

TRACE- Research Brief

Investigating Law Enforcement Cooperation, Information Sharing and Technology Usage in the Investigation of Illicit Money Flows

Abstract

This research brief presents an overview of the first results of the TRACE research project, which is designed to develop tools and strategies to support European Law Enforcement Agencies (LEAs) to better identify and follow illicit money flows and increase efficiency and effectiveness of information sharing among EU LEAs. For this purpose, we surveyed 42 LEA staff members via an online questionnaire on their experiences with investigations of illicit money flows, the respective benefits of digital investigation software and technological solutions, and the obstacles and challenges of cross-border police cooperation. In addition to the results of this survey, the report also contains initial information on cross-border police cooperation and the related exchange of information obtained from a first set of qualitative interviews with police officers. Our findings indicate that several factors impede the tracing of illicit money flows. In principle the tracing of illicit money flows is complicated because these flows are usually linked to a variety of crimes which are often covered up or closely entangled with legal activities and typically run through several countries. This diversification of the "criminal portfolio" in combination with cross-border organised crime cooperation demands resource-intensive and time-demanding cross-border police cooperation. In the process, investigators are often confronted with different legal regulations for the respective offences, depending on the country, which have an aggravating effect on the investigative work. These challenges can be met in particular by a stronger integration of digital investigation tools in everyday police work as well as an improved European police cooperation, as facilitated by the so-called "Joint Investigation Teams".



Every year, the European Union loses around €2.7 billion to organised crime and related fraudulent activities, which is equivalent to 2% of the EU 2020 budget.¹ Due to the increasing internationalisation of criminal groups and the multitude of methods in which illicit assets can be transferred, laundered, and deposited in "safe havens" within and outside the EU, only 1% of the estimated criminal proceeds are seized, while the rest remains at the disposal of criminals.² Consequently, improving asset recovery capabilities and tackling organised crime are central objectives of the EU Security Union Strategy 2020-2025. Some of the key means to achieve this include enhancing law enforcement capacity for digital investigations and strengthening the role of Europol and Eurojust to improve integration and cooperation between national judicial and law enforcement authorities³ - both areas where core capability gaps have been identified.⁴ Against this background the EU-funded [TRACE](#) research project (Grant Agreement number 101022004) aims to develop technological and socio-legal tools for tracking illicit money flows in Europe and explore means to strengthen cross-border LEAs' cooperation and information sharing.

With these key objectives of the TRACE project in mind, 42 employees of different Law Enforcement Agencies (LEAs) were contacted via an online survey and asked about their experiences in tracing illicit money flows⁵, the usefulness and added value of digital investigation software in this context, and about the challenges of cross-border police cooperation and information exchange. Table 1 provides an overview of the TRACE survey sample composition. The sample included eleven supervisors and 31 investigators with the mean length of service being 14 years.

Country	N	Unit	N
Austria	1	AML/CFT Supervision Unit	1
Belgium	4	Anti Terrorism Financing	2
Cyprus	1	Anti-Fraud	1
Czech Republic	7	Asset recovery	1
Estonia	3	Counter Terrorism	4
France	1	Cybercrime	2
Germany	6	Economic and Financial Crime	10
Guernsey	1	Financing terrorism and money laundering	1
Luxembourg	1	FIU	1
Netherlands	2	Internal affairs	1
Portugal	1	International Tax	1
United Kingdom	3	IRS-Criminal Investigation	2
United States	4	Money laundering & Economic Crime	2
		Organised Crime	3
		Organised Crime & Economic Crime	1
		Tax Crime	2
n.a.	7	n.a.	7
Total			42

¹ Malan and Bosch Chen, 'Impact of Organised Crime on the EU's Financial Interests'.

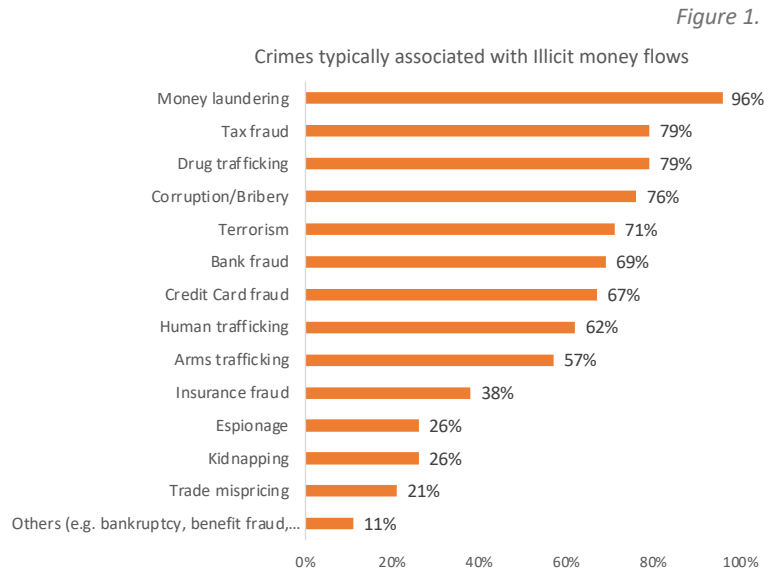
² Luyten and Voronova, 'Understanding the EU Response to Organised Crime'.

³ European Commission, 'Communication Form the European Commission - On the EU Security Union Strategy COM(2020) 605 Final'.

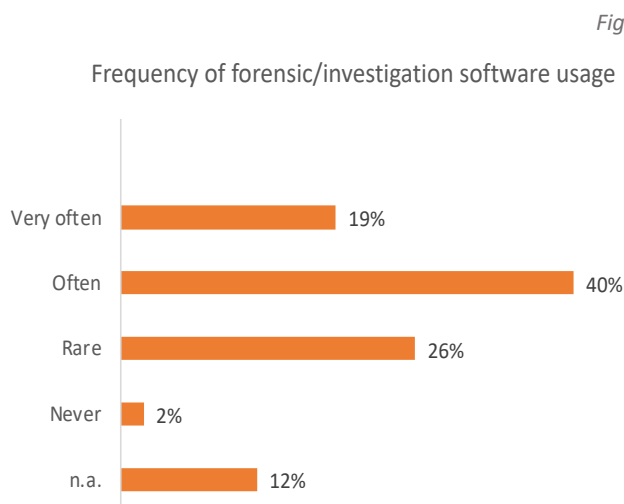
⁴ CEPOL, 'European Union Strategic Training Needs Assessment 2022-2015'.

⁵ The International Monetary Fund defines illicit financial flows as "movement of money across borders that is illegal in its source (e.g. corruption, smuggling), its transfer (e.g. tax evasion), or its use (e.g. terrorist financing)." IMF 'The IMF and the Fight Against Illicit and Tax Avoidance related Financial Flows' <https://www.imf.org/en/About/Factsheets/Sheets/2018/10/07/imf-and-the-fight-against-illicit-financial-flows>.

The challenge in tracing illicit money flows starts with the fact that most types of (organised) crime encompass illicit transactions. According to the responses of the surveyed LEAs officers, the scope of crimes ranges from money laundering and tax fraud to drug, arms and human trafficking to insurance fraud, espionage and kidnapping (Figure 1).



Furthermore, the traceability of these activities is difficult, as the illegal activities are often covered up by supposedly legal business models which cannot be observed and countered without strong evidence. Such investigations are further complicated by the fact that, as for example in the case of tax evasion, EU Member States differ in their legal provisions. This may result in a certain offence being subject to criminal penalties in one Member State, while in another it merely constitutes an administrative offence.⁶ These differences may not only entail other administrative competences for investigating the offence, but also raise legal questions about the possibility, appropriateness, and necessity of cross-border cooperation, which is often complex and resource intensive.



Another significant concern is the actual tracking of illicit money flows. While traditional methods of suspicious cash transfers (e.g., so-called hawala networks) still present a challenge, the growth and spread of information and communication technology as well as the increased availability and use of digital currencies and other virtual assets pose new obstacles for investigators.⁷

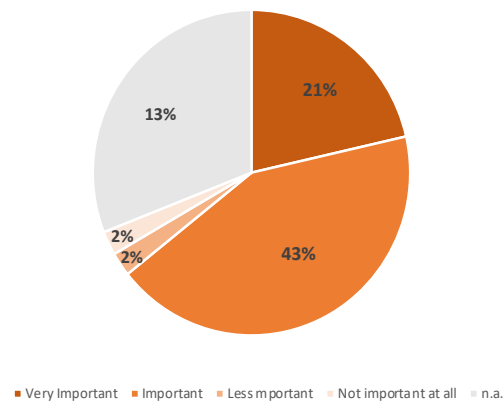
⁶ Thirion and Scherrer, 'Die Kapazität der Mitgliedstaaten zur Bekämpfung von Steuerstraftaten'.

⁷ Tropina, 'Do Digital Technologies Facilitate Illicit Financial Flows?'.

To counter these technologically and digitally driven activities, LEAs in Europe and beyond are increasingly relying on digital and partly artificial intelligence (AI) -based investigative software⁸ as a tool for fighting organised crime schemes.⁹ Among the LEA investigators we surveyed digital investigation software, such as rsCase, infoZoom, Analyst's Notebook and Cellebrite are frequently used. 59% of respondents state that they use such software "very often" or "often" and a further 26% state to use it at least rarely (Figure 2), with 21% indicating that using this type of software in cases involving illicit money flows is "very important" and another 43% say it is "important" (Figure 3). Thus, software-assisted investigation is to a certain degree now part of police practice and considered to be an important instrument. At the same time, however, there are also areas of work and tasks where there is a need to improve and/or upgrade current systems.

Figure 3.

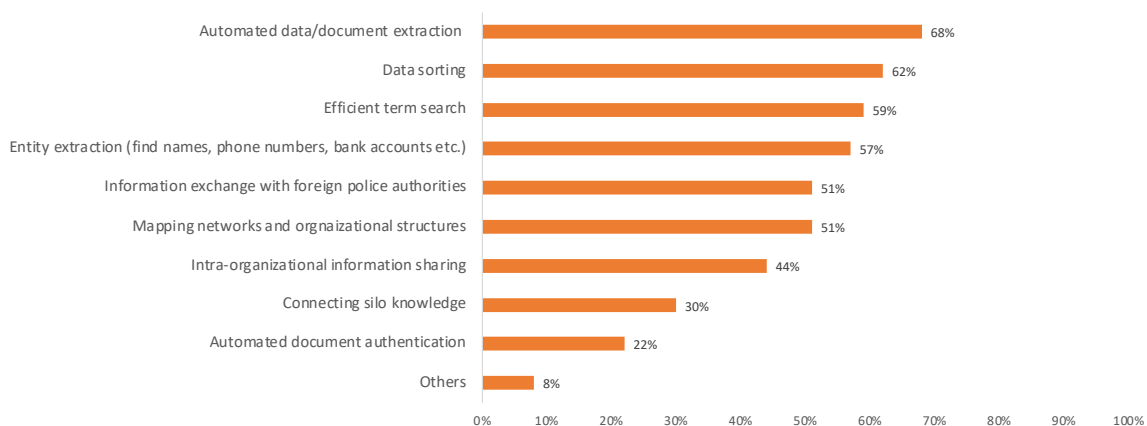
Importance of software in IMFs cases



Among the law enforcement staff surveyed, respondents identified a need for improved software solutions especially in automated data and document extraction (68%), data sorting (62%), and search by terms or extraction of names, phone numbers, bank details, etc. In contrast, software-based

Figure 4.

Areas where improved software solutions would be useful



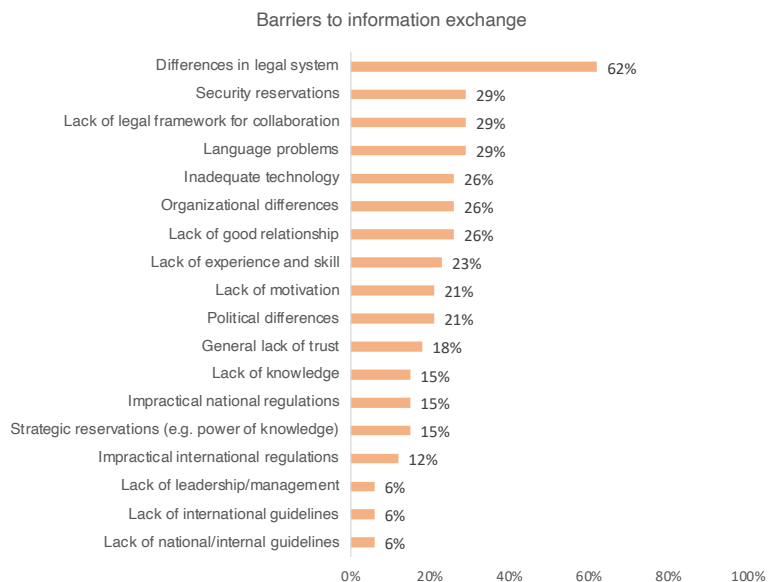
⁸ Fatih and Bekir, 'Police use of Technology to Fight against Crime'; Dewald, 'Detectives and Technological Frames'.
⁹ Gottschalk, 'Knowledge Management Technology for Organized Crime Risk Assessment'; Gottschalk and Solli-Saether, 'Computer Information Systems in Financial Crime Investigations'.

solutions that link information and knowledge between different parts of the organisation (30%) or perform automated authentication of documents (22%) seem less important (Figure 4).

Alongside the upgrade of existing or the provision of new investigative software, the second central field of action for the improved tracking of illicit money flows and the associated organised criminality is the increased cooperation and information exchange between LEAs.¹⁰ Considering the great importance of the topic and the myriad efforts at the EU level to strengthen the exchange of information between LEAs of the EU Member States,¹¹ there is hardly any systematic research on the topic. A literature review from 2016 found only 39 studies on knowledge and information sharing in policing contexts,¹² with the authors a few years later still concluding that only "relatively little good empirical research had been conducted on the topic".¹³ In their study on information and knowledge exchange, Birdi *et al.*¹⁴ identify a number of facilitators and barriers to the international exchange of knowledge and distinguish between organisational, inter-organisational and inter-country factors as well as knowledge characteristics. They conclude that adequate technological equipment, staff experience and the motivation to share knowledge as well as effective leadership and sufficient resources are key organisational factors for successful information sharing. At the inter-organisational level, the most decisive factor is to have good cross-border working relationships, with the corresponding factor at inter-organisational level being

bilateral agreements or formalised cooperation that enable and facilitate this (e.g., joint investigation teams). Two of the biggest challenges at the organizational level are language and organisational differences (e.g., different structures of the police forces). At the inter-country level, the central barriers to successful cooperation are

Figure 5



¹⁰ Europol, '3rd SIRIUS EU Digital Evidence Situation Report'; Block, 'Combating Organized Crime in Europe'.

¹¹ Fiodorova, *Information Exchange and EU Law Enforcement*.

¹² Griffiths et al., 'Knowledge Sharing Practices and Issues in Policing Contexts: A Systematic Review of the Literature'.

¹³ Birdi et al., 'Factors Influencing Cross-Border Knowledge Sharing by Police Organisations', 4.

¹⁴ Ibid.

different national legal regulations (e.g., on the admissibility of evidence originating from information sharing) and the lack of a legal framework for cooperation.

Table 2

As Table 2 shows, these results are echoed in our survey. Here, the majority of respondents (62%) identified differences in legal systems as an obstacle to the exchange of information. Slightly less than a third of respondents (29%) also

Ways to improve information exchange	Very true	True	Not so true	Not true at all	n.a.
Standardize technology systems	29%	29%	14%	5%	24%
Establish good working relation with other LEAs	38%	33%	7%	0%	21%
Improve language skills	9%	29%	36%	5%	21%
Increase awareness of organizational differences	9%	31%	26%	5%	29%
Increase awareness of jurisdictional differences	17%	40%	12%	5%	26%
Increase awareness of international centres/organizations	19%	29%	24%	5%	24%
Improve the existing legal framework governing collaboration between LEAs	33%	33%	0%	7%	26%

mention security concerns, lack of legal frameworks regulating cross-border exchange of information, organisational differences and language problems as barriers. In contrast, our respondents do not perceive a lack of guidelines governing information exchange at both national and international level. Only 6% name this as an obstacle to the exchange of information. Finally, the respondents' opinions on how to improve the exchange of information and knowledge confirm that the most appropriate measures are standardised information exchange systems, a uniform legal framework and trusting relationships with other LEAs.

As part of our further research, these insights will be expanded through in-depth interviews with LEA officers who have personal experiences in working on cross-border cases. The question guiding these interviews is how cross-border cooperation and the exchange of information can succeed in the everyday work of LEAs. Insights from the first couple of interviews indicate that a trusting and sustainable cooperation requires a high degree of personal acquaintance, which can only be established through personal (face to face) meetings. These personal relationships are not only important in the context of ongoing casework but can also serve as informal intra-organisational points of contact for future referrals.¹⁵ From a formal-procedural point of view, however, such networks are problematic when they are used to informally share case-related information. Thus, these networks can operate in

¹⁵ It goes without saying that during the recent COVID-19 pandemic such face to face interactions were extremely limited.

a legal "grey zone", raising questions about the legality and/or usability of such information and evidence, for example.¹⁶ One way of formalising and officialising such personal contacts and strengthening the associated exchange of information, at least in relation to specific cases, are the so-called Joint Investigation Teams (JITs). The European legal basis of the JITs consists of Article 13 of the 2000 EU Convention on Mutual Assistance in Criminal Matters¹⁷ and the 2002 Council framework decision on JITs¹⁸ which are implemented by all EU Member States.¹⁹ The main advantages are that with the establishment of a JIT, information, intelligence and evidence can be shared directly with all partners without the need for further requests (e.g. European Investigation Order), and investigators can participate in operations and investigations outside their country of origin. The improved exchange of information through JITs, due to its low-threshold character and the much faster exchange of information, as well as the possible financial support from Eurojust within the framework of JITs (e.g. for personal working meetings), make them a particularly successful instrument in the fight against organised crime and the tracing, seizure and recovery of proceeds of crime.²⁰ However, there are still some barriers and challenges in applying, setting up, and carrying out such JITs, for example, in terms of accountability for actual outcomes, the transparency of the investigations undertaken or adherence to fundamental rights standards in relation to the collection, sharing and protection of personal data.²¹ Furthermore, there is currently a lack of detailed empirical research on this form of police cooperation. In view of this situation, the TRACE project aims to fill this gap and to examine police cooperation and cross-border information exchange in the context of JITs. This may contribute to the increased integration of European policing, thus providing the gold standard for police cooperation.

¹⁶ Aden, 'Information Sharing, Secrecy and Trust among Law Enforcement and Secret Service Institutions in the European Union'; Guille, 'Policing in Europe: An Ethnographic Approach to Understanding the Nature of the Cooperation and the Gap between Policy and Practice'. No Reference

¹⁷ Council Act 2000/C 197/01

¹⁸ 2002/465/JHA

¹⁹ Eurojust, 'Joint Investigation Teams: Practical Guide'.

²⁰ Carrera et al., 'The Cost of Non-Europe in the Area of Organised Crime'; Szijártó, 'Behind the Efficiency of Joint Investigation Teams'.

²¹ Carrera et al., 'The Cost of Non-Europe in the Area of Organised Crime'.



This research brief was prepared by:
 Stefan Hopf,
 Reinhard Kreissl

VICESSE
 Paulanergasse 4/8
 1040 Vienna, AT
 +43 1 929 66 38
office@vicesse.eu

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For more information please contact: stefan.hopf@vicesse.eu



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