

## OLAF in 2020: stopping fraud, keeping Europeans safe

Vital work to keep EU citizens safe from counterfeit or substandard medical equipment linked to the coronavirus pandemic was one of the activities that marked 2020 for the European Anti-Fraud Office (OLAF). Adapting its working methods to the challenges posed by lockdown and travel restrictions, OLAF continued its investigations to protect the EU budget from complex fraud schemes, counterfeiting, smuggling, corruption and conflicts of interest. With over 200 investigations closed, and more than €293 million recommended for recovery, OLAF continued to ensure EU money is spent how and where it is meant to – for the benefit of everyone.

Commenting on the publication of OLAF's annual report for 2020, OLAF Director-General Ville Itälä said: "2020 may have been a unique year in many ways, but OLAF's investigations uncovered the patterns of collusion, conflict of interest, manipulation of tenders, money laundering and so on that we see each year – clear evidence that the potential fraudsters have not been stopped by the pandemic. Indeed, the new opportunities for fraud brought by the virus – in particular the lucrative market for counterfeit or substandard products such as facemasks or hand sanitisers – brought new challenges for OLAF in 2020. I am extremely proud that my OLAF colleagues proved so adept at rising to those challenges, showing resilience, creativity and flexibility to keep on working as normally as possible, keeping European citizens safe despite all the challenges posed by the pandemic."

### OLAF's investigative performance in 2020:

- OLAF **concluded 230 investigations**, issuing **375 recommendations** to the relevant national and EU authorities
- OLAF recommended the **recovery of €293.4 million** to the EU budget
- OLAF opened **290 new investigations**, following **1,098 preliminary analyses** carried out by OLAF experts

### Trends in anti-fraud investigations:

In addition to counterfeit medical goods and personal protection equipment linked to the COVID-19 pandemic, OLAF's investigators detected a number of other trends in fraudulent activity during 2020, the annual report shows. These include:

- Conflicts of interest & collusion between beneficiaries and contractors, in particular in the area of public procurement
- False or inflated invoices, corruption and conflicts of interest targeting agricultural and rural development funding, often associated with money laundering
- Fraud with research funding

- Cigarette and tobacco smuggling
- Fraud affecting the environment and biodiversity

### **Fraud attempts worth millions**

As in previous years, one of the main trends identified by OLAF in 2020 was fraudsters manipulating the procurement and tendering process to pocket EU funds. The fraud mechanisms often span across several EU Member States and involve complex schemes to launder illicit profits. In one case involving Romania, Italy, Belgium and Spain, OLAF recommended the recovery of €25 million. Money that should have gone to road infrastructure was instead laundered through interconnected companies and payments for fictitious services – and was awarded in the first place through what OLAF found to be a suspicious connection in national authorities. Other examples can be found in the annual report and include fraud targeting research, agriculture, rural development and social funds. In some of the cases, OLAF uncovered how EU funds had been fraudulently claimed on the basis of forged documents, while many were also associated with money laundering.

### **Protecting health, safety and the environment**

Counterfeiters saw major business opportunities as the COVID-19 pandemic led to a sudden and massive increase in demand for personal protective equipment. OLAF has been on their trail since March 2020, and so far has identified over 1,000 suspicious operators and helped seize millions of substandard or counterfeit items related to the pandemic – in particular face masks but also hand sanitisers and testing kits. Also protecting health and safety, OLAF's operations with its partners have kept counterfeit food and beverages away from EU consumers – for example, one operation ended with around 1.3 million litres of counterfeit wine and alcoholic beverages seized. The environment was also on OLAF's radar as fraudsters and smugglers increasingly focus their business model on the environmental area. OLAF took part in seizures of illicit pesticides as well as in keeping several tonnes of illicit refrigerant gases (HFC) outside of the EU. One 14-tonne-cargo of HFC seized thanks to OLAF in 2020 would have had the same environmental impact as 38 return flights from Amsterdam to Sydney had it not been blocked.

### **Cigarettes and tobacco from outside and inside the EU**

Tobacco products account for a large share of the smuggled or counterfeit goods targeted by OLAF each year. In 2020, OLAF and its partners seized a total of almost 370 million cigarettes destined for illegal sale in the EU and originating outside of its borders. At the same time, OLAF is also extremely active in tackling the counterfeiters who focus on the illegal production of cigarettes within the EU. A three-year long operation involving 10 countries has led to the seizure of 95 million illegal cigarettes and 300 tonnes of tobacco, with over 200 arrests and an financial damage averted estimated at €80 million. OLAF was also involved in three main operations featuring water pipe tobacco, an increasingly popular product among smugglers over the last few years.

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.

Once OLAF has completed its investigation, it is for the competent EU and national authorities to examine and decide on the follow-up of OLAF's recommendations. All persons concerned are presumed to be innocent until proven guilty in a competent national or EU court of law.

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