

# EPPO's Operational Activities: January-April 2023

Thomas Wahl



## News

The following provides an overview of EPPO's main operational activities in the first four months of 2023 (1 January-30 April 2023). It continues the periodic reports of the last issues (for the previous overview → [euCRIM 4/2022, 236-237](#)). The overview is in reverse chronological order.

- 21 April 2023: Investigations by the EPPO in Palermo (Italy) lead to [house arrests of three suspects](#). A public school principal and her deputy are suspected of having embezzled EU and national funds for school projects in disadvantaged communities. School projects had not or partially not been implemented, and expensive computers, which were intended for the pupils, were stored inside the principal's office where they were misappropriated by the principal and her deputy. In addition, the third suspect's company was seemingly unlawfully favoured to supply the technological material following the payment of bribes. Damages to the budgets are estimated at over €100,000.
- 4 April 2023: In the context of a [probe into a tobacco fraud scheme led by the EPPO in Iași](#) (Romania), Romanian law enforcement authorities seize real estate and cash in different currencies in order to recover damages to the national and EU budgets. Under suspicion are several individuals (including customs officials) and companies from Czechia, Germany, Italy, Lithuania, Poland, Slovakia and Ukraine. They allegedly built up a system of disguising movements of tobacco products imported from the United Arab Emirates and Turkey. Shipments of processed tobacco products were declared as being in transit through the EU with destinations to non-EU countries (for which excise duties and VAT is suspended), but instead the goods were sold within EU countries at huge profits. The losses amount at least to €650,000.
- 4 April 2023: The [EPPO has five individuals arrested in Croatia](#). Together with a company, they are suspected of having committed criminal offences of abuse of office and authority, in connection with the public procurement proceedings for the project of construction of a plant for sorting collected waste, located at Mihačeva Draga (Croatia).
- 31 March 2023: The Bulgarian police is looking for the [seizure of documents and electronic evidence in several locations in Sofia](#) (Bulgaria). The underlying EPPO investigation deals with corruption and the mismanagement of funds that had been allocated to the restoration of Sofia's historic centre. It is believed that undue payments were made because contractors falsely certified that works had been carried out in accordance with specifications. The works were co-financed by the European Regional Development Fund (ERDF). Following media reports, the EPPO opened investigations "ex officio" in autumn 2022. The estimated damage is at least €3 million.
- 28 March 2023: The Belgian police carries out a [raid in several locations in Belgium](#), including at Liège Airport, and arrests four suspects. The code-named operation "Silk Road" is led by the EPPO in

### AUTHOR

**Thomas Wahl**

Senior Researcher  
Max Planck Institute for the  
Study of Crime, Security and  
Law

---

Published in  
2023, Vol. 18(1) [euCRIM](#) pp 19 –  
22

ISSN: 1862-6947

<https://euCRIM.eu>

---



Brussels and supported by Europol and other Belgian customs, tax and law enforcement authorities. The investigations target Chinese exporters who built up a complex system that allowed the evasion of VAT and customs duties for their exported goods (electronic equipment, toys and accessories). The suspects disguised that the goods have not been further transported to other EU Member States after importation (for which VAT is exempted). Instead, the goods were directly sold to consumers with prices including VAT which has never been paid to the tax authorities. In order to evade payments of VAT and customs duties, criminals used private customs authorities that falsely declared the final destination, established shell companies in various EU Member States, and submitted false invoices and falsified transport documents. It is believed that the damage to the budgets is around €310 million.

- 23 March 2023: An [EPPO investigation involving the EU Next Generation Programme](#) revealed an alleged fraud up to €1 million by an Italian company and its representative. The legal representative is put under house arrest. He is suspected of having submitted several falsified applications for subsidised loans and non-repayable funds.
- 23 March 2023: The EPPO in Bologna (Italy) has [assets worth up to €149 million seized](#). EPPO investigations target a Missing Trader Intra-Community (MTIC) fraud with fuels. Three Italians are suspected of having formed a criminal group by introducing fuel products into the Italian territory from other EU Member States for their subsequent resale at a low cost, using a string of shell companies and a buffer company. It is estimated that more than €92 million VAT have been unpaid since the existence of the scheme in 2016.
- 21 March 2023: In an operation led by the EPPO in Naples and Milan (Italy), [the Guardia di Finanza arrests 12 persons](#) (five entrepreneurs, three accountants and four public officials). They are suspected of being part of a professional organised crime group located in Naples that sold VAT evasion schemes. The case involves a complex VAT carousel with over 170 shell companies in several European countries and the USA. In order to evade VAT payments, fictitious invoices were issued for the trade in electronic equipment (mainly AirPods). In addition to the arrests, a freezing order for a value of approximately €8 million was executed.
- 9 March 2023: Upon request by the EPPO, Romanian law enforcement authorities carry out [house searches in five counties in Romania](#) and arrest three suspects. The suspects are accused of having collaborated in unduly receiving money from the European Structural and Investments Funds. They provided false documents and inflated equipment costs and thus received EU money for their personal profits.
- 9 March 2023: The EU-funded [event “Water – World Forum for Life”](#) that took place in Reguengos de Monsaraz (Portugal) in June 2021 to raise awareness of environmental sustainability is subject to EPPO investigations. The Portuguese Polícia Judiciária carries out searches in the municipality for suspicion of subsidy fraud, active and passive corruption and financial complicity in business fraud by a public official. The fraud may concern over €800,000.
- 6 March 2023: In a [case involving the supply of protective masks during the COVID-19 pandemic in Spain](#), EPPO’s Permanent Chamber dismisses the criminal proceedings. It was found that the price paid for the masks was not disproportionate in relation to the quality of the material offered and delivered. It seemed that the public money (the contract was worth more than €1.5 million for 250,000 FFP2-3 masks) was spent correctly.
- 3 March 2023: The Guardia di Finanza executes a [preventive seizure order against a farmer in Sicily](#). In an EPPO investigation, the farmer is suspected of having made false statements and submitted false lease contracts in order to receive money from the EU agricultural funds. The farmer claimed to be in possession of parcels of land which he has actually never owned. The damage to the EU budget is estimated at around €600,000.

- 27 February 2023: Bulgarian law enforcement authorities carry out seizures and other investigative measures in the context of [EPPO investigations into multi-million euro fraud regarding greenhouse gas emissions](#). A private Bulgarian company is suspected of having knowingly submitted false data in annual reports on greenhouse gas emissions produced by thermal power plants and heating plants in Bulgaria. Thus, competent national authorities were misled as to the actual amount of emissions and these remained unpaid under the EU Emissions Trading System (EU ETS). Losses for the EU and national budgets ran into millions.
- 23 February 2023: In EPPO [investigations against MEP Stefania Zambelli](#) and four of her assistants, the Guardia di Finanza in Brescia seizes bank accounts and luxury cars worth more than €170,000. This is the damage allegedly caused by MEP *Zambelli* and her staff members to the EU budget because of false declarations of the work assistants were hired for and for having declared false educational and professional skills. According to the investigations, the assistants have not or only partially carried out activities for the European Parliament despite of having received parliamentary allowances.
- 22 February 2023: It is revealed that operation “VAT Games” (see below) has connections with a VAT carousel fraud investigated by the EPPO in Madrid (Spain). In [operation “Marengo Rosso”](#), law enforcement authorities in Spain, Czechia, Hungary, Italy, Luxembourg, Portugal, Poland, and Slovakia crack down on a criminal organisation that is believed to have orchestrated a massive €25 million VAT fraud through the sales of mobile phones and other electronic equipment. The ringleader is supposed to have been arrested on 17 February in Milan under operation “VAT Games” following another investigation by the EPPO in Milan. Operation “Marengo Rosso” led to the arrest of 17 persons and the seizure of a considerable amount of assets, including real estate and luxury cars. The arrested persons are alleged to have established a chain of shell companies by which they received unjustified VAT reimbursements for the trade in electronic devices and equipment. Illicit profits were laundered and reinvested in high-value real estate in different countries. Europol and Eurojust were also involved in the law enforcement action against the criminal organisation.
- 17 February 2023: Six persons are arrested and assets are seized in a [major operation led by the EPPO in Milan](#) (Italy). The operation dubbed “VAT Games” targeted a criminal organisation that established a complex network of companies in order to commit VAT carousel fraud. Companies were established in Bulgaria, the Netherlands, Poland and Slovakia from where they sold electronics and computer equipment to shell companies in Italy. The latter ones were administered by figureheads, in order to evade the payment of VAT. The estimated VAT losses are around €40 million. First actions against the organisation were already carried out in October 2022.
- 15 February 2023: On the EPPO’s request, law enforcement authorities take [action against an organised criminal group in Iași](#) (Romania). 13 houses and premises are searched. 12 individuals are confronted with findings that they have fraudulently obtained €1.6 million from employment funds. The EU co-financed trainings of unemployed people. It was revealed, however, that employment contracts were only formally terminated in order to receive the money and some trainings never happened. The suspects provided false documents and certificates.
- 9 February 2023: In an [investigation code-named “Water Diviner”](#) the EPPO has €1.6 million seized in Italy. The investigations involve an Italian start-up that promised to develop “thermodynamic machines” for the purification and filtering of water in remote areas and thus received money from EU and regional funds. However, the machines have never gone operational. The start-up falsified statements and certificates, provided fraudulent assurances and rigged tenders. The case was initially opened by OLAF in 2020 and later taken over by the EPPO.
- 1 February 2023: In an EPPO-led operation, [Italian and French law enforcement authorities crack down on](#) several suspects of an organised criminal group that smuggled counterfeit cigarettes from Tunisia to Italy before selling them on the Italian and French black markets. Investigations against the

group were already opened by the Public Prosecutor's Office of Genoa (Italy) in September 2020 and the case was taken over by the EPPO in December 2021. The damage to the public budget is at least €450.000.

- 31 January 2023: The [EPPO in Vilnius \(Lithuania\) indicts six defendants](#) for fraud relating to procurement procedures, which caused damages of €580 000 to the EU budget. The defendants colluded in manipulating tenders and issuing fictitious invoices. The defendants confessed to having committed the criminal offences and the damage to the EU budget could be fully recovered.
- 31 January 2023: The Guardia di Finanza in Palermo carries out a [preventive seizure order of over €7 million](#), requested by the EPPO in Palermo. The suspects are believed to have fraudulently received agricultural funds by issuing invoices with a higher price than the actual price of their expenses.
- 26 January 2023: The EPPO and the Guardia di Finanza in South Tyrol crack down on an organised criminal group that built up a VAT evasion scheme on the trade in stationery and consumables for printing equipment. The [operation, code-named "Cheap Ink"](#), led to the arrest of 18 suspects and the seizure of money and financial assets, vehicles and real estate of a total value of approximately €58 million. The EPPO in Italy cooperated with investigators from Czechia, Poland, Austria, Slovakia, the Netherlands, Germany and the UK.
- 24 January 2023: The EPPO carries out an action day for an investigation led by the EPPO in Munich. 61 business premises are searched and 5 persons arrested. "[Operation Display](#)" involves 10 EU countries and targets a organised criminal group that established a missing trader intra-community fraud scheme for the trade in small electronic devices in Europe. The EPPO in Munich began investigations short after the start of EPPO's operations in June 2021. The estimated loss of VAT is around €32 million.
- 24 January 2023: The EPPO in Riga has searches carried out and [persons arrested at Daugavpils University](#) (Latvia). Suspects are believed to have illegally received €600,000 from the European Social Fund by rigging public procurement procedures.
- 23 January 2023: The [EPPO in Zagreb \(Croatia\) indicts six defendants for the criminal offences of illegal trade of cigarettes](#), tax or customs duty evasion and bribery. They were allegedly part of a criminal organisation that smuggled cigarettes from Dubai to Croatia without paying taxes. The damage to the public finances is estimated at around €3.3 million.
- 17 January 2023: The [Guardia di Finanza executes search, seizure and freezing orders](#) (requested by the EPPO) against a company located in Lecco-Brianza (Italy). Italian managers of the company constructed a tax evasion scheme with bogus companies in the Netherlands achieving exempt of VAT from their products actually merchandised in Italy. The registration of several ostensible companies in the Netherlands, including in tax havens such as the Netherlands Antilles, for tax evasion purposes is also known as the "Dutch sandwich". It is estimated that VAT of over €10 million has not been paid between 2013 and 2018.
- 11 January 2023: The EPPO in Hamburg (Germany) [updates](#) on the investigations against an international criminal group that operated also in Lithuania, the Netherlands, and Estonia and that deceived customs authorities as to the true value of imported luxury cars (→ [eucrim 1/2022, 17-18](#)). €3.5 million were lost in import duties. The EPPO seized several smuggled luxury cars for a total value of almost €1 million and brought 32 cases to trial before the Osnabrück Regional Court (*Große Wirtschaftsstrafkammer, Landgericht Osnabrück*).
- 5 January 2023: The EPPO starts an investigation into [EU subsidy fraud against an individual and a company in Zlín \(Czechia\)](#). They are suspected of having submitted false invoices in order to receive more money from the EU Structural Fund that financed the expansion of a technological centre. Update: In June 2023, the EPPO revealed the involvement of two more individuals and two more companies suspected of having helped the main suspect to receive €1.8 million in EU funds. (TW)

## About eucrim

eucrim is the leading journal which regularly informs about current developments in European criminal and “criministrative” law.

All news items are freely accessible at: <https://eucrim.eu/news/>

Stay informed by emailing to [eucrim-subscribe@csl.mpg.de](mailto:eucrim-subscribe@csl.mpg.de) to receive alerts for new releases of issues.

The project is co-financed by the [Union Anti-Fraud Programme \(UAFP\)](#), managed by the [European Anti-Fraud Office \(OLAF\)](#).



**Co-funded by  
the European Union**