian Mafias have developed such financial capacities that they have long had financial specialists acting as middlemen between the legal world and criminal markets. Nevertheless, the Italian authorities monitor the (undeclared) movements of currency in and out of Italy, particularly between the peninsula and abroad, notably China. Cash transporters can assess the various risks of discovery at particular airports. Guardia di Finanza officials explain that Chinese organisations choose which border to cross according to the degree of control in place at a particular time, as evidenced by the switching of a number of transporters' departures from Rome to Milan airport. The Financial Intelligence Unit records suspicious reports from the three main money transfer companies (RIA, Western Union and Moneygram), in particular it looked at transactions that showed a splitting of transfers from Italy to China and the use of forged identity documents. However, the funds involved appeared to originate not from drug trafficking but from the textile business. In this respect, there has been an increase in transfers from the city of Prato (Tuscany), which specialises in this sector.

From January to October 2019, the Italian authorities seized cash totalling EUR 10 172 490 at the borders (source: Guardia di Finanza, interview, November 2019), the majority of which came from people leaving for China. Cash seizures are also being made at the French-Italian borders, but according to the same authorities, it remains difficult to determine the origin of these funds.

Finally, a number of officers referred to the physical movement of cash between Italy and Albania, some of which was said to be the result of criminal activities by Albanian groups involved in the trafficking of marijuana, cocaine and heroin.

Other organisations, both Nigerian and Lebanese, were mentioned by the Italian authorities. Nigerian groups are mainly active in the area of trafficking human beings, small-scale drug trafficking and some forms of cybercrime. These individuals are experienced in the use of the *Hawala* system, as it is also a way of transferring funds of legal origin.

Ultimately, it appears that in Italy, the issue of drug money collectors is subject to minimal police scrutiny given the wide range of money-laundering methods used by the Mafias.

The Netherlands

In the Netherlands, three specialised teams are spread out over the territory in order to identify money laundering activity, which they know has existed for a long time but which in recent years has assumed an unprecedented scale. Once again, a correlation is made between the strengthening of controls on the legal banking system and the shift of criminals to alternative and informal remittance systems.

Again, the involvement of certain parts of the Chinese textile trade in the laundering process was reported in the Netherlands. Better known as 'trade-based money laundering', some traders are involved in a highly simplified scheme involving processes of compensation between textile exports and the provision of foreign currency (euros, dollars) in the importing country, as well as transfers to third countries.

Moreover, this practice appears to have been extended or at least 'democratised': groups of Dutch nationals, Latin Americans, Moroccans, Indo-Pakistanis (from the UK), Syrian-Lebanese, Hungarians and Turks have been found in the country using this money-laundering technique. It is useful to indicate the origins of these groups in order to recall both the cardinal notion of trust and the role of the wider field of criminal activity. For example, Turkish groups launder money from heroin trafficking, while Latin Americans launder money from cocaine trafficking and Moroccans from hashish trafficking. The Dutch police also note that there is an advantageous environment provided by, for example, the presence of networks from former Dutch colonies (Suriname, Curaçao and Aruba), while their proximity to Venezuela, a rear base for Colombian cocaine trafficking, constitutes an asset for traffickers from these territories. In addition, the Netherlands is a synthetic drug production area

connected to the drug markets of several countries; Mexico, the Dominican Republic, Australia and Great Britain, to mention a few, regularly import synthetic drugs and the payments for these may ultimately be managed by a broker located in a Dutch metropolis. However, law enforcement attention is focused more on the outflow of cash from the Netherlands than on its inflow, while the sums collected range from EUR 50 000 to EUR 500 000. Gradually, collectors have been entrusted with smaller sums in order to reduce losses in the event of theft or seizure by the police. According to one of the officers, 'the facilitator is careful not to build up stocks and works on a just-in-time basis'. The use of collectors guarantees a certain degree of anonymity and trust is mediated by an object: the serial number of a banknote or a token.

Dutch police officers claim that Indo-Pakistani people have a long history of using this informal financial system, including through the trade in textiles, and the purchase of phones and related accessories. Violence is a latent presence in these circles, and grenades and firearms (Kalashnikovs) have frequently been discovered. Nonetheless, law enforcement seldom report overt violence in this community.

Among the practices of the collector network, the use of encrypted messaging is widespread. This is nothing out of the ordinary when compared with criminal activities that fall within the scope of organised crime. The use of multiple telecommunication devices, some of which are used only once, is also commonplace. This is reflected in the cost of investigations, which include phone tapping and potentially hours of interpreting. Attention was drawn to the implementation of the Anti-Money Laundering Act in the Netherlands. Dutch police officers believe in the virtues of intelligence, international cooperation and the coordination of specialised anti-money laundering police. For example, reference was made to the strengths of the Joint Investigation Teams under the aegis of Eurojust and Europol, as demonstrated in a recent case involving the Netherlands, Belgium and France (Operation Kouri). There is no doubt that, despite increased knowledge of the collectors' modus operandi in recent years, the police are already turning their attention to crypto-money as a means of laundering drug money.

It appears that the attention of the authorities was drawn to this method of collecting cash within an informal banking system only through incidental cases, but in view of the apparent scale of the phenomenon, it can be assumed that it had been in place for several years. Collectors' files are taken into account and processed on the initiative of specialised police forces. In this respect, it is worth noting the role played by the 'International Anti-Money Laundering Operation Network' (AMON), an international network of informal cooperation dedicated to the fight against laundering, bringing together some 40 member countries.

C.2. Analysis

A few key points emerge from this survey regarding the public response to this issue:

- It remains difficult to regulate the informal banking system in so far as the obligations that apply to the legal banking system are impossible to apply in its case. The benefits are far too great for the users of this informal system, suggesting that other resources must be employed to curb its use by criminals. This requires working with community representatives in the origin and destination countries of the funds, not to prohibit the practices but to push for self-regulation.
- The crucial role of intelligence in this field suggests that this resource must be stressed in the training of specialised judicial police, customs and FIU; in the same way, the exchange of knowledge between intelligence units could help to identify salient features and recurrences.
- The investigation techniques used in fighting organised crime can be employed in relation to the illegal banking system (wiretapping, undercover operations, sound recording, etc.).

- Joint Investigation Teams (JITs) can be very productive as they have a number of advantages (FATF, 2013):
 - no requirement for international mutual legal assistance requests;
 - intelligence and evidence sharing between JIT members;
 - evidence can be used in court;
 - members of the JIT can be present at house searches, interviews of suspects and other associated areas of operational activity in all jurisdictions covered;
 - funding for the establishment of JITs is available from Eurojust. This funding is available for reimbursing the cost of travel, accommodation, translation and interpretation; in addition, Eurojust can fund/host operational meetings.

Conclusion

The present study is exploratory and should be continued to provide a better understanding of money laundering methods that appear outside the legal banking and financial system, which, as some investigators point out, remain under the radar of the police and justice services. Knowledge can also be shared between specialised law enforcement agencies (including taking advantage of customs services' high degree of involvement in the fight against fraud), in France and internationally. Knowing more about these collectors is likely to guide criminal policies, which can then aim to disrupt their practices, putting the system of illicit drug supply under pressure and depriving traffickers of the income from their activities.

Criminal networks are unfalteringly imaginative in developing new and innovative methods of laundering the proceeds of illicit activity and circumventing legislative and institutional safeguards.

The laundering of cash from organised crime reveals two constants: a highly controlled collection of the proceeds of trafficking and the use of community-based laundering networks. The cash is then laundered in three different ways: by transporting it; through converting it into resaleable goods; or by using a clearing mechanism. This is a real 'cash market' that responds to the law of supply and demand, coordinated by a main protagonist, the 'super-facilitator' or '*Saraf*', at the head of an international hidden banking system. The actors involved are constantly adapting to changes in legislation, customs and police controls, fluctuating exchange rates between currencies and the stock market prices of certain raw materials.

The interviews carried out in France, Spain, Italy and the Netherlands show that the problems posed by collectors are unevenly addressed, largely due to security objectives and plans linked to the contingencies of domestic criminogenic realities. The French judicial police have mastered some of the workings of these money laundering methods and channels, and are pioneers in this field, but their investigation strategy rapidly takes on a European and international dimension and thus becomes very dependent on international judicial cooperation. In May 2019, the French authorities (DCPJ) hosted a seminar in Paris entitled, 'Cash collectors in money laundering', to help share knowledge and facilitate connections between law enforcement officials. The participation of expert researchers, such as Nikos Passas, reminds us of the importance of knowledge transfer in this field of study, which remains insufficiently analysed in the social sciences.

The analytical approach to this method of laundering still leaves large knowledge gaps, both qualitative and quantitative (with statistical data being scarce and scattered). This paper highlights the skills required of collectors (discretion, mobility, the ability to use encrypted telecommunications, counting, etc.) and stresses the key role played by '*Sarafs*' as informal bankers in the financial clearing mechanism. The traditional system of *Hawala* is based on a fundamental criterion — trust.

Tracing the movements of laundered funds makes it necessary to include China in the analysis since many money-laundering cases tend to highlight the country's major role in international financial exchanges when it comes to concealing the origin of funds and recovering them through accounts located in third countries. The controls carried out by the Chinese financial unit fall short of the expectations set by international standards.

Future research should focus on the role of the United Arab Emirates, particularly Dubai, and other Persian Gulf countries. Dubai has become a financial and economic centre that plays a pivotal role in laundering schemes operating between China, the Indian subcontinent, Europe and North Africa. This is an area that requires in-depth analysis as a matter of urgency.

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Annex 1: Interview guide — questionnaire

The socio-demographic profile of the actors

- Age, socio-professional category, gender, degree, nationality, criminal record ...
- The rationality of the collector (inscribed in a family, clan, community logic)
- Gains and risks related to the activity
- Use of earnings
- Input and output processes in the collector activity
- The skills mobilised (knowing how to circulate, how to use basic accounting methods)

The organisation and operation of the collectors

- The different segments and their connections: the collector, the facilitator, super-facilitator
- The contract, the place of the spoken word in dispute management
- The role of trust
- Defections
- Violence and/or the threat of violence (settling of scores?)
- Costs and profits
- The relay points
- The articulation between the informal system and legal financial structures
- How are the logistics activities related to the laundering process financed?
- What are the proceeds of the laundering, what are they spent on?
- Which criminal activities make most use of collectors?
- What are the insurance mechanisms? Who is responsible in case of loss, seizure, theft of cash?
- Reputation and publicity?
- The use of new technologies (encrypted messaging, social networks, etc.)

The public response

- What is the reality of considering the collectors by all services?
- The action of law enforcement structures police — justice ...
- State of the domestic anti-money laundering legislation
- What are the main obstacles to apply this legislation?
- Importance of money laundering penalties in the scale of offences
- Operational and legal means granted to law enforcement services in charge of the fight against money laundering.
- Are there any plans for legislative changes aimed at strengthening the procedural means of investigators?
- How to fight against this modus operandi without prejudice to the remittances?
- Do informal police networks such as AMON help to improve information exchange and cooperation?