

Economic crime, also known as financial crime, refers to illegal acts committed by an individual or a group of individuals to obtain a financial or professional advantage. The principal motive in such crimes is economic gain.

Economic crime areas of specific interest to Europol joint investigation teams include:

- › [MTIC \(Missing Trader Intra Community Fraud\)](#) fraud, which involves the criminal exploitation of value-added-tax (VAT) rules in the EU, resulting in lost revenue running into the billions of euro for Member States;
- › [excise fraud](#), which refers to the smuggling of highly taxed commodities such as tobacco, alcohol and fuel;
- › [money laundering](#), the process of making the proceeds of criminal activity appear legal.

LOW RISK, HIGH PROFITS

The low risk and high profits associated with economic crime make it a very attractive activity for organised crime groups. The likelihood that fraud will be detected and prosecuted is low because of the complexity of the investigations required. This is particularly so for cases of fraud that can be uncovered only through international cooperation, and for internet offences for which jurisdiction needs to be established.

Organised criminal groups operating at an international level benefit from differences in national legislation. Individual and organisational vulnerabilities such as a lack of awareness on the part of victims and low risk perception by target groups are enabling factors for most types of fraud.

NOT VICTIMLESS

There is increased awareness that certain acts within the financial sector that were once considered to be merely poor business practice may in fact have been criminal. Widespread reckless investment, misrepresentation of financial statements and conspiring to manipulate inter-bank interest rates fall within the definition of serious and organised crime.

The huge losses associated with high-level financial fraud undermine social-security systems and destabilise economic systems, thus clearly indicating a failure of self-regulation.

CURRENT THREATS

The [2017 Serious and Organised Crime Threat Assessment](#) (SOCTA) highlights a number of fraud areas that are of particular concern to Europol and law enforcement in Member States. These crime areas, which are described in more detail below, are:

- › investment fraud
- › mass-marketing fraud
- › payment-order fraud
- › insurance fraud
- › benefit fraud
- › EU subsidy fraud
- › procurement rigging
- › loan and mortgage fraud.

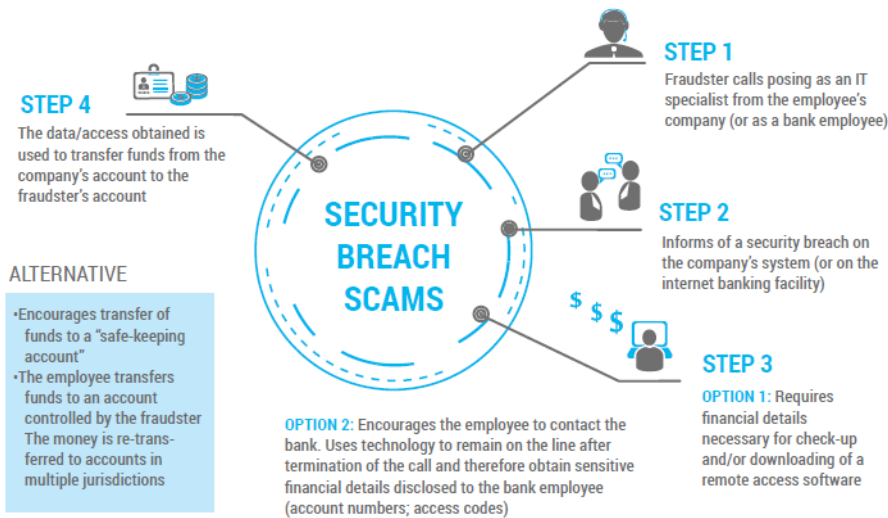
Investment fraud relies on [social engineering techniques](#) – the use of deception to manipulate individuals into divulging confidential or personal information that may be used for fraudulent purposes – making it particularly hard to counter. This type of fraud can be highly lucrative, with one investigation revealing that an organised crime group generated estimated profits of up to EUR€3 billion from the activity.

The most common investment fraud schemes in the EU are:

- › Boiler room schemes, where fraudsters cold call their victims and pressure them into investing in non-existent or very low-value stocks. The criminals often use false documents and certificates to present their company and stock as legitimate.
- › Ponzi schemes, where fraudsters attract a group of initial investors with promises of very high returns in a very short time. To attract more victims, the fraudster will start to repay the initial investors using funds accrued from additional investors. Ultimately, the investors are left empty-handed when the fraudster disappears with the funds, which have been laundered through multiple bank accounts held by various front companies in different jurisdictions.
- › Pyramid schemes, which are similar to Ponzi schemes. However, the initial investors are actively involved and are required to recruit new investors in order to make profits.

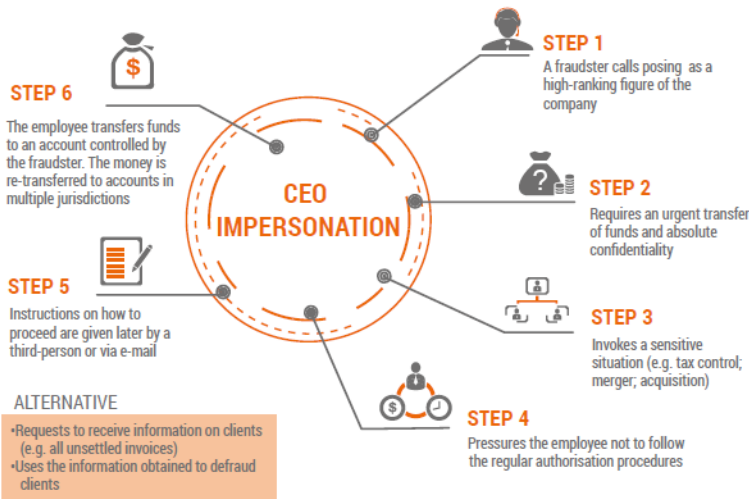
In **mass marketing fraud**, criminals use a variety of communications means, such as telephone calls, the internet, social media, mass mailing, television or radio,

to contact victims and solicit money or other items of value in one or more jurisdictions. For example, between May 2014 and May 2015, a UK-based organised crime group defrauded over EUR€690,000 from pensioners across the country. Posing as police officers, the criminals contacted victims by phone to warn them of the risk of fraud involving their bank. The victims were encouraged to transfer their savings to safekeeping accounts controlled by the fraudsters.



Payment order fraud is where criminals use fraudulent transfer orders to defraud private and public sector organisations. Typically, the affected organisations are active internationally. This increasingly common type of fraud is also referred to as **CEO fraud**, wire transfer fraud or business email compromise. Criminals rely on social engineering techniques and malware to carry out this type of fraud. Typically, stolen funds are transferred through series of accounts in various Member States before reaching destination accounts outside the EU.

UNDERSTANDING FRAUDULENT TRANSFER ORDERS



Insurance fraud describes the defrauding of private and public insurance providers. Organised crime groups are increasingly involved in fraud schemes targeting healthcare systems.

Benefit fraud involves the targeting of social and labour benefit schemes and is strongly linked to trafficking in human beings and migrant smuggling.

EU subsidy fraud is where criminals submit fraudulent applications for EU grants or tenders. Typically, these applications are based on false declarations, progress reports and invoices.

Procurement rigging is where criminal groups use bribes to elicit information or directly influence the evaluation of bids in order to win public service tenders in competition with legal businesses. This type of manipulation is particularly notable in the energy, construction, information technology and waste management sectors.

Loan and mortgage fraud involves fraudsters using fraudulent documents to obtain bank loans, which are never paid back.

NUMBER OF ITEMS FOUND: 230

SEARCH



TYPE



TARGET GROUP



Q SEARCH

⊗ CLEAR ALL

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Nov
2020

SOPHISTICATED CASE OF MONEY LAUNDERING LEADS TO 15 ARRESTS IN MALTA

NEWS/PRESS RELEASE

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TWO ARRESTS IN SPAIN FOR TERRORIST FINANCING

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EUROPOL INTELLECTUAL PROPERTY CRIME CONFERENCE 2020

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OVER 2 000 PARTICIPANTS FROM 132 COUNTRIES LOGGED ON FOR THE 4TH GLOBAL CONFERENCE ON CRIMINAL FINANCES AND CRYPTOCURRENCIES

NEWS/PRESS RELEASE

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RECOMMENDATIONS - 4TH GLOBAL CONFERENCE ON CRIMINAL FINANCES AND CRYPTOCURRENCIES

PUBLICATION/DOCUMENT

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SMOKED OUT: ONE OF THE LARGEST ILLEGAL CIGARETTE FACTORIES DISMANTLED IN THE NETHERLANDS

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DRUG CRACKDOWN IN SPAIN SEES MILLIONS OF EUROS' WORTH OF CRIMINAL ASSETS SEIZED WITH HELP OF EUROPOL

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