

Targeting Dark Finances – Episode 13

The Europol Podcast Season 2 Episode 5

INTRODUCTION

Frederic, Europol

Some of criminals consider that they are businessmen simply dealing with commodities that are not accepted in the global trade. But they see themselves as businessmen and investors. So they are trying to see as much investments as they can have. And the feeling is that they have a tendency to disrespect the rules so they don't play with the normal rules that you and me will play with.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

When you are on a case like this, you have the end of a loose thread, that you pick at and pick at until it all unravels. Once you have started pulling on that thread, you keep on at it until it unravels all by itself.

Col. Vitalii Kasap, National Police of Ukraine

And this case was very interesting because the criminal was very creative, trying to remain below the radar for the law enforcement of Ukraine and France. But what happened together with the French colleagues, we have been able to locate him to the through relevant operational combination to confirm and establish his identity.

Europol Narrator

Welcome to the Europol podcast, the official podcast of the EU agency for law enforcement cooperation. In this series, we shine a light on some of the biggest operations Europol has supported, and how we continue to fight crime.

Today's episode: Targeting Dark Finances.

WELCOME TO CHATEAU DE LA ROCHEPOT

Reviewer one

Such a waste...A pearl of heritage that passes from hand to hand, and gets smaller with each passing.

Reviewer two

Very disappointing this castle left abandoned and cannot be visited even though it is magnificent.

Reviewer three

Beautiful castle but I'm sad that's it's closed. It's a bit over grown now but there was still a little path where we could walk around it. We only saw a couple other people there.

Europol Narrator

What you just heard were a few of the recent online reviews for Chateau de la Rochepot. It's a beautiful 12th century castle in the Burgundy region of France. The Neo-gothic fortress is impressive, placed on high ground above the French village of La Rochepot, just a short distance from some of France's most revered vineyards. In years gone by, as many as 30 000 visitors would come to the castle every year. If you look it up on the internet, you will see for yourself how stunning the place is.

However, as those reviews might have indicated, something has happened to this castle.

Today, Chateau de la Rochepot is closed to visitors. Much of the original furniture has been sold. And the tourist attraction's future is uncertain.

How did this happen? Well, to get to the bottom of it, we need to look at a complex case that saw Europol work with French, Luxembourgish, and Ukrainian police to uncover a multi-million euro international fraud scheme.

This is the story of targeting dark finances.

THE GENDARMERIE BEGIN THE INVESTIGATION**Maj. Christelle Balawejder, French Gendarmerie**

I am Major Christelle Balawejder and I am assigned to the Financial Crime Division of the Dijon Investigation Unit.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

I am Jean-Louis Boillin and I was a financial investigator at the Dijon Investigation Unit from 2017 to 2021, at which time I retired. I have been working on this file since the beginning.

Europol Narrator

Christelle and Jean-Louis are investigators from the French Gendarmerie, one of the two main law enforcement bodies in France.

Maj. Christelle Balawejder, French Gendarmerie

Château de la Rochepot was the third most visited tourist site in Burgundy.

Europol Narrator

And it was a good local employer, too.

Maj. Christelle Balawejder, French Gendarmerie

There was a groundskeeper, a tourist guide for visits, staff with several tasks for the upkeep, as well as gardeners.

Europol Narrator

With stunning features such as a roof covered with glazed burgundy tiles and multiple towers, on a rocky outcrop overlooking the village of la Rochepot, the people living nearby are extremely attached to this castle.

Historically it was owned by an aristocratic French family, and it was restored in the 19th century giving it a unique look and feel. However, this aristocratic family decided eventually to sell the castle, with one condition of that sale being "total respect" for the site and its history. It needed a lot of repairs to revive its former glory, and they sought a buyer who would make that investment.

In 2017, after three years on the market, it was bought up by a foreign investor for over three million euros.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

Firstly, people had a lot of questions about the identity of the people. However, the only thing that mattered to them was for the château to be brought back to life and for tourism to continue in the region.

Europol Narrator

All sounds ok so far. The castle needed a buyer, and perhaps a rich foreign investor would be able to make the investment needed to preserve this gem of the Burgundy region.

WHO'S WHO IN THIS EPISODE

Europol Narrator

Complex financial fraud cases can be a little confusing, so – before we go any further - let me introduce a few of the characters in this episode.

First off, we have 'the lord of the castle'. This person is the main suspect in the case, the foreign investor believed to be buying the castle – or if you're French, the chateau.

Secondly there's 'the manager' – someone who was performing certain tasks for the lord of the castle.

Then we have 'the affiliate' – this is another individual who was working for the main suspect, our lord of the castle.

And finally, we have 'the local' – that's someone from the nearby area who Jean-Louis and Christelle will meet over the course of their investigation.

Still with us? Ok great – back to the story.

DIGGING DEEPER INTO THE STORY

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

It appeared that the owner of the château was trying to make investments because he had various plans. He also purchased a luxury vehicle at that time. It was a Rolls-Royce and he wanted to go for trips and offer wine tasting. He wanted to show people around the vineyards. He had plans.

Europol Narrator

However, soon there were indications that something was not normal about the new owner at Chateau de la Rochepot. They were certainly living a lavish lifestyle, as they were buying up artworks by famous painters such as Salvador Dali, as well as buying lots of jewellery, crocodile handbags, and other very expensive goods.

And that's on top of enjoying drives through the Burgundy countryside in that Rolls-Royce Silver Phantom.

Maj. Christelle Balawejder, French Gendarmerie

But nobody really knew the owner of the château. The staff would always see this man giving instructions, rather than the actual manager.

Europol Narrator

And that's not all. Tradespeople hired to begin the restoration work soon encountered issues when it came to getting paid.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

Several tradesmen were at the château to carry out repair work. They carried out masonry and plumbing work. When they asked to be paid for the repairs, they could not get paid. They therefore started asking questions. That was what triggered the investigation and why it was decided to verify who the legitimate owners were and why the craftsmen could not be paid.

Europol Narrator

To listeners in the building sector, you may have had issues with clients dragging their heels on payment before. But when your customer is the type of person who can afford a castle that costs 3 million euros, it is very strange that they can't afford to pay the builders.

Maj. Christelle Balawejder, French Gendarmerie

In addition to this, some articles in the press began to appear about the château's operations. Indeed, the first article appeared in Le Bien Public, our local paper, on 23 December 2017. The headline was: 'Château in turmoil', so it was already heralding problems.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

The newspaper article referred to: 'Unpaid invoices: château de La Rochepot discredited'. There were unpaid bills from electricians, plumbers, and workmen. There was also concern among the staff about not being paid. They had therefore brought proceedings before the courts, in this case an employment tribunal.

Europol Narrator

Unpaid tradespeople meant important work was not being done, and the courts were getting involved.

Following that first newspaper article in December, Christelle and Jean-Louis opened an investigation in February 2018.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

By then, it had sparked curiosity, and to see how it operated. It was our job, to do the initial investigations and to find out who the real owners were, the conditions under which this château had been bought, and also why the employees were not paid along with the contractors who had carried out all the work at the château.

What should be kept in mind is that a property investment company was set up when the château was purchased.

Maj. Christelle Balawejder, French Gendarmerie

I would add that the legal set-up of the companies involved in this château is on the whole quite standard. It was more the people themselves.

Europol Narrator

Oftentimes with big purchases like a French Castle, the purchasing is handled by a company set up for that specific purpose. And that's what happened here. A company set up in Luxembourg was used to handle the purchase and ownership. However, the role of individuals was indeed strange. For example, the lord of the castle had an affiliate who worked for them...

Maj. Christelle Balawejder, French Gendarmerie

Next thing, he was heading up companies. And that was what drew our attention.

Europol Narrator

Over the course of the investigation, Jean-Louis and Christelle met a local, who lived in the village of La Rochepot itself. They went to speak with 'the local', who said that they believed the new owner was from somewhere in Eastern Europe.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

Even he did not know the identity of the real owner. There was a person he spoke to from time to time called Rodolphe, but he did not know his real identity.

Europol Narrator

While Christelle and Jean-Louis tried to find out who the castle owner really was, some of the unpaid employees were now taking matters into their own hands.

Maj. Christelle Balawejder, French Gendarmerie

Yes, actually some members of staff went to the employment tribunals. The affiliate also went to recruit people in Romania to come and work at the château. Those people were undeclared workers.

Europol Narrator

The antennae of the Gendarmerie officers was proving right. Something was certainly going on.

Let's recap. A company in Luxembourg bought the castle for 3 million euros in late 2017. There was a Eastern European person, apparently called 'Rudolphe', our lord of the castle. However, the paperwork showed *an affiliate of theirs* as the company owner. Meanwhile, the lord of the castle's name couldn't be found anywhere on the documents.

Soon, the tradespeople hired to perform work on the chateau were not getting paid. And the affiliate had hired workers to work in the chateau itself, but it turned out they were actually undeclared workers from another part of the EU. No-one was getting paid, and yet this mysterious lord of the castle was enjoying a lavish lifestyle in their Rolls-Royce Silver Cloud.

So who was this lord of the castle? How was it that they could afford the castle yet not afford their bills? Why did they replace the previous local workers with these undocumented workers?

The two officers soon realised that this individual might have international connections.

That's when Europol got involved.

ASSET RECOVERY AT EUROPOL

Frederic, Europol

Asset recovery is what is the most successful against organised crime. Because prison, I would say I believe that prison for criminals is integrated as part of the risk. Being stripped from their assets is not an accepted risk. So this is extremely effective.

Europol Narrator

This is Frederic, one of Europol's senior investigators when it comes to financial and economic crime.

Frederic, Europol

My name is Fredric. I work in Europol. I've been there for a couple of years and I work within the European Financial and Economic Crimes Center.

Europol Narrator

Frederic's work sees him targeting the profits of criminal activities; by denying criminals the proceeds of their crimes, law enforcement can have decisive impact.

Frederic, Europol

So, um, the, the example today we had a case that started in May 2018 for us and Europol. But it goes back to 2015. So at that time, a small castle in Burgundy was sold for roughly EUR 3 million.

Europol Narrator

Frederic was receiving information from the two Gendarmerie officers via Europol's secure messaging system, called SIENA. This is short for Secure Information Exchange Network Application, a tool to exchange sensitive law enforcement information with data protection and security by design features such as automated data retention and data protection audit logging mechanisms.

Police in all EU Member States have a direct connection to this system, allowing us to safely communicate and share relevant data as we combat serious and organised crime.

Frederic, Europol

And a man came in the castle and he was acted as the owner, or at least he pretended to be the owner, even if he didn't have any official title. There were questions because this man apparently didn't have official relation with the company owning and the castle. So there were questions also about the acquisition of the castle.

Europol Narrator

Given that the company owning the castle was based in Luxembourg, a joint investigation began between France, Luxembourg and Europol.

Frederic, Europol

So we sent the colleagues, the sent request to Europol and to the countries, the concerned countries. The very first answer that we received came from Luxembourg. Uh, Luxembourg disclosed the shareholders of the companies that owned the castle.

Europol Narrator

Still no sign of the main suspect, the lord of the castle, on the papers from Luxembourg.

Frederic, Europol

And also Luxembourg told us this company owns a silver cloud, Rolls-Royce. And so that's the first element that we have. So now it's becoming a little bit more interesting. We have someone behaves as the owner of the castle but seems to be hiding his name behind the company.

Europol Narrator

So even the Rolls-Royce was owned by the company, not the lord of the castle. He was clearly keen to keep his name away from the castle.

This confirmed what Jean-Louis and Christelle suspected; this was definitely worth investigating.

While Frederic and the analysts at Europol sought more information on companies behind the castle, the Gendarmerie were doing the important work on the ground in Burgundy.

THE INVESTIGATION DEEPENS**Mr. Jean-Louis Boillin, French Gendarmerie (ret.)**

We carried out several financial investigations. We had already looked at how the accounts worked, and we had seen that there were no records of income from the château in the accounts. It was the groundskeeper who wrote the notes on loose sheets, and we worked from that basis.

We also realised that the château operated in an atypical way. For example, the bank card was in the name of the groundskeeper, not in the name of the company. We also realised that a lot of personal purchases were being made using the groundskeeper's own card.

Europol Narrator

For those without a financial background: if you've got a company credit card, and all the purchases are being made in the name of someone else, that's a sign the company account is being used as a personal piggy bank. Because an individual can then hide their spending as company expenses, and there's no sign of them directly making the purchase.

Jean-Louis and Christelle headed back to the castle, hoping to dig up more information on who the lord of the castle was.

The Gendarmerie knew that they needed to get sight of the suspect themselves, if they were to have any hope of identifying them. And in July of 2018, five months after their first enquiries started, Christelle and Jean-Louis found an opportunity.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

Yes, that's right. That happened on 14 July. We knew that there was going to be a medieval festival, which was announced in the press and through flyers. Maybe the real owner would visit that day.

Europol Narrator

It was time for a classic bit of policework – donning a disguise and heading into the field to try and spot the suspect.

Dressed as tourists, with sunhats, cameras and sunscreen at the ready, Jean-Louis and Christelle headed to the medieval fair.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

The two of us went there, not knowing anyone, and we took photographs of several people who were sitting at tables eating. We noticed that there were seven or eight people at one table.

Europol Narrator

The Gendarmerie officers figured one of the people at this top table must be the owner. The list of faces was now pretty short – the job is to identify these people and figure out who was in charge. And then a lead came from a very unexpected place.

Maj. Christelle Balawejder, French Gendarmerie

Identifying the château's owner was made a lot easier by a very common procedure: a failure to return children.

Europol Narrator

The Gendarmerie were notified about a separate filing involving the lord of the castle. According to that report, he'd been looking after his children. However, when their mother expected them to come home, they did not return.

Maj. Christelle Balawejder, French Gendarmerie

He almost wanted to take them away from their mother, as he had started to send them to a school near the château de La Rochepot.

Europol Narrator

When the two officers looked again at their photos from the fair, they saw the face from that separate filing looking back at them.

Maj. Christelle Balawejder, French Gendarmerie

So, then we sent a SIENA message to bring Europol into the loop. There it was flashing in red, so then the Ukrainian authorities came forward and were very interested in our message and what it contained.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

It was there, in the exchanges we had with the various authorities and states, that we learned that there was a warrant out and that he had officially been declared dead. He even had his ashes delivered to his wife.

For me, it was a somewhat atypical investigation because of the personality of this character who had himself declared dead in an accident, and even had had his own ashes delivered. That's something I'd never seen, in my career.

He obviously had something big to hide if he was pretending to be dead.

Europol Narrator

Turns out the lord of the castle was actually a wanted man in Ukraine, with allegations involving a fraud scheme of roughly 12 million euros.

However, before Ukrainian authorities could investigate, he had faked his death and had the ashes delivered to the authorities. It was a convincing ruse, so you can imagine what the reaction would be like in Ukraine when they heard that this suspect was actually very much alive, and enjoying the good life building an art collection in his French chateau.

The French reached out directly to Ukraine.

UKRAINE COMES ON BOARD**Col. Vitalii Kasap, National Police of Ukraine**

Vitalii Kasap. I'm the head of the Ukrainian Liaison Bureau here at Europol.

Europol Narrator

This is Vitalii, and he is the head of the Ukrainian Liaison Bureau at Europol HQ.

Col. Vitalii Kasap, National Police of Ukraine

I'm still in the colonel of the national police of Ukraine doing many things during my career, but mostly the criminal investigations and international assignments abroad.

Europol Narrator

Although Ukraine isn't an EU Member State, they are a close partner for Europol all the same.

Col. Vitalii Kasap, National Police of Ukraine

Ukraine opened its liaison bureau at Europol in mid 2018 after we have signed and ratified the operational agreement on cooperation between Europol and Ukraine.

Europol Narrator

As you might expect, Vitalii and his colleagues in Ukraine were very surprised to see their suspect's name come in from the French investigators. After all, their authorities had received a box of his ashes some years back. Quite an impressive recovery, you might say.

Col. Vitalii Kasap, National Police of Ukraine

So obviously at this moment of time, the cooperation of Ukrainian law enforcement agencies with European ones is crucial. We can advise and work together to identify those criminals, prosecute them, to dismantle the networks which have also moved from Ukraine to European states.

This is not the only case where we have where we see the Ukrainian national doing certain criminal activity, gaining some profits and afterwards trying to escape and vanish in Europe, enjoying the lovely life there with a lot of money.

Europol Narrator

Like all international fraud cases, in Europe and beyond, financial investigators and international liaisons like Vitalii need to be on the lookout for novel methods used by criminals to evade justice.

Col. Vitalii Kasap, National Police of Ukraine

And this case was very interesting because the criminal was very creative, trying to remain below the radar for the law enforcement of Ukraine and France. But again, what happened in together with the French colleagues, we have been able to locate him to - the through relevant operational combination - to confirm and establish his identity. And later on, we have been able to arrest him and prosecute further.

Europol Narrator

The modus operandi, namely pull off a massive fraud and then flee out of the country, is deployed the world over. However not all suspects get their fake cremated remains delivered as they try and shake the police. And it did work for a while - until the Gendarmerie got suspicious and started up the international cooperation.

Col. Vitalii Kasap, National Police of Ukraine

These are corrupted officials who gain certain assets in Ukraine and trying to escape abroad. Uh, we are trying also to establish that they live in Europe. This case is one of a particular...of a good example where we have been able to do this.

In some other cases, and criminals become very creative and skilful in in hiding all of their assets gained mostly through their through the criminal or corruptive activities.

Europol Narrator

However, in this case, the suspect – our lord of the castle - hadn't been quite skilful enough. With the photos from the medieval fair and the claims from his wife, the suspect had been identified. And Ukraine now verified it.

Our lord of the castle was actually wanted in Ukraine because they were the suspect in a corruption investigation showing he might have embezzled over ten million euros. How the mysterious new owner had been able to afford Chateau De La Rochepot suddenly became clear.

An operational meeting was soon scheduled at Europol HQ for September 2018.

AUTHORITIES CONVERGE AT EUROPOL**Maj. Christelle Balawejder, French Gendarmerie**

Yes, we did get a response like that. We immediately realised we had to meet, so we set up an operational meeting at Europol headquarters with the Ukrainians and Luxembourg. We had

identified him, that's one thing, but we hadn't located him. So we had to deploy trained personnel to monitor him and discover where he was.

He was known under four aliases. His name did not appear anywhere in the château companies.

Europol Narrator

With charges outstanding against the lord of the castle, including an Interpol red notice, Christelle and Jean-Louis came here, to our headquarters in The Hague, to plan an action day.

The way action days are planned is through operational meetings. These are meetings here at Europol HQ where all involved law enforcement agencies come together and decide the best way to go after suspects.

Ahead of the operational meeting, Christelle and Jean-Louis had carefully mapped out the ownership of the companies behind the castle purchase, and who was in charge of each one.

Mr. Jean-Louis Boillin, French Gendarmerie (ret.)

The first thing was to present the case. The first thing was also to show the Luxembourg and Ukrainian authorities how the companies had been set up, who did what in each company, who their main shareholders were, how the company operated, along with a presentation of the property investment company. After that, we looked at the question of financing: how had the château been financed, who had set up the companies and where had they been registered?

Europol Narrator

It was also at this meeting where the French officers learned why the castle owner was a wanted man in Ukraine.

Maj. Christelle Balawejder, French Gendarmerie

They told us in the meeting that he was at the centre of a scam for EUR 12 million.

The scam in Ukraine seems to have involved a company transporting urea, a type of fertiliser. The case had even gone as far as Switzerland, which is why the Swiss police then joined us in our investigations, as they had a report against him since 2015. Our investigation had therefore allowed the Swiss authorities to reopen the case.

Europol Narrator

A last country, Switzerland, was added to the list of concerned countries, and an action day was planned.

ACTION DAY

Frederic, Europol

So personally, I was still in The Hague and I was following the action from the headquarters. These are two of my colleagues were deployed to Europol, actually the two case officers on the case on the on this investigation a specialist on an analyst. And actually, I want to say two extraordinary colleagues. And we made a fantastic, fantastic job on this on this case.

Europol Narrator

Frederic was coordinating things for the action day at Europol HQ. The plan was to carry out a top-to-bottom search of the castle, so they could finally get to the bottom of what was going on at Chateau de la Rochepot.

Frederic, Europol

When we deploy when we deploy colleagues on the spot, we usually bring what we call the mobile offices. So these are actually remote access to all databases. So we can access also on that basis the information that we have stored in Europol information systems and we can check on this.

They went there with forensic capabilities and the action there was quite successful. The suspects were arrested. You can imagine that searching the castle takes some time, but it went really good. There were a lot of good surprises.

The investigators, they found good wines, obviously, but also works of art. The famous Rolls-Royce that I mentioned that was owned by the Luxembourg company was there.

Europol Narrator

During the search, the castle owner was arrested. Meanwhile, the amount of luxury goods found far exceeded what the officers had expected. As well as the stunning Rolls Royce, they found the suspect's growing art collection, including pieces by established artists such as Salvador Dali, and some by lesser-known artists that the suspect thought would become valuable over time.

And that's not all – a lot of luxury jewellery, including a 20 00 euro pair of cufflinks, was found. There were also vast amounts of designer clothes and bags, with one crocodile leather bag alone being valued at nearly EUR 60 000.

Frederic, Europol

But even more importantly, we found documents and phones that confirmed that this was indeed the king of the castle.

Europol Narrator

This was crucial; the suspect could no longer hide behind a web of companies. It was clear that they, somehow, had got together enough money to buy this castle.

Frederic, Europol

They concluded the first phase and the first action of Europol in that case.

Europol Narrator

The huge seizures alone would not be enough to press charges. The key work now was to build the case against the lord of the castle, using all the data and paperwork gained during that massive search.

Frederic, Europol

Then we were also asked by the French colleagues to support the analysis of the data that they had retrieved. And this is the second, and I shall say our best role, Europol as the persevering supporter, when we try to identify leads that can accrue to the proceeding, and then we forward intelligence through the colleagues.

Europol Narrator

Frederic was able to conduct analysis that helped the French speed the case along. From the first call to Europol in May 2018, the suspect – our lord of the castle - had been arrested by that October.

Frederic, Europol

In France and the suspected the main suspect on this is accomplices were convicted last year. So that's really satisfying. But also and again, more importantly, the castle was confiscated.

We discovered, thanks to international cooperation, legal basis to seize and to confiscate the castle. And so we could apply to this case proper asset recovery measures. And that's for us because we are leading the team dealing with asset recoveries. That's extremely rewarding and we are very happy with that.

Europol Narrator

As Frederic said earlier in the episode, criminals factor jailtime as part of the cost of doing business. But taking all their criminal profits away as well? This is not acceptable. And taking this approach in investigations is something Europol is supporting more member states in doing – not least since we opened our financial and economic crimes centre in 2018.

SIGNING OFF**Europol Narrator**

Thank you for listening. We hope you enjoyed this episode of the Europol Podcast. Be sure to rate, review and subscribe so you get notified about new episodes. You can also mail us via the Europol website – we'd love to hear what you think of the show.

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