The fight against fraud - the European Union perspective

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OLAF - EUROPEAN ANTI-FRAUD OFFICE

- OLAF = Office Lutte Anti Fraude
- Created in 1999 by Regulation (EC) No 1073/1999
- Budget (2013) = € 79 million
- Staff (2013) = 430
OLAF dual mandate

- **Investigations** – fully independent
  
  - investigation of *fraud, corruption* and *any other illegal activities* affecting the financial interests of the European Union;
  
  - investigation of serious misconduct by the staff of the **European Institutions, bodies and agencies** that could result in disciplinary or criminal proceedings.

- **Policy** - part of the European Commission
  
  - support to the Commission in the development and implementation of *fraud prevention and detection policies*. 
What is at stake? – EU Revenue

2011 EU Budget

- VAT own resource: 11.4%
- Traditional own resources (TOR), net (75%): 12.9%
- Surplus from previous year: 3.5%
- Other revenue: 4.2%
- GNI own resource: 68.0%
What is at stake? – EU Expenditure

2012 EU Budget

- Citizenship, freedom, security & justice: 1.4%
- The EU as a global player: 6.4%
- Sustainable growth: 45.8%
- Natural resources: rural development, environment & fisheries: 10.9%
- Natural resources: agricultural expenditure & direct aids: 29.9%
- Administration: 5.6%

Total: €147.2 billion
What is at stake?

Reputation
OLAF investigative process

**SELECTION PHASE**

- **Information received:**
  - public sector sources (including EU institutions and Member States)
  - private sources (including citizens, private sector and whistleblowers)

The Investigation Selection and Review Unit provides an opinion on the opening or dismissal of a case based on whether the information:
- falls within OLAF’s competency to act
- is sufficient to open an investigation
- falls within IPP (investigation policy priorities)

**DG’s decision**

- Director-General opens/dismisses a case

**CASE DISMISSED**

- **Investigation**
  1. Investigative activities include:
     - interviews
     - inspections of premises
     - on-the-spot checks
     - forensic operations
     - investigative missions in non-EU countries
  2. Legality check of investigative activities and conclusions
- Coordination of the anti-fraud activities of the Member States

**INVESTIGATION PHASE**

**NO RECOMMENDATIONS**

- Monitoring of the implementation of recommendations:
  - judicial
  - disciplinary
  - financial
  - administrative

**Recommendations:**

- Final report transmitted to the EU institutions, bodies, offices, agencies or Member States concerned

- Director-General issues recommendations for actions to be taken
Summary

Caseload 2011

Investigative Process

Investigation and Coordination Phase

- 178 opened cases
- 463 ongoing cases
- 208 closed cases

Selection Phase

- 743 dismissed cases
- 671 ongoing selections
- 1046 incoming information

OLAF
European Commission
Incoming information

![Graph showing incoming information trend for private and public sources from 2007 to 2011. The graph indicates a decreasing trend for private sources and an increasing trend for public sources.](image-url)
Focus on: Fraud Notification System

- The Fraud Notification System (FNS) allows an informant (i.e. citizens, companies, etc) to report suspected cases of fraud and corruption via the OLAF website.

- Information is submitted via a web-based questionnaire.

- The FNS allows the informant to remain anonymous, whilst also enabling a secure information exchange with OLAF investigators.

- In 2012 OLAF received via FNS 271 allegations.

https://fns.olaf.europa.eu/
Achievements

Since 1999, OLAF has completed 3,991 investigations:

- 342 individuals received prison sentences for a total of 1,496 years
- Over € 1.8bn of EU money has been recovered

In 2011, as a result of OLAF investigations:

- € 691 m were recovered to the EU budget
- 511 years of imprisonment were issued by MS judicial authorities
- Financial penalties totalling nearly € 154 m were imposed by MS judicial authorities
Cocoon investigation

Shell companies: Fake = same as the Center

Center prepares the proposal and takes care of all the administrative burden, keeping part of the funding through subcontracts not known by the EC
Operational analysis PROCESS

DATA/INFORMATION

Operational analysis added value to investigations

Analysis

Hypothesis

Conclusions

Recommendations

Communication

Sources/formats

Integration

Organisation

Storage
OLAF's partners

- OLAF's partners
  - National level: law enforcement agencies, prosecution services
  - European level: Europol, Eurojust
  - International Organisations: World bank, UN Internl Oversight Office

- Investigations in joint teams
- Exchange of information and best practices
- Technical assistance
- Training
Present

OLAF

- OLAF only EUwide investigative agency
- OLAF conducting administrative investigation on crimes affecting the financial interests of the EU
- 27 national prosecution services conducting criminal investigation and indicting
Future European Public Prosecutor Office

- EPPO investigating and prosecuting crimes affecting the financial interests of the EU
- Single prosecution area covering all MS (joining the EPPO)
Future European Public Prosecutor Office

composed of:

- **Central Office** coordinating investigations, ensuring effectiveness and consistency. Carrying out “central” investigations

- **National EPPO Prosecutors**, identified by MS among the national Prosecution Services, carrying out EPPO investigations

procedure:

- **EU as a single legal area** for the EPPO investigations. No need of MLA nor rogatory requests.

- **Trial** in the competent courts of the EU member states
Future European Public Prosecutor Office

- **Establishment** foreseen in the EU Treaty (Art. 86)

- **Commission legislative initiative** planned for mid-2013
Thank you for your attention!

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http://ec.europa.eu/anti_fraud/