

Inquiry into fake COVID-19 products progresses

Faced with the global challenge caused by the COVID-19 pandemic, the movement of illicit medicines and medical supplies across borders has increased dramatically. To combat this, on 19 March 2020 the European Anti-Fraud Office (OLAF) opened an official inquiry into the illicit trade of face masks, medical devices, disinfectants, sanitisers, medicines and test kits. Nearly two months into the case, tangible results are already visible, as OLAF is teaming up with customs and enforcement authorities all over the world to prevent these fakes from entering Europe, and to disrupt organised fraud and crime.

Since the start of the COVID-19 pandemic, OLAF has been collecting and analysing data concerning the arrival into the EU of face masks, medical devices, disinfectants, sanitisers, medicines and test kits. OLAF is well equipped to detect suspicious cross-border situations, and to work together with the relevant EU Customs offices to target the shipments and the companies concerned.

OLAF has already identified over 340 companies acting as intermediaries or traders of counterfeit or substandard products linked to the COVID-19 pandemic. While the end consumer does not interact with them, their identification considerably shortens the identification of the entire supply chain and helps to uncover much faster the possible fraud scheme. Millions of substandard medical products with fake EU conformity certificates have been seized in several Member States. These certificates are meant to guarantee that the products are compliant with strict EU health and safety standards. OLAF is also working with the authorities of third countries in order to identify and dismantle the illegal factories that produce these goods.

Fraud does not only happen through large consignments. Fake products are also often offered for direct sale online to European customers by companies based outside of the European Union - for example filtration half-face masks, originating from China with fake CE marks, which gives confidence to the consumer that they are buying a genuine product. These fake products arrive in thousands small anonymous parcels, and are delivered directly to the homes of customers via postal or courier services. Such vast numbers of small parcels are very hard to detect and stop, because they arrive in one Member State and from there make their way across Europe.

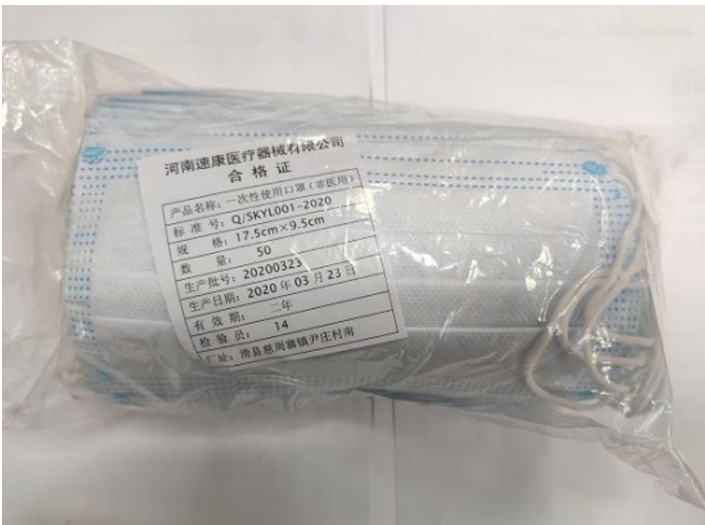
With this in mind, on 20 April, OLAF set up a Cyber Task Force comprised of experts specialised in cyber criminality that trawl the internet with the objective of identifying and taking down illicit websites offering these goods.

Exploiting the fear and anxieties of citizens, fraudsters have also taken to sell alternative medicine products that are not effective to protect from or treat the COVID-19 infection. The cross-border creativity of these fraud schemes is impressive. For example, the same traditional Chinese medicine pills, not authorised in the EU, were detected in one Member State, and only thanks to the information shared, the same product was seized in another Member State before it was put on the market.

Determining the true origin of face masks, medical devices, disinfectants, sanitisers, medicines and test kits is currently the most pressing challenge in dealing effectively with these fraudulent schemes, and protecting Europeans. OLAF is working relentlessly to ascertain if the origin of these fake products is wrongly declared, and to counter the ability of fraudsters to adapt to controls and enforcement actions. Fraudsters create long artificial chains of individuals or organisations to hide their tracks. A single supply of face masks now typically involves several movements on paper and sometimes in many countries before the goods finally reach the final client: the factory producing the masks, the supplier, several brokers in third countries, and several brokers in Europe.

This is why OLAF has teamed up with nearly all customs and enforcement authorities in Europe and many worldwide, as well as with Europol, Interpol, the World Customs Organisation, and the EU Intellectual Property Office (EUIPO), tackling this global issue at the global level.

OLAF Director General Ville Itälä said: *“The European Anti-Fraud Office will continue to cooperate with a wide range of partners across the world to tackle this dangerous activity that is undermining global efforts to fight the COVID-19 virus. Pooling knowledge and resources from all over the world is the only way to prevent counterfeit, substandard and ineffective products from entering Europe, to fight money laundering and ultimately to dismantle the criminal organisations behind this potentially life-threatening activity. This is particularly important at this time of extreme difficulty and distress brought by the lockdown in several parts of the world, but also as we begin emerging from the crisis and need to rely more than ever before on the effectiveness of protective equipment and medicines.”*



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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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