

Fighting Money Laundering & Other Crimes

Did you know?

There are far more lawyers than notaries in Germany,⁶¹ but in 2022, German notaries filed 78.51 times more money laundering reports to the competent authority, the Financial Intelligence Unit.⁶²

To make use of illegal money, criminals need to transfer property rights in the most valuable assets of our economy: shares of companies and parcels of land. In civil law systems, both types of transactions are typically handled by notaries.⁶³ Therefore, among all the public officials fighting crime, they are the cheapest cost avoider⁶⁴ when it comes to combating money laundering.⁶⁵ By closely analyzing the economic structure of control, they detect suspicious transactions, either block or suspend them, and notify the competent law enforcement agencies.⁶⁶ Lawyers cannot replace notaries in this field because (i) the lawyers' mandate is voluntary so that individuals can easily avoid exposure, (ii) lawyers are not neutral,⁶⁷ and (iii) they are not as closely supervised by the government.⁶⁸

Notaries do not only support law enforcement as regards money laundering. They also block or suspend transactions aimed at financing terrorism,⁶⁹ they fight tax evasion by notifying tax authorities of taxable transactions,⁷⁰ and they implement EU sanctions by refusing services to certain blacklisted individuals involved in Russia's war of aggression against Ukraine.⁷¹

Key takeaways: Notaries support law enforcement agencies. They fight money laundering, terrorism financing, and tax evasion. They also implement EU sanctions.