



EUROPEAN ANTI-FRAUD OFFICE

PRESS RELEASE No 08/2017

31/05/2017

OLAF in 2016: leading the way in combatting fraud through large, transnational investigations

The European Anti-Fraud Office (OLAF) stepped up its game in 2016, concentrating on large, transnational investigations, which often led to multi-million euro financial recommendations. Whether reconstructing an elaborate fraud scheme to trace back stolen European Union (EU) funds in a EUR 1.7 billion transport project, or recommending the recovery of EUR 26.7 million defrauded by a criminal gang, OLAF investigators put their skills to work for the benefit of EU taxpayers.

By shedding light on elaborate cross-border fraud patterns, and coordinating with national and EU authorities to bring fraudsters to justice, OLAF made an important contribution to ensuring EU funds can reach the citizens who need them the most.

OLAF's 2016 investigative performance, in numbers:

- **OLAF concluded 272 cases**, and opened **219 new investigations**, a high caseload managed against the backdrop of a constant staff decrease
- OLAF **issued 346 recommendations** to the relevant Member State and EU authorities, which will enable the recovery of **EUR 631 million** to the EU budget, and help bring fraudsters to justice.
- OLAF has succeeded in even **further reducing the duration of its investigations**, which were concluded in an **average of 18.9 months**, a new record for the Office.

OLAF maps trends in fraud with EU funds

Its unique mandate allows OLAF to have a complete picture of the changing nature of fraud with European Union funds. Using information gathered through its investigations, OLAF analysed the most striking trends in fraud, in an empirical study into how criminals have adapted to the new economic and regulatory landscape, constantly coming up with novel and creative ways to try to pocket EU money. Here is what OLAF's analysis uncovered, in a nutshell:

- **Public procurement** is still an attractive marketplace for fraudsters, who use corruption and off-shore accounts as fraud facilitators. Many procurement fraud cases are transnational, as the new fraud scenarios often involve a contracting

authority from one Member State and bidders from several other Member States who subcontract their works to companies again located in different countries.

- **Research and Employment Grants** constitute a lucrative fraud business, with double-funding and employment subsidy fraud becoming increasingly popular.
- Criminal networks use **complex transnational schemes** to **evade customs duties**.
- The **nature of cigarette smuggling has significantly changed** in the past years, with smugglers turning their attention to trafficking "**cheap whites**", or non-branded cigarettes.

OLAF as a hub for innovation

In the past years, OLAF has significantly invested in the most innovative investigative techniques and tools. This helped OLAF acquire state-of-the-art forensic and analytical tools, which ensure the Office continues to remain at the forefront of the global fight against fraud. In 2016, OLAF used these tools, among others, to analyse the Panama Papers, which led to the Office opening a number of investigations.

OLAF actively engages in developing anti-fraud policy

The Office is regularly at the forefront of negotiating legislative texts concerning the protection of the EU's financial interests against fraud and corruption. In 2016, progress was made on two important policy initiatives where OLAF had an active role. In one case, it was decided that serious VAT offences, involving a damage of at least EUR 10 million, would be included in the scope of the Directive on the fight against fraud to the Union's financial interests by means of criminal law (so-called "PIF directive"). At the same time, it became clear that, in the absence of unanimity, the European Public Prosecutor's Office (EPPO) would be established under an enhanced cooperation procedure. OLAF and EPPO will work closely together to ensure that fraudsters are not only identified, but effectively brought to justice.

Looking towards the future

While OLAF is a modern investigative body, able to solve even the most complex, cross-border fraud cases, OLAF's Director-General Giovanni Kessler argued that the tools granted to OLAF by the legislators need to be updated in order for the Office to adapt to the current fraud landscape. "In my view, the future should be guided by reform", OLAF's Director-General said. "As anti-fraud investigators, we need the right tools to look into possibly illicit financial flows, to follow the money throughout the fraudulent chain, as well as to have clear access to the premises of economic operators or Institutions that may have been involved in fraudulent activities," he added.

Entering the last year of his mandate, Mr Kessler pointed out that OLAF has achieved excellent results in complete independence, with a staff fully dedicated to working for the benefit of the European citizens, and supported by a cohesive team of managers who have revitalised the work of the Office. "Looking towards the future, I am genuinely confident about what's in store for the Office," Mr Kessler said.

To read the full report, please click [here](#).

OLAF mission, mandate and competences:

OLAF's mission is to detect, investigate and stop fraud with EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

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