

By the end of 2024, the EPPO was handling 311 active cases related to the NextGenerationEU, out of which 307 stemmed from the Recovery and Resilience Facility (RRF), corresponding to approximately 17% of all active expenditure fraud investigations. The estimated damage to the EU's financial interests amount to €2.8 billion, which corresponds to 30% of the overall estimated damage for expenditure fraud (compared to 25% last year).

In 2024, the EPPO opened 145 new investigations. The number of EPPO investigations continues to increase, which is consistent with the pace of disbursement of the RRF. As the RRF implementation is less than halfway through, it is expected that the number of cases will continue to grow.

National law enforcement authorities remain the main source of reporting, with 90% of the new investigations opened based on their information. Reports from private parties account for 6% of the new investigations, while reports from EU institutions, bodies, offices and agencies for not even 3%. The EPPO opened 1 investigation ex officio.

The EPPO's investigations into fraud affecting the RRF reveal significant disparities across Member States, reflecting variations in the allocation of funds, crime detection capabilities, and the prevalence of fraud schemes.

The cases under investigation span across several sectors and objectives, with significant concentrations in digital transformation and green economy, followed by the support to company competitiveness, public infrastructure and public transport, innovation, training and formation, education and research, health and medical equipment and public administration.

The prevailing *modus operandi* in RRF fraud remains the submission of false, incomplete, or misleading information to secure funds unlawfully. Forgery and manipulation of invoices and contracts have been common tactics, often accompanied by the submission of false statements or documents in order to conceal disqualifying criteria. Bribery of public officials and bid rigging have been instrumental to ensure the awarding of contracts with inflated prices to specific companies.

The fraudulent practices have also allowed fraudsters to exploit upfront disbursements.

In some cases, the suspects created companies or took over inactive ones, in order to fraudulently apply for RRF funds. The companies did not have physical offices and had not submitted the required tax returns, some for more than 20 years. However, the suspects created, with the help of an accountant, a paper trail showing revenues in millions, allowing them to submit series of requests for funding.

The funding in many of the cases was immediately diverted from the companies' bank accounts, through systematic cash withdrawals from ATMs, or bank transfers to the accounts of other individuals or companies. The suspects created a 'carousel' of 'letterbox companies' to produce millions in illicit revenues.

Some of the investigations revealed the participation of high-ranking public officials, suspected of illegal behaviour in favour of private beneficiaries, or in situations of conflict of interests, where the offence of abusing official authority or power is registered. Corruption of high public officials is additionally investigated by the EPPO, as an instrumental offence to award contracts and projects to specific subjects, both in procurement and in non-procurement-related frauds.

Organised crime involvement is apparent every time the fraudulent scheme is set up on a large-scale and ensures high-value illicit profit. In these cases, criminal groups coordinate several small companies under a multi-territory fraud scheme involving sham entities, professional enablers, and laundering strategies with a final destination in third countries, including offshore havens.