



NATIONAL ORGANIZED CRIME AGENCY
OF THE CRIMINAL POLICE AND INVESTIGATION SERVICE
POLICE OF THE CZECH REPUBLIC

2023

ANNUAL REPORT

NCOZ



ENGLISH EDITION

2023

ANNUAL REPORT

NCOZ

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FOREWORD BY THE DIRECTOR

Dear readers,

As in previous years, we are pleased to present the NCOZ Annual Report. In the report, you may acquaint yourself with the activities of our agency in 2023. If you have read our previous reports, you will certainly notice that the 2023 edition somewhat differs from the earlier ones. Having changed the structure of the report, our aim is now to focus on thematic phenomena: illegal migration, violations of international sanctions, criminal activity related to the war in Ukraine and the cooperation with the European Public Prosecutor's Office (EPPO).



In order not to give everything away right at the beginning, I will only allow myself to make a small contribution on the issue I personally consider a huge success. For a considerable period of time, our agency has been drawing attention to the absence of the so-called Schengen element in the Czech criminal law which directly relates to illegal migration cases. If there was a group of offenders operating in the Czech Republic who arranged and organised transports of illegal migrants, they could not be prosecuted as long as the transportation route did not cross the Czech border. The only way of handling such cases was to transfer the criminal proceedings to foreign jurisdictions. For several years, we have been working very hard to achieve a change in national legislation and our efforts have finally borne fruit. As of 1 July 2023, the Criminal Code has been amended by introducing a new section addressing this particular crime regardless of which Schengen countries the illegal migrant trafficking routes go through. A long-standing draw-

back has been finally remedied, thanks to our efforts which have lasted for several years.

Last year was really a difficult one for us. For that matter, so were the previous years. But I can declare with a clear conscience that we have made it through. Once again, we managed to finalize investigati-

ons of several major and interesting cases. After all, these are all featured in this year's report. On the other hand, I have to admit that last year, there were no major organizational changes to be dealt with.

That said, I consider the NCOZ now being a perfectly stable law enforcement agency.

There is a lot of work ahead of us for this year as well. I have no doubt, however, that we will manage everything again. And that is especially thanks to the great work of our police officers and civilian staff.

I wish you a pleasant reading.



Col. Jiří Mazánek
National Organized
Crime Agency Director

SUMMARY

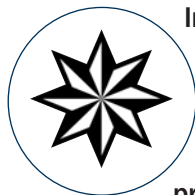
In 2023, for the National Organized Crime Agency (NCOZ), the work continued on cases that thematically corresponded to trends from previous years: corruption in public procurement, organizing illegal migration and significant investment fraud. In terms of damage volume, tax crime was significant.

In 2023, 73 new cases were opened. In 59 cases, criminal proceedings were initiated, and in 42 cases, a proposal for indictment was submitted to the prosecutor. A new element appearing in our statistics is the plea and sentencing agreements, which were concluded in 13 cases. Proportionally, cases related to economic crime and corruption prevail, with 122 criminal cases out of a total of 255 processed during 2023.

In 2023, the police managed to seize assets worth CZK 6.36 billion. The ratio between the value of seized assets and the caused damage is 48.8 %.

Below, we highlight some illustra-

tive cases that demonstrate the scope of NCOZ's work:



In January 2023, a Georgian "Vor v zakoně" (thief-in-law) was arrested for a contract killing preparation. The target was a journalist living in the USA, critical of the Iranian regime. Having exhausted the possibilities of taking legal action in the Czech Republic, proceedings were initiated to extradite the suspect to the USA.



The TEPICH case involves manipulation of public procurement for transportation infra-



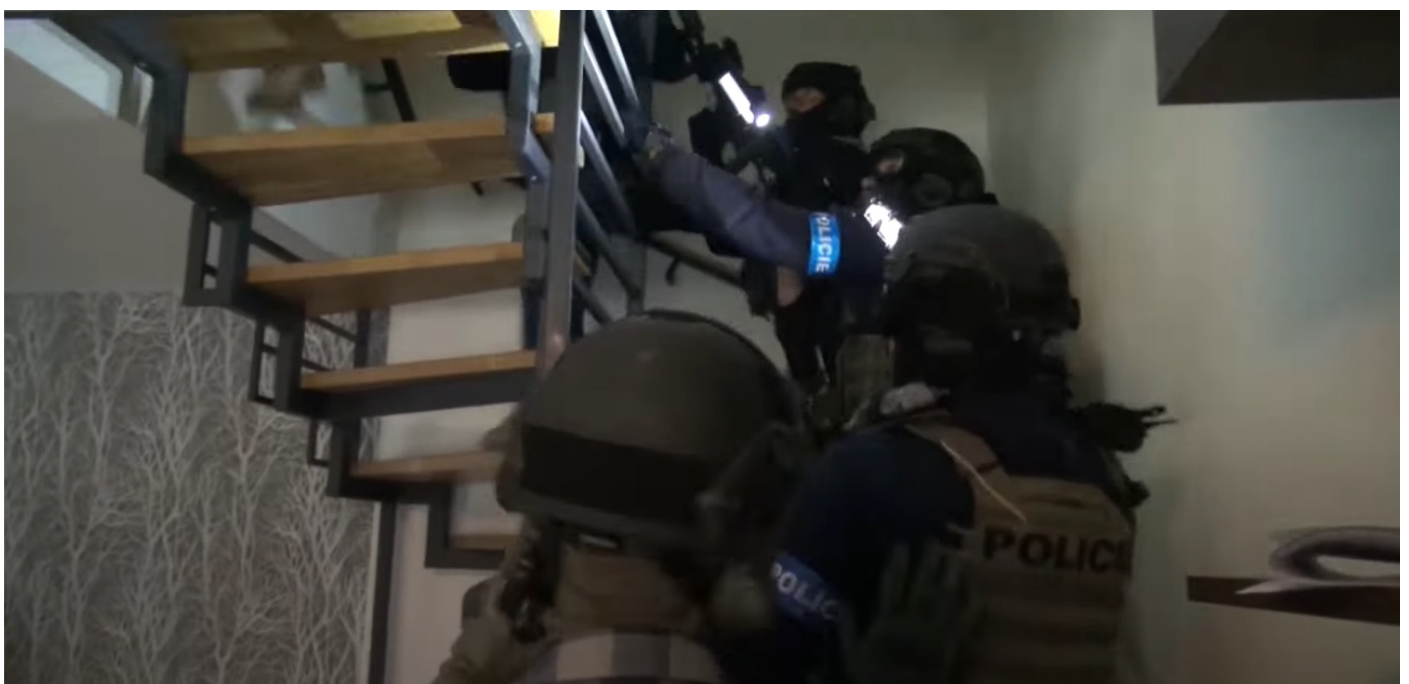
structure construction. A group of 22 individuals and 11 legal entities formed a criminal group connected to the Road and Motorway Directorate.

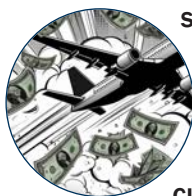


The HATIN case resulted in the arrest of 14 individuals involved in illegal migrant transportation. They

organized unauthorized border crossings into the Czech Republic for at least a thousand illegal migrants, from whom they collected a minimum of 2 million EUR.

The CRYFIN investment fraud case, causing damage exceeding CZK 1 billion, exemplifies a Ponzi





scheme. The company offered investment opportunities in the unregulated cryptocurrency market.

Instead of investing, the funds were used to cover the accused's lifestyle and operational expenses.



The RIO case refers to a criminal group that gained influence over public procurement in the city of

Pardubice. A total of 19 individuals and 2 legal entities were charged with suspected continuous extensive systemic manipulation of public contracts. Further potential criminal activities were uncovered during the investigation.

The AUTOSTRÁDA II case involves a clientelist cartel of construction companies that managed to con-



trol road construction contracts in the Olomouc Region. The organized group disrupted competition by imposing a requirement for

specialized technology, possessed by only two construction firms in the Czech Republic. Preliminary damage estimates reach tens of millions of CZK, including the cost of rectification of completed structures.

Regarding international cooperation, meetings were held with Europol, Interpol and the European Public Prosecutor's Office.

Contacts were established with Taiwan's Ministry of Justice Investigation Bureau (MJIB). A memorandum of cooperation was concluded with the MJIB. Memoranda of understanding were signed with Ukraine's State Bureau of Investigation

(SBI) and the Office of Economic Security of Ukraine (ESBU). In the analytical section, we address four topics: European-level criminal cooperation with the European Public Prosecutor's Office, the impact of the war in Ukraine on European security, international sanctions as a new phenomenon in organized crime, and illegal migration where new modes of migrant transportation along the Balkan

route appear along with sophisticated abuse of work visas.



Looking ahead, two critical European-level topics will impact significantly security:

ongoing illegal migration and the repercussions of Russia's aggression against Ukraine. All major security threats to the Czech Republic will be interconnected with these issues to some extent.



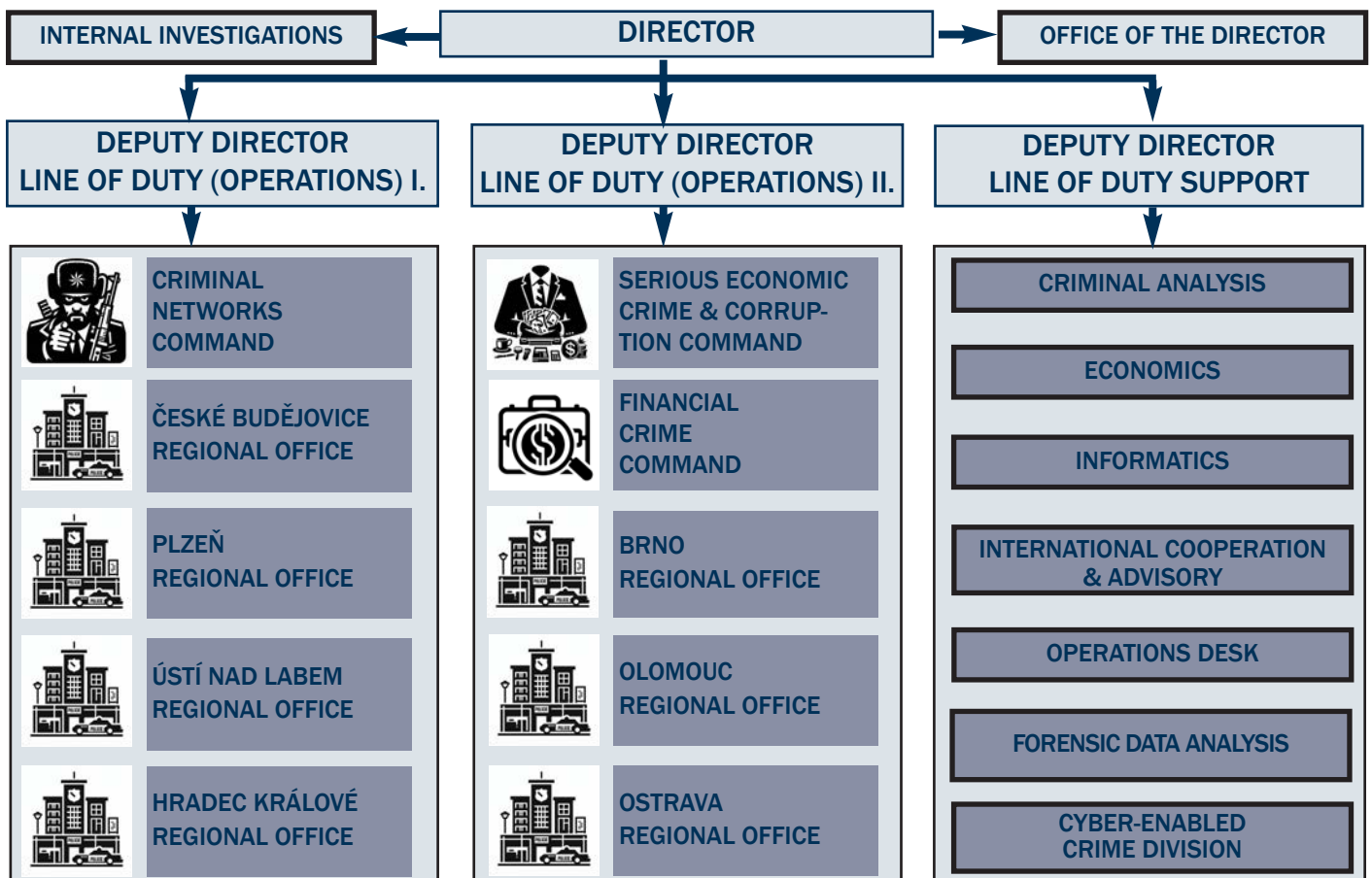
NCOZ – STRUCTURE

National Organized Crime Agency (NCOZ) is a law enforcement agency with national jurisdiction, formed within the Criminal Police and Investigation Service of the Police of the Czech Republic.

The agency consists of executive divisions (sections/commands and regional offices) and supporting departments. There are three commands: Criminal Networks Command, Serious Economic Crime & Corruption Command and Financial Crime Command. The agency's leadership as well as individual specialised commands are based in Prague along with supporting departments providing criminal intelligence analysis, forensic data analysis, administrative support, logistics and international cooperation. As of 1 August 2018, Col. Jiří Mazánek, the former director of the agency's Serious Economic Crime







& Corruption Command was appointed the Director of the NCOZ. Within its remit, the NCOZ specialises in the detection of organised crime, financial crime, serious economic crime and corruption. Within a defined range, the agency is also a coordination, advisory and supervisory body in relation to other departments and units within the Police of the Czech Republic. By detecting and investigating organised crime, the NCOZ contributes to the security of the state. In accordance with the established subordination, the agency is involved in the fulfilment of tasks assigned to the Police Presidium of the Czech Re-

public and the Ministry of the Interior. Apart from its tasks within criminal proceedings, the Cyber-enabled Crime Division also provides expert advisory and support in the area of seizure and tracing of cryptocurrencies, both to other departments of the agency and other units of the Police of the Czech Republic alike. On regional level, the activities of the agency are delegated to its regional field offices, which primarily deal with organised crime committed in the respective area. These offices are located in České Budějovice, Plzeň, Ústí nad Labem, Hradec Králové, Brno, Olomouc and Ostrava.



JURISDICTION

The NCOZ is a specialised agency of the Police of the Czech Republic with national jurisdiction, which deals with criminal cases of utmost gravity. NCOZ's subject-matter jurisdiction is determined by whether the crime is either related to high damage or has been committed by a so-called “special entity” or an organised criminal group. More than a half of the cases fall within the jurisdiction of the High Public Prosecutors Offices.

Representatives of central government bodies Criminal activity related to the exercise of powers by representatives of government bodies in their capacity as minister, deputy minister, MP, senator, director of a state office and his/her deputy.	Representatives of regional government bodies Criminal activity related to the exercise of powers by representatives of regional governments in their capacity as a governor and his/her deputy.	Judges and public prosecutors Criminal offences committed by judges and prosecutors in connection with the exercise of their jurisdiction.
Harming financial interests of the European Union Criminal offences related to the use of financial support from EU funds.	Tax crime and serious economic crime Tax crime and serious economic crime with damage exceeding CZK 150 million.	Money laundering and violations of international sanctions Crimes related to the laundering of criminal proceeds and violations of international sanctions.
Organized criminal groups Criminal activities of organized criminal groups pursuant to Section 361 of the Criminal Code, or particularly serious and organized crimes in the areas of:	Extortion 	violent crimes 
	THB Human trafficking 	Illegal migration 
		IEDs used against life, health or property 
		Crimes against currency and means of payment 



Within its remit, the NCOZ fulfils the tasks of

- Asset Recovery Office in the Czech Republic
- Designated office to combat tax evasion and tax-related crime
- Designated central office for tackling money counterfeiting



Organized crime is a group-conducted criminal activity the preparation, way of execution or consequence of which:



- 1) may pose a threat or threatens the execution of public administration based on the principles of a democratic rule of law or
- 2) heads towards the denial or denies fundamental human rights or otherwise interferes the constitution order or
- 3) harms the economic interests of the state and its critical infrastructure or
- 4) may cause harm or harms particularly vulnerable victims or
- 5) may cause or causes an extensive damage to life or property or
- 6) is of international character

Because of the high social danger, conspiratorial and organized nature, deployment of special police forces is required to detect this type of crime.

NCOZ

NATIONAL ORGANIZED CRIME AGENCY
OF THE CRIMINAL POLICE AND INVESTIGATION SERVICE
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BECOME AN NCOZ OFFICER

Would you like to protect the security of the Czech Republic and fight against organized crime? We investigate into the most serious and complex cases along with top professionals home and abroad using the newest technologies. We are seeking for new colleagues willing to work with us, making their own contribution to the safety of the people and the protection of their rights.

NCOZ is a law enforcement agency with national jurisdiction, dealing with organized crime, financial crime, serious economic crime and corruption. Should you have the ambition of boosting your professional career to a next level, we will be glad to welcome you. We are interested not only in seasoned case officers but also in those who may have fewer practical experience in their CVs but are willing to grow under the guidance of experienced colleagues.

CONTACT FOR CANDIDATES:

NCOZ.PERSONALNI@PCR.CZ

NCOZ in 2023

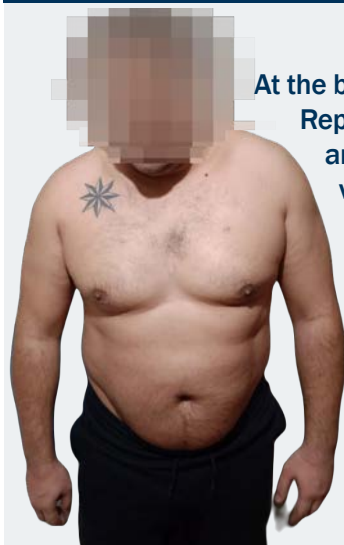
This section features the 2023 timeline and high-profile cases of the NCOZ. More detailed information can be found in the following chapters of this annual report or on-line in the press release review. All unabridged statements published by the NCOZ Public Relations & Prevention Division can be seen on the websites of the Police of the Czech Republic.



JANUARY 2023

4 January 2023

A GEORGIAN THIEF IN LAW ARRESTED



At the beginning of 2023, a Georgian national was tracked down and arrested in the Czech Republic by the NCOZ operatives. The alleged thief in law was subject to an international arrest warrant issued by the USA and is suspected of having committed several serious violent criminal offences in the USA. The arrested person is a highly respected criminal authority within the Russian-speaking criminal environment. The suspect was put into extradition custody where he remained until the decision was taken to deliver him to the USA. The extradition itself took place in 2024. During the operation which led to the arrest of the fugitive, a house was searched in the territory Prague. A bodyguard of the arrested thief in law, a Georgian national, was found on location and arrested at a later point as well. Both the tracing and the arrest of the suspect was executed in a close cooperation of the NCOZ, ÚRN (national Rapid Response Unit), BIS (national counter-intelligence agency) and foreign partners.



FEBRUARY 2023

3 February 2023

Indictment on issuing fictitious advertisement invoices

Public prosecutor of the Municipal Public Prosecutor Office in Prague pressed charges against four defendants for a particularly serious offence of tax evasion resulting in total damage exceeding CZK 350

million. The organised group is believed to have conducted its operations from 2011 to 2017. In the name of several fictitious legal entities, the group provided interested parties with fictitious invoices

to be further used to avoid taxes by the alleged "purchasers". The subject of the fictitious invoices were mainly advertisement-related services.

7 February 2023

Meeting of the NCOZ Director with the EPPO European Chief Prosecutor

NCOZ Director Col. Jiří Mazánek met the European Chief Prosecutor of the European Public Prosecutor Office (EPPO) Laura Kövesi during the seminar on the current issues regarding the EPPO which took place in Luxembourg in February. The EPPO is an independent body of the EU responsible for investigation and prosecution of crimes violating financial interests of the Union (e.g. frauds, corruption, cross-border VAT

fraud with damage exceeding EUR 10 million) as well as for bringing the offenders before court. In this respect, the EPPO carries out investigation and prosecution while acting as a public prosecutor towards the courts in charge in participating EU Member States. EPPO became operative on June 1, 2021. Shortly afterwards, the NCOZ initiated criminal prosecutions in several cases under the EPPO jurisdiction.



MARCH 2023

1 March 2023

NCOZ detectives carried out an operation related to the transports of illegal migrants usually heading to Germany or other countries of the western Europe via Hungary, Slovakia and the Czech Republic. Code-named Pass, the raid included five

PASS – Illegal migrant transports via Hungary, Slovakia and Czechia

house searches and nine searches of other premises as well as other types of investigative measures, which were carried out in Brno, Prague and Mladá Boleslav in the course of the said operation.



Subsequently, nine foreigners were charged with involvement in organised criminal group and organizing / facilitating illegal border crossing committed for the benefit of an organised criminal group.

9 March 2023

Memorandum of mutual cooperation with Ukrainian colleagues

A Memorandum of Understanding between the NCOZ and The State Bureau of Investigation of Ukraine (SBI) was concluded in Lvov earlier in March 2024, signed by the directors of respective agencies – Col. Jiří Mazánek and Col. Oleksii Sukhachov. On top of that, a Memorandum of Strategic Partnership and Cooperation between the Economic Security Bureau of Ukraine (ESBU) and the NCOZ was signed during the meeting in Lvov, this time by Vadym Melnyk and Col. Jiří Mazánek as the directors of ESBU and the NCOZ.



13 March 2023

KOTRBA case – Modern slavers from the Karlovy Vary Region

Public prosecutor pressed charges against four defendants for particularly serious criminal offence of trafficking in human beings in the NCOZ case codenamed KOTRBA. An organised criminal group comprising of two males and two females is believed to have of-



fered a „well-paid job“ in the UK to the victims from underprivileged social environments of the region of Karlovy Vary. At least seven victims were brought to the UK, had their passports and mobile phones removed from them and later forced to work in twelve-hour shifts up to 6

days per week in restaurants of an international fast food chain. In addition, the victims received nearly no remuneration for their work, their wages being sent to the account of one of the suspect. By exploiting the victims, the defendants may have gained about CZK 3 million, case officers concluded.

16 March 2023

Meeting of the Security Committee of the Parliament with NCOZ

A meeting of the Security Committee of the Chamber of Deputies of the Parliament of the Czech Republic took place on the NCOZ premises in Prague – Zbraslav in March. Activities of the Agency and as well as on the current trends in organised crime and corruption in the Czech Republic were presented during the meeting. Besides other topics, the members of the Committee were informed about the absence of the so-called Schengen aspect in the Czech criminal law. This is particularly relevant to illegal

migration and human trafficking cases (no possibility to prosecute offenders organizing migrant transports from the Czech Republic unless the transports are carried

out via Czech Republic at the same time). An amendment to the Criminal Code rectifying the long-standing problem (Section 341a) came into force on July 1, 2023.



28 March 2023

Meeting with EPPO on the cooperation in the field of forensic data analysis

On 28 March 2023, NCOZ held a meeting with representatives of the European Public Prosecutor's Office (EPPO) on mutual cooperation in the use of analytical tools, procedures, the collection of intelligence from open sources and, last but not least, the forensic analysis of digital data.



APRIL 2023

13 April 2023

Eight charged with procuring and money laundering

The NCOZ criminalists have initiated criminal proceedings against 8 individuals for criminal offences of buying and legalising proceeds from crime. Accused persons were to establish, at least from the beginning of 2019, a hidden community of co-operating persons, in which they were to share tasks re-

lated to the organisation and operation of sexual services. Their activity was to recruit girls who have been appointed for the past 50 years. The women were then to be transported to the place of execution of the Institute - Ostrava, other places in the Czech Republic and Finland. The group has cove-

red the accommodation and travel costs. They also provided advertising of on dedicated websites and the communication with customers. Victims were forced to hand over a part of their income to the offenders who kept the money a concealed the criminal origin of the illicit funds.

18 April

ASIX - Transit of illegal migrants through the EU

NCOZ case officers conducted an enforcement operation related to the case codenamed ASIX. The investigation concerned transfers of illegal migrants to Germany and other EU jurisdictions via several transit



countries. Attention was focused on the international organised group of traffickers who had been organizing illegal migrant transports at least since October 2021. Coming mostly from Syria, most of the migrants were trafficked primarily to Ger-

many via the territory of Hungary, Slovakia and the Czech Republic. Passenger motor vehicles, minibuses, vans or light goods vehicles were used for the transports. The activities of the organised group have brought illegal profits estimated at some CZK 8 million.

26 April 2023

Memorandum of Partnership and Cooperation

Signing of the Memorandum of Partnership and Cooperation between the Faculty of Law of the University of West Bohemia in Plzeň and the NCOZ. On 26 April 2023, a Memorandum of Partnership and Cooperation was signed by the Dean of the Faculty of Law of the University of West Bohemia Stanislav Balík, Ph.D., and the NCOZ

Director Col. Jiří Mazánek, followed by a meeting of the representatives of the agency with the students. The purpose of the Memorandum is to establish the conditions for mutual cooperation between the Parties in the fields of science and research field as well as professional training. The related activities should therefore include, inter alia,



the internships of the students at the NCOZ or lectures given at the faculty by the NCOZ officers.

28 April 2023

Security development cooperation between the Czechia and Ghana

In the framework of security development cooperation between the Czech Republic (represented by the NCOZ with the

support of the Institute of Forensics) and Ghana, a training and exchange of practical experience with Ghanaian police

experts took place in April, focusing on the fields of data forensics and cryptocurrencies.

MAY 2023

16 May 2023

TEPICH – MANIPULATION OF CONTRACTS OF THE ROAD AND MOTORWAY DIRECTORATE (ŘSD)

Since 2021, NCOZ officers have gathered intelligence regarding suspicious public contracts awarded by the Road and Motorway Directorate of the Czech Republic (ŘSD). Subsequent extensive investigations provided key information upon which case officers concluded that a group of suspects had conspired to form a criminal alliance of individuals and legal entities. Within the group, steering members are believed to have taken the advantage of insider information and the influence of the ŘSD employees to achieve unlawful manipulations of public procurement contracts awarded by the ŘSD. By channelling the contracts towards pre-selected bidders controlled by the group members, suspects also pursued their own goals

of personal gain to the detriment of the awarding authority and other contractors eliminated from the competition. In May 2023, the prosecution of 22 individuals and eleven legal entities was initiated, with charges of participation in an organised criminal group, facilitating an unlawful advantage and scheming in a public contract in favour of an organized criminal group. In order to secure additional evidence, 19 house searches and nine searches of other premises were carried out in the framework an enforcement operation. Locations affected by the raid included the premises of the Directorate General of the ŘSD. A large volume of evidence material in both paper and electronic form was secured on site.



18 May 2023

Cooperation with Senegal in the areas of corruption and cryptocurrencies

In the framework of security development cooperation between the Czech Republic (represented by the NCOZ) and Senegal, a seminar with

Senegalese law enforcement and prosecution authorities took place in May 2023, allowing police experts, prosecutors and judges

of both jurisdictions to meet and share their practical experience in the fields of organised crime, corruption and cryptocurrencies.

19 May 2023

Prosecution of a group of seven for procuring

The NCOZ officers brought charges against seven for procuring and money laundering. The group of offenders are believed to have exploited female prostitutes by taking a share of their early

earnings in exchange for the facilitation of private rooms in at least fourteen locations across the Czech Republic. Also, pimps were organizing transports between the lodgings, posting erotic

advertisements and provided for telephone operators who were getting customers for the prostitutes. The organised group have gained a total profit of some CZK 12 million.

30 May 2023

The meeting of the NCOZ leadership with INTERPOL

On May 30, 2023, NCOZ management held a meeting at the Interpol headquarters in Lyon on the topics of international organised crime, financial crime and corrup-

tion. Director of NCOZ Col. Jiří Mazánek met the Director of the Interpol's Financial Crime and Anti-corruption Centre (IFCACC) Tomonobu Kaya.



31 May 2023

Meeting with the National Police

On May 31, 2023, the NCOZ management discussed the issues of international organised crime, financial crime and corruption with the representatives of the National Police in

Paris, France. Among others, NCOZ Director Col. Jiří Mazánek met Mr Thomas de Ricolfs, the Director of the *Sous-direction de la lutte contre la criminalité financière* (SDLCF).

31 May 2023

Two charged with attempted murder

NCOZ officers charged two suspects, a man and a woman, with particularly serious crime of attempted murder, committed in complicity. The investigators discovered the perpetrators while investigating other organised crime. The accused are believed

to have conspired to plan and attempt to kill the victim, who was a drug user himself, by adding narcotics into his drink and food and later injecting air into his vein. However, their plan failed but only by coincidence.



JUNE 2023

16 June 2023

Manipulation of EU-co-funded public contracts

NCOZ officers initiated criminal prosecution of three offenders in relation to suspected manipulations of EU-funded public contracts awarded by the Museum of National History in Olomouc, Czech Republic. The case refers to subsidies of approximately CZK 14 million provided to the museum in the framework of the "Virtual Museum in Education – using new digital tech-

nologies in connection with formal and informal education" project. In January 2024, the European Delegated Prosecutor of the European Public Prosecutor's Office (EPPO) negotiated a plea with all defendants. Later in April, the plea bargain was approved by the Regional Court in Ostrava. All three offenders were finally sentenced



to a three-year imprisonment suspended for five years. In addition, all convicts were imposed pecuniary and disqualification penalties and ordered to compensate for the damage caused. It should be noted that a partial compensation had already been paid by the defendants earlier in the course of the proceedings.

19 June 2023

Cooperation with the Military Police in a case concerning copying of data

On the basis of a special agreement concluded between the Military Police and the NCOZ, a workgroup was established to detect and investigate into unlawful conduct related to unauthorised

copying of data from the information systems of the Ministry of Defence of the Czech Republic by an officer of the Czech army. Legally characterized as unauthorised access to a computer

system, the investigation of the case had been finalized by an indictment motion and the file was forwarded to the state prosecutor in charge for further legal action.

27 June 2023

HATIN - TRANSFERS OF ILLEGAL MIGRANTS

In June 2023, 14 suspects (13 foreigners and one Czech national) were arrested by NCOZ officers. According to our conclusions, an organised international group of human traffickers was facilitating transports of illegal migrants (mainly from Turkey) to the Czech Republic or via the Czech Republic to other EU countries. Codenamed HATIN, the investigation has been underway since August 2021. Suspects are believed to have organized unauthorised crossing of the Czech border for at least thousand illegal migrants, having collected considerable sums of money for their services. The total gain of the group is currently estimated at EUR 2 million minimum. Suspects have been charged with the criminal offence of organising and allowing illegal crossing of a national border for the benefit of an organised criminal group under Sections 340 (1), (3a), (4c) of the Criminal Code. In the course of the operation, CZK 900,000 in cash was seized as proceeds of crime along with two motor vehicles and a real estate (a family house). In May 2024, the NCOZ filed an indictment motion against all four defendants to the supervising prosecutor.



28 June 2023

Unauthorized use of EU-funded subsidies

NCOZ officers conducted an operation codenamed BOŘEK concerning the unauthorised use of subsidies funded by the EU. Subsequently, 13 individuals and three legal entities were charged with subsidy fraud in

concurrency with harming the financial interests of the European Union. The subsidies were declared to be used for the purchase of production machinery. However, purchases were either fictitious or the

machinery was purchased as "second-hand" but reported as new. In this way, subsidies totalling more than CZK 90 million were either obtained or attempted to obtain by the suspects.

JULY 2023

12 July 2023

Manipulation of public procurement subsidised by EU funds

NCOZ officers filed an indictment motion against three defendants charged with subsidy fraud and damage to the financial interests of the European Union in connection with the project "Technology Park - Energy Efficient Buildings" in Písek, Czech Republic. The accused are believed to have extracted about CZK 226 million from the Operational Programme

Enterprise and Innovation – the Prosperity Call III, with 85 % of the amount supplied by the EU funds. In addition, the accused attempted to unlawfully receive a refund of about CZK 6 million (85 % to be covered by the EU). The modus operandi consisted in gaining control over both the contractor and the applicant for the subsidy by establishing covert personal con-

nections. Owing to this link, the contractor is believed to have provided the applicant with documents containing misrepresented data. Subsequently, these documents were deliberately submitted by the applicant to the subsidy-awarding authority in the course of the applications for the reimbursement of the subsidy for each stage of the project.

13 July 2023

A CZK 138 million tax evasion case

NCOZ and the Czech Customs Administration joined their forces to conduct a large-scale operation to arrest an organised group of tax fraudsters. Since January 2016, the group has caused a tax gap exceeding CZK 138 million. The head

of the group provided accounting services to a number of legal entities. As part of the services, she is also believed to have offered a reduction of the customer's tax liability by providing fictitious invoicing. For this purpose, a pool of shell

companies was used. In some cases, even legitimate companies were misused to be unknowingly introduced to the fraud scheme. The investigation resulted in 28 suspects charged with tax evasion.

14 July 2023

Disinfection of football stadiums – indictment motion

The NCOZ case officers filed a motion to the Prosecutor General's Office in Prague to indict six natural

persons and four legal entities charged with aggravated fraud and money laundering offences. The

case concerns a contract related to the disinfection of football stadiums financed by the Football Association.

18 July 2023

Trafficking in human beings – indictment motion

Having finalized their investigation, the NCOZ case officers submitted an indictment motion against two defendants (a male and a female) for the crimes of human trafficking, procuring, rape and illegal arming. The accused man (a foreign national) is believed to have organized the recruitment of compatriots in his home country located in the southeast of Europe. Victims were promised job opportunities in the Czech Republic but later had their

wages withheld, receiving only marginal amounts per month. On the contrary, the trafficker is believed to have collected more than CZK 1 million himself in remuneration for their work done by the victims. He was also actively involved in hiring at least five young females in his home country to serve as prostitutes in a nightclub located in south Bohemia. The accused woman acted as a madam and was in charge of the female victims on

site. The girls were required to pass a third of the earnings on to the offenders who have received at least CZK 1 million CZK in this way, case officers concluded. In 2020, the male defendant is believed to have forced one of the victims to have sex with him, using violence or threatening behaviour. At the same time, he kept a C category firearm (a hunting rifle) including a large quantity of ammunition without any official permission.

AUGUST 2023

3 August 2023

CRYFIN – FRAUD FOR MORE THAN CZK 1 BLN



In July 2023, three suspects were charged by the NCOZ officers in relation to activities exercised by the CRYFIN investment company. The company offered investment opportunities within the area of a non-regulated cryptocurrency market. By doing so, the company had been gathering funds from broad public and without any authorization, on a false pretext of managing, investing and subsequently making unrealistic appreciations depending on the amount invested. Money collected from the victims were used, in breach of contract terms, for financing the fraudster's luxury lifestyle, covering the CRYFIN group operational costs (including costly rental fees of lucrative premises or cars) as well as expensive marketing campaigns, paying out commissions for brokerage and, last but not least, paying back alleged profits to some of the victim investors. There are strong grounds for believing that these activities involve the features of a so-called Ponzi scheme. In 2022, an extensive operation took place, having several house and other premises searched. The operation also included the seizure of approx. CZK 10 million worth of funds, 4 ETH in Ethereum virtual currency and a real estate worth approx. CZK 12 million. Consequently, further acts of criminal proceedings were carried out along with the detailed analysis of paper and digital evidence. Three suspects were accused of fraud and unauthorized entrepreneurship. 564 victims, both individuals and legal entities, were entrapped in the scheme, having suffered a total damage amounting CZK 1.1 billion. The Czech FIU (FAÚ) officers contributed significantly to the investigation as well.

7 August 2023

Russian oligarchs' banker facing charges for sanction violations

NCOZ officers initiated criminal prosecution of an individual (a Russian national) for the offence of violating international sanctions. According to case officers' conclusions, the accused person was involved in unlawful transfers of money in 2015. Funds subject to these transactions were linked to a sanctioned person who had been added to EU list of sancti-

oned individuals in 2015 in connection with the Russian aggression against Ukraine (or, more precisely, the annexation of Crimea). Illicit funds were used also in the Czech Republic. The sanctioned person was an oligarch, who had been associated with the top members of the Russian government on a long-term basis.



10 August 2023

Indictment for a CZK 85 million large-scale tax evasion

NCOZ officers filed a motion to the State Prosecutor to lodge an indictment against three defendants for the offence of aggravated tax evasion with a tax gap amounting CZK 85 million. From 2017 to 2020, the accused (one Czech national and two foreigners) are believed to have carried out taxable transactions consisting in the purchase of

goods, especially consumer electronics devices, in other EU member states without paying VAT. Goods were subsequently supplied to Czech customers via a Czech legal entity and its online sales channels. The actual sale of goods was concealed by a lease agreement. Offenders declared the funds paid under the agreement as a deposit not subject to

VAT. With no intention to meet their VAT liability, fraudsters subsequently claimed to the tax office that no sale, but a lease of goods had been performed. This way, the offenders concealed a real tax liability arising from the acquisition of goods in another EU Member State and their subsequent delivery to the local market.



SEPTEMBER 2023

5 September 2023

Indictment in connection to a flight simulator tender manipulation



NCOZ officers filed a motion to the State Prosecutor for lodging an indictment against five individuals for the offences of arranging advantage in commission of a public contract and the abuse of competence of a public official. The respective criminal case refers to a public contract to be

awarded by the Ministry of the Interior of the Czech Republic regarding a training simulator to practice interventions in aircraft accidents. The conduct of the suspect resulted in three universities receiving a unlawful profit totalling app. CZK 38,6 million.

5 September 2023

Memorandum of Cooperation with the State Printing Works of Securities



On 5 September 2023, cooperation was established between the State Printing Works of Securities and the NCOZ. Mr Tomáš Hebelka, MSc., Director General of the State Printing Works of Securities, and

Col. Jiří Mazánek signed an agreement on the exchange of relevant information and intelligence in the field of forgery and alteration of banknotes, identity documents and other security threats.

20 September 2023

Visit to the Taiwanese Ministry of Justice Investigation Bureau



In Taipei, the NCOZ leadership visited the Taiwanese Ministry of Justice's Investigation Bureau (MJIB). On the cooperation meeting, both partners discussed especially the cooperation in the field of organized crime, corruption, money laundering and cyber-enabled crime.



25 September 2023

Meeting with partners from the Ministry of the Interior of Georgia



In September 2023, Georgian Ministry of the Interior was visited by the delegation of the NCOZ leadership. Both parties emphasised the importance of mutual partnership while declaring their willingness to actively cooperate, primarily by sharing

practical experience and practices in responding organized crime. In the course of the visit, Col. Jiří Mazánek had a meeting with Mr Teimuraz Kupatadze, the Head of the Central Criminal Police Department of Georgia.

OCTOBER 2023

19 October 2023

Charges of procuring and participation in OCG

NCOZ officers charged eight natural persons and one legal entity with the offences of procuring and participation in OCG in relation to several tens of websites operated for

the purposes of advertising a provision of sexual services for money. Through an organized operation of dedicated advertisement websites, the offenders profited from the pro-

stitution provided on a long-term basis. Having abused their dominance, this resulted in making an illicit profit of several tens of millions CZK, case officers concluded.

19 October 2023

Cooperation of the Competition Protection Office (ÚOHS) with NCOZ

Within the framework of a long-term cooperation, a seminar for criminal investigators of the NCOZ, ÚSKPV and other agencies and depart-

ments of the Police of the Czech Republic was held in October 2023. Organized by the Office of the Protection of Competition (ÚOHS), the

seminar focused particularly on detection and ways of responding cartel agreements made among the subjects bidding for public contracts.

31 October 2023

DOZIMETR – Motion for indictment against 11 individuals

NCOZ officers submitted a motion to the prosecutor-in-charge of High Public Prosecutor's Office in Prague for lodging an indictment against 11 defendants in an investigation which has drawn extensive media attention as the DOZIMETR case. Charges brought against the offenders included, inter

alia, participation in an organised criminal group, accepting bribes, bribery or money laundering. The defendants are believed to have committed the crimes prosecuted with the intention of receiving illicit funds paid by the suppliers of one of the Prague's municipal companies. To allow this to happen, some

of the key posts within the municipal company were taken over and replaced by puppets. The indictment motion comprising of more than 300 pages and supplemented by the case file covering almost 18 thousand sheets, was filed in less than 17 months from the date of the major case-related raids.

NOVEMBER 2023

3 November 2023

Tax evasion of CZK 1,2 billion

NCOZ officers charged 7 natural persons and 3 legal entities for having gained illicit profit of around CZK 1,2 billion by evading VAT. The defendants accused (three foreigners and four Czech nationals) are believed to have created a network

of business companies for the purpose of organizing imports of various goods worth approximately CZK 5.4 billion from third countries (especially from the People's Republic of China) to the EU to avoid paying VAT. All natural persons are

charged with the crimes of participation in an organised criminal group and tax evasion. Legal entities are prosecuted for evading tax in favour of an organised criminal group.

21 November 2023

RIO – CASE OF PUBLIC CONTRACTS

In November 2023, 19 individuals and two legal entities were charged in relation to suspicion of a systemic manipulation of public contracts announced by the Municipality of Pardubice and by other companies, which were established by the statutory town of Pardubice, Czech Republic. Criminal prosecution is conducted for the offences of breach of duty in administration of property of another, arranging advantage in commission of a public contract, accepting bribes, bribery and abuse of competence of a public official (according to the individual perpetrator's culpability). The respective criminal offences are prosecuted either as attempted or, for some counts, as successfully completed. In 2024, the prosecution was extended by adding six legal entities, again on the charges of breaching a duty in administration of property of another and arranging advantage in commission of a public contract. Subsequently, the prosecution was split into several individual cases to achieve acceleration of the proceedings, with some of these parts now being finalized. Other activities of the accused possibly subject to criminal prosecution have been detected in the course of the ongoing investigation. These shall be subject to further inquiries.



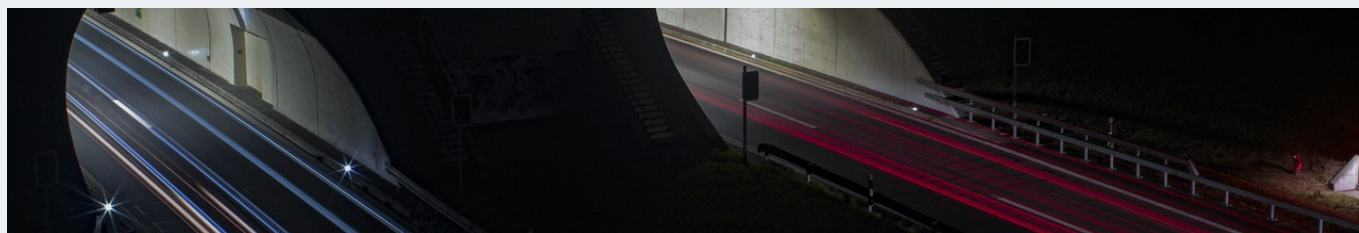
14 November 2023

AUTOSTRÁDA II – A CONSTRUCTION CARTEL



In the scope of an extensive enforcement operation, which took place on 13 November 2023, NCOZ detectives carried out 18 house searches and 27 searches of other premises in connection with the procurement of public contracts in the field of transport infrastructure development in the Olomouc Region. Thirteen persons were arrested, including the representatives of construction companies, current and former executives and employees of the Olomouc Region and the Olomouc Region Road Administration, as well as one influential lobbyist. Subsequently, 13 natural persons were charged of a number of criminal offences including aggravated crimes of conspiracy to confer an advantage in the award of a public contract, tender and auction, abuse of official authority, bribery, accepting a bribe and other. Ten defendants were also charged with the aggravated crime of participating in an organized criminal group.

When confronted with the evidence presented, most of the accused confessed to the crimes, some fully while others in part. The investigation established that representatives of one of the construction companies operating in the field of transport construction had managed to build up an extensive network of clientelistic relations and ties in the Olomouc Region over a period of less than ten years. The network included not only persons supposed to have influence on the awarding of public contracts in that particular area but also individuals deemed to have had a significant influence on the subsequent performance of such contracts. These contacts and relationships are believed to have been established, strengthened and maintained by representatives of the construction companies in a variety of ways, depending on the position and role of the individuals the defendants wanted to win over. This included a variety of favours, gifts, payments for services in the order of tens of thousands of CZK up to bribes of hundreds of thousands of CZK. All the persons involved were bound by a common interest in benefitting from the publicly funded construction or reconstruction of roads in their own way. With this in mind, all actors within the scheme have cooperated to provide the necessary information and assistance in order to win contracts by manipulating the awarding procedure. This included also manipulations in the course of the execution of these contracts, e.g. by implementing different methods of operation, which were in violation of the tender documentation. That said, the goal has always been to obtain as much money as possible from the awarded contracts implemented for the offenders' personal needs but to the detriment of the quality of the contract-related constructions as well as the contracting authorities. The organized group is believed to have introduced a mechanism to disrupt a fair competition in the area of public infrastructure contracts by imposing a requirement for the use of a specialized technology, possessed by that time by only two construction companies in the country.



Damage caused is estimated at tens of millions of CZK including payments for construction works either undone or sloppily done and additional costs for taking down and rebuilding some of the existing structures. Since the representatives of those companies in possession of that special technology should have agreed in advance not to provide it to anyone other than the pre-selected suppliers, other potential bidders were effectively eliminated from the competition. With this idea, the group was then interested in expanding to the whole region of Moravia, again thanks to their personal ties with the representatives of public procurers in the field of transport construction contracts. A timely NCOZ intervention prevented this from happening. The offenders might have gained millions of CZK through the described conduct, while the damage caused has been preliminarily estimated at tens of millions of CZK. The damage consists not only in the funds paid out for work that had been carried improperly or even not at all, but also in the fact that some of the completed buildings will have to be removed and rebuilt.

DECEMBER 2023

4 December 2023

Charges in the XIXOIO investment fraud case

Case officers initiated criminal prosecution of two natural persons and one legal entity with charges of fraud. Case officers concluded that the accused persons were offering, under a false pretext, appreciations of customer savings in the form of investments in the XIXOIO scheme. Fraudsters are believed to have deliberately misinformed the investors about the progress of the project and its results, in particular by presenting XIXOIO in a way to

create the impression of a successful building the XIXOIO ecosystem and the rise of the value of the XIX token. According to our findings, extracted funds were primarily used to cover the costly operations of the company, commissions and for the personal consumption of the accused. In this way, financial contributions worth at least CZK 339 million and over EUR 571k were extracted from at least 2 931 victims entrapped in

the scheme, speaking of natural persons and legal entities alike.



26 December 2023

Motion for indictment in connection with Metropolitan Savings Coop.

NCOZ case officer filed an indictment motion against two defendants for money laundering. This is another subpart related to the extensive Metropolitan Savings

Cooperative fraud case. The defendants' intent was to prevent funds originating from credit frauds from being identified and traced. In this way, the two defen-

dants are believed to have concealed the origin of funds in the amount of approximately CZK 618 million and CZK 532 million respectively.

PREVENTION

100% SAFE - INCREDIBLE PROFITS - EASY MONEY

NCOZ CAMPAIN TO CUT INVESTMENT FRAUD

In an effort to raise awareness of investment fraud and the importance of preventing this particular crime, the NCOZ provides basic information and recommendations on how you can avoid investment fraud. The purpose is to make it easier for potential victims to timely recognize an encounter with a risky information or contact – before its too late.

The basic premise of investment fraud is to gain the trust of potential victims. Perpetrators may persuade you to make an enticing "bargain" investment in person or may present you with a "great" online offer. It is always a good idea to find out as much information as possible about the investment opportunity offered to you and to verify the information from a trusted source.



Beware of unsolicited investment offers. Thoroughly investigate every aspect of an investment offer, even from someone you know personally and consider trustworthy. They too may have been deceived. Similarly, do not be fooled by an "enticing investment offer" made by a public figure or a celebrity. Their name and face can be misused. An entity you only know online may not be who they say they are. Be careful what private information you share, where and with whom, so you don't unnecessarily attract the attention of scammers. We consider the actions of investment fraudsters targeting elderly victims to be particularly despicable.

QUICK APPRECIATION - ALMOST NO RISK - AN ONCE-IN-A-LIFETIME OPPORTUNITY - PASSIVE INCOME - RIGHT NOW

| 2023 CASE STATISTICS

FILED FOR PRE-INVESTIGATION

73 CASES

Initiation of criminal proceedings: An official record pursuant to Section 158 (3) of the Criminal Procedure Code filed in 73 cases of suspected criminal activity reported

37 OWN INTEL

37 cases (50,6 %) resulted from Agency's own field intelligence operations



CRIMINAL PROSECUTIONS LAUNCHED

59 CASES

Initiation of criminal prosecution: a resolution on the initiation of criminal prosecution pursuant to Section 160 (1) and (5) of the Criminal Procedure Code in a total of 59 cases. This includes charges against:

301 natural persons

45 legal entities



FILING INDICTMENT MOTIONS & PLEA BARGAINS

42 FIM + 13 PB

Motions to submit an indictment were filed in relation to 71 cases. Within these cases, indictment motions addressed:

220 natural persons

16 legal entities

Plea bargains referred to 13 cases. Agreements were made with

50 natural persons

4 legal entities

INVESTIGATIONS

Cases under investigation by the area of crime as of 31 December 2023:



Criminal networks

60



Serious economic crime & corruption

122



Financial Crime

69



Cyber-enabled crime

4



NCOZ total

255

Total 255 criminal cases

The total number of criminal files under investigation as of the end of 2023. Total: 255 files in progress. The 2017-2022 year-over-year file number comparison. Note: Until 2022, NCOZ responsibilities included terrorism, extremism and cybercrime.

2017	422
2018	386
2019	320
2020	285
2021	282
2022	267
2023	255

The total number of criminal files in progress as of the end of the calendar year. The decrease in this indicator suggests that cases are being processed at a faster pace and higher quality.

RECOVERY OF CRIMINAL PROCEEDS

According to the data reported in the records of the Police of the Czech Republic, assets worth CZK 8.826 billion were seized in 2023 for the purposes of criminal proceedings. After deduction of the value of the property seizure of which was subsequently revoked, the total net value of the seized assets amounts to CZK 6.365 billion. The figures correspond to the situation at the end of April 2024. Due to ongoing criminal proceedings, numbers are subject to change.

Compared to the amount of assets seized in previous years, this is generally an above-average result. The ratio between the value of the assets and the damage caused is at 48,8 %.





For the sake of completeness, it should be noted that the value of assets the seizure of which was later revoked by the law enforcement authorities is also above average, having reached CZK 2.46 billion. This refers primarily to several case files handled by the NCOZ which are related to suspicious large-scale wire transfers from

abroad. Based on a report made by the national FIU – the Financial Analytical Office (FAÚ), funds had been frozen but released at a later point after the earlier orders had been cancelled.

The reason for the positive assessment is also the long-standing fact that the offenders are using increasingly sophisticated ways to conceal their assets from law enforcement authorities. This is done not only by formally transferring property rights to close persons or domestic or foreign business corporations, but also by allocating as-

sets to a trust fund, an anonymous (non-bank) safety deposit box, using cryptocurrency or other alternative means of payment etc. The use of field intelligence and findings from house searches or similar measures, as well as from interviews, is essential. Therefore, the structure and nature of seized assets is very diverse. In addition to traditional items such as cash and bank accounts, real estate, motor vehicles, electrical equipment, jewellery and luxury watches, various receivables, book-entry securities, paintings and other art objects, investment alcohol etc.

Overview of property and funds seized by the Police of the Czech Republic from January 1 to December 31, 2023

Regional Directorates	2 473 641 872 CZK		
NCOZ - National Organized Crime Agency	6 209 465 734 CZK		
NPC - National Anti-drug Headquarters	143 031 646 CZK		
POLICE OF THE CZECH REPUBLIC IN TOTAL	8 826 139 252 CZK		

Assets seized by the Police of the Czech Republic 2021 – 2023 year-over-year comparison

	2021	2022	2023
NCOZ	1 986 810 091 CZK	2 892 149 126 CZK	6 209 465 734 CZK
NPC	179 907 625 CZK	105 227 112 CZK	143 031 646 CZK
Regional Directorates	4 877 050 365 CZK	2 399 971 763 CZK	2 473 641 872 CZK
POLICE OF THE CZECH REPUBLIC IN TOTAL	7 043 768 081 CZK	5 397 348 001 CZK	8 826 139 252 CZK
Remaining assets after seizure discharges	6 856 000 000 CZK	5 216 000 000 CZK	6 365 649 574 CZK

The minimum value of narcotic drugs and psychotropic substances seized by the National Anti-Drug Headquarters is estimated at approximately CZK 1 401 808 850. The value of these illegal substances is not included in the official statistics on seized property.

EPP0 — EUROPEAN PROSECUTOR

EUROPEAN PUBLIC PROSECUTOR'S OFFICE (EPP0). The main task of the EPP0 is to protect selected financial interests of the European Union by means of criminal law. In its jurisdiction, there is corruption and fraud-related conduct linked to European funds amounting to more than EUR 10,000.00, and cases of cross-border VAT fraud with damage exceeding EUR 10 million.



The EPP0 represents the public interest and operates independently of national governments, the European Commission and other EU offices. The structure is decentralised with the headquarters in Luxembourg and 42 local offices in each Member State. The European Chief Prosecutor and 22 European Public Prosecutors are based in Luxembourg, supervising investigations conducted by the Delegated European Prosecutors in every Member State. Delegated European Prosecutors work within the structure of their national judicial authorities but remain independent in the performance of their duties.

In the Czech Republic, there are ten Delegated European Prosecutors and three Assistant European Prosecutors. EPP0 regional offices are located in Prague, Brno, České Budějovice, Liberec, Ostrava and Zlín.

In 2023, 43 new cases concerning the Czech Republic were opened, with an estimated damage of EUR 92.6 million. In 2023, EUR 51.5 million was seized.

Within the structure of the Police of the Czech Republic, the NCOZ as well as regional police directorates cooperate with EPP0. On 1 June 2021, EPP0 started to operate and immediately after that, the NCOZ initiated criminal prosecution in several cases under the supervision of an EPP0 Delegated Prosecutor.

Following the cooperation with EPP0,

training courses for the representatives of all relevant forces of the Czech Police are organized annually by the NCOZ with the ambition to strengthen the cooperation with EPP0. Both the European Prosecutor and some of the delegated European Prosecutors for the Czech Republic participate in the training. Trainings provide information on new trends as well as on detection and investigation of criminal activities affecting the EU's financial interests – i.e fraud, corruption, money laundering, VAT fraud.

In the casework of the NCOZ, there is a clear trend of growing numbers of cases with the involvement of EPP0. These include national cases under the jurisdiction of the NCOZ as well as the assistance provided to foreign law enforcement partners. The flexibility of such cooperation is particularly posi-

"The EPP0 Regulation is based on the assumption that at times, the Office may be confronted with organised criminal groups. In fact, we have quickly discovered in practice that we are dealing with uncompromising criminals who do not shy away from extreme violence when it comes to protecting their interests. Also, they have almost unlimited resources to corrupt democratic institutions. These are not two separate criminal worlds. One of dangerous criminals smuggling drugs and trafficking people and the other – supposedly less dangerous – one of the so-called white-collar criminals who 'just' corrupt and launder money. These worlds go hand in hand. They grow together. Unless we understand this fundamental link, we cannot stop the growth and expansion of groups engaged in serious organised crime."

Laura Codruța Kövesi
European Chief Public Prosecutor



LAURA CODRUȚA KÖVESI is a former Chief Prosecutor of the Romanian National Anti-Corruption Directorate, a position she held from 2013 to 9 July 2018. From 2006 to 2012, she was Romania's Prosecutor General at the Supreme Court of Cassation and Justice. She was the first female and the youngest Prosecutor General in Romania's history. In October 2019, she was confirmed by the European Parliament and the European Council to become the first European Chief Public Prosecutor in the lead of the European Public Prosecutor's Office.

tive, as is the fact that the whole investigation is coordinated by a single prosecutor and the exchange of information and the implementation of individual acts in several countries is faster and more efficient. This is apparent, for example, in contrast to the standard police and judicial cooperation across different jurisdictions.

In connection with the Czech Republic, the most frequent type of criminal conduct was fraud in relation to expenditure outside the public procurement. Typical examples include e.g. the increase of service costs by presenting falsified documents, payments of undelivered services, double payments, etc. This concerns 60 individual investigations currently ongoing (i.e. 54% of all cases opened). In the Czech Republic, the second most frequent is fraud related to the awarding of public contracts. These are 18 cases (16.21% of cases opened).

With respect to type of EU support programmes, cases related to the Regional Development and Urban Development Programmes (32 cases) and the Employment, Social Cohesion and Inclusion Programmes (17 cases) prevailed in the case of the Czech Republic. Frauds in relation to non-public procurement expenditure accounts for

a significant share of the total number of EPPO cases. By the end of 2023, some 34% of all crimes investigated by the EPPO were concerned.

As the volume of investment channelled through European funds increases, so does the importance of penalising their abuses. It is a typical organised white collar crime, combined with corruption and misuse of internal information. The main social risks behind this type of crime are based on a combination of several factors: high profitability, variability of *modi operandi* within the manipulations of the administrative process, resulting latency and room for defence, and, at last, relatively low sentences in the event of conviction, with the prospect of an early conditional release.

The same is true of cross-border VAT fraud, which, in fewer cases, accounts for a significant share of the overall damage. This is more or less the case for all the Member States involved in the EPPO. In the Czech Republic as an example, there are 77 ongoing investigations with an estimated damage of EUR 318.7 million. This includes only seven cases related to VAT fraud which, however, account for the estimated total damage of EUR 241.9 million.

There are organised criminal groups operating in the field of misuse of European funds and cross-border VAT fraud, including those with a background in a different type of classical crime. Subsequently, there is another criminal conduct attached, acting as a service connected with money laundering.

Organised crime groups are shifting the proceeds of other crime to the VAT fraud area. Groups providing crime as a service which specialise in money laundering are able to adapt quickly to opportunities shaped by the national environment. In any country, they recruit professionals with a good knowledge of the local market, legislation, disposing of a good social capital and contacts with the public administration. They can also take advantage of the opportunities arising from shortcomings in the performance of financial administration and law enforcement, taking the risk of discovery and punishment into account. In terms of punishment, this activity towards laundering of criminal proceeds is considered successful.

Funds seized by the European judicial authorities in the order of billions of euros represent only units of per cent of the annual proceeds of organised crime in the EU.

PETR KLEMENT OF THE CZECH REPUBLIC WAS APPOINTED DEPUTY EUROPEAN CHIEF PUBLIC PROSECUTOR ON 29 JULY 2023.

Petr Klement has been working for the public prosecution since 2000, acting as a public prosecutor himself since 2004. At first, he worked at the Municipal Public Prosecutor's Office in Brno, specializing in economic crime. Since 2006, he has been the prosecutor of the Prosecutor General's Office on various assignments at the International Department and the Cabinet of the Prosecutor General. Until present, he has been working for the Department of Serious Economic and Financial Crime, focusing on the protection of the financial interest of the EU and cybercrime issues. He participated in several foreign missions. In 2007, he served as a national expert on secondment to Eurojust. In 2010-2012, Petr Klement participated in the EULEX (EU Rule of Law Mission) in Kosovo, having carried out an executive mandate in the Kosovo Mitrovica region. In 2013-2014, he also served as a prosecutor on the EU-IPA 2010 mission to fight against organised crime and corruption in Albania. In 2017-2020, Petr Klement was a member of the Supervisory Committee of the European Anti-Fraud Office (OLAF).



UKRAINE 2023

There are two crucial topics reverberating at the European level which have completely changed the European security environment. These are the ongoing illegal migration and impacts of the Russia's invasion of Ukraine. All the major security threats to the Czech Republic are and will remain – to a certain extent – linked with these issues.

However surprising the Russia's invasion of Ukraine in February 2022 might have been, it obviously was a part of the Russian regime's long-term strategy. Its internal consolidation involved the suppression of domestic opposition along with the incorporation of organized crime into the structures of political power. Here, the boundary between perception of legality and criminal behavior as well as between a state body and a private subject, is no longer clear. And that has repeatedly become apparent also in the investigations into Russian criminal networks conducted in the Czech Republic.

The next phase of the expansion, e.g. in 2014 during the operations at Crimea or in the areas of Donetsk and Luhansk, included the use of criminal networks and private armed groups, which were at the same time linked to individual actors within the Russian regime. As such, the interest in a potential personal gain was in line with the motivation of a state official to deny his own military engagement. A continuous Ukrainian resistance and heavy Russian casualties have introduced a new phenomenon having of recruiting inmates from prison colonies to join private troops of the Wagner Group and later the Storm-Z and Storm-V penal military units being under the command of the representatives of the Ministry of Defense. This recruitment procedure was made possible by the consent of Russian criminal authorities housed in prisons and demonstrated, in particular, a consistency existing between the state and criminal elites.



The officers of the National Anti-Corruption Bureau of Ukraine (NABU) deployed in combat operations. NABU is the partner organization of NCOZ in Ukraine.

There are several strategic priorities regarding the Ukraine's war situation, such as maintaining international support for supplies of armaments, protection of the population within the country's own borders and keeping economy running – this includes Ukraine's production of arms. These areas target Russia's strikes against civilian population and infrastructure, seeking to incite a massive flow of war refugees. Speaking of hybrid war operations, Russian activities seem to focus on fueling information to affect the population of the Western countries along with a rising threat of sabotages against critical and transport infrastructures in Western Europe, including the Czech Republic.

SITUATION OF REFUGEES

The situation of refugees is getting critical in the context of how the capacities of the host countries are running out. In some cases, the role of charities and NGOs is absolutely crucial.

Even prior to the war, there has been a diaspora of several millions of Ukrainians living abroad. Some of them have already integrated into their new home countries. Since 2022, the more recent wave of refugees seems to have also partially adapted to their host environments as it is becoming apparent that the war would not come to a quick end. In the event of a military defeat of Ukraine, the worst-case scenario sug-

gests another migration wave of perhaps several millions, whose lives would be placed at imminent risk. Such migration could hardly be managed in terms of resources currently at the disposal of the countries neighboring Ukraine.

The precarious situation results in spreading uncertainty across a Ukrainian community reinforced by fears of mobilization or the loss of a legal status abroad. To a lesser extent, the situation opens up space for fraudsters offering to provide various Czech and Ukrainian documents for a fee. To a greater extent, new opportunities emerge for organized crime associated with gaining control over temporary work / recruitment agencies and labor exploitation or other tax-related crimes.

Even though the Ukrainian economy is in an urgent need of job restoration – 3.5 million of them have been lost since the beginning of the war – the security situation is limiting any progress even in the areas far off the frontline. A primary necessity shall consist in supplying air defense systems to protect main agglomerations and gaining control of the airspace over Ukraine by means of air force. No restoration of the damaged infrastructure or a major recovery of the economy is possible before that, as is the keeping of the people who have not left yet in their home areas, and the reintroduction of war refugees.

HYBRID THREATS – INFORMATION OPERATIONS AND SABOTAGES

The so-called hybrid threats are on a rise in many other European countries. This is the experience shared by the foreign partner agencies combatting organized crime. There is a common European trend of a growing involvement of local population or local criminal networks into a wide scope of activities. These may range from active

mining of intelligence related to a given country and identifying potential targets, exerting various forms of pressure on selected persons (e.g. from the exile diaspora) up to committing direct attacks against the infrastructure or public places.

A method of gradual engaging of a selected individual reminds of radicalization tactics practiced by the Islamists. It may often take place via communication platforms and social networks even without a direct on-site presence of the adversary's leading operative. Wire transfers make financing of such operations easier.

In our local area, there are information operations underway, focused on a gradual demoralization of public debate so to allow the spreading of pro-Russian narratives. These make a part of the information war aiming to stop the flow of material aid to the combatant Ukraine.

The engagement of selected locals into these operations, part of which implying an apparent organizational strategy of Russian intelligence authorities, is a likely consequence of the earlier change in choosing targets as well as the deployment conditions of Russian intelligence across Europe. The confrontation with Russia as a result of the war in Ukraine significantly increases a risk of demonstrative attacks to make the population of a target state to feel threatened. Since this type of actions does not usually require a sophisticated preparation and taking risks of a direct involvement of foreign intelligence services, such "criminal outsourcing" seems to provide a fairly effective solution for cross-border hybrid operations. NCOZ is all but oblivious to these risks, promoting the enhancement of cooperation in the field of security prevention within EUROPOL and other international projects.

ORGANIZED CRIMINAL ENVIRONMENT

There is a noticeable move of post-Soviet criminal networks and the family members of criminal authorities towards Europe. This may result in their permanent presence in the Schengen Area including the Czech Republic. Such risk is reinforced by a highly degree of coordination and communication within the networks (typical for the post-Soviet criminal groups) as well as their ability to break through and succeed in their activities performed on a new location. This threat has long been pointed out by Ukrainian security agencies. With the families of criminal elites on the move, a transfer of wealth has also become apparent. Uncertainty surrounding estimations of the end of Russian invasion is likely to give rise to an effort of these criminal networks to establish themselves on a new territory. This means that criminal groups would assess crime opportunities and would make attempts to implement them.

Facing such challenges, two issues are of key importance: initiating and maintaining strategic cooperation with Ukrainian security forces capable of providing crucial information about subjects of interest whose criminal history and background would otherwise never be available to Czech authorities. The same goes for the cooperation in relation to threats such as illicit trafficking in weapons and military material, laundering of proceeds of crime, corruption etc. Within the frame of residence and asylum legislation, a security aspect shall be more highlighted to reflect the development of the state of affairs since the legislation had been adopted. A general objective should consist in preventing persons linked to organized crime or who pose a security risk from entry and residence. Thus, the residence and asylum legislation adds to the legal tools of criminal law instruments to guarantee security.

| INTERNATIONAL SANCTIONS

From our point of view, the issue of international sanctions relates closely to the areas of foreign OCGs as well financial investigation and money laundering. The proximity of these issues does not consist solely in the aspect of seizure or freezing of assets but primarily in the tracing of property and establishing links to the subjects of interest or sanctioned persons.

Three main areas can be distinguished between in relation to international sanctions – the first is a proliferation of sanctioned commodities such as dual-use goods. The second is tracing of hidden assets of sanctioned persons and providing evidence that the assets are factually controlled by the sanctioned person. The third area is a preparation of data justifying that the subject is added to a sanctions list at national and further on European level.

In terms of typology, sanctions are similar to money laundering. Proceeds of crime are laundered by crime-as-a-service facilitator groups. They have a good local knowledge, are resourceful in law, business practices, mechanisms of international transactions and, in the first place, detection patterns for tracing suspicious business transactions. These groups have access to a high-level know-how to build up sophisticated schemes of shell companies and strawmen serving as proxies.

The Russian government seems to be actively involved in these criminal activities. A persistent circumvention of sanctions has been underlined as a priority by President Putin himself. This has been done towards the repre-

sentatives of the Federal Security Bureau during this year's annual meeting, openly and publicly. It is by no means a marginal phenomenon that the interests of Russian subjects are often protected and fostered also by Czech nationals as well as Ukrainians. For this reason, the cooperation with Ukrainian security services is of a significant importance within the process of gathering sanction-related intelligence.

Responding to sanction violations is a relatively new and complicated issue. As such, it has not yet fully embedded in the case experience of the Czech law enforcement authorities nor in adjudication and jurisprudence of courts. The subject-matter of the offence of violating international sanctions has thus been a part of the Criminal Code since 2006 (then as Section 171e of the Act No. 140/1961 Sb., adopted along with a new Act No. 69/2006 Sb., on the Implementation of International Sanctions intended to penalize administrative offences). Until the Russia's invasion of Ukraine, only one single case of attempted trafficking in arms to Iran had been prosecuted. On April 24, 2024, a judgement of the District Court in Teplice imposing a punishment of forfeiture of funds, a fine and a

disqualification order has become the second application of the Act to date. A massive scope of anti-Russian (and anti-Belarusian) restrictive measures, their constant tightening and overlaps among individual, sectoral and territorial sanctions made investigation authorities in almost all EU Member States face a unique challenge, combined with a complex, extensive and constantly changing system of various exemptions and derogations.

Several basic modi operandi have been identified. The first one relates to an illicit export of sanctioned commodities to Russia via third countries, e.g. of central Asia. The export to these countries is followed by a re-export, or, as the case may be, the sanctioned commodity to be exported is intentionally mislabeled with an unrelated HS code not listed in the sanctions list. Especially in Russia and Belarus, the demand for sanctioned goods is particularly high.

Due to a relatively long time period of time between the initial detection and a proper finalization of case investigation followed by trying the case before court, it is only now the first resolved cases are brought to light.



Illegal export (or, as the case may be, import) can be facilitated by mislabeling the content of the transaction or by accepting a fictitious purchaser who completes the final delivery within the territory of Russia. A sharp, unprecedented rise in exports to central Asia or Caucasus since the introduction of sanctions, reaching volumes that are economically unreasonable and absolutely inconceivable in the past, speaks for itself.

In the Czech Republic, the Customs Administration has gathered the most experience and knowhow in detecting the proliferation of an illicit trade in dual-use goods and strategic commodities. The second basic modus operandi consists in an attempt of the sanctioned person to avert freezing of assets under his/her control and either to maintain control over it, or to siphon it off. Such conduct alone constitutes a criminal act. The property in the Czech Republic is fictitiously sold to a proxy strawperson, (e.g. a Ukrainian citizen or a representative of a Czech management of a legal entity under the sanctioned person's control). The influence of the ori-

ginal owner is retained, the sale is either just fictitious or the shares are often secretly transferred back to the sanctioned holder by a follow-up contract not submitted to the business register. In some cases, shares may also be sold to a new holder at an abnormally low price while the selling legal entity reports high amounts as liabilities towards its former owner. Alternatively, family members of the sanctioned person may become new owners of the property (or more precisely – they could have become until a recent tightening of sanctions regime). The control of property assets in the Czech Republic (which may include, besides luxury real estate, also whole manufacturing companies) may be concealed not only by using strawmen, but also by various forms of obligations or by concealing true ownership shares by a relatively wide variety of means available under local legislation [e.g. the so-called equity certificates (kmenové listy)]. Some Russian owners seek to shift their assets to Russia by various means (e.g. by triggering insolvency proceedings or by covertly reselling Russian receivables to Czech-based

entities). In other cases, the assets under their control may even generate new profits.

Considering the recent development of sanction-related issues, a sharp and long-term increase in crime related to sanction violations remains the most likely tendency to count on in the nearest future.

What once used to be a new manifestation of organized crime is gradually becoming a growing and longstanding phenomenon.

In terms of its jurisdiction, the NCOZ focuses on the second area of sanction violations as described above. This is a factor making a considerable negative impact on the economic aspects of the functioning of the state and society. The importance of an adequate response here consists not only in protecting economic relations, but also in preventing this new type of crime being committed. Nowadays, those conflicts these crimes directly relate to pose a major threat not only to the Czech Republic, but also to the whole of Europe.

ACT NO. 1/2023 SB., KNOWN ALSO AS THE SANCTIONS ACT, STIPULATES RESTRICTIVE MEASURES IN INTERNATIONAL RELATIONS. THE GOAL OF THE LEGAL ACT IS TO MAINTAIN AND RESTORE INTERNATIONAL PEACE AND SECURITY, FIGHT AGAINST TERRORISM, RESPECT FOR INTERNATIONAL LAW, PROTECTION OF HUMAN RIGHTS AND FREEDOMS AND PROMOTION OF DEMOCRACY AND THE RULE OF LAW.

The Act per se focuses on adding subjects to sanctions lists. More specifically, the Act establishes the procedure for having subjects listed on the EU sanction list as well as the national sanctions list. If the Ministry of Foreign Affairs of the Czech Republic obtains a justifiable information that a subject has committed or is committing a particular misconduct, the Ministry shall submit a proposal for including the subject on the sanctions list to the Government. Here, the key is that the blacklisting of the subject is in line with the foreign policy or security interest of the Czech Republic.

The Act gives a definition of what a subject is and what data are necessary for its identification. Enforcement measures such as restrictions, orders or disqualifications against target subjects are imposed following decisions made by the State. The Ministry of Foreign Affairs has a key role in collecting and evaluating any supporting documentation for the purpose of adding subjects to sanctions lists.

Prior to submitting the proposal for listing subject on the sanctions list, the Ministry of Foreign Affairs of the Czech Republic shall discuss such proposal with the Ministry of the Interior, the Ministry of Justice, the Ministry of Industry and Trade, the Ministry of Defense, the Financial Analytical Office (national FIU), the Police of the Czech Republic and intelligence services. Furthermore, the Ministry of Foreign Affairs shall discuss the proposal with other central state administration bodies, administrative authorities, the Czech National Bank or the General Directorate of Customs, should the implementation of the proposed restrictive measures concern their competence. If deemed necessary, the Ministry of Foreign Affairs will discuss the proposal also with other executive bodies.

ILLEGAL MIGRATION

Along with the Russian aggression against Ukraine, the issue of illegal immigration has now a major impact on the European security environment, shaping potential security threats affecting Europe and, by extension, the Czech Republic itself as well.

THE BALKAN ROUTE

In 2015 and 2022, illegal immigration was at its peak. The 2022 migration wave was more significant and striking than the one in 2015, with approximately 30,000 irregular migrants apprehended on the territory of the Czech Republic, up to 70 % of them travelling from Syria. This may relate to the stalemate of the civil war in Syria. Bashar Assad is reaccepted again – not only by the Arabic countries but also, to a certain extent, internationally. Secondly, there is the issue of the difficult economic situation of thousands of Syrian refugees in Turkey, placing a large financial burden on the country. Final destinations of these refugees are mostly countries of western Europe or Scandinavia. Here, the less strict asylum procedure may be relied upon, as

well as on the well-established compatriot communities. For the same reasons, organizers of illegal migrant transports are based in these countries as well.

There are two main routes leading to the Europe – the Mediterranean route for migrants from Africa and the Balkan route mostly taken from the Middle East and Asia. One of the threats that emerged clearly in 2023 was the readiness of migrant smugglers to use violence. Now being well-armed, smuggler groups are openly more violence-prone even against the police all along the immigration route.

The border between Serbia and Hungary remains a critical point of entry of irregular immigrants into the Schengen Area along the Balkan route. The

route remains of key importance for illegal migration flows through the territory of the Czech Republic, organized by criminal groups. The Hungarian security forces responded to the situation by increasing their control over the border in order to prevent illegal border crossings, supported by foreign police contingents from countries including the Czech Republic. The increase in control was also directly influenced by a shooting incident in a Serbian village of Horgoš in late October 2023. Three migrants were shot dead in a conflict between two rival smuggler groups fighting for their share of the migrant smuggling market. In result of this clash, the Serbian police and army have started to apply stricter measures to cut on the criminal groups organising illegal migration. (NB: However, the security measure was terminated

SCHENGEN ELEMENT IN CRIMINAL LAW

The absence of the so-called Schengen element in Czech criminal law used to hinder Czech legislation from allowing the authorities to respond efficiently to certain aspects of illegal migration. Namely the impossibility to prosecute criminals arranging transports of illegal immigrants unless the transports are carried out via the Czech Republic. NCOZ has been repeatedly drawing attention to this issue in the past. On July 1st, 2023 an amendment to the Criminal Code came into force, rectifying this longstanding problem by introducing the Section 341 a): „Protection under Sections 339 to 341 is also provided to an EU Member States or a state applying Schengen Borders Code in its entirety“.

The Schengen Area is an area where individuals are allowed to cross mutual borders of Schengen Area Member States without the obligation to pass through a border control. Currently, the following countries are part of the Schengen Area: Belgium, Bulgaria, the Czech Republic, Denmark, Estonia, Finland, France, Croatia, Iceland, Italy, Liechtenstein, Latvia, Lithuania, Luxembourg, Hungary, Malta, Germany, the Netherlands, Norway, Poland, Austria, Romania, Greece, Slovakia, Slovenia, Spain, Sweden, Switzerland.





as of May 7th, 2024, so a renewed increase in illegal migrant volumes can be expected).

Recent intelligence suggests that criminal clans of the Middle East origin should be among the most dominant criminal groups. Already established in western Europe and operating mostly from Germany, Poland and Slovakia, these clans are deemed to organize transports of illegal immigrants. Clan members are deployed in Germany, Poland and Slovakia. In Germany, transports routed via the Czech Republic are arranged by Syrians with a permanent residence permit in Germany. As for the smugglerdrivers, they are recruited mainly abroad (Poland, Slovakia, Hungary, Bosnia-Herzegovina, Ukraine). In no more but a few individual cases, drivers had a legal residence in the Czech Republic. More frequently, Slovak or Polish nationals were involved. In several cases, "Arabs" who had been granted residence permit in Germany were apprehended, namely the citizens of Syria, Tunisia, Egypt and Turkey. Out of all smuggler drivers arrested so far, there has been only one Czech citizen.

WORK VISA

Along with the modus operandi based on migrant smuggling in vehicles, there is another one consisting in issu-

ing work visas often related to non-existent jobs. Having crossed the Schengen Area Border, travellers disappear and their whereabouts is unknown. In some countries, this is a significant issue related to corruption of even high-ranking public officials. Hundreds of thousands of work visas are believed to have been issued in this way. Among the jurisdictions mostly concerned by this phenomenon, there are mainly Eastern European countries including Russia and Belarus but, in some cases, even the so-called countries of risk such as Pakistan, Syria, Algeria, Iraq, Egypt, Libya, Iran. All in all, this situation represents a major threat to the entire Schengen Area and requires a complex solution at the EU level.

ILLEGAL MIGRATION AS A SECURITY TOPIC

Following the events of the extensive terrorist attack in Israel on October 7, 2023, an increase in the mobilisation potential of extreme Islamist movements throughout Europe has become apparent. Consequently, the importance of illegal migration is increasing within the national political agenda, often becoming a major election topic that, from the perspective of European voters, closely relates to the public order, security and the quality of their lives.

Since the outbreak of the war between Russia and Ukraine, illegal migration has also become a tool of destabilisation against western societies. Manifestations of this a phenomenon are seen on the Polish-Belarusian border but, to some extent, also in the Baltic and Finland. It clearly shows that Russia is aware of the importance of the illegal migration issue is both for the EU and individual Member States.

ORGANISED ILLEGAL MIGRATION ON THE TERRITORY OF THE CZECH REPUBLIC

Similarly to 2022, the 2023 national monitoring data confirmed that the Czech Republic remains almost exclusively a country of transit for illegal migrants from the Middle East. Syrians or individuals pretending to be Syrian nationals remain by far the predominant nationality among the illegal migrants intercepted (as they did in the past). As was the case in previous years, these migrants claimed to flee from the civil war the country had been struggling with since March 2011. With the limited resources of the Police of the Czech Republic, it is usually impossible to reasonably verify either the true background of a person declaring that he / she is coming from Syria or their real motivation for leaving the country.

From the perspective of the NCOZ's mission as a law enforcement agency, the primary focus is given to detect well-organized international criminal groups. Besides the violation of rights of individual countries regarding their foreign and asylum policies, their operations may become – under circumstances – part of a hybrid warfare, as witnessed at the Polish-Belarusian border. Beyond all that, their criminal activities also generate enormous profits, which serves to strengthen and consolidate the position of organised crime.



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