

OLAF plays pivotal role in uncovering 100 million EUR suspected subsidy fraud with links to organised crime

https://anti-fraud.ec.europa.eu/media-corner/news/olaf-plays-pivotal-role-uncovering-100-million-eur-suspected-subsidy-fraud-links-organised-crime-2025-02-11_en?prefLang=ro

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The European Anti-Fraud Office (OLAF) played a key role in exposing a sophisticated fraud scheme involving EU funding worth over 100 million EUR. The investigation uncovered alleged fraud and forgery in documents for water supply and wastewater infrastructure projects financed by the European Cohesion Fund in Romania.

Following a request from the EPPO, OLAF launched several investigations, focusing on the authenticity and traceability of the documents submitted by companies participating in calls for tenders in Romania. These companies managed to secure eight contracts for drinking water distribution and sewage rehabilitation projects worth over 100 million EUR.

In the framework of its investigations, OLAF gathered evidence indicating a complex fraud mechanism using companies established in Italy and Romania between 2018-2021.

To meet the financial and technical criteria required by the contracting authorities, the Romanian companies claimed an annual turnover of their associates of between 42 and 63 million EUR over a 3-year period. OLAF's investigation revealed that the real turnover was 30 times lower. OLAF also found that after winning the tenders, the bidders transferred a percentage of the total contract value to the associates.

One of the companies under investigation was later also found to have been placed under administrative interdiction order by Italian authorities under anti-mafia legislation, effectively banning it from public contracts and certain business activities, due to its suspected ties to organised crime.

Additionally, OLAF identified fake contracts for construction projects in Iraq. According to the winning companies, their associates claimed to have executed design and construction works for drinking water in the country worth around 31 million EUR through its Iraqi branch. OLAF provided evidence that such project, in fact, never existed.

Director-General Ville Itälä welcomed the results: *"This case demonstrates how suspects attempted to manipulate the EU's financial system for their own gain and at the expense of European taxpayers. Thanks to OLAF's investigative expertise and the valuable cooperation with the European Public Prosecutor's Office, we were able to uncover the sophisticated scheme and help ensure that justice will be served. This is a clear example of how EU institutions working together can effectively protect public funding and uphold the integrity of EU financial interests."*

For the investigations already finalised, OLAF has recommended that the European Commission recover €20 million, representing the total amount paid from the Cohesion Fund for the suspected fraudulent contracts.

Furthermore, OLAF has transmitted its final reports to the EPPO. For more details, you can read EPPO's press release [here](#).

OLAF mission, mandate and competences:

OLAF's mission is to detect, investigate and stop fraud with EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

Once OLAF has completed its investigation, it is for the competent EU and national authorities to examine and decide on the follow-up of OLAF's recommendations. All persons concerned are presumed to be innocent until proven guilty in a competent national or EU court of law.

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