

# Foreword

In 2021, we started to work, and proved that a **transnational prosecutor's office** is a viable concept.

In 2022, we showed that the **scale of fraud** affecting the financial interests of the EU, in particular on the revenue side of the budget, has been underestimated for too long.

In 2023, the level of awareness about the EPPO among European citizens increased, as indicated by the **2 494 crime reports** from **private parties** (**29%** more than in 2022). The detection of **EU fraud** by the responsible **national authorities** has also continued to improve, with **1 562 crime reports** (**24%** more than in 2022). In total, we received and processed **4 187 crime reports** (**26%** more than in 2022). It is also true that this enhanced level of detection applied to an increasing volume of the EU's financial interests as, notably, the first investments under NextGenerationEU funding began to be implemented.

By the year's end, we had opened **1 371 investigations** (**58%** more than in 2022), reaching a total of **1 927 active investigations**, with an overall **estimated damage of €19.2 billion** (**59%** of which was linked to **VAT fraud**). Over **200 investigations** related to funding under **NextGenerationEU**, with an estimated damage of over **€1.8 billion**. **Freezing orders of €1.5 billion** were granted at the EPPO's request.

The proportion of this amount that the responsible national and EU authorities will eventually recover will depend on how **efficient** we will be, in the course of our investigations, in actually freezing the corresponding criminal assets, and then on how **successful** we will be when prosecuting the responsible fraudsters in the national courts. An insufficiently staffed and equipped EPPO cannot be seriously expected to make a major improvement in this regard, let alone make the impending enlargement of the EPPO zone a success.

A good first indicator of the financial impact of our work is the amount of damage in EPPO cases brought in front of the national judges, once the EPPO decides to prosecute. With a combined total of **195 indictments and simplified prosecution procedures** in 2023, the EPPO aims to enable the responsible authorities to recover up to **€608 million**, based on the corresponding judicial proceedings. We will provide more data in this respect in the coming years.

However, our performance is not only a matter of elementary economic interest. It is also a matter of **internal security**.

We must warn the citizens and all the responsible authorities that the scale of fraud affecting the financial interests of the EU, in particular on the revenue side of the budget, can only be explained by the heavy involvement of **serious organised crime groups**.

In one of our investigations, a cooperative witness stated that several criminal groups, 'at least since 2017', came to assess VAT fraud and fraud related to EU funds as a 'clean area'. He contrasted it with drug trafficking, with its very high prison sentences in the event of conviction. The members of these criminal groups **think that VAT fraud is an easy target**, 'because you risk nothing, you just need to find an accountant, a good lawyer and someone who knows how to talk, and you can make big money'.

Criminal organisations act, to a certain extent, like businesses: they seek to maximise profits, minimise costs, avoid risks and embrace new opportunities. It is true that offences that fall within the competence of the EPPO are high-profit and low-risk for these groups. There are no obvious victims who would report such crimes – therefore **detection can be rather low**. These criminal activities seldom move the general public, and are definitely not at the top of the priority list of all the responsible public authorities. This is why any attempt to lower the penalties and shorten the limitation periods for white-collar crime, rather than increase the punitive power of the judiciary in this area, is extremely worrying.

Keeping our house safe and in good order starts with telling the truth: we did not expect to see what we are seeing. In our investigations, we see serious organised crime groups financing **VAT fraud operations** with money obtained from their other **criminal activities**. We see the same specialised operators **laundering money** from VAT fraud and the other criminal activities of these groups. Our investigations show how easily these organisations establish their activity in any country, recruiting nationals with specific knowledge of the local market, legislation and business practices, and with the necessary local connections. We see that they move to Member States where detection and investigation capabilities are weaker. We see their

capacity to spot loopholes in specific markets; their ability to use sophisticated techniques to commit crimes and hide assets; their access to services of professional enablers and high-level brokers; and their use of financial channels outside the formal financial system.

The EPPO Regulation<sup>1</sup> is based on the assumption that the EPPO could be confronted with organised crime groups from time to time. In reality, on the ground, very quickly, we found ourselves standing against hard-nosed criminals, who do not shy away from extreme violence when it comes to protecting their interests, and who have almost **unlimited means** of corrupting our democratic institutions.

We are not dealing with two separate criminal worlds. The dangerous criminals smuggling drugs, trafficking people in one; and supposedly less dangerous white-collar criminals, 'merely' corrupting and laundering money, in the other. They go hand in hand. They grow together. As long as we do not understand **this fundamental link**, we will not be able to stop the growth and expansion of serious organised crime groups.

Just look at the numbers: does it seem like we are on the winning side? According to available estimates<sup>2</sup>, judicial authorities in the EU manage to seize **€4.1 billion** worth of criminal assets on a yearly basis. Best case scenario, this represents **less than 2%** of yearly proceeds of organised crime in the EU!

We need to redefine our strategy. We need to think about our priorities and the next course of action.

You might remember Giovanni Falcone for his famous motto, **'follow the money'**. The EPPO makes it possible to go one step further, and **'focus on the money'**. If we want to seriously affect criminals' ability to operate, let alone grow and expand their activities, we must take white-collar criminals out of the equation. Our strategy should be to cripple the financial capacity of the serious organised crime groups. **We are here to help.**

**Laura Codruța Kövesi**  
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