

# EPPO's Operational Activities: May – September 2023

Thomas Wahl

## News

The following provides an overview of EPPO's main operational activities from 1 May to 30 September 2023. It continues the periodic reports of the last issues (for the previous overview → [eucri](#)m 1/2023, 19-22). The overview is in reverse chronological order.

- 26 September 2023: On behalf of the EPPO in Madrid (Spain), law enforcement authorities conduct [searches in several provinces in Spain](#) concerning an estimated €17 million VAT fraud case. The case involves an organised criminal network, which committed intra-community VAT fraud involving the sale of luxury cars. The network also involved companies in Portugal and Germany. The raid resulted in 49 arrests, the seizure of luxury cars and cash, and the seizure of an extensive amounts of documents.
- 26 September 2023: [Six people are arrested and six locations searched in Bulgaria](#) following an EPPO investigation into agricultural fraud committed by an organized crime group. Suspects are supposed to have provided false information on behalf of other persons to the competent authorities in order to obtain agricultural funding. Seemingly, two public officials from the State Fund Agriculture and the District may have served as members of the organised criminal group.
- 25/26 September 2023: [Spanish police arrests 23 people](#) believed to belong to an organised criminal group that illegally obtained money from EU agricultural funds. Without knowledge of the real land owners, the suspects simulated property rights or resorted to false lease contracts in order to meet the criteria from the Common Agricultural Policy fund. The damage to the EU budgets is around €3 million.
- 19 September 2023: The EPPO in n Cluj-Napoca (Romania) has [house searches carried out in Sibiu County \(Romania\)](#) against employees of Lucian Blaga University of Sibiu. The investigations concern fraud in Erasmus funds. Allegedly, contracts with Asian students were forged in order to receive EU funding from the Erasmus+ Programme. The damage amounts to around €1 million.
- 15 September 2023: The Guardia di Finanza seizes € 80,000 in the framework of an [EPPO investigation into agricultural funding fraud](#). The defendants are accused of having deceived the authorities as to the ownership of land in order to receive EU agricultural subsidies. € 80,000 were unduly obtained between 2013 and 2022.
- 1 September 2023: The [EPPO in Riga \(Latvia\) files an indictment](#) against two individuals and one company for procurement fraud involving EU funds of €95,000. They are accused of having unlawfully conspired in a procurement procedure for a project for the reconstruction of drainage systems, co-funded by the EU.

### AUTHOR

**Thomas Wahl**

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

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- 22 August 2023: Upon request by the EPPO in Rome (Italy), the Guardia di Finanza [seizes € 1 million](#) in an investigation against an NGO in Sardinia. The NGO allegedly misused EU funds made available for training and information activities to develop environmentally sustainable tourism in the Mediterranean.
- 11 August 2023: The EPPO in Sofia (Bulgaria) has [several locations in Bulgaria searched](#). Under investigation is fraud in connection with the modernisation of the Bulgarian railway, involving a total of over €241 million. Several individuals and companies are suspected of having misused EU funds and committed money laundering. Investigations revealed that seemingly several fictitious money transfers to a chain of hollow companies were made and criminals withdrew cash amounting to €2.5 billion.
- 3 August 2023: The EPPO in Romania has [17 searches in homes of public officials and in public institutions](#) carried out in an investigation into a €1.6 million fraud from employment funds. The public officials are alleged of having supported an organised crime group that illegally received EU and national funds for unemployed people training. The organised criminal group is also under investigation by the EPPO. Searches in companies of this group were carried out on 15 February 2023 (→ [eu-crim 1/2023, 21](#)).
- 27 July 2023: After law enforcement authorities had [raided](#) several locations throughout Germany on 12 May 2023, the EPPO in Berlin (Germany) [files an indictment](#) against eight suspects who have allegedly been involved in a large-scale VAT fraud. The organised crime scheme evaded VAT by having established a complex network of shell companies and straw men with regard to the trade in luxury cars and medical face masks. The damage is estimated at €80 million. It is suspected that the organised crime group had a turnover of hundreds of millions of euro. Criminal activities included missing trader VAT fraud, forgery of documents, false notarisation, and money laundering. EPPO investigations also entailed law enforcement measures in Austria, Croatia, Czechia, France, and Poland.
- 19 July 2023: The EPPO in Bratislava (Slovakia) has six persons arrested who are involved in a [€3.2 million fraud](#). Under investigation are managers and staff of a company which received EU funds for innovative production processes for cider and beer. Investigations revealed several criminal activities, such as manipulated procurement, issuance of untrue invoices and credit fraud. Investigations also target two public officials from the Slovak Innovation and Energy Agency for corruption.
- 19 July 2023: Upon request by the EPPO in Bologna (Italy), a [freezing order of €2 million is executed against a textile trading company](#) in Prato. The company used false purchase invoices in order to conceal that textiles were actually imported directly from China, thus avoiding VAT and customs duties. In addition to the freezing order, fabric with a value of €4.5 million was seized.
- 18/19 July 2023: Several searches are carried out in locations in Bulgaria on the basis of [investigations by the EPPO in Paris and Sofia against an organised crime group](#). The group is alleged of having traded luxury cars without paying VAT. Proceeds of the frauds were laundered. Bulgarian law enforcement authorities seize €73,000 in cash as well as gold and foreign currencies.
- 17 July 2023: An investigation led by the EPPO on Valletta (Malta) leads to the [arrest of eight suspects](#) and the seizure of luxury cars and cash at several locations in Malta. The investigations target a scheme of evasion of taxes and customs duties on the importation of clothing and other goods from China. Suspects underdeclared the value and the weights of the goods. It is assumed that they collaborated with customs officials, thus the investigations also involve corruption offences next to customs fraud and money laundering.
- 13 July 2023: As part of an investigation into aggravated fraud involving agricultural subsidies for young farmers, led by the EPPO in Bologna (Italy), a [freezing order of €153,000 is executed](#) in the province of Parma. It is assumed that the legal representative of an agricultural company falsely claimed to be a young farmer managing a new farm, in order to obtain subsidies from the European Agricultural Fund for Rural Development (EAFRD).

- 11 July 2023: In an investigation regarding subsidy fraud and money laundering, conducted by the EPPO in Iași (Romania), [a Romanian company is searched and several suspects are questioned](#). The company, which paints icons for restaurants and the hospitality sector, obtained EU funding for a project to purchase equipment to support artistic creation. However, the equipment was bought in China at a low price through a bogus company that charged the beneficiary of the funds ten times the original price. The authority managing the funds was misled by false invoices and forged documents. It is believed that the illicit profit amounts to €80,000.
- 5 July 2023: On behalf of the EPPO in Rome (Italy), [bank accounts of a company are seized](#) in order to secure the recovery of damage to the EU budget that amounts to €570,000. Investigations by the EPPO and the Italian agricultural payments agency AGEA found that the company was not entitled to being reimbursement for the supply of dairy products to primary schools since it has not paid the suppliers. The project was financed by the European Agricultural Guarantee Fund (EAGF) to develop healthy eating habits at schools.
- 4 July 2023: The [Guardia di Finanza seizes 13 properties, 4 plots of land and €400 000 of money](#) in several cities in Italy in connection with an investigation conducted by the EPPO in Turin. A company is suspected of having illegally obtained around €3 million in EU and national funds to present their machines for food packaging at trade fairs abroad by providing false financial statements and misleading officials as to its financial situation.
- 30 June 2023: The EPPO in Palermo (Italy) has a preventive seizure order carried out against a [farm suspected of agricultural funding fraud](#). EPPO investigations found evidence that an agricultural company located in the municipality of Caronia deceived the Italian agricultural payments agency AGEA as to the possession of numerous agricultural land parcels. The suspect submitted false lease contracts, bearing the signatures of unsuspecting owners, who were unaware of the fraudulent scheme. The damage to the budget amounts to around €530,000.
- 30 June 2023: The EPPO in Bologna (Italy) closes an investigation into [fraud involving the illegal trade in fabrics from China](#). The EPPO has €4 million confiscated and the main offender accepted a plea bargain. Investigations revealed that the true origin and movements of the imported fabrics were disguised, *inter alia* by using shell companies in Germany and Hungary. In doing so, the fraudster did not pay customs duties and VAT, but sold the goods with profits in Italy.
- 28 June 2023: Romanian law enforcement authorities [arrest three suspects and seize real estate of up to €8.5 million](#) with regard to an investigation by the EPPO in Iași (Romania). The suspects unduly obtained EU funds (approximately €4 million) for the purpose of purchasing medical and IT equipment and software licenses. In order to raise the private contribution for the equipment, the suspects inflated the prices and simulated the circulation of invoices between companies under their control. Illicit profits were partly used on leisure activities, vacancies and the maintenance of a power-yacht.
- 16 June 2023: The EPPO in Zlín (Czechia) [charges three persons who worked for the National History Museum in Olomouc](#) with subsidy and procurement fraud. The defendants claimed funds from the EU's Programme for Research, Development and Education, but evidence shows that several members of the museum team have not carried out any activities for the funded project. Furthermore, two defendants are accused of having illicitly favoured a specific supplier during the public procurement procedure for a public project contract. The damage to the EU budget is estimated at around €560,000.
- 16 June 2023: The EPPO in Prague (Czechia) charges 13 individuals and three companies with [subsidy fraud involving the acquisition of manufacturing machinery](#), with estimated damages of up to €3 million. The suspects are alleged to have unduly obtained more than €2.9 million in EU funding. Instead of buying new and innovative machinery for welding and cutting metals, supported by the EU's Operational Programme Enterprise and Innovation for Competitiveness, the manufacturer purchased

cheap and old machineries and colluded with suppliers to issue papers that justify the payment of the EU funds.

- 15 June 2023: The EPPO in Liberec (Czechia) charges three individuals and one company with [subsidy fraud involving a disinfectant production facility](#). According to the investigations, one of the accused and his two accomplices artificially inflated the prices of machines, thus fraudulently obtaining €800,000 from the European Regional Development Fund. The Czech police seized the production facility as well as assets and real estate of the defendants in order to secure the recovery of the damages to the EU budget.
- 14/19 June 2023: 27 premises are searched, cars and luxury goods seized and four persons arrested in France and in the Netherlands as part of an [EPPO investigation into VAT evasion involving cars](#). According to EPPO's investigations, new cars were sold as second-hand which allowed the fraudsters to pay a reduced VAT rate (in case of sales of second-hand vehicles, car companies only have to pay VAT on the difference between the price paid for the vehicle and the price for which it is sold, and not for the net value of the car). It is estimated that €13 million was lost in unpaid VAT in France and €6 million in the Netherlands.
- 14 June 2023: Under the lead of the EPPO in Cologne (Germany), law enforcement authorities in seven EU countries take action against an international organised crime group that operated a [Missing Trader Intra-Community fraud scheme with cars](#). The operation results in over 450 searches as well as seizures of real estate and luxury cars; five people are arrested. The criminals used a buffer company in Germany and missing traders in Italy and Hungary. As a consequence, VAT of more than €38 million was evaded. The EPPO in Cologne conducts investigations for VAT fraud, tax evasion, organised crime, money laundering and forgery of documents.
- 7/8 June 2023: The EPPO in Paris (France) has [three people arrested](#) for their involvement into a Europe-wide VAT fraud concerning the sale of second-hand cars. In addition, assets (Porsches, cash, Rolex watches, jewellery and luxury handbags), worth a total of more than €775 000, were seized. Bank accounts in Romania were frozen simultaneously. Investigations against the fraud scheme are also conducted in other participating EU Member States.
- 5 June 2023: [Three suspects are put under house arrest in Palermo](#) (Italy) on suspicion of fraud in the context of renovations in a public school. The suspects are building constructors who received money from the EU Structural Fund for school renovation. However, they either attested work that existed only on paper or let carry out work by unqualified workers affecting the safety of the pupils and school staff. The Italian police also executed a freezing order of the financial assets of the building companies for a total amount of €140,000.
- 2 June 2023: A [manager of a Chinese company is put into pre-trial detention](#) in Paris (France). He is considered responsible for concealing the true origin of electronic bicycles imports into the EU from China, thus evading the payment of taxes and circumventing EU trade measures against China in the sector of e-bikes. The EPPO in Paris conducts investigations for customs fraud and money laundering. The fraud scheme has also affected Czechia, Germany and Romania.
- 29 May 2023: On behalf of the EPPO, the Lithuanian Financial Crime Investigation Service (FCIS) carries out [raids in several Lithuanian counties](#) and arrests 27 people. The action targets an organised criminal group that orchestrated a fraudulent scheme by which applications for project funding on behalf of young farmers were submitted, while there has never been the intention to implement the projects. The suspected organised group obtained more than €650,000 from national and EU funds for rural development.
- 26 May 2023: The EPPO in Venice (Italy) has a [freezing order of up to €171,000](#) executed against a company and four individuals in Trentino. The suspects are involved in "pasture fraud", i.e. allegedly having falsely claimed management rights to grazing lands in order to obtain subsidies from the EU's Common Agricultural Policy (CAP).

- 25 May 2023: The EPPO in Zagreb (Croatia) reports that its investigations, which were launched on 14 July 2022 with regard to [fraud into a waste water treatment plant project](#) funded by the EU's Cohesion Fund (→ [eucrim 2/2022, 97](#)), expanded. The investigations already led to the arrest of three suspects on 14 July 2022. According to new findings, one of the defendants ensured that the company of another defendant is included in the execution of works. In addition, there is suspicion that EU funds were used for private house renovation. The project involved a total of over €21 million of public grants.
- 25 May 2023: The Guardia di Finanza in Palermo (Italy) [executes a judicial freezing order of €20 million](#) against three public officials and Palermo's water service company. The case, which was reported by the European Investment Bank (EIB) to the EPPO, concerns the undue receipt of public disbursement. During EPPO's investigations, the public officials are alleged to have deliberately ignored environmental regulations. Compliance with these regulations was, however, one of the requirements to receive a loan of €20 million from the EIB, funded by the European Fund for Strategic Investments (EFSI). The freezing order is to ensure the recovery of the damages to the EU budget.
- 16 May 2023: In an investigation led by the EPPO in Bucharest (Romania) [forty house searches are carried out in Romania and France](#). The investigation targets a criminal scheme in which fictitious banks and dubious financial entities issued fake letters of guarantees to beneficiaries of EU projects. The guarantees are necessary to insure failure of services or contractual obligations by the beneficiary. The scheme also involves fictitious banks/dubious financial entities in the Comoros Islands, Czechia, Latvia and Spain where fake letters of guarantees were issued and used in Romania. The fraud amounts to more than €30 million.
- 12 May 2023: The Guardia di Finanza executes a judicial freezing order issued at the request of the EPPO in Rome (Italy). The order targets an Italian company and their representatives which is suspected of having received [undue financial support from the European Maritime and Fisheries Fund](#) for the construction of mussel farming plants. It was revealed that the company's mussel farming facilities had already been entirely built and were operational before the application.
- 11 May 2023: The EPPO in Turin (Italy) has [money and real estate with a value of €530,000 seized](#) from an agricultural company located in the Piedmont Region. The company and its managers are subject to investigations for unduly benefitting from an EU grant for the construction of rice dryers. Forensic analyses found that the requirements in the contract have actually been disregarded. The defendants are accused of aggravated fraud and embezzlement. The damage to the EU budget is over €500,000.
- 9 May 2023: Upon request by the EPPO in Venice (Italy), the [leader of an organised crime group is arrested](#). In addition, assets of more than €28 million are frozen. The arrested person is suspected of leading a criminal group which committed Missing Trader Intra-Community (MTIC) fraud with the purchase and sale of electronic products. For this purpose, the group established around 70 shell companies in Italy and many other EU countries. By evading the payment of VAT, the group sold the products at much lower prices on the market and achieved high illicit profits.
- 5 May 2023: The EPPO in Madrid (Spain) has searches and [seizures of assets carried out against a criminal organisation](#) that dedicated its activities to subsidy fraud into agricultural funds. The organisation is suspected of having explored land parcels that are not in its possession, simulated property rights and falsified lease contracts in application for agricultural subsidies. In addition, the organisation sold the information to third parties enabling them to apply for subsidies. The estimated damage to the budget is at least €500,000.
- 5 May 2023: The Guardia di Finanza [seizes bank accounts and real estate in Calabria](#) worth over €700,000 against seven suspects and their companies which are under an EPPO investigation into EU agricultural fraud. The sum corresponds to public money that the suspects received for organic farming. However, they submitted false declarations in order to meet the eligibility criteria.

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