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## **Convictions in Italy in major international contraband case uncovered by OLAF**

**On 20 March 2018, the Court of Turin (Criminal Section) sentenced several individuals to prison and ordered the seizure of assets worth millions of euros in a major tobacco contraband case that has occupied law enforcers across Europe for years.**

The case had originally been uncovered by OLAF over five years ago. OLAF investigators found that an international contraband network simulated fictitious exports outside the EU or carried out real exports to third countries and then smuggled the cigarettes back into the EU with the aim of avoiding the applicable customs duties and taxes. The fraud scheme was operated by an extensive criminal network with contacts with organised crime in several EU Member States and third countries. The fraud was also facilitated by corrupt customs officials who sometimes validated exports without any containers actually leaving the EU, or validated exports though the trucks had already been seized. OLAF provided evidence and led coordination activities to support national law enforcers at each key step of their investigations across Europe.

Subsequently, with OLAF assistance, law enforcement agencies in Italy and Germany found that the same network also produced "made in Italy" cigarettes in a plant near Turin which were destined in part for the illegal market in the EU. Assets were seized and arrests ordered in this same case at the end of 2014.

The Court of Turin has now validated the investigative results put forward by OLAF and its partners. In addition to the prison sentences issued and to the seizure of assets, the Court ordered the defendants to pay over € 119 million euros to Italian Customs and €36 million to the Italian Tax Office alone. It is estimated that the losses caused to the EU and other national budgets are significant.

The OLAF Acting Director-General, Nick Ilett, said that "this ruling shows the excellent results that can be achieved when OLAF works alongside national partners in coordinated action against criminals who deplete public coffers of substantial revenue. It is only through such joint work on the ground that we can protect our taxpayers' money, untangle complex cross-border fraud schemes and ensure that criminals are brought to justice."

The present ruling is subject to appeal. Other trials have taken place or are ongoing in Belgium, Germany, Romania, Bulgaria, Spain, Lithuania and Poland.

## **Further information on previous operations in the same case:**

[Major international tobacco contraband network dismantled in Italy and Germany](#)

### **Background:**

Cigarette smuggling causes huge yearly losses to Member States and the EU in evaded customs duties and taxes. Smuggled tobacco respects no rules, and poses great risks to consumers. It undermines anti-smoking and public health campaigns, and violates the strict rules that the EU and Member States have on manufacturing, distribution and sale. OLAF investigates cases of customs fraud as they are financially damaging to EU taxpayers. OLAF has an explicit mandate to fight cigarette smuggling as part of the EU efforts to curb this phenomenon.

### **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.

### **For further details:**

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