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## **OLAF-coordinated trans-European operation sees over 200 suspects in illegal cigarette trade**

**On 17 December 2020, the final phase of a three-year long trans-European operation targeting the smuggling and illicit production of cigarettes, coordinated by European Anti-Fraud Office (OLAF), took place in Romania. 50 individuals suspected of being part of a criminal organisation were reported to the Romanian judicial authorities. In total, more than 200 people have been arrested or reported to the judicial authority in the framework of the OLAF-coordinated cross-border investigation.**

The action that took place in Romania was carried out by more than 160 officers from the Romanian Border Police, assisted by two officers of the Spanish *Guardia Civil*. This operation was the final phase of a complex OLAF-coordinated cross-border investigation that has lasted for three years, involving nine EU member states and the United Kingdom.

On the day, the Romanian Border Police targeted 50 individuals suspected of being part of a criminal organisation involved in a variety of criminal activities linked with smuggling and illicit production of cigarettes as well as fiscal fraud. Forty search warrants were served at company offices and private residences in Bucharest, and in the counties of Ifov, Bihor, Timiș, Galați, Constanța, Iași, Bacău, Sibiu and Brașov.

On the same day, the Criminal Directorate of the National Tax and Customs Administration in Hungary and the *Guardia di Finanza* in Italy carried out searches linked to the same international investigation.

During the course of the three-year OLAF-coordinated operation, more than 200 people have now been arrested or reported to the judicial authorities in the framework of investigations conducted at national level in Romania, Hungary, Slovakia, Greece, the Czech Republic, Italy, Spain, Belgium and the United Kingdom.

In addition to the arrests made, the operation has prevented the loss of approximately €80 million\* in duties and taxes in five EU countries after raids on nine illicit factories led to the seizure of 95 million illegal cigarettes and 300 tonnes of tobacco.

OLAF Director-General Ville Itälä said: *"This successful trans-European and cross-border operation clearly illustrates the importance of OLAF in combating the illicit trade in cigarettes in Europe. This illegal trade causes heavy yearly losses to the budgets of Member States and the EU in evaded customs duties and taxes. By working together, we protect the financial interests of the EU and its citizens. I congratulate all partners involved in this outstanding success."*

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\* This number is based on the average price of cigarettes in the European Union Member States.

OLAF supported the investigations of the Romanian Border Police and the competent authorities in the other countries concerned with its expertise in complex cross-border investigations.

Through analysing intelligence and tracking shipments, OLAF was able to reveal the intricate cross-border tactics use by the fraudsters: first, precursors (raw materials such as filter rods or papers) and machinery used in the illegal production of cigarettes are imported from third countries; the precursors are then transported to illegal warehouses and factories within the EU, where they are stored and sorted (these warehouses were identified in almost all the countries involved in the investigations); the precursors are then transported to the factories themselves where they are turned into cigarettes, which in turn are sold on the black market in various countries across the EU.

The trans-European operation, dubbed 'Kharon', focused on the carriers of the precursors and their movements across the entire territory of the EU until they reached the warehouses and illicit factories.

#### **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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