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Information for the media
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ECCD of Latvia this year has already sent six EU structural funds fraud cases for prosecution

Already within four months of this year Latvian State Police (SP) Economic Crime Combating Division (ECCD) investigators have sent six cases of European Union structural funds fraud to the prosecutor's office for criminal prosecution. Together these cases have 13 criminal suspects, but the total amount which was intended to be defrauded exceeds 900 000 euros.

Given that in such fraud cases of EU structural funds often are involved a number of companies and a large number of different types of documents is being prepared in order to defraud the funds, usually this type of crime investigation is lengthy and cumbersome. Also in these cases ECCD officials have invested a lot of time and resources, which has provided a sufficient evidence, in order for all persons involved to be prosecuted. Five of the criminal proceedings were initiated in 2014, but one at the end of 2013.

It is significant that, in four of the cases the alleged crime was identified before the suspects managed to receive the planned funds. In this way ECCD investigators prevented a half-million damage. However, in two cases, persons involved in the criminal schemes received approximately 350 000 euros.

In order to receive financing from the EU structural funds companies need to meet certain conditions. If all the conditions are met, the Latvian Investment and Development Agency or Rural Support Service grant the amount provided in the project.

During the first four months of 2016 the ECCD investigators have completed investigations in six cases that had initiated criminal proceedings in the previous years. Together these cases have 13 criminal suspects, who are incriminated for fraud on a large scale or of attempted fraud, for which the Criminal Code provides for up to ten years in

prison. Some of the suspects additionally are being incriminated for the falsification of documents. All six criminal proceedings were sent to the Riga District Court Prosecutor's Office for prosecution.

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PET bottle production equipment

Latvian Investment and Development Agency was approached by an undertaking with its project, which was supposed to produce PET bottle production equipment - equipment for PET bottle blowing.

The company received a total funding of 197 449.99 euros, but later it was found that production actually was not happening. Since fraud was suspected, SPECCD initiated criminal proceedings on 5 May 2014 for fraud on a large scale.

During the investigation a man was found to be a suspect.

The investigation was completed on 29 January 2016, when ECCD sent the criminal proceedings to the Riga District Court Prosecutor's Office.

A man is incriminated for fraud on a large scale (CL Article 177 Section 3)

Unfortunately, during the investigation it was not possible to recover the stolen amount.

CNC metal processing machine

To the Rural Support Service (RSS) applied representatives of a company, because they wanted to recover money for the purchase of metal processing machinery. They wanted to recover funding of 140 000 euros.

The money was not paid them by the RSS based on suspicion and on 11 April 2014 criminal proceedings were initiated for an attempt of fraud on a large scale. The investigation revealed that there was also falsification of documents. Two people were detained.

The investigation together lasted nearly two years, during which the examination of forged documents was carried out and other evidence were collected, therefore the investigation was completed by ECCD on 15 February 2016, when sent to the Riga District Court Prosecutor's Office.

Both are charged with attempted fraud on a large scale and falsification of documents (CL Article 177 Section 3 and Article 275 Section 2).

Production of pellets

The Rural Support Service (RSS) was contacted by a company, who wanted to recover the money spent on pellet production lines for supply and installation. It was expected to recover 140 000 euro, but the RSS began to suspect that there has been fraud, so the amount was not paid after the receipt of the documents and the service turned to the police.

Criminal proceedings were initiated by ECCD on 26 March 2014 for fraud attempt on a large scale. The investigation revealed that the scheme involved a man born in 1966 and a woman born in 1988. Both were detained and identified as suspects.

Criminal proceedings were transferred to the Riga Region Prosecutor's Office for criminal prosecution according to the Article 177 Section 3 of the Criminal Law – for the two suspects. Consequently, a loss of 140 000 euro was prevented.

Straw pellet production facility

To the Rural Support Service applied a company, who wanted to recover the money spent on straw pellet production plant. The total amount reached 88 000 euros.

Criminal proceedings were initiated by ECCD on 11 November 2013 for fraud attempt on a large scale. The investigation revealed that the scheme involved a man born in 1982 and a woman born in 1981. Both were detained and identified as suspects.

With a 11.03.2016. decision the criminal proceedings were transferred to the Riga Region Prosecutor's Office for criminal prosecution according to the Article 177 Section 3 of the Criminal – for the two suspects. 88 000 euros would have been paid in funding.

Establishment of metal processing plant

To the Rural Support Service applied a company, who wanted to recover the money spent on the establishment of the metal processing plant for the total amount of 140 000 euros.

Criminal proceedings were initiated by ECCD on 11 April 2014 for fraud attempt on a large scale. The investigation revealed that the scheme involved three men born in 1982, 1986, and 1981. All three were detained and identified as suspects.

With a 31.03.2016. decision the criminal proceedings were transferred to the Riga Region Prosecutor's Office for criminal prosecution according to the Article 15 Section 4, Article 177 Section 3 and Article 275 Section 2 of the Criminal Law - for the three suspects. 140 000 euros would have been paid in funding.

White pigment production

To Latvian Investment Development Agency (LIDA) applied entrepreneurs who had planned to produce white pigment. According to the project they expected to receive 199 202.05 euros, but they paid 139 441.44 euros by LIDA. Later, when suspicions arose that there is no production, in the first half of 2014 SP ECCD initiated criminal proceedings.

During the investigation three individuals were found as suspects – two men born in 1963 and 1993 and a woman born in 1963. The project stated that they intended to buy equipment for

chemical production complex, because they wished to produce white pigment. However, during the investigation it turned out that not only there was no kind of production, but the suspects could not even explain what the white pigment is and what it is intended for.

The investigation was completed on 24 February 2016 when the case was sent to the Riga District Court Prosecutor's office.