



EUROPEAN ANTI-FRAUD OFFICE

PRESS RELEASE No 3/2016

19 February 2016

Historic OLAF case leads to convictions in Italy

The sentence is in. Eight individuals have been found guilty of defrauding the European Union (EU) budget in a transnational case triggered by a European Anti-Fraud Office (OLAF) investigation. Code-named Operation Cocoon, the complex investigation involved 22 Research and Innovation projects conducted over 10 years in different European Union countries, and amounting to more than 53 million euro.

A network of fraudsters coordinated almost identical bids in several EU Member States, while also introducing in the consortia fake companies as partners or sub-contractors. After receiving the projects in question, the individuals also claimed non-existent expenses in an organised manner. The value of the damages the European Union budget suffered, as recognised by the Italian Court of Auditors so far, exceeds 1.8 million euro.

After the OLAF tip-off, Italian judicial authorities opened a criminal investigation, which led to five of the fraudsters admitting wrongdoing and negotiating a plea bargain. The Italian Court of Auditors also seized assets amounting to the sum of money considered as defrauded from the European Union.

Operation Cocoon is particularly meaningful, as two of the accused contested the jurisdiction of the Court of Auditors in issues concerning direct expenditure, where projects are funded by European Institutions themselves, instead of being awarded through national or local bodies. The Italian Supreme Court settled the dispute, attesting to the ability of the national Court of Auditors in defending the EU budget to the same extent as it would defend the national one. Moreover, lessons learnt from the case have been used to better train European Commission Project Officers in different research departments of EU institutions, to update guidelines for project evaluation, negotiation and payment, as well as to refine IT systems used to combat fraud. The support of different European Commission services, such as the Directorate-General for Communication Networks, Content and Technology, the Directorate-General for Budget as well as the Legal Service of the Commission, proved crucial to the positive outcome of OLAF's investigation, as well as to the success of the resulting judicial proceedings.

"Fraudsters exploited weaknesses in EU project management and evaluation, attempting to steal large amounts of money," said OLAF Director-General Giovanni Kessler. "Luckily, our fruitful cooperation with Italian authorities, as well as with other Commission DGs, means the criminals have been caught and sentenced, and the shortcomings which have made such irregularities possible have now been fixed," he added.

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:

Silvana ENCULESCU

Acting Spokesperson

European Anti-Fraud Office (OLAF)

Phone: +32 2 298 17 64

E-mail: olaf-media@ec.europa.eu

http://ec.europa.eu/anti_fraud