

TYPOLOGIES IDENTIFIED IN OUR CASES

A single investigation may target a variety of criminal offences. This section outlines the different types of offences investigated by the EPPO.

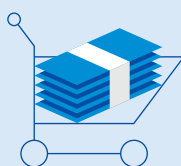
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Non-procurement
expenditure fraud

33.19%

591



Procurement
expenditure fraud

9.32%

385



PIF crime-focused
criminal organisation

6.07%

480



Non-VAT
revenue fraud

7.57%

1 287



VAT
revenue fraud

20.29%

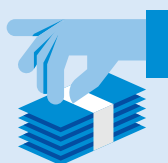
191



Corruption

3.01%

115



Misappropriation

1.81%

380



Money laundering

5.99%

808



Inextricably linked
offence

12.74%



NON-PROCUREMENT EXPENDITURE FRAUD

By the end of 2024, around **33%** of the offences investigated by the EPPO concerned **non-procurement expenditure fraud**. This type of fraud is committed via the use or presentation of **false, incorrect or incomplete statements or documents**, which has, as its effect, the misappropriation or wrongful retention of funds or assets from the EU budget or budgets managed by the EU, or on its behalf. This includes EU financial aid, subsidies and funds.

During the reporting period, the EPPO identified patterns of this type of EU funding fraud in sectors such as agriculture and fisheries, ERASMUS programs, regional development, healthcare, social affairs, youth and labour, and research and innovation. Recovery funds related to the consequences of the Covid-19 pandemic, particularly those under the European Commission's Recovery and Resilience Facility (RRF), were also targeted by fraudsters. The involvement of organised crime groups in non-procurement fraud has also been documented.

Common patterns of this type of fraud include:

- ▶ **Claiming EU subsidies through false declarations or forged documents**, including expert diplomas to meet specific funding requirements (such as eligibility and exclusion criteria). This may include concealing disqualifying circumstances such as prior criminal convictions or creating artificial circumstances in order to meet eligibility conditions, such as over-declaring the size or quality of eligible agricultural land);
- ▶ **Submitting inflated additional costs, false statements** regarding the payment of experts or subcontractors, false attendance records for workshops or training programs, or false invoices to artificially increase the price of the purchased equipment, in order to claim higher EU subsidies;
- ▶ **Requesting reimbursement for services that were either not delivered or below the agreed standards** (e.g. grants provided for non-existing employment training or care services);
- ▶ **Manipulating financial statements** (e.g. by misrepresenting staff costs), to increase the amount of the payments received;
- ▶ **Claiming and receiving double funding**, where, through deceit, an activity is funded several times by different authorities (often in different Member States), who are unaware of the contributions the others have made.

Austria: 15 arrests in €3.5 million fraud investigation involving RRF funds⁴⁷



In November 2024, at the request of the EPPO, the Vienna Criminal Police arrested 15 suspects and carried out 37 searches on a major case of non-procurement fraud. The EPPO uncovered several criminal organisations that were suspected of defrauding over €3.5 million from the so-called 'Reparaturbonus' ('Repair Bonus') programme financed by the EU via the Recovery and Resilience Fund (RRF).

The 'Reparaturbonus' is an initiative of the Austrian government, which promotes and incentivises the repair of electronic devices and household appliances. Its purpose is to encourage sustainability, reduce electronic waste and support local repair businesses. The suspects

committed the non-procurement fraud by allegedly registering existing but also many fictitious companies as partner businesses of the 'Reparaturbonus'. This allowed them to submit reimbursement claims for repairs to the national administrative and funding agency of the programme. After having been confirmed as partner businesses, the suspects submitted thousands of reimbursement requests claiming subsidies for repairs that allegedly never took place. In doing so, the criminal organisations aimed to fraudulently obtain over €3.5 million in subsidies.

All persons concerned are presumed innocent until proven guilty in the competent courts of law.



PROCUREMENT EXPENDITURE FRAUD

By the end of 2024, around **9%** of the offences investigated by the EPPO concerned **suspected procurement expenditure fraud**. This fraud often manifests itself in the **unlawful manipulation of tendering procedures for public works**, such as the renovation of government buildings and transport infrastructure. Procurement expenditure fraud is predominantly committed via the use or presentation of false, incorrect or incomplete statements or documents. Documentary forgery is sometimes committed as an inextricably linked offence. Several cases include the involvement of corrupt public officials.

During the reporting period, the EPPO identified patterns of this type of EU funding fraud in sectors such as infrastructure and regional development, agriculture, education, research and innovation, social affairs, and human resources. In addition, fraud concerning funds related to the Covid-19 pandemic is under investigation.

Common patterns of this type of fraud include:

- **Submitting false declarations in tendering procedures**, including misrepresentation through fake documents, hiding sanctions, concealing insolvency, or misreporting consortium members' qualifications, to falsely appear as meeting tender requirements;
- **Submitting false documents** to conceal the quality of contractually agreed works or materials used (e.g. violation of technical requirements, lack of necessary environmental permits or the use of lower quality materials) or presenting invoices for ineligible expenses (e.g. expert fees) or for services not actually delivered (works not executed);
- **Collusive bidding, particularly in industries with limited competition or specialised expertise, manipulation of tenders, or unlawful 'favouritism'** (such as influencing selection boards and concealing conflicts of interest) linked to public contracts, devised to award the tender to a specific economic operator;
- **Intentional splitting of the tender by the managing authority into different procedures**, permitting the same beneficiaries to avoid evaluation by the European Commission;
- **Underutilisation and manipulation of e-procurement tools**, with selective disclosure of information or bypassing of systems for smaller contracts, limiting transparency;
- **Failure to investigate or address abnormal low tenders**, enabling awards to specific companies despite clear exclusion grounds, such as sanctions or bankruptcy.

Cyprus: EPPO investigates multimillion-euro project for liquefied natural gas import terminal⁴⁸



On 25 July 2024, the EPPO in Nicosia (Cyprus) publicly announced the initiation of investigation into a project for a liquefied natural gas (LNG) import terminal in Cyprus, on suspicion of procurement fraud, misappropriation of EU funds and corruption. The project aimed to create an entry point for natural gas to Cyprus, enabling the country to connect with the wider European gas market, and involved a cost of €542 million – of which approximately €101 million was financed by the Connecting Europe Facility (CEF) programme. According to the investigation, the

execution of the contract failed and was terminated in July 2024.

The investigation was initiated in March 2024 following the publication on 19 January 2024 of a report by the Audit Office of the Republic of Cyprus, regarding possible violations during the procurement procedure and the subsequent execution of the public contract for the LNG project. All persons concerned are presumed innocent until proven guilty in the competent courts of law.



VAT REVENUE FRAUD

By the end of 2024, approximately **20%** of the offences investigated by the EPPO concerned the most serious forms of **VAT fraud**, connected to two or more participating EU Member States, and causing a total damage of at least **€10 million**. The available information indicates that VAT fraud has evolved significantly during the reporting period, including as a direct consequence of the actions taken by the EPPO against active criminal networks.

Traditional carousel fraud is being replaced by more fragmented linear fraud schemes, where VAT is stolen directly from customers instead of being claimed as refunds from tax authorities. Additionally, the range of goods and services involved has expanded, following demand in the EU market.

As a rule, these frauds are perpetrated by organised crime groups, in what appears to be a fraudulent ecosystem, allowing them to blend with legitimate and well-known traders. The sophistication of these criminal networks aims at enabling interaction with honest entrepreneurs as well as laundering of money from various crimes, making these activities seem legitimate. As a result, using VAT fraud to launder money has become an increasingly popular method for cleaning and generating illegal revenue.

VAT fraud mainly occurred through the sale of electronic items such as mobile phones, headphones, and hard drives, as well as used cars, gold, luxury products, fuel and related products, polymers, everyday consumer goods, digital items such as software licenses, and a variety of services.

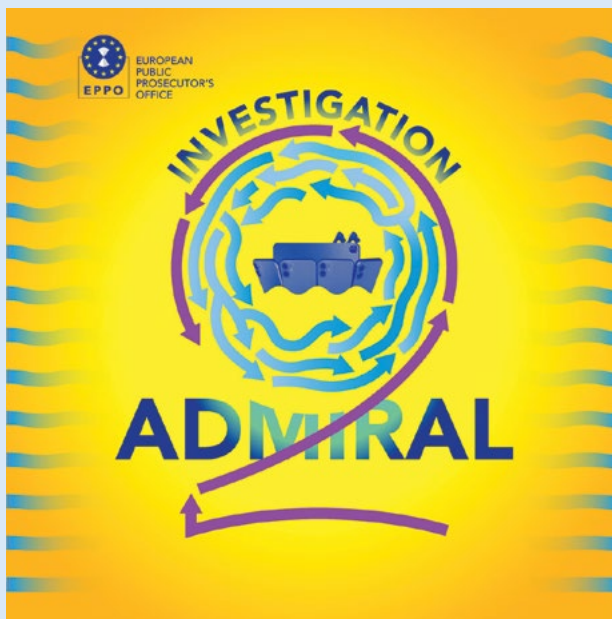
Common patterns of this type of fraud include:

- **Acquisition and carousel fraud committed by organised crime groups through the creation and control of a vast web of multipurpose companies** – e.g. conduit companies, missing traders, buffers, brokers, etc. – in a more fragmented manner, aimed at stealing VAT and laundering ill-gotten assets from other crimes;
- **Margin fraud scheme** involving fraudulently reducing the taxation of the profit margin instead of the selling price, using false invoices for second-hand goods;
- **Cross-invoicing by disguising the VAT debt through artificial VAT credits** generated from domestic operations;
- **E-commerce fraud** (general VAT regime, one-stop-shop (OSS) and import-one-stop-shop (IOSS)), either by abusing existing marketplaces or by setting up own online stores for the sale of goods and services, by intra and extra-community entities;
- **VAT fraud through the abuse of Customs Procedure 40 or 42 with VAT deferment**, where missing traders are established merely to 'absorb' the VAT liabilities and thus avoiding its payment on the trade of goods. This form of fraud is often combined with the first trend;
- **VAT fraud committed by private persons through the use of filter companies and so-called 'paper mill' companies**, which issue invoices for non-existent operations, in relation with the importation of goods produced in non-EU countries into the EU;
- **VAT fraud with damage of less than €10 million**, investigated as offences inextricably linked to customs duty fraud schemes, given that the two types of criminal conduct are often carried out through the same acts.



VAT REVENUE FRAUD

Investigation Admiral 2.0: Europe's biggest VAT fraud with links to organised crime⁴⁹



On 28 November 2024, the EPPO in Riga (Latvia) and Vilnius (Lithuania) mobilised 624 law enforcement officers to perform searches and arrests across 16 countries. Based on findings from the Admiral investigation, the EPPO uncovered another criminal syndicate suspected of a complex VAT fraud scheme involving the trade of popular electronic goods and creating an estimated VAT loss of €297 million.

Investigation Admiral⁵⁰, announced in November 2022, is considered the biggest VAT fraud ever investigated in the EU with a damage now estimated at €2.9 billion. Taking advantage of its decentralised model and central analytical capacity, the EPPO was able to establish links between persons and companies under investigation Admiral, and a criminal syndicate based in the Baltics. The investigation revealed that this

syndicate used the same modus operandi, and partly also the same organisation and infrastructure, as the perpetrators investigated under Admiral, to carry out a massive VAT carousel fraud – a complex criminal scheme that takes advantage of EU rules on cross-border transactions between its Member States, as these are exempt from value-added tax.

According to the investigation, the suspects established companies in 15 EU Member States, acting as legitimate suppliers of electronic goods. They sold over €1.48 billion worth of popular electronic devices via online marketplaces to customers located in the EU. While the end customers paid VAT on their purchases, the selling companies would not fulfil their tax obligations. By simply disappearing, they would avoid to transfer the amounts due to the responsible national tax authorities. Other companies in the fraudulent chain would subsequently claim VAT reimbursement from the national tax authorities, creating an estimated VAT damage of €297 million. The proceeds of this criminal activity would be moved to offshore accounts.

The EPPO suspects over 400 companies to be part of this complex fraudulent scheme, which is also believed to have been used for laundering proceeds stemming from drug trafficking, different types of cybercrime, and investment fraud. All persons concerned are presumed innocent until proven guilty in the competent courts of law.



NON-VAT REVENUE FRAUD

Around **8%** of the offences investigated by the EPPO by the end of 2024 concerned **non-VAT revenue fraud**. In particular, undervaluation, misuse of customs procedures, contraband, tobacco smuggling, and fraud related to anti-dumping duties.

These offences are most committed through the **use or presentation of false, incorrect, or incomplete statements or documents**, or, in many instances, through **smuggling**, without any documentation at all.

This type of fraud affects a broad range of products, including textiles, electronics, ceramic tiles, e-bikes, cars, industrial materials such as aluminium profiles, steel pipes, and fiberglass, as well as commonly smuggled goods like tobacco, bicycles, industrial components, spare parts, medical supplies (such as masks and gowns), cosmetics, solar panels, and biodiesel.

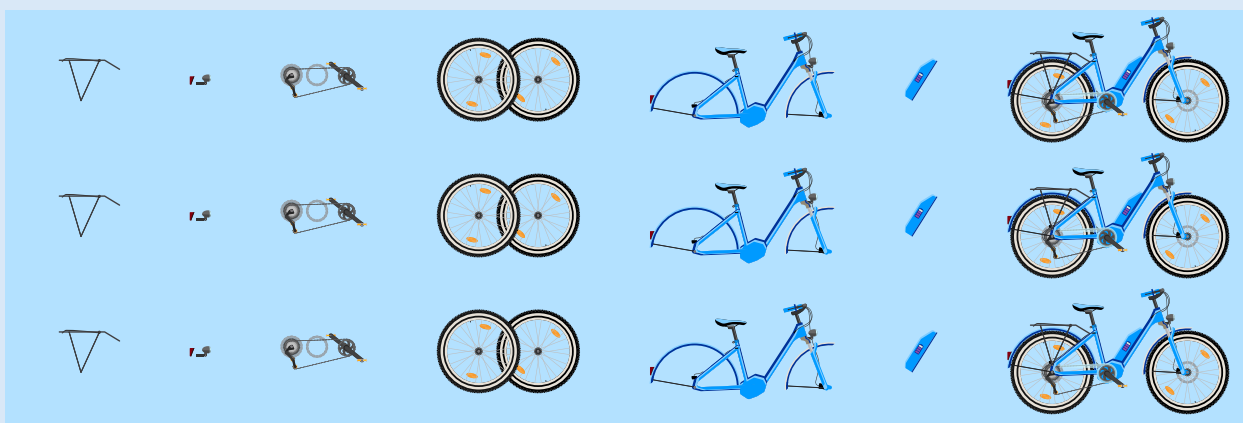
Common patterns of this type of fraud include:

- ▶ **Submission of incorrect customs declarations and false invoices** to avoid customs duties and anti-dumping duties, by undervaluing the imported goods, declaring the wrong producer, or declaring the wrong country of origin;
- ▶ **False customs import declarations** regarding the assembly operations performed upon the imported goods (assembled in an EU country or non-EU country from parts originating in China, e.g. bicycles), to evade customs duties;
- ▶ **Abuse of Customs Procedure 42**, where the conditions of the customs declaration are not fulfilled, and/or the content of the customs declaration is incorrectly stated (e.g. by undervaluing the transaction value);
- ▶ **Importation of e-bikes**, respectively assembled from bicycle parts which were subject to anti-dumping duties, via the false declaration of the origin of the goods. Additionally, goods are occasionally misclassified or undervalued at customs to reduce the applicable duties. Some fraudsters also split import consignments to circumvent protective import quotas, further undermining the EU's efforts to regulate and protect its market;
- ▶ **Tobacco smuggling** via the illegal importation of tobacco products into the EU, hidden in containers and falsely declared as other goods, before being distributed to black markets. This practice is often linked to customs abuses such as false exportation and transshipment, typically carried out by sophisticated, cross-border criminal networks;
- ▶ **E-commerce fraud**, particularly involving goods imported from China and exploitation of simplification schemes, such as the import one-stop-shop (IOSS), for goods with a value not exceeding €150, is used to evade customs duties and VAT.



NON-VAT REVENUE FRAUD

Belgium: Three convicted of evading €3.1 million in customs duties on imported e-bikes⁵¹



On 19 April 2024, one individual and two companies were found guilty of evading customs duties on the importation of electric bicycles (e-bikes) from China, following a case investigated and prosecuted by the EPPO in Brussels (Belgium).

The e-bikes were imported into the EU by a French company via the port of Antwerp, using a company that fulfilled the customs formalities in Belgium. The investigation showed that whole e-bikes were deliberately imported in separate parts, to avoid the payment of anti-dumping duties due on the importation of fully assembled e-bikes. The e-bikes were then assembled in France by the French importer. The French importer and its manager, as well as the Belgian company that fulfilled the customs formalities, were found guilty of presenting incorrect customs declarations to evade anti-dumping and countervailing duties.

In its judgment of 11 April 2024, the Correctional Chamber of the Court of First Instance in Antwerp convicted the manager of the French company importing the e-bikes via Belgium to a prison sentence of 12 months, suspended for a probation period of 5 years. The court also found guilty the French company importing the e-bikes and the Belgian company that fulfilled the customs formalities. The three defendants were each sentenced to a fine of over €15.5 million, suspended during a three-year probation period, except for a part that had to be paid effectively. In addition, the defendants were ordered to pay the value of the imported goods (approximately €4.4 million), as well as the taxes and duties evaded, amounting to a total of €3.1 million. The case is currently in appeal proceedings.



CORRUPTION

By the end of 2024, around **3%** of the offences investigated by the EPPO concerned **active and passive corruption of public officials** (EU and national officials). Public procurement procedures, in particular, have been found to be at risk of corrupt activity by public officials, either in their capacity as members of evaluation panels or through illicit attempts to influence decision-making in such procedures. This is particularly evident in high-value and specialised procurement sectors such as healthcare, infrastructure, and technology, suggesting vulnerabilities in oversight mechanisms.

Organised crime groups play a growing role in corruption schemes, often operating across multiple countries. Corruption affecting the financial interests of the EU can be connected with other serious crimes, including those outside of the EPPO's scope, such as drug trafficking, human smuggling, and arms trafficking.

Common patterns of this type of fraud include:

- ▶ **Bribery of public officials**, in exchange for the awarding of EU funds to specific projects or service proposals;
- ▶ **Bribery of public officials**, in exchange for the approval of ineligible and inflated additional costs, during the project execution phase;
- ▶ **Digital manipulation**, such as altering databases or electronic invoices, as a result of the increased EU funding for the digitalisation of administrative and financial systems, which has introduced new vulnerabilities.

Italy: Civil servants suspected of corruption with RRF funds and involvement in criminal organisation⁵²



On 24 October 2024, at the request of the EPPO in Rome (Italy), the Italian State Police carried out several house searches, arrests and seizures in the Lazio and Campania regions, in a probe into an alleged criminal association suspected of corruption for the award of projects funded by the EU's Recovery and Resilience Facility (RRF) for Italy.

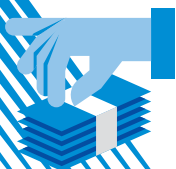
Five civil servants, including the mayor, of the municipality of Ceccano were suspected of involvement in a criminal organisation operating a sophisticated corruption scheme. The investigation, code-named 'The Good Lobby', revealed that multiple individuals and companies were awarded public contracts, valued at a total of €5 million and financed by the RRF, in exchange for bribes.

Among the different projects, awarded between 2021 and 2023, were earthquake-proofing works at the elementary school of Ceccano, public infrastructure safety improvements in the city and a project on migrant

reception and accommodation services within the city. It is alleged that a part of the bribe paid by the project beneficiaries was directly transferred to the members of the association, and another part was transferred to shell companies managed by the suspects, who in return issued false invoices.

The Italian State Police executed precautionary measures against 13 suspects. These measures included the house arrest of ten suspects and three suspects subjected to restrictive measures, prohibiting them from engaging in business activities or holding managerial positions for one year.

The judge for preliminary investigations at the Court of Frosinone issued a freezing order of €500 000, which the Italian State Police executed. All persons concerned are presumed innocent until proven guilty in the competent courts of law.



MISAPPROPRIATION

Almost **2%** of the offences investigated by the EPPO by the end of 2024 concerned **misappropriation**.

Misappropriation occurs if a public official, who is entrusted with the management of public funds or assets, commits, disburses, appropriates or uses them for a purpose other than the one they were originally intended for, and thereby damages the financial interests of the EU.

Misappropriation often manifests itself in the diversion of EU funds by suspects who submit false documents, invoices related to fictitious posts or undue reimbursement claims (for example, fake travel expenses), or transferring EU official remunerations to individuals who are not entitled to receive them. This may also include the misuse of funds granted for European parliamentary assistants, diverting them for personal financial gain, as well as facilitation of misappropriation by employees of managing authorities or responsible national agencies.

Lithuania: EPPO conducts searches in investigation into misappropriation of funds from BaltCap Infrastructure Fund⁵³



In February 2024, at the request of the EPPO in Vilnius (Lithuania), 15 searches were carried out in several locations, as part of an investigation into the misappropriation of funds from the BaltCap Infrastructure Fund.

The investigative measures were conducted by Lithuania's Financial Crime Investigation Service (Finansinių nusikaltimų tyrimo tarnyba – FNTT) at several companies in Lithuania. One search also took place at a company in Estonia.

At the beginning of February 2024, the EPPO took over a criminal case initiated by Lithuania's Regional Prosecutor's Office in Vilnius, into the misappropriation of funds from the BaltCap Infrastructure Fund – an €80 million investment fund, focused on infrastructure projects in the Baltic countries. The BaltCap Infrastructure Fund is supported by the European Investment Bank (EIB) with €20 million, under its Investment Plan for Europe.

According to the pre-trial investigation, Mr Sarunas Stepukonis, a former partner of the BaltCap Infrastructure Fund, and former member of its Investment Committee, was suspected of embezzling at least €27 million from the fund. Based on the evidence, the majority of the money embezzled may have been used for gambling at casinos in Lithuania and Estonia.

The suspect was finally detained on 10 February 2024, at the request of the EPPO.

The ongoing investigation is focused on ascertaining the extent of the suspected criminal activities and the damage caused, and also on locating and confiscating illicit assets, in order to recover the damage to the EU budget. All persons concerned are presumed innocent until proven guilty in the competent courts of law.



MONEY LAUNDERING

Almost **6%** of the offences investigated by the EPPO by the end of 2024 involved **money laundering** derived from the criminal offences that the EPPO is competent to investigate. **Money laundering is the process by which criminal proceeds are 'cleaned', so that their illegal origins are hidden.** Money laundering in ongoing EPPO investigations mainly appears in VAT fraud cases. It may also be committed with property derived from the undervaluation of customs duties (non-VAT revenue fraud) or from the defrauding of (agricultural) subsidies (non-procurement expenditure fraud).

Criminals use underground financial systems to process transactions and payments away from surveillance mechanisms. They also engage official financial intermediaries by transferring proceeds of crime to bank accounts of companies created abroad or managed by family members, potentially followed by withdrawing the money in cash.

Money laundering is also committed by purchasing real estate or luxury goods and reselling them, making it more difficult to trace the funds, and by reinvesting the profits from criminal activities into economic activities in licit or illicit markets (such as drug trafficking).

Common patterns of this type of fraud include:

- ▶ **Transfers to tax havens:** Illicit funds are transferred to tax havens or non-cooperative countries, complicating efforts to repatriate the money even when its location is identified;
- ▶ **Trade-based money laundering:** Criminals disguise illegal money through complex trade transactions, such as fake loans and invoices, to make the funds appear legitimate. This technique is often linked to VAT fraud schemes;
- ▶ **Use of informal banking systems:** Perpetrators rely on informal money transfer systems, such as hawala banking, or parallel unauthorised networks, especially to transfer funds to safer locations like their countries of origin;
- ▶ **Cash-based laundering techniques:** Methods like 'smurfing' (breaking large cash amounts into smaller deposits to avoid detection) and bulk cash smuggling (transporting large sums of cash across borders without declaring them) are common ways to move and hide illicit proceeds.

Investigation 'Resilient Crime': 22 arrests in raid against criminal organisation suspected of a fraud involving NextGenerationEU funds⁵⁴



In April 2024, in the context of an international large-scale investigation led by the EPPO in Venice (Italy), dozens of searches and seizures took place, and 22 arrests were made in Italy, Austria, Romania and Slovakia, in a probe into an alleged criminal organisation suspected of defrauding funds partly covered with the EU's Recovery and Resilience Facility (RRF) allotted for Italy.

Eight suspects were placed under pre-trial detention, whereas the other 14 suspects were held under house arrest, and one accountant was prohibited from practicing his profession. The premises of the suspects and of the companies investigated have also been the target of searches and seizure of evidence.

On the radar of the EPPO is a criminal association suspected of orchestrating, between 2021 and 2023, a fraud scheme to obtain funds from the Italian National Recovery and Resilience Plan (NRRP), part of the RRF, the main pillar of the NextGenerationEU recovery plan. In 2021, the members of the criminal association

applied for receiving non-repayable grants to support digitalisation, innovation and competitiveness of small and medium-size companies, with the purpose of expanding their business activities to foreign markets. The suspects allegedly created and deposited false corporate balance sheets to show that the companies were active and profitable, whereas in fact they were non-active, fictitious companies.

The funds obtained with this fraudulent mechanism were transferred to bank accounts in Austria, Romania and Slovakia, as soon as they received the advance payments, in a huge money laundering scheme. The subjects under investigation used advanced technologies, such as VPNs, cloud servers located abroad, crypto-assets and artificial intelligence software, in order to carry out the fraudulent conducts and to conceal and protect the proceed of crime.

All persons concerned are presumed innocent until proven guilty in the competent courts of law.



PARTICIPATION IN A CRIMINAL ORGANISATION⁵⁵

Around **6%** of the offences investigated by the EPPO by the end of 2024 concerned **participation in a criminal organisation**, which focused its criminal activity on the **commission of any of the aforementioned offences**.

In ongoing EPPO investigations, participation in a criminal organisation is most often found in connection with VAT carousel fraud schemes or with customs fraud. However, criminal organisations also operate

in the field of non-procurement expenditure fraud (for example, organised defrauding of agricultural funds or EU funds allocated under the Recovery and Resilience Facility), procurement expenditure fraud (such as unlawful participation in multiple large-scale procurement procedures) or non-VAT revenue fraud (such as laundering the criminal proceeds from organised crime groups involved in undervaluing imported goods from China).

Investigation 'Moby Dick': Mafia clans invest in €520 million VAT fraud⁵⁶



On 14 November 2024, in an investigation led by the EPPO in Milan and Palermo (Italy), code-named 'Moby Dick', detention orders were executed for 43 suspects.

160 searches were carried out in more than 10 countries, involving hundreds of police officers. Investigative measures were ordered in several EU countries, including Bulgaria, Croatia, Cyprus, Czechia, Italy, Luxembourg, the Netherlands, Slovakia, and Spain, as well as in non-EU countries. A total of 195 individuals were investigated, with more than 400 companies involved. The execution of a freezing order of over €520 million was ordered to compensate the damage to the EU and the national budgets. In Italy alone, the freezing of 129 bank accounts was executed, and 192 real estate properties seized, together with 44 luxury cars and boats.

The level of complexity and efficiency of this criminal syndicate committing VAT carousel fraud is unprecedented. Between 2020 and 2023, it issued invoices for the sales of headphones, laptops and other electronic goods of more than €1.3 billion.

According to the investigation, mafia methods also seem to have been used to settle conflicts that arose within the criminal syndicate between the members of the different criminal organisations.

VAT carousel fraud takes advantage of EU rules on cross-border transactions between its Member

States, as these are exempt from VAT. Based on the evidence, the suspects established companies in Italy and other EU Member States, as well as in non-EU countries, in order to trade the goods through a fraudulent chain of missing traders – who would vanish without fulfilling their tax obligations. Other companies in the fraudulent chain would subsequently claim VAT reimbursements from the national tax authorities.

The Judge for Preliminary Investigations at the Court of Milan ordered the pre-trial detention of 43 of the suspects. Seven European arrest warrants were issued at the request of the EPPO for suspects located in Bulgaria, Czechia, the Netherlands, Spain, and non-EU countries. Another four suspects were subject to a temporary ban from the practice of commercial activities.

The investigation was conducted by the Italian Financial Police of Varese (Guardia di Finanza of Varese) and the Italian State Police (Squadra Mobile di Palermo and Servizio Centrale Operativo), under the supervision of the EPPO. The Italian Financial Police of Milano and Palermo also contributed to the investigation. The investigative measures were carried out with the support of Europol and of several national law enforcement agencies.

All persons concerned are presumed innocent until proven guilty in the competent courts of law.



INEXTRICABLY LINKED OFFENCE

Almost **13%** of the offences investigated by the EPPO by the end of 2024 were other **criminal offences**, which are **inextricably linked to a PIF offence**.

The efficient investigation of offences affecting the financial interests of the EU and the principle of **ne bis in idem**⁵⁷ may require, in certain cases, an extension of the investigation to other offences under national law, where the underlying facts are substantially the same. The most common inextricably linked offence is

that of forgery, and it usually accompanies non-procurement or procurement expenditure fraud offences committed via the use or presentation of false, incorrect or incomplete statements or documents. Forgery is also found in VAT and non-VAT revenue fraud cases. In some cases, VAT fraud involving damage of less than €10 million is investigated as an offence inextricably linked to customs fraud, given that the two types of conduct are often carried out through the same acts.

France: Company convicted of customs fraud involving sanitary products⁵⁸



On 2 October 2024, following an investigation by the EPPO in Paris (France), the Paris Criminal Court convicted a French company of customs fraud related to the import of sanitary products and sentenced the company to pay a €150 000 fine.

The investigation was initiated after customs authorities at Le Havre Harbour (DGDDI) uncovered irregularities in March 2022, identifying irregular declarations in the company's imports of hygiene products—including lubricating gels, anti-bacterial hand gels, and condoms—from Thailand and Indonesia, worth over €6 million. The customs authorities immediately reported the case to the EPPO.

The investigation, led by the EPPO and carried out by the French National Anti-Fraud Office (ONAF),

revealed that between October 2019 and July 2022, the company, part of a multinational group, deliberately misclassified products under the EU customs tariff to reduce the amount of duties and taxes owed. This fraudulent scheme allowed the company to evade customs duties and import VAT, causing €419 000 in damage to both the French and EU budgets.

The company pleaded guilty to filing false customs declarations in order to obtain financial advantages and has since paid the evaded taxes.

The fine of €150 000, was imposed at the public hearing, followed a plea bargain, with the company requesting a simplified procedure and admitting guilt. The plea agreement was approved by the judge.