



Experience Sharing Training based on case studies of different states

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CENTRAL ANTI-CORRUPTION BUREAU

FACTS:

- The officers of Regional Office of the CBA in Bydgoszcz are conducting preparatory proceeding in case of the abusement under the so-called missing trader intra-Community fraud (MTIC) causing VAT revenue losses of UE Member States in the trade of rapeseed oil. **During the investigation it has been disclosed that organized and international nature of the crime was feasible, among others, due to the corruption of individuals managing the companies related to the main recipient of goods delivered by organised crime group (OCG).**

DETAILS OF THE CASE:

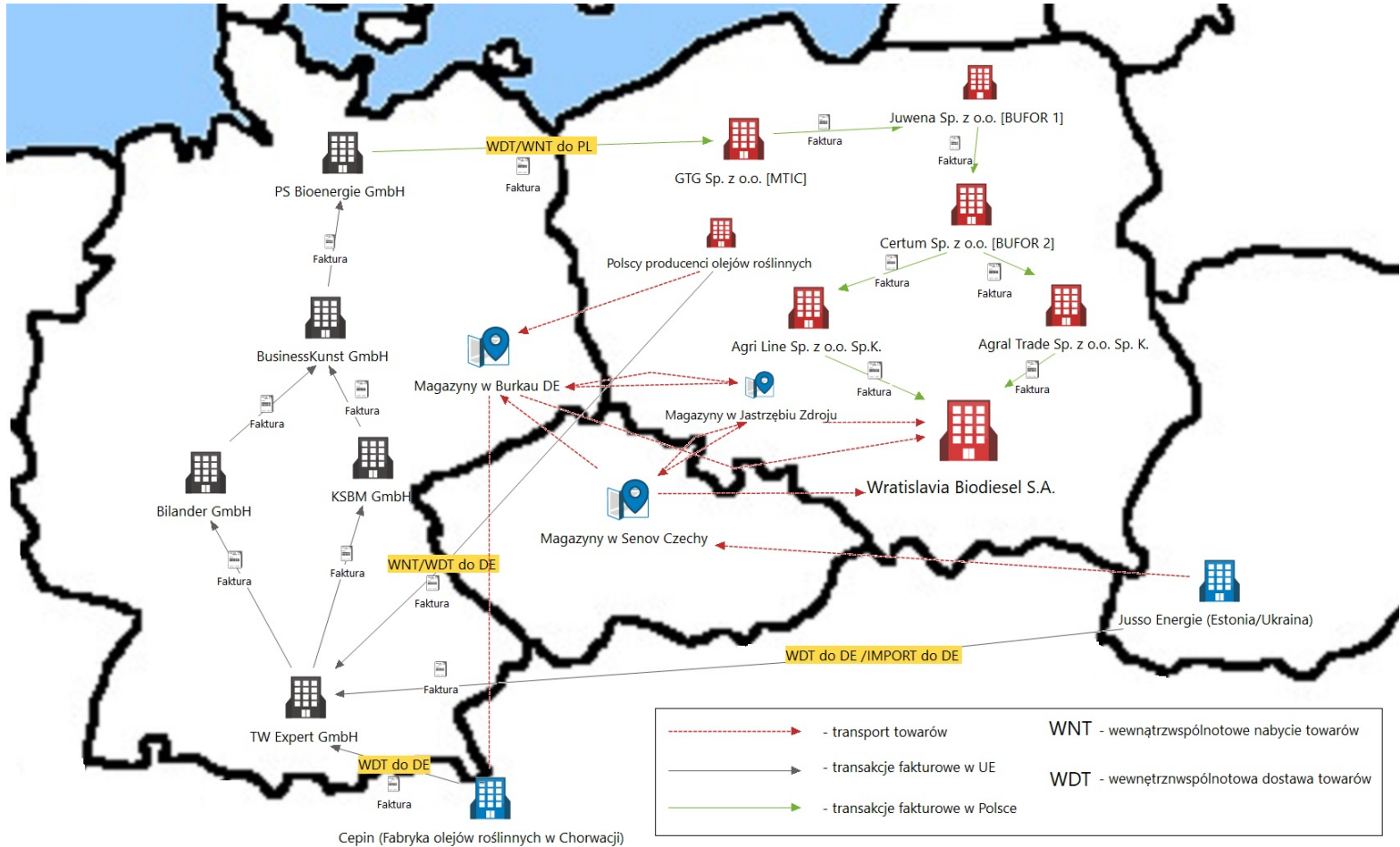
- This mechanism based on the carousel circulation required from criminals undertaking actions in order to gain supply of their goods to the one of the biggest producers of biocomponents in UE. Therefore, in exchange for access to this producer - what was necessary to increase profits from criminal activity - the OCG offered the person appointed by the board of directors in one of the friendly companies financial advantage in form of reducing costs of his business by issuance of “empty” VAT invoices.
- The corrupted managers allowed the criminals easy “access” to the biggest entrepreneurs providing acquisition in carousel fraud. In return, they were accepting material benefits in the form of “empty” invoices. In order to make it, the criminals used in crime activity of issuing falsified (altered) invoices Polish companies registered on accidental individuals so-called "cutouts" or “straw men”.
- To determine all circumstances of prosecuted crimes of large-scale tax fraud, corruption and money laundering, the multilateral cooperation measures in the investigation with the EUROPOL (via CBA Liaison Officer in EUROPOL) and German authorities (including German Federal Finance Administration) were required.

MAIN RESULTES OF THE INVESTIGATIN (STILL ON):

- The detention on the territory of Poland and Germany of 13 criminals being behind the missing trader intra-Community fraud (one on the grounds on European Arrest Warrant); over 60 places of their residence and work were searched (several under European Investigation Order). By the court order, the 9 detainees were remanded in custody.



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Financial interest of the European Union upon managerial corruption

- the model of the VAT system setting intra-community goods transactions is extremely vulnerable to corruption
- the constant increase of corruption spread over business area concerning intra-community transactions aiming to the unjustified refund of tax or to exposing the tax to the threat of underpayment
- dishonest entrepreneurs in cooperation with criminals noticed that the structure of the VAT in trade of goods and services between EU countries made it source of fast, relatively safe and constantly growing income
- OCGs post competition for each other to find way to access the significant receivers of delivered goods - to “close” the chain of carousel transactions
- to obtain a competitive position they reach the persons performing managerial functions in a company accepting of advantage in exchange for negligence or omission causing financial damage to the company
- the new form of material benefits - lowering the costs of own business by issuing “empty” invoices. Therefore the honest entrepreneur become a part of the fraudulent chain.

SUMMARY

- The European Commission undoubtedly faces challenge - must calm emotions that radical and short-term solutions do not destroy the intra-community EU system. On the other hand however, it must guarantee effective solutions counteracting dishonest practise in business like corruption, acceptable for all member states. It is of fundamental significance to carry out actions to tighten up the EU system without limitation of other protected values, including especially the free movement of goods and services.



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FACTS:

- The officers of Regional Office of the CBA in Bydgoszcz are conducting preparatory proceeding against an employee of the military hospital i B., fulfilling a public function, accepting some material benefits, inter alia in the amount of PLN 20 thousand, in exchange for actions considered criminal behavior with regard to public procurements.

DETAILS OF THE CASE/ MAIN RESULTES OF THE INVESTIGATIN (STILL ON):

- The basis for initiating the investigation was information on possible corruption in one of the military hospitals obtained by the officers of the Regional Office of the CBA in Bydgoszcz in a joint operation with the Military Gendarmerie.
- The employee was detained red-handed at the front of the shopping mall in city center, a moment after he gained PLN 20 thousand. Money was material benefit for winning the tender by medical company. In exchange for the money, the employee willingly assured the representative of medical company wining the tenders in a future. At the same time, the detainer's place of residence and work were searched. The evidence gathered by the officers was handed over to the District Prosecutor's Office in B. where the detainee heard corruption charges. By the court order, the detained employee was remanded in custody for 6 months.
- As a result of the searches, the officers secured the content of safety deposit box hidden in the place of employee's residence containing valuables, gold and money.
- As it results from the findings of the investigation, the representative of medical company heard charges on entering into agreement with employee of the military hospital in course of public procurements.



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Corruption prevention instruments autonomous from entitle authorities: Monitoring of Public Procurement.

- corruption risks are additionally exacerbated by the complexity of the process occurring in the close interaction between public sector and business.
- the entrepreneurs' role is to eliminate "greater opportunities" and "fewer obstacles", strengthen governance capacity (e.g. develop auditing functions, provide access to legal expertise, earmark funds towards IT capacity) dishonest entrepreneurs in cooperation with criminals noticed that the structure of the VAT in trade of goods and services between EU countries made it source of fast, relatively safe and constantly growing income
- the crucial seems to be enhanced surveillance of community contacts between employees performing public functions and business representatives.
- assessments of the risk as regards anti-corruption efforts must be indicated for each criterion, among others training programs, information activities, internal control mechanisms (integrity, transparency, accessibility, oversight and control)
- the public officials acting on behalf of the institution are committed to complying the established rules, especially in regard to giving and accepting gifts or in relations with the participants of the public procurements.

SUMMARY

- The companies and institutions that cares for their image, reputation and trust should take zero-tolerance approach to corruption and bribery in all aspects. Anti-corruption policy is one of the most effective anti-corruption methods. It must be obvious for everybody that anti-corruption policy in an institution is no evidence for corruption which might there occurred. Supporting awareness-raising among all employees and public officials shapes the structural frameworks of their place of work.