



A NEW LEAF

Agricultural Network
Exchanging Witnesses
and Leading Experiences
Against the Fraud



FIGHTING FRAUDS

Legislative framework and models of governance against fraud and corruption

Padova, May 5th 2015

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(for more information see http://ec.europa.eu/anti_fraud/about-us/funding/index_en.htm)





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Activity of the Guardia di Finanza to protect the Common Agricultural Policy: map of cases of fraud and corruption

Padova, May 5th 2015

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Activity of the Guardia di Finanza: map of cases of fraud and corruption

This presentation illustrates the role of the Italian Financial Police at European and national level.

An overview of the new legislative framework will also be provided with references to the newly adopted laws regarding the fight against frauds.

The counter-action of the Italian Financial Police to prevent fraud in the agricultural sector will also be described.

Finally, the main cases of fraud discovered and their mechanism of action will be reported.

ABSTRACT





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**What are
we
talking
about
today....**



The Guardia di Finanza as an
EU police force

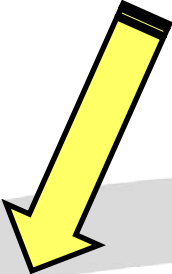
The action of this Corps to
protect public expenditure in
the agricultural sector

Fraud mechanisms

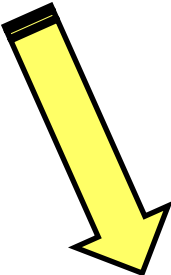
The most important operations




Guardia di Finanza




Priority role in the national control system
for the protection EU interests



Constant and incisive action to prevent and
combat EU fraud



Specialized skills
of the Tax Police



Powers of a
Judicial Police
force



Guardia di Finanza



Law n° 526 of 21.12.1999
aka Community Law

Art. 30

In order to guarantee that the same instruments adopted for the protection of national financial interests are used for the protection of EU interests too, when investigating and combating violations which damage the EU or those that are related to these but damage the budget of the State, police officers of the Guardia di Finanza proceed using the enquiry powers attributed to them to investigate value added tax and income tax.

Powers assigned

Presence throughout the Country

Proven professionalism in economic phenomena and financial flow investigations



Guardia di Finanza



Legislative Decree n° 68 of 19.03.2001

ART. 2

PARAGRAPH 1

The Guardia di finanza is an economic and financial police force whose duty is to protect the budget of the State, the regions, local administrations and the European Union.

PARA 2

It is entrusted with tasks of prevention, research and repression of violations in the field of:

- b) customs duties, border duties and other own resources as well as EU budget expenditure;
- e) public resources and financial means used to cover public budget expenditure as well as public expenditure programmes;
- m) all other national and EU economic and financial interests.



Guardia di Finanza



Legislative Decree n° 68 of 19.03.2001

ART. 2

PARA 4

4. Without prejudice to the provisions of the code of criminal procedure and the other laws in force, in order to perform their duties under paragraph 2, the police officers of this Force avail themselves of the authority and the powers laid down in articles 32 and 33 of Decree of the President of the Republic n° 600 of 29 September 1973, and subsequent modifications, 51 e 52 of decree n° 633 of 26 October 1972, and subsequent modifications.

PARA 5

In order to perform the tasks in this article, for facts that appear to be cases of tax evasion, the provisions in articles 36, last paragraph of D.P.R. n° 600 of 29 September 1973, article 19, para 1, letter d) of law n° 413 of 30 December 1991 and article 32 of law n° 4 of 7 January 1929 continue to be applied.



Guardia di Finanza



Legislative Decree n° 68 of 19.03.2001

ART. 4

(International activity to protect the national and the European Union budget)

PARA 1.

In order to coordinate police forces in matters of public law and order, the Guardia di Finanza promotes and implements forms of operational cooperation at international level with equivalent foreign bodies to fight against breaches of an economic and financial nature to protect the national and the EU budget, without prejudice to article 1 of decree n° 18 of 5 January 1967 and subsequent modifications as well as law n° 121 of 1st April 1981.

PARA 2 own staff that will serve as experts for diplomatic missions and consular offices

PARA 4 own staff also in institutional offices, competent in matters provided for in para 1, at international and European level.



Guardia di Finanza



DECREE N° 83/2012
CONVERTED WITH MODIFICATIONS INTO LAW 134/2012

**EXTENSION OF AUTHORITY AND POWERS STEMMING FROM ANTI
MONEY LAUNDERING LEGISLATION**

Art. 8 para 4 letters a) – b) of Lgs.D. 231/2007

**POSSIBILITY OF USING AUTHORITY AND POWERS STEMMING FROM
CURRENCY REGULATIONS**

D.P.R. 148 OF 31st MARCH 1988



Guardia di Finanza

ORGANISATION



GENERAL COMMAND

Defines the strategy
Top management
Institutional relations
International relations

TAX POLICE UNITS

Guardia di Finanza Unit for
the Repression of Fraud
against the European
Union

Special Unit for Public
Expenditure protection
and Fraud against the EU

PERIPHERAL BRANCHES



The action of the Guardia di
Finanza to protect public
expenditure, in particular in the
agricultural field



**GUARDIA
DI
FINANZA**

**GOVERNMENTAL
AUTHORITIES**

***EXCHANGE OF
INFORMATION***

**MANAGEMENT
BODIES**

**EQUIVALENT
FOREIGN BODIES**

E.U.



M.O.U.s with the Regions



TWOFOOLD OBJECTIVE

To avoid overlapping checks on the same economic entities through a systematic flow of communication between government offices equally interested in the matter

To encourage all Branches of the Corps to develop investigations typical of economic and financial police systematically in all cases where financial and management checks performed by the administrative Body have detected profiles that indicate possible criminal elements.



Guardia di Finanza checks into the regularity of EU aid can be split into:



- **PREVENTIVE** :prior to the payment of aid, aimed at assessing whether applications comply with legislation ruling the awarding of funds;
- **SUBSEQUENT** :after the funds have been granted to the beneficiaries, in order to verify the effectiveness of the projects;
- **TARGETED ACTION** (antifraud checks) following cases of suspected fraud detected by the police, the judicial authorities or even administrative bodies.



THE STRATEGY OF THE GUARDIA DI FINANZA IN THE FIELD OF PUBLIC EXPENDITURE

**Focus of the
action of the
Corps**

**Organisational
level**

Operational level

Intensify relations with
expenditure Bodies

Diversify actions according
to local contexts

Systematic recourse to
legal instruments whereby
those committing fraud can
be deprived of their assets

Study fraud systems and
«project-based» activities





MAIN FRAUD SYSTEMS



**PRECEDENTS AND/OR
PENDING TAX CASES**

**LINKS WITH CONSULTANTS
AND/OR «HIGH RISK»
EXTERNAL PROFESSIONALS**

**SUSPICIOUS BANK
GUARANTEES**



**INDICATIONS
OF
ANOMALIES**

**PRESENCE OF
PERSONS/ENTERPRISES
ALREADY BEING/BEN
INVESTIGATED FOR SERIOUS
CRIMES**

**SUSPICIOUS USE OF STRAW
MEN**

**ANOMALOUS RATIO BETWEEN
AMOUNT OF FUNDING AND
DIMENSION OF ENTERPRISE**



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MAIN HIGH RISK SECTORS



ANIMAL HUSBANDRY

HORTICULTURE

**WINE GROWING AND
PRODUCING**

AGRITOURISM



MAIN HIGH RISK SECTORS



Artificially inflated applications for aid by:

- ✓ Falsely declaring specific crops in non compatible geographical areas
- ✓ Falsely declaring larger than true surface areas
- ✓ Falsely declaring more plants than there are

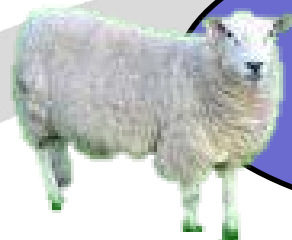




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Main High Risk Sectors



ANIMAL HUSBANDRY



Fictitious declarations of land ownership and consequent number of animals of different types, in particular bovines, so as to obtain undue allocations.





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Main High Risk Sectors



**Products covered by the aid system as a
consequence of the so-called «withdrawal from
the market»**

**Premium named
«SINGLE PAYMENT SCHEME S.P.S.»**



Main High Risk Sectors



False declarations regarding ownership of planting, replanting and early vine planting rights

False statements regarding distillation destination, in order to eliminate mediocre quality products and potentially surplus products from the wine growing and producing market

Main High Risk Sectors



AGRITURISMO

Fraud regarding funding for the restructuring of constructions and annexed rural buildings, the creation of structures for recreational and crop-growing activities and for the purchase of furnishings and equipment.

Failure to carry through investments

Used for structures and machinery having a different purpose from that declared

Presentation of false invoices
(invoices for non-existent transactions/inflated invoices)

Non-compliance with rules concerning:

Timing

Reporting

Direct labour work



MAIN RESULTS



OPERATION «ARCADIA»

CRIMINAL ASSOCIATION AIMED AT RECEIVING
UNDUE PUBLIC AID INTENDED TO SUPPORT PRODUCTION AND
UNDUE ALLOWANCES PAID OUT BY A PRIMARY SOCIAL SECURITY BODY

FRAUD MECHANISM:

1. TRACING LAND WITH FALSE CONTRACTS
2. FICTITIOUS RECRUITMENT OF HUNDREDS OF FARM LABOURERS
3. UNLAWFULLY RECEIVING WELFARE OR TAX ALLOWANCES
4. UNLAWFULLY RECEIVING EU AND REGIONAL AID IN THE FRAMEWORK OF THE COMMON AGRICULTURAL POLICY

MONEYS UNDULY RECEIVED :

EU AID € 660.281,78

ALLOWANCES : € 2.371.432,00

N° OF PERSONS REPORTED : € 464



MAIN RESULTS



OPERATION «REAPING»

CRIMINAL ASSOCIATION AIMED AT RECEIVING
UNDUE PUBLIC AID INTENDED TO SUPPORT PRODUCTION

FICTITIOUS LEASES, USING COUNTERFEIT REVENUE AGENCY STAMPS TO PROVE
RIGHT TO USE PLOTS OF LAND, EVEN OWNED BY MUNICIPALITIES OR REGIONS

THROUGH THE CONSCIOUS COMPLICITY OF OPERATORS AND MANAGERS OF
AGRICULTURAL ASSISTANCE CENTRES (C.A.A.) WHO CERTIFY FALSE TENENCY OF
LAND,

UNDUE EU AID PAID OUT AMOUNTS TO € **2.730.687,00**.

N° OF PERSONS REPORTED: 57, 8 OF WHICH ARE C.A.A. STAFF

N° OF ENTERPRISES INVOLVED : 22



MAIN RESULTS



OPERATION «CEPRA»

CRIMINAL ASSOCIATION AIMED AT RECEIVING
UNDUE PUBLIC AID INTENDED TO SUPPORT PRODUCTION

APPLICATION FOR FUNDING TO BUILD AN ANIMAL HUSBANDRY FARM AND
RESTRUCTURE A RURAL BUILDING.

THROUGH INVOICES FOR NONEXISTENT TRANSACTIONS FOR WORK
DECLARED BUT NEVER CARRIED OUT, UNDUE ADVANCES PAID OUT
AMOUNT TO € 520.326,57

PERSONS REPORTED TO THE JUDICIAL AUTHORITIES : N° 6.

