



Regional Police Headquarters in Lublin

Methodology of detecting and fighting crimes detrimental to the EU's financial interests

Report on the course of the training workshops on detecting and fighting cybercrime and economic crime to the detriment of the EU's financial interests

Zakopane, 16-20 September 2019
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Introduction

Organized criminal groups are increasingly using domestic and international trade to commit crimes involving VAT and excise duty fraud committed to the detriment of the state budget and the EU. At the same time, such activities serve to invest and legalize proceeds from crime and to increase the income used to commit further crimes. Computers and the Internet are the tools for keeping accounts, including false ones, for preparing false documentation, keeping turnover records and any other documentation related to criminal activities to the detriment of EU institutions. Combating economic crime to the detriment of the EU's financial interests is closely related to the fight against cyber crime, learning both is very important for protecting the European Union's financial interests.

That is why the Regional Police Headquarters in Lublin took the initiative to organize training workshops on the subject. In December 2018, the grant agreement was signed for the implementation of the project entitled "**Methodology for detecting and fighting crimes to the detriment of the EU's financial interests**" under the Hercule III program.

The main objective of the project was to improve and develop international and interinstitutional cooperation in the prevention and prosecution of perpetrators of crime to the detriment of the EU's financial interests, by exchanging knowledge and experience and initiating direct contacts between representatives of EU members and third countries. As part of the project, two 5-day training workshops were conducted for specialists dealing with combating cybercrime and economic crime from Poland, Bulgaria, Estonia and Ukraine.

The group of participants consisted of representatives of institutions dealing with the issues of combating crime to the detriment of EU financial interests. They were representatives of the General Directorate of National Police in Bulgaria, the Capital Directorate of Internal Affairs in Sofia, the National Police of Ukraine, the Police and Border Guard Board in Estonia, the Criminal Investigations Bureau of the General Police



Headquarters, the Bureau for fighting Cybercrime Office of the General Police Headquarters, Police Academy in Szczytno, Departments for fighting Cybercrime and Departments for fighting Economic Crime of the Regional Police Headquarters in Lublin, Rzeszów, Kielce, Radom, Opole, Białystok, Katowice and Olsztyn, the Nadbużański Border Guard Unit, the Lublin Customs and Tax Office in Biała Podlaska, the National Prosecutor's Office, the District Prosecutor's Office in Lublin and the District Prosecutor's Office in Lubartów. A total of 100 people took part in the two training workshops.

During the first workshop, participants discussed the legal and technical aspects of cybercrime in Poland, Ukraine, Bulgaria and Estonia. The examples of cases carried out raised issues related to the disclosure and combating cybercrime and international cooperation in this area.

The second workshop was divided into three training panels: disclosure and protection of property at the disposal of criminal groups in the EU, methods and tools for revealing and combating crime to the detriment of the EU's financial interests, as exemplified by the VAT carousel, and methods and tools for disclosing and combating the fight against crime excise tax to the detriment of the EU's financial interests. The workshops began with information on the objectives of the Hercule III program, assumptions and the expected results of the project.

In addition to the exchange of knowledge and experience, a very important element of the undertaking was to establish direct contacts between representatives of various institutions from different countries, which will facilitate cooperation in combating crime to the detriment of the EU's financial interests.

Finally, the participants completed evaluation questionnaires in which they assessed the training workshops. The project was rated very positively. 80% of participants rated the training as very good and 20% as good, 100% would recommend the training to other



colleagues. 90% of respondents indicated that the training met their professional needs and that it increased their knowledge of the threats to which the EU financial interests are exposed. What is more, most participants indicated that they had established new working contacts and cooperation with representatives of institutions from Poland and abroad.

All in all, the project aim was 100 percent achieved.

Training workshops on combating cyber crime

Training workshops on combating cybercrime to the detriment of the EU's financial interests took place in Zakopane on 16-20 September.

The head of the Department for fighting Cybercrime of the Regional Police Headquarters in Lublin was responsible for the course of the meeting. There were 24 presentations related to the cybercrime aspect in theoretical, statistical, legal as well as practical aspects in the form of exemplary, completed cases and activities related to the disclosure and combating cybercrime to the detriment of the European Union.

At the beginning the representative of **the Bureau for fighting Cybercrime** of the General Police Headquarters discussed the structure and tasks of the Bureau and Departments for fighting Cybercrime of the Regional Police Headquarters in Poland, as well as the specificity of cybercrime in Poland. He presented the challenges faced by the Police: darknet, encryption, cryptocurrencies, delocalization and clouds. He discussed the changes made and postulated in the legislation on cyber crime. Based on the cases processed by the Cybercrime Department, he indicated the modus operandi of cybercriminals, the "path" to obtaining information, as well as the problems encountered and ways to solve them.

Next, foreign guests presented their experiences. The representative of the **General Directorate of the National Bulgarian Police** presented the structure of the Police and tasks in the field of combating cybercrime in Bulgaria, as well as discussed the most common examples of cybercrime. The officers of the **Department for fighting Cybercrime of the**



National Police of Ukraine presented their experience in combating cybercrime related to financial fraud, examples of cyber attacks on financial and banking institutions in the EU and Ukraine and the course of the Cobalt Strike case concerning the activities of a hacker group that hit banks located in the Commonwealth Independent States and Eastern Europe. The representative of **the Police and Border Guard Board in Estonia** discussed the structure and statistics on cyber crime in Estonia. He presented changes that have taken place over the years in the field of preparatory proceedings related to cybercrime, towards proceedings based on operational information, placing emphasis on digital evidence and the disclosure and protection of property derived from crime, based on international cooperation.

At the end of the first day, representatives of the **Regional Prosecutor's Office in Lublin** presented the following topics:

- "Interference with the Export Control System as an element conditioning the return of VAT - a case study based on a criminal case for fraud" and
- "IT systems functioning in common organizational units of the prosecutor's office as support for the coordination of the prosecution of crimes committed to the detriment of the EU's financial interests." Two IT systems were discussed: The IT System of the Prosecutor's Office - SIP 2.5 and the VAT Information Program - PIV.

The second lecture day was started by a representative of the **Lublin Customs and Tax Office** in Biała Podlaska, who discussed the tasks and role of computer forensics in the customs and tax service and presented a simplified diagram of the process of arranging games on computer slot machines (terminals). Then a representative of **the Nadbużański Border Guard Unit** presented information on the PNR (Passenger Name Record System) as an effective tool to combat crime to the detriment of the EU's financial interests. The Border Guard representative discussed the principles of the system operation, the cooperation of the National Passenger Information Unit with carriers and competent authorities of the



Republic of Poland, as well as the principles of international cooperation in the field of PNR data exchange. He also gave practical advice on preparing a request for data transfer from the system.

Another presentation, given by the representative of **the Department for Cybercrime of the Regional Police Headquarters in Radom**, concerned ransomware attacks. He discussed the types of ransomware, the course and examples of ransomware attacks.

Then the workshop participants had the opportunity to learn how cybercriminals use social engineering. This topic was presented by a representative of **the Department for fighting Cybercrime of the Regional Police Headquarters in Opole**.

The representative of the **Department for Cybercrime of the Regional Police Headquarters in Lublin** discussed the procedure of money laundering, with regard to the largest illegal TV service in Poland, finalized with the police operation carried out at the beginning of 2018 by officers of the Department for fighting Cybercrime and the Department for fighting Economic Crime of the Regional Police Headquarters in Lublin and arresting the persons in interests.

The second day of the workshop ended with a presentation entitled "BEC attacks." It is a scam that uses e-mail accounts of higher management related to finances or making transfers on behalf of institutions.

On the last day of the lectures, the officers of **the Department for Cybercrime of the Provincial Police Headquarters in Lublin** based on the cases conducted, regarding identity theft, phishing, fraud "SIM swap", crimes "on false dotpay" and discussed examples of cases conducted by OLAF, in which the perpetrators acted to the detriment of EU financial interests.



Training workshops on combating economic crime

On September 30 - October 4, 2019, training workshops on combating economic crime took place in Krakow.

The head of the department for fighting the Economic Crime of the Provincial Police Headquarters in Lublin was responsible for the course of the meeting. There were 27 presentations related to the disclosure and combating the VAT financial carousel, excise crime to the detriment of the EU's financial interests, and the disclosure and protection of property originating from the crimes.

The first training day was mainly devoted to the disclosure and protection of property held by criminal groups. A representative of **the Department for Property Recovery of the Criminal Bureau of the National Police Headquarters** discussed the legal bases, principles of operation and tasks of the European Asset Recovery Office and information exchange channels. He presented information on the Camden Property Recovery Interagency Network, international cooperation of the Property Recovery Department with foreign law enforcement agencies and Europol, possibilities of obtaining information on bank accounts from EU countries through the Property Recovery Department and problems related to the determination of property components abroad. He discussed the procedure and rules for submitting an application via the National Bureau for the Recovery of Property to determine assets abroad (in practical terms).

Then a representative of **the Regional Prosecutor's Office in Lublin** presented a topic on securing the financial gain obtained from crime: legal grounds, principles and methods of securing property outside the country (international legal assistance, addressing an EU Member State directly).



Practical aspects of seeking property of the perpetrators of crimes committed to the detriment of the EU were discussed by a representative of **the Department for Fighting Economic Crime of the Regional Police Headquarters in Lublin**, as exemplified by a case conducted by Lublin officers regarding an organized criminal group aimed at committing tax offenses, involving the introduction of cigarettes without Polish excise stamps into the European Community from the territory of Ukraine to Poland.

On the first day of the training, the following topics were discussed:

- extorting funds during the implementation of projects co-financed from the EU budget (**the Department for Fighting Economic Crime of the Regional Police Headquarters in Katowice**);
- extorting EU subsidies based on false documentation (**the Department for Fighting Economic Crime of the Regional Police Headquarters in Bialystok**).

What is more, in order to introduce the subject of the VAT carousel offense, a representative of **the Regional Prosecutor's Office in Lublin** discussed a negligible and ideal coincidence in the cases of VAT fraud.

The second day was devoted to the VAT carousel. Lectures were started by a representative of **the Police Academy in Szczytno**. He discussed the genesis of the phenomenon, methods of combating and the effects of operations.

Later, foreign guests shared their experiences. Methods of disclosure, detection of perpetrators and tools used in the fight against the VAT carousel were discussed by a representative of **the Department for Fighting Economic Crime of the Capital Directorate of Internal Affairs in Sofia**, and then a representative of **the Department for Economic Crime of the National Police of Ukraine**. The experience of the Lublin Police based on cases conducted was discussed by representatives of **the Department for Fighting Economic Crime of the Regional Police Headquarters in Lublin**. The cases concerned VAT fraud in the turnover of steel and the activities of an international criminal group involved in VAT fraud in



the turnover of food products. A representative of **the Lublin Customs and Tax Office** discussed types of VAT fraud, with particular emphasis on fraud in intra-Community transactions involving a disappearing taxpayer and carousel fraud.

The basic investigative activities after the initiation of the preparatory proceedings regarding the tax carousel in intra-Community trade in plastic granules were discussed by a representative of **the Investigation Department of the Regional Police Headquarters in Kielce**. A representative of the **the Department for Fighting Economic Crime of the Regional Police Headquarters in Katowice** discussed the issue titled "Detection of perpetrators and tools used in the fight against the VAT carousel to the detriment of EU financial interests". At the end of the second training day, a representative of **the the Department for Fighting Economic Crime of the Regional Police Headquarters in Olsztyn** presented the experience of the Warmian-Masurian police in cooperation and joint actions with other institutions within the Warmian-Masurian Working Group for preventing irregularities and crimes to the detriment of EU financial interests.

The last training day began with the presentation of a representative of **the Department of Organized Crime and Corruption at the National Prosecutor's Office** concerning the direction, objectives and principles of conducting a financial investigation. Subsequent presentations concerned the fight against excise crime to the detriment of the EU's financial interests.

Representatives of the **Department for Economic Crime of the National Police of Ukraine** discussed the problems associated with combating excise crime in Ukraine, in particular those related to trade in tobacco products. Officers from Ukraine also presented ways of smuggling tobacco products from Ukraine into EU countries and the patterns of activities of criminal groups involved in cigarette smuggling and illegal alcohol production and smuggling into the EU. The next presentation concerned excise crime in Bulgaria. A



representative of the **Department for Economic Crime of the Interior Directorate in Sofia** discussed the legal basis and methodology of investigating cases of excise offenses to the detriment of the EU.

The fight against excise crime by **the Nadbużański Border Guard Unit** is another issue that the presentation concerned. A representative of NOSG discussed ways of smuggling goods, equipment used to reveal smuggling, and proposed solutions to improve the implementation of the tasks of the Border Guard in combating excise crime.

A representative of **the Police Academy in Szczytno** presented the practical aspects of excise crime - the reasons for profitability, the most common areas in which excise crime occurs and methods to combat it. A representative of the **Lublin Customs and Tax Office** discussed the subject of disclosure and detection of the perpetrators of crimes committed to the detriment of the EU's financial interests in the field of excise crime in trade in sensitive goods, without transferring to the budget due taxes, fraudulent unpaid taxes, as exemplified by tax control carried out in 2014 / 2015 in the 10.7 Lubricating oils area of risk.

A representative of the **the Department for Fighting Economic Crime of the Regional Police Headquarters in Radom** discussed the mechanism of smuggling illegal excise goods in the European Union on the example of a case concerning an organized criminal group that dealt with importing wholesale quantities of tobacco products in the form of cigarettes of various brands of Belarusian production in the European Union. A representative of **the Department for Fighting Economic Crime of the Regional Police Headquarters in Rzeszów** presented an analysis of the "Bolid" operational case regarding the activities of a criminal group dealing with the lowering of customs value and excise duty of luxury vehicles imported into Poland. Finally, representatives of **the the Department for Fighting Economic Crime of the Regional Police Headquarters in Lublin** discussed combating excise crime on the basis of cases conducted by Lublin officers.
