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## **OLAF helps anti-mafia bust by Italian authorities**

**Early this week, *Carabinieri* Special Units conducted a successful operation in the southern Italian region of Puglia against a criminal group with links to the mafia. The European Anti-Fraud Office (OLAF) supported the bust by uncovering a complex transnational fraud and money-laundering scheme against EU and national funds worth over €16 million.**

48 people were arrested as a result of the operation, code-named *Grande Carro*, Italian for Big Dipper. Charges against those arrested included the offence of mafia-type criminal association, money laundering, extortion, intimidation, kidnapping, illegal detention of firearms and explosives, and fraud, making Big Dipper a vast operation against organised crime.

As part of their case, Italian authorities discovered that the criminal group – called *Società Foggiana* – had stepped up into a sophisticated fraud scheme at the expense of EU funds. OLAF initiated investigations and proved that the group had committed fraud against EU agricultural funds for rural development worth some €9.5 million.

The scheme uncovered by OLAF spanned seven different EU Member States (Italy, Bulgaria, the Czech Republic, Germany, Ireland, Portugal and Romania) and involved fictitious companies set up outside Italy to cover the traces of fraud and facilitate money laundering.

The criminal group purchased machinery with the support of EU funds at an inflated price. The machinery was declared as new but was in fact either second-hand or purchased at a much lower price than what was officially declared. Both the selling and buying companies had ties to the fraudsters; fictitious sales of food products laundered the illicit profits back into the pockets of the people who had initiated the scheme, effectively closing the circle on this highly sophisticated fraud.

Access to bank account statements analysis of movements of cash valued at more than €17 million allowed OLAF to reconstruct the money transfers made outside of Italy, which proved instrumental in confirming the money-laundering scheme. On-the-spot checks on the machinery were also performed.

Ville Itälä, Director-General of OLAF, commented: *"OLAF's role has been crucial in untangling this sophisticated multinational criminal scheme. With its international oversight and expertise, OLAF can provide real support in reconstructing links and following traces across borders. I am glad that excellent cooperation with the Italian authorities has led to a successful operation against a dangerous criminal group. Unfortunately, organised crime*

*can often be found hiding behind fraud schemes and money laundering. The fight against fraud has implications that go well beyond the financial aspect."*

Eurojust, the EU Agency for Criminal Justice Cooperation, also supported the operation by providing coordination among different national judicial authorities. The operation was conducted by Carabinieri Special Units ROS (special operations group) and NAC (anti-fraud cell).

Filippo Spiezia, Vice-President of Eurojust and National Member for Italy at Eurojust, said: *"The investigation in this case confirms the seriousness of the threat to the abuse of EU funds, posed by organised crime. This shows the need to work together to combat this kind of crime by all EU institutions and we stand ready to support OLAF and the European Public Prosecutor's Office now and in the future."*

#### **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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