



2021

ANNUAL REPORT



NCOZ

ENGLISH EDITION

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



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Published by: NCOZ
PO BOX 41/NCOZ
156 80 Prague 5 - Zbraslav
Tel: +420 974 842 420
E-mail: ncoz.sekretariat@pcr.cz
web: <https://www.policie.cz/clanek/national-center-against-organized-crime-skp>

Edited by: NCOZ Office of the Director's Public Relations & Prevention Department in cooperation
with Criminal Analysis Division
NCOZ Spokesman: Col Jaroslav Ibehej
Contact: ncoz.tisk@pcr.cz
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FOREWORD BY THE DIRECTOR



Dear readers,

after another year, we are once again presenting you with a report on the activities of the NCOZ.

It should be noted that like the year before last, the year 2021 was affected by the coronavirus pandemic in a fundamental manner. And I can say that our Agency has dealt with this difficult situation with honour. Policing means also responding to challenges. These days, we are confronted by a new threat, namely the aggression of the Russian Federation against Ukraine. Today, it is no longer a secret that our Agency, under the supervision of prosecutors, will be dealing with war crimes committed on the Ukrainian territory.

In our annual report, you will learn about the activities of our Commands and Regional Offices, the most important cases as well as statistical data. One of the cases to focus on in this annual report is the investigation related to the explosions of ammunition depots in Vrbětice. I am not afraid to say that this was an act of national terrorism committed in our territory.

You will be able to learn more on the issue of investment fraud scheme targeting victims willing to increase the value of their money in the non-banking sector. Sadly, it is the elderly who often end up entrapped in fraud scheme and may thus lose their life savings.

As regards to the activities of the Agency, I would like to place great emphasis on the development of case and strategic analyses in the area of new trends in field intelligence activities and criminal investigations. I am also very positive about the progress achieved in collecting digital evidence and subsequent forensic analysis of seized data.

Furthermore, let me commend the cooperation within the newly established European Public Prosecutor's Office (EPP0). There have been several investigations conducted by the NCOZ under the supervision of European prosecutors, mostly related to EU funding. We are facing some most serious forms of organised crime. Let me assure you that we will continue to respond and I will do everything I can to make our mission even more effective.

Good performance delivered by the Agency is also demonstrated by the results of the annual Police Officer of the Year Awards. Last year, NCOZ officers came second in Police Officer of the Year, Specialist of the Year and Team of the Year categories. However, there is still one important thing which I don't want to forget. That is a thank you to all police officers as well as the civilian staff of the NCOZ. It is their daily work and dedication what has made the Agency reach its current position under my lead.

Col. Jiří Mazánek
NCOZ Director

SUMMARY - NCOZ IN 2021



In 2021, NCOZ continued to operate under the circumstances of counter-epidemic measures. This has also affected the typical criminal caseload this year.

There was a significant increase in cases of menacing and attempts to intimidate public officials with terrorist attacks threats.

A significant proportion of our cases involved tax crime which can be carried out remotely even under the conditions of limited social contacts.

Investment fraud is another important field of crime, where the uncertainty and fears related to the current economic situation play into the hands of fraudsters who present unrealistic promises of investment appreciations.

The institution of plea bargain-

ing has been used several times in corruption cases as a tool to uncover criminal groups.

In addition to these prevailing trends, there were also cases of human trafficking detected. Similar to previous years, the enslavement of Czech citizens abroad was the predominant manifestation, targeting victims from socially vulnerable communities.

In addition, a foreign organized crime group focused on extortion was dismantled by NCOZ officers.

One of the most significant cases that has attracted public

attention was the release of information on the case of the Vrbětice ammunition depot explosion which is believed to have been carried out by the officers of the Russian foreign military intelligence agency GRU.

In several cases involving the misuse of EU funds, the NCOZ started to cooperate with the EPPO - the European Public Prosecutor's Office, a newly formed European institution.

We keep the public informed about our activities through press releases, the Annual Report and by responding to information requests from the public under the Access to Information Act (Act no. 106/1999 Sb.). In 2021, the NCOZ Director gave two major interviews to the media. This



annual report provides an overview of all cases for which official press releases were issued by the NCOZ.

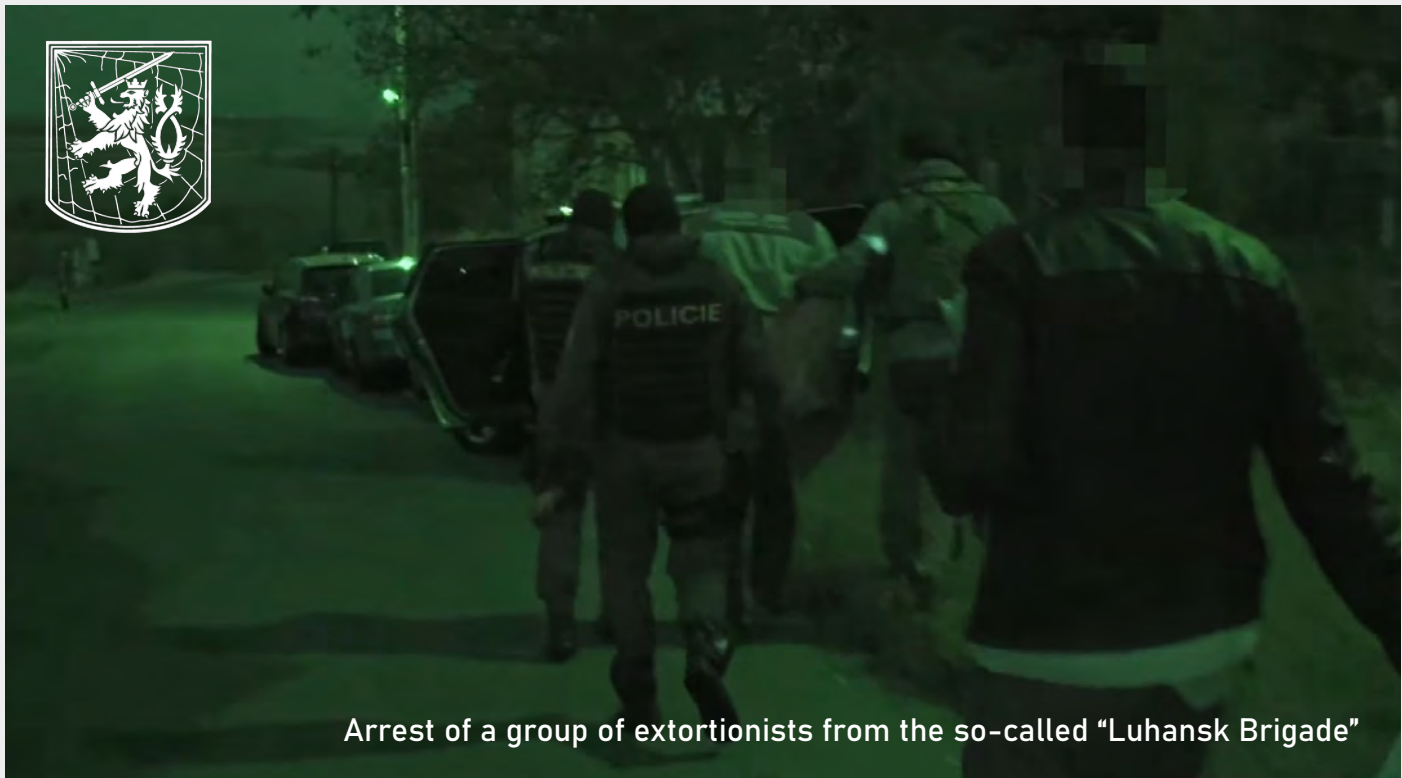
Despite the anti-Covid 19 measures in place, the police continued their efforts in the area of the recovery of criminal proceeds. According to the statistics on seized property of the Police of the Czech Republic, assets worth approx. CZK 7 billion were seized by the law enforcement authorities, with an increase of approx. CZK 0.3 billion compa-

red to 2020. The NCOZ alone accounts for a share of approx. CZK 2 billion.

NCOZ continues to build its own capacities in the area of collection and evaluation of digital footprints and evidence. This is one of the Agency's priority areas. Furthermore, building an in-house analytical capacity to support criminal proceedings continues to progress.

In the context of international cooperation, the NCOZ is a member of international

networks of agencies and institutions focusing on tracing criminal proceeds. EU law enforcement agencies Europol and Eurojust, Slovakia's National Criminal Agency (NAKA), the German Federal Criminal Office (BKA) along with state criminal offices (LKAs) and the Federal Police (BPOL), the FBI, police authorities in the Balkan countries, Ukraine, Georgia and Baltic countries as well as the UK law enforcement and security forces are among the Agency's primary international partners.



Arrest of a group of extortionists from the so-called "Luhansk Brigade"

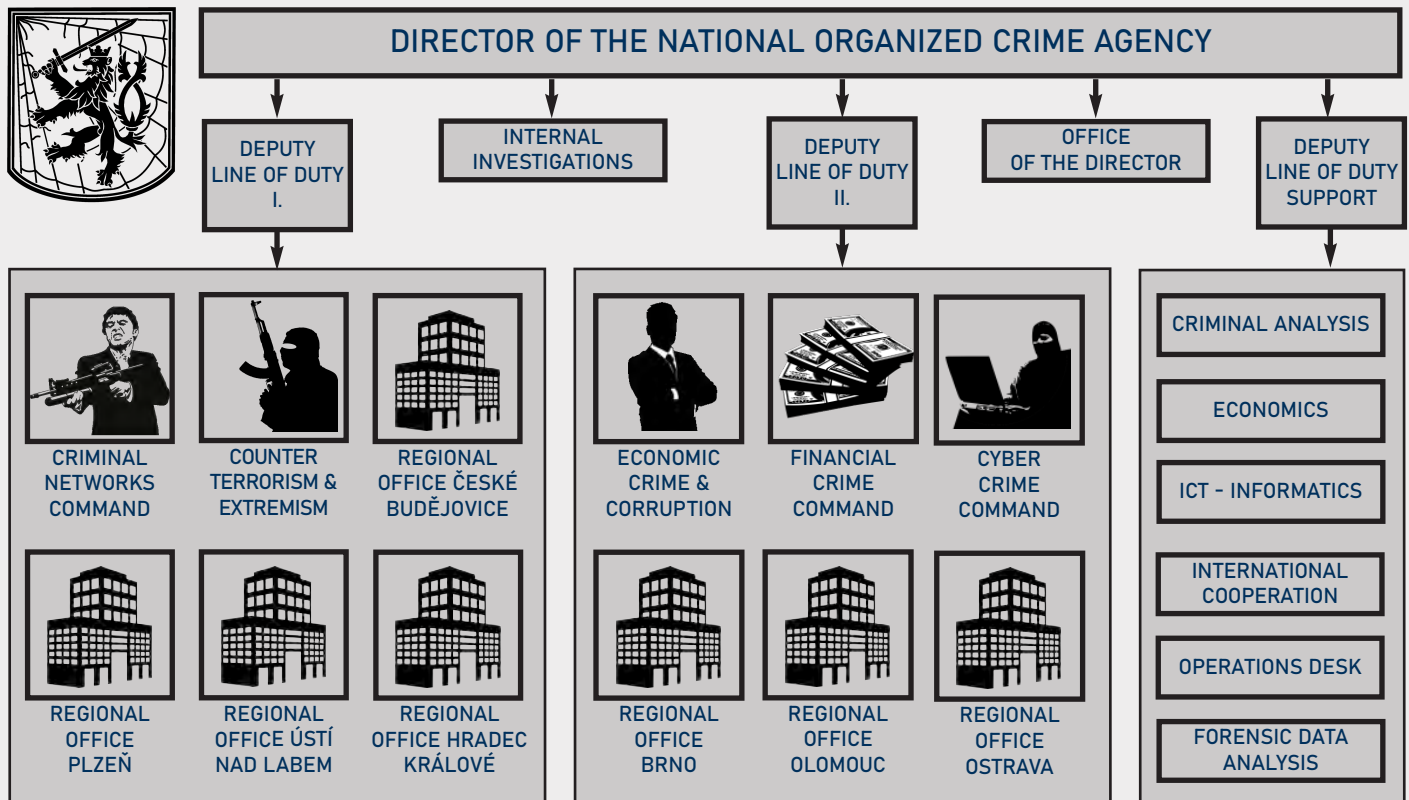
NATIONAL ORGANIZED CRIME AGENCY

NCOZ is a law enforcement agency with national jurisdiction, formed within the Police of the Czech Republic. The agency comprises of five commands tackling criminal networks, serious economic crime and corruption, cybercrime, financial crime, terrorism and extremism. Furthermore, there are regional offices spread across the country, based in České Budějovice, Plzeň, Ústí nad Labem, Hradec Králové, Brno, Olomouc and Ostrava. Operational support and logistics are provided by specialized departments.

The NCOZ specialises in detection of organised crime to the extent of its functional and subject-matter jurisdiction as set by the Instruction of the Police President,

respecting limitations resulting from national legislation as well as internal acts of the Police of the Czech Republic. The Agency's main responsibilities consist in enqui-

ries, verification and investigation of selected aggravated crimes under the supervisory jurisdiction of the High Public Prosecutor's Offices in Praha and Olomouc as well as investigation of crimes within its own jurisdiction. In addition, the Agency contributes to the fulfilment of tasks of the Police Presidium of the Czech Republic. Within a defined range, the NCOZ is also a coordination, advisory and supervisory body within the Police of the Czech Republic.




2021 NCOZ DIRECTOR PRIORITIES


- 1) Increase of speed and effectiveness of case development from pre-investigation intelligence phase towards criminal prosecution (i.e. raising charges against the suspect).
- 2) Developing an Agency roadmap for the case of a terrorist attack, also in relation to other bodies of the Police of the Czech Republic.
- 3) Implementation of the EPPO responsibilities into the Agency's casework, developing guidelines to be used by the Criminal Police & Investigation Service.





SUBJECT-MATTER JURISDICTION

The NCOZ is a specialised agency of the Police of the Czech Republic with nationwide jurisdiction that deals with criminal cases of utmost gravity. The NCOZ's subject-matter jurisdiction is determined by whether the criminal activity is either related to high damage or is committed by a so-called "special entity", an organised criminal group or has the features of an attack against critical and information infrastructure. More than 50% of the cases fall within the jurisdiction of the Chief Public Prosecutors' Offices

 Criminal activity related to the exercise of powers by representatives of central state administration bodies in their capacity as minister, deputy minister, MP, senator, director of a state office and his/her deputy.

 Criminal activity related to the exercise of powers by representatives of regional governments in their capacity as governor and his/her deputy

 Criminal offences committed by judges and prosecutors in connection with the exercise of their jurisdiction.

 Criminal activities of organized criminal groups pursuant to Section 361 of the Criminal Code, or particularly serious and organized crimes in the area of: violent manifestations, extortion and explosive systems used against life, health or property, illegal migration and trafficking in human beings, against currency and means of payment.


 Tax crime and serious economic crime with damage exceeding CZK 150 million.

 Criminal offences related to the use of European Union funds.

 Crimes related to the laundering of proceeds of crime and violations of international sanctions.

 Criminal activities of organized criminal groups under Section 361 of the Criminal Code, or particularly serious and organized crimes in the areas of: terrorism and extremism, terrorism financing, illicit trafficking in weapons, explosives, military material, CBRN and other highly dangerous substances and commodities.

 War crimes, human rights violations and genocide.

 Criminal offences committed in the form of cyber-attacks against critical and information infrastructure, including the coordination of cyber-crime investigations conducted by regional or local police forces.

HR & CAREERS

NCOZ is always on the lookout for talented individuals who would like to join the Agency at some of our positions. NCOZ is a nationwide law enforcement agency which investigates and prosecutes the most serious forms of crime in the areas of dismantling the networks of organised crime groups, economic crime and corruption, financial crime, terrorism and extremism or cybercrime.

There are three basic types of job positions within the Agency – field investigation and operations, intelligence analysis and case investigation.

The basic division of positions within the unit is operative, criminal analysis, financial investigations and investigations. Every position requires a different personality. There are field

detectives (operatives) who gather information and intelligence in the criminal environment. Analysts are expected to evaluate, sort and put the information into context. Investigators (case officers) set out tactical directions of the investigation and are responsible for legal compliance.

CANDIDATE PROFILE

Mature personalities with a high degree of personal integrity are preferred, capable of teamwork as well as making their own decisions. Teamwork is the essential method of our daily performance. All candidates are expected to prove their intelligence, experience, patience and determination to deliver maximum work performance. Most positions within the NCOZ require a university/college degree.

In general, we prefer candidates with a case officer background who have served the criminal police or other law enforcement agency. Applicants with different work experience

CANDIDATE SELECTION PROCEDURE



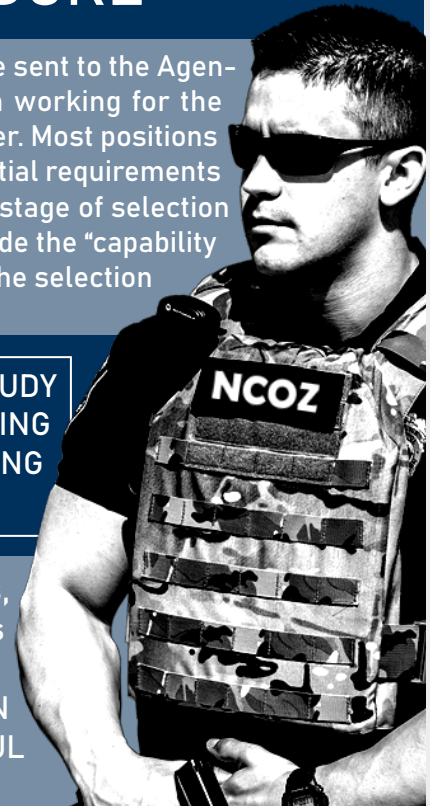
As the first step, a functional CV along with a cover letter needs to be sent to the Agency's HR specialists. We are interested in the applicant's views on working for the Agency as well as on his/her personal contributions he/she may offer. Most positions at NCOZ require a college -degree. Promising candidates meeting initial requirements are shortlisted and invited to personal interviews and to join the next stage of selection procedure. Legal requirements to be met by the members of security forces include the "capability for duty" (consisting of good health, personality and physical fitness). Therefore, the selection procedure includes the following:

- PHYSICAL FITNESS TESTS
- PSYCHOLOGICAL EXAMINATION
- COMPREHENSIVE MEDICAL EXAMINATION

- ELABORATION OF A CASE STUDY OR DEALING WITH A TRAINING SCENARIO IN THE TRAINING AREA

Practical testing of professional and legal knowledge, tactical skills, performance and psychological profile. We are interested in advanced skills in the following areas: law, finance, ICT, foreign languages etc.

BASED ON THE RESULTS OF THE SELECTION PROCEDURE, FINAL DECISION ON THE ADMISSION IS TAKEN DURING THE INTERVIEWS OF SUCCESSFUL CANDIDATES.





must prove exceptional motivation as well as their preparedness for self-education and professional growth. Exceptionally, civilian applicants are also welcome, provided they have the required level of a

particular expertise and are able to adapt to serving in security forces.


Proficiency in law, finance, ICT or foreign languages are the main areas of our interest.

Mailing address:
PO BOX 41/NCOZ,
156 80, Praha 5 – Zbraslav
Telephone: +420 974 842 683
Email: ncoz.podatelna@pcr.cz
ncoz.sekretariat@pcr.cz

POLICE OFFICER OF THE YEAR 2021 AWARDS

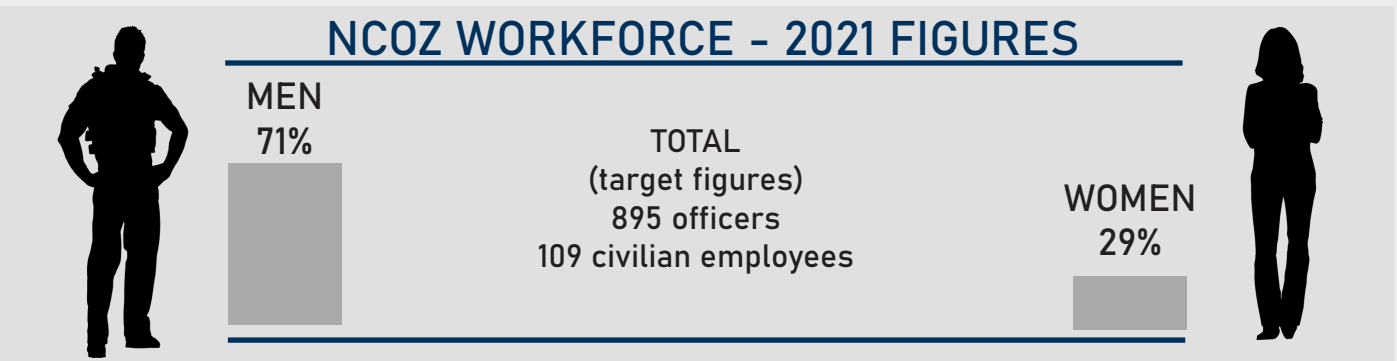
On 24 September 2021, the Prague Castle hosted the 21st annual POLICE OFFICER OF THE YEAR award ceremony. In the Spanish Hall of Prague Castle, selected police officers shortlisted from

dozens of nominees by the Ethics Committee of the Police of the Czech Republic were invited to join the ceremony and receive their awards.



- 2nd place in the Police Officer of the Year category - Col. Pavel Ševcovic (NCOZ Serious Economic Crime Division)
- 2nd place in the Specialist of the Year category - Col. Martin Smetana from the (NCOZ Cybercrime Investigation Division)
- 2nd place in the category Team of the Year - NCOZ Ústí nad Labem Regional Office

- ### NCOZ DIRECTOR PRIORITIES FOR 2022
- ✓ - strengthening of field investigation and operations
 - ✓ - a shift in analytical skills especially in relation to case analysis
 - ✓ - staff reinforcement (Prague-based Commands)
 - ✓ - preparation and introduction of in-house training courses
 - ✓ - enforcing the Agency's strategy on organised crime and cybercrime



COOPERATION AND PARTNERS

Organized crime poses a complex threat. Teamwork is essential for an adequate response. To protect the safety of our citizens and their rights, we need to cooperate with our partners outside the Police of the Czech Republic. This is to name and express our thanks to at least a few of them.



SECURITY
INFORMATION SERVICE



CUSTOMS ADMINISTRATION
OF THE CZECH REPUBLIC



THE CZECH ENVIRONMENTAL
INSPECTORATE



FINANCIAL ANALYTICAL OFFICE



FINANCIAL ADMINISTRATION
OF THE CZECH REPUBLIC Í



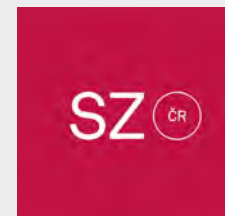
THE INSPECTORATE GENERAL OF
THE SECURITY FORCES



NATIONAL CYBER AND INFORMATION
SECURITY AGENCY



SUPREME AUDIT OFFICE



STATE PROSECUTOR'S OFFICES



OFFICE FOR FOREIGN
RELATIONS AND INFORMATIONS



OFFICE FOR THE PROTECTION
OF COMPETITION



MILITARY POLICE



MILITARY
INTELLIGENCE SERVICE

STATISTICS - 2021 FIGURES



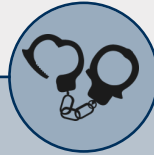
97 CASES FILED FOR PRE-INVESTIGATION

Initiation of criminal proceedings: An official record pursuant to Section 158 (3) of the Criminal Procedure Code filed in 97 cases of alleged criminal activity reported.

47 cases (48 %) resulted from Agency's own field intelligence operations



47 CASES
48 % BASED ON
OWN INTEL



76 CRIMINAL PROSECUTIONS LAUNCHED

Initiation of criminal prosecution pursuant to Section 160 (1) and (5) of the Criminal Procedure Code in a total of 76 cases. This includes charges against:



209
NATURAL PERSONS



34
LEGAL ENTITIES



66 CASES FINALIZED BY FILING INDICTMENT MOTIONS

Motions to submit an indictment were filed in relation to 65 cases. Within these cases, indictment motions addressed:



265
NATURAL PERSONS



34
LEGAL ENTITIES

282 CASE FILES UNDER INVESTIGATION

Number of files in progress as of December 2021 Total cases under investigation by Command as of 31 December 2021: 282 cases in progress.



50 Organized Crime Command



120 Serious Economic and Corruption Crime Command



85 Financial Crime Command



13 Counter-Terrorism and Extremism Command

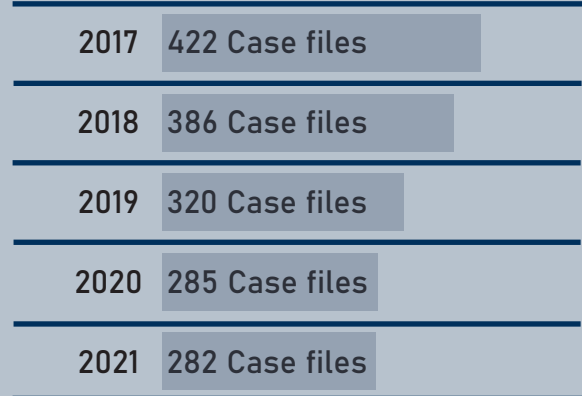


14 Cyber Crime Command

FILES IN PROGRESS (2017-2021 year-on-year comparison)



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





PRESS AND MEDIA IN 2021

The NCOZ informs the public and the media about its activities on a regular basis. In 2021, 54 press releases were published via the official website of the Police of the Czech Republic (www.policie.cz).

In 2021, several profile interviews were given by Agency director Col. Jiří Mazánek, e.g. for the Czech Radio (Český rozhlas) and the Respekt magazine. Links to all press releases by the NCOZ are presented on the official Twitter profile of the Police of the Czech Republic

(@PolicieCZ). The name of the Agency was also noticed to have appeared in some works of popular culture (films and TV series), which we are pleased about, as it indicates that the Agency brand has a public recognition in relation to solving criminal cases.

Number of requests under the Act No. 106/1999 Sb., on Free Access to Information:

In 2020, 101 information requests under the Free Access to Information Act no. 106/1999 Sb. were processed.

106
1999

2017	2018	2019	2020	2021
109	74	65	96	101

iRozhlas 30 June 2021



YOU'VE BEEN WITH THE FORCE FOR 24 YEARS, WHAT IS YOUR VIEW OF THE CRIME CHANGING? IS THERE A PROMINENT FIGURE TODAY, SIMILAR TO FRANTIŠEK MRÁZEK, ROMAN JANOUŠEK, IVO RITTIG?

Yes, probably there is. I like using the expression “twilight zone”. By saying who it is, I might be pointing in a direction we are focusing our investigation. But what I can say is that there will always be some characters in the so-called twilight zone willing to influence the operation of the state, financial flows, and to profit from it by balancing on the edge of legitimate business, state administration and crime.

WHAT IS THEIR PRIMARY FOCUS? ?

The trend has been the same for the last five to ten years - they are focusing on tax evasion. I can still see that there are groups involved in subsidy fraud and we have investment fraud cases on the rise again. But the area of predominant interest for these subjects is influencing the operation of the state so that they gain access to public contracts to be able to corrupt these in advance.

Respekt Magazine 2 March 2021



READING REPORTS OF CASES SUCCESSFULLY SOLVED BY THE FBI, THE VAST MAJORITY ARE BASED ON COVERT INVESTIGATIONS. THAT MEANS WIRETAPPING, SURVEILLANCE - WE HAVE TALKED ABOUT THIS IN THE BEGINNING. BUT YOU DON'T SEEM TO BE ABLE TO CONVINCE COURTS THAT THESE METHODS ARE JUSTIFIED.

You are not right at this point, I am afraid. On the contrary, most of these measures are widely accepted by the courts. Without such proactive approach, we would never be successful. We have to follow the crime online, gathering evidence in a direct contact. This is how the entire developed world works, not just the FBI. I remember Professor Musil, later a constitutional judge, giving lectures on this some twenty-seven years ago - about proactive policing and the use of these investigation tools. However, there are still legal disputes about which measures can be used in a particular situation and in what manner. To prevent such discussions, it is our duty to deliver convincing, detailed court order applications in relation to covert investigative measures. And it's already happening, there is a lot of pressure towards case officers in that sense. But if you know where you belong, which is that you're gathering evidence to use it instead of just stacking it up, courts will accept that



NCOZ IN 2021

This is a brief overview of the 2021 events. For more detailed information, please see the following chapters of this report or the online press review available online. All press releases published by the Public Relations and Prevention Department can be found in full on the Police of the Czech Republic official website: police.cz/ncoz-archive-press-reports

05.01.2021

A MOTION TO INDICT 66 PERSONS FOR CORRUPTION

In late 2020, NCOZ officers proposed to file charges against 66 accused persons to the prosecutor. The case involves corrupt conduct by doctors and representatives of pharmaceutical companies. According to the conclusions of the investigation, between 2009 and 2013, doctors were supposed to accept bribes in return for giving priority to prescribing drugs from specific pharmaceutical companies. It is believed that bribes totalling approximately CZK 12 million were received in this way



08.01.2021

THREATENING REPRESENTATIVES OF THE CZECH GOVERNMENT AND POLICE OFFICERS

On 6 January 2021, criminal prosecution against a young man was initiated by NCOZ case officers. Between 24 December and 31 December 2020, the suspect is believed to have posted violent threats on Facebook, having threatened to eliminate several representatives of the Government of the Czech Republic in the form of an unspecified "assassination". The accused confessed at a later stage, claiming that his motive included, among other things, the disagreement with government measures taken in connection with the Covid-19 pandemic.

27.01.2021

MOTION FOR INDICTMENT FOR THREATENING WITH A TERRORIST ATTACK

The NCOZ criminals have proposed to file charges against a 66-year-old man for threatening to perform a terrorist attack. In late October 2020, the man is supposed to have posted a threat on Facebook towards all police officers and a member of the government to perform a truck-ramming attack similar to the infamous 1973 attack by Olga Hepnarová unless all restaurants and bars are re-opened.

01.02.2021

TAX EVASION WITH A DAMAGE OF 144 MILLION CZK

On 20 January 2021, NCOZ detectives finalized their investigation of the case codenamed "UKLID" ("CLEANUP"). At the same time, an indictment motion against 26 natural persons and 4 legal entities was filed to the prosecutor-in-charge of the High Prosecutor's Office in Prague. The group of accused persons is supposed to have established more than two dozen business companies over the period from 2013 to 2018. However, some of these companies have never carried out any real business activity. The crime committed by the accused consisted of simulated (fictitious) business transactions related to various services (e.g. cleaning) which had never been performed. In this way, the companies were to increase their costs unjustifiably while systematically reducing their VAT and corporate tax liability by misrepresenting their tax returns. There were also proceeds of crime believed to be laundered. The damage to the State caused by the accused is estimated at more than CZK 144 million. In relation to the case, movable and immovable property worth over CZK 127 million was seized.



11.02.2021**INDICTMENT OF 3 PERSONS FOR OFFERING TO INFLUENCE THE WORK OF THE COURTS**

The state prosecutor of the Regional Prosecutor's Office in Brno brought fraud charges against three suspects. A group of offenders is supposed to address defendants accused of other crimes and awaiting trial with an offer suborn the first-instance proceedings held at the Zlín Branch of the Regional Court in Brno as well as the later appellate proceedings at the High Court in Olomouc. A sum of CZK 25 million was to be demanded in return. However, a monitored sham transfer revealed that an even higher amount of money was received. Defendants may face a 5 to 10 years imprisonment if convicted.

15.02.2021**22 PEOPLE CHARGED WITH VAT EVASION**

NCOZ detectives charged 22 people with VAT fraud. The accused are believed to have formed a multitiered network of trading companies in 2016 and 2017; the lowest-ranked members acting as strawmen did not know the organisers of the scheme. Business activities were pretended and "taxable" transactions were falsely declared in the form of the supply of fictitious goods or services. On the part of the customers, VAT was evaded in the amount of approx. CZK 16 million. The operation involved nearly 100 NCOZ officers, as well as members of the Prague City Police Department and forensic experts.

18.02.2021**THREATS AGAINST REPRESENTATIVES OF THE GOVERNMENT OF THE CZECH REPUBLIC**

On 16 February 2021, NCOZ officers initiated a criminal prosecution of a man who is believed to have threatened to eliminate the representatives of the Government of the Czech Republic on 11 February and 12 February 2021 via the "VKontakte" social network. To underline his threats, images demonstrating using physical violence were used. The man confessed to his activities. His actions were intended to persuade the Government of the Czech Republic not to prolong the earlier declared state of emergency. The accused is prosecuted at large. If convicted, the accused may face a prison sentence ranging from five to 15 years

03.03.2021**INDICTMENT FOR OFFERING A BRIBE**

NCOZ detectives have finalized their investigation into a case of bribery by a former Czech Police officer. The offence was committed by a former senior officer of the Institute of Forensics. In February 2020, the accused is believed to have offered a bribe of CZK 850,000 to another Institute of Forensics officer. A mobile phone currently under examination was to be damaged to prevent access particular data the mobile phone was supposed to contain. The police officer refused the promised bribe and reported the incident. The case file along with the motion to file charges has already been handed over to the prosecutor of the High Prosecutor Office in Prague.

06.03.2021**EXTRADITION OF TWO SUSPECTS TO THE U.S. AUTHORITIES FOR PROSECUTION**

In cooperation with the FBI, NCOZ detectives dismantled an organized group of cyber criminals operating in many countries around the world. Two individuals were located in the Czech Republic and later apprehended by members of the Rapid Response Unit of the Police of the Czech Republic in February 2020. The USA had submitted an extradition request for the extradition of these persons for prosecution which was granted by the Czech Republic once the relevant procedural actions had been carried out.





08.03.2021

INDICTMENT FOR FICTITIOUS STEEL DEALS

NCOZ officers filed a motion to indict four suspects for credit and insurance fraud charges in connection with fictitious trade in steel. The damage caused is estimated at approximately CZK 1.4 billion. Having received forged documents on fictitious business transactions, Czech-based credit institutions are supposed to have provided funds worth hundreds of millions of CZK. In total, 21 "deals" are believed to have been financed in this way. The damage of approximately CZK 1.4 billion was caused to two Czech banks and one insurance company.



09.03.2021

TAX EVASION OF ALMOST 100 MILLION CZK IN TOBACCO TRADE

NCOZ officers arrested three persons suspected of tobacco tax-related tax evasion. Code-named POST, the investigation has been conducted by the officers of the Hradec Králové Investigation Division of the General Customs Directorate since 2018. In February 2021, case officers propounded the initiation of criminal prosecution. The national financial intelligence unit (FAÚ) also cooperated in the case. Since early 2018, defendants are believed to have been trading in untaxed tobacco. The material was originally intended for the production of cigarettes. According to the officers' conclusions, two Polish nationals and one Czech imported more than 43 tonnes of untaxed tobacco, having concealed their tax liability. This should have resulted in a tax gap of almost CZK 100 million. All three suspects were charged with tax evasion offences.

11.03.2021

ILLEGAL CONFINEMENT – INDICTMENT MOTION

NCOZ detectives have filed a motion to press charges against three suspects for the crime of illegal confinement. Back in 2014, the accused are believed to have enticed a Czech citizen to Slovakia in order to make the person unavailable to the tax office and the law enforcement authorities in relation to a tax crime investigation in which he had been involved as a strawperson. It is believed that the man was subsequently kept against his will in a property in north-west Slovakia for several days. However, for reasons still unknown, he died during this time. The body of the victim has not been found to date. Subsequently, the victim's family and his girlfriend were being contacted from Germany by text messages and a mobile app for approximately 1 month. The reason for this was to give the impression that the victim was fine and was staying in Germany for business as he had stated to his family when he was leaving, having followed the instructions by the head of the criminal group. A joint investigation team was set up with the Slovak police officers of the NAKA to deal with the case.



09.04.2021

HARMING THE FINANCIAL INTERESTS OF THE EUROPEAN UNION AND A SUBSIDY FRAUD

NCOZ officers finalized the AURELIUS case related to the criminal offences of harming financial interests of the European Union and subsidy fraud. The supervising prosecutor of the Municipal Prosecutor's Office in Prague to file charges against four natural persons and three legal entities. It was documented that in cooperation with affiliated companies, the applicant deliberately submitted grossly misrepresented documents for the purpose of subsidy payout. Documents related, inter alia, to the acquisition of machinery and contained several times overestimated amounts in comparison to actual purchase prices. This malpractice has resulted in damage amounting to approximately CZK 289 million. Several properties worth approximately CZK 23 million as well as funds on bank accounts and in cash worth approximately CZK 17 million were seized as proceeds of crime. In the event of a final judgment, all the accused may face a sentence of five-to-ten-year imprisonment.

15.04.2021**INVESTMENT FRAUD AND UNAUTHORIZED BUSINESS WITH DAMAGE OF 150 MILLION CZK**

NCOZ detectives charged two suspects with aggravated crimes of fraud and unauthorized business activities. From 2011 to 2017, suspects are believed to have been collecting funds from their investors without the necessary authorisation under the promise of high appreciations. However, fraudsters had never invested any of the funds collected but were using it for their own needs, partly for the payment of commissions to their business partners as well as for the company maintenance. The accused are believed to have caused damage in excess of CZK 150 million to the detriment of 2 354 victims. The defendants may face a prison sentence of five to ten years if proven guilty.

22.04.2021**APPREHENSION OF SUPPORTERS OF PRO-RUSSIAN MILITANT GROUPS**

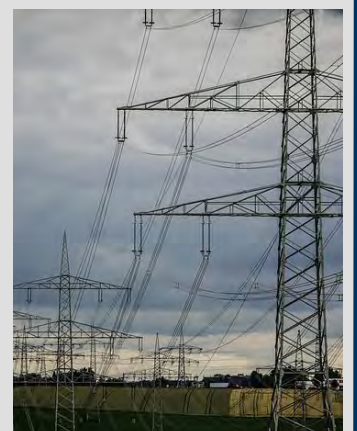
NCOZ detectives were involved in a large-scale operation conducted throughout the territory of the Czech Republic. The operation was related to the involvement of Czech citizens in the armed conflict in eastern Ukraine under the flag of the so-called "Donetsk People's Republic". In total, five suspects were apprehended. The criminal proceedings are conducted on suspicion of committing the offences of terrorist attack, financing of terrorism and support and promotion of terrorism.

**06.05.2021****MODERN SLAVERS - FOUR CHARGED WITH HUMAN TRAFFICKING**

From 2016 and 2019, an organised group was offering "well-paid jobs" in the UK to people from humble backgrounds. The defendants are believed to have transported at least six victims to the UK. Victims had their documents and mobile phones seized and were being forced to work by violence or under the threats of violence. However as much as nothing was being paid for the work they have done. The accused are believed to have gained profit of approx. CZK 3 million. The NCOZ, the Metropolitan Police and Cambridgeshire Constabulary have joined their forces to form a joint investigation team, further supported by Europol and Eurojust. The Modern Slavery Unit officers of the Metropolitan Police London brought charges against four Czechs while the modern slavery team of the Cambridgeshire Police charged another two Czech nationals with the offences of human trafficking and modern slavery. It is believed that there were at least twenty victims enticed to the UK to be exploited in this way. These cases will be dealt with by the UK courts. According to the UK law, defendants may end up with up to life imprisonment if found guilty.

14.05.2021**MANIPULATING PROCUREMENTS IN THE ENERGY SECTOR**

The NCOZ officers filed an indictment motion against a total of ten natural persons and five legal entities to the supervising prosecutor of the Regional Prosecutor's Office in Brno. The motion suggests raising charges in connection with the manipulation of three public contracts in the field of energy trade worth over CZK 200 million, awarded in 2014 and 2015. Case officers concluded that illegal agreements and bribery took place among the suppliers in relation these contracts, all to the detriment of the contracting authority. The agreements among the contractors were focusing on determining who was going to be finally awarded with a particular contract and at what final price. According to an expert's report, the winning bidder alone made a total profit of more than CZK 24 million from the execution of tendered contracts.





20.05.2021

FOUR SUSPECTS CHARGED WITH SUBSIDY FRAUD AND HARMING FINANCIAL INTERESTS OF THE EUROPEAN UNION

NCOZ case officers have initiated criminal prosecution of four individuals for the offences of subsidy fraud and harming financial interests of the European Union in relation to the implementation of the "Technology Park - Energy Efficient Buildings" project in Písek, Czech Republic. The accused are believed to have extorted approx. CZK 226 million, having attempted to receive additional CZK 6 million worth of subsidies. Fraudsters gained control over the "contractor" and the "subsidy applicant" by interconnecting both parties through individual staff members. Owing to this connection, the "contractor" of the work was able to issue false documents to the "subsidy applicant". The content of documents did not correspond to the reality with regard to the declared performance. Subsequently, these documents containing false information were submitted by the "applicant" to the "awarding authority" in order to claim subsidy-based reimbursements.

25.05.2021

MANIPULATION OF FOURTEEN PUBLIC CONTRACTS FOR THE RECONSTRUCTION OF SPORTS GROUNDS

NCOZ detectives brought charges against fifteen natural persons and five legal entities in connection with infringing fourteen public procurement contracts mainly related to the reconstruction of sports grounds. The accused are believed to have provided an advantage to a particular bidder at the expense of other contestants or misrepresenting data in subsidy applications. The total amount of profit from these contracts (both paid and unpaid) was estimated at approx. CZK 53 million.

27.05.2021

COUNTERFEITING OF EURO BANKNOTES AND HISTORICAL MONEY

NCOZ officers arrested four individuals suspected of producing counterfeit Euro banknotes. One of the apprehended is known to have had "previous experience in the production of counterfeit banknotes", case officers concluded. It is believed that the man was involved in the production of counterfeit historical banknotes of former Czechoslovakia, namely one of our most valuable historical banknotes - the 1919 5000 Czechoslovak koruna note. Counterfeit notes were sent for CZK 1.5 million to 2.5 million apiece. Within the proceedings, 4 781 copies of counterfeit euro banknotes and counterfeit historical Czechoslovak banknotes were seized. One of the accused was taken into custody. All the accused may face a prison sentence of eight up to twelve years. NCOZ and the Czech financial intelligence unit (FAÚ) cooperated successfully to solve this case.



28.05.2021

LÁNY CASTLE GAME PARK - MOTION FOR INDICTMENT

NCOZ detectives have filed an indictment motion to the state prosecutor for the offence of Breach of Duty in Administration of Property of Another. Charges are related to the wasteful management of stone from the Lány Castle game park (Lánská obora, part of presidential office). There is a reasonable suspicion that the accused natural person intentionally violated his legal and contractual obligations in relation to the management of a state-owned property administered by contributory state organization. His actions resulted in causing a significant damage to state property. The defendant may be sentenced to a six-month up to five-year imprisonment or may be imposed a pecuniary penalty if proven guilty.



10.06.2021**QUARTER-BILLION-CZK TAX CUT IN FUEL TRADE**

The accused are believed to have involved a network the companies under their control in a so-called "carousel fraud" in relation to the trade in fuel allegedly imported from Slovakia. In a chain of business relationships, 75 tanker trains of fuel were declared as purchased and immediately sold-. Customers were issued with tax documents including VAT amounts. However, the tax was neither declared nor paid while the customers were claiming input tax deductions on the basis of the tax documents received. Illicit activities of the accused are believed to have caused damage to the Czech Republic amounting approximately CZK 251 million.

**22.06.2021****THREAT OF WATER POISONING – MOTION FOR INDICTMENT**

NCOZ criminals filed an indictment motion against the suspect who had been threatening with poisoning drinking water sources in the Czech Republic. In August 2020, the accused sent out a number of threat letters from the prison where he had been serving his sentence. Letters were deliberately written with errors and weak stylistics to give the impression that the author was a foreigner. The gist of one letter was that men and women whose surnames began with five specific letters (including the initial letter of the accused man's surname) were to be released from all Czech prisons within a certain timeframe. Another demand was to be the handing over of CZK 10 million in cash. If the demands were not met, drinking water was to be poisoned in six unspecified Czech cities. The man confessed to his activities, claiming to have been inspired by a television series. The man is being prosecuted for the offences of threatening to perform a terrorist attack and scaremongering (spreading alarming news). He may face up to twelve-year imprisonment if found guilty. The accused is currently serving a prison sentence for other criminal activity.

25.06.2021**TEMPORARY EMPLOYMENT AGENCIES – FIVE CHARGED WITH EVASION OF COMPULSORY PAYMENTS**

A man and a woman, who are long-term residents of the Czech Republic, are believed to have secretly controlled several employment agencies at least since 2016. These agencies supplied employees to dozens of different companies located mainly in the Liberec Region. Coming from various East European countries, employees were either holders of valid residence permits and thus allowed to work here. Some arrived legally as tourists while others were staying illegally. For most of the employees, the accused failed to pay any taxes or social security and health insurance fees as well as personal income tax. The documented amount of unpaid mandatory payments is estimated at approximately CZK 9 million. Suspects were charged with failing to pay mandatory payments for employees. Members of regional Border Police Departments also participated in the measures taken within the scope of the criminal proceedings.

08.07.2021**INDICTMENT MOTION IN RELATION TO A PUBLIC TENDER AT THE MINISTRY OF LABOUR AND SOCIAL AFFAIRS**

NCOZ detectives have filed a motion to indict two employees of the Ministry of Labour and Social Affairs. Both suspects were charged with scheming in commission of public contracts and tenders and the abuse of authority of public official. Charges relate to the pre-awarding phase of a public contract "Unified Information System of Labour and Social Affairs - IS Social Benefits II" to be awarded by the Ministry of Labour and Social Affairs as the contracting authority.



20.07.2021

INDICTMENT FOR NUTS II. NORTHWEST SUBSIDY FRAUD

Ten persons were charged with subsidy-related fraud as members of an organized group. On the grounds of coordinated activities performed by all group members, a subsidy was approved but the amount of approximately CZK 15.7 million was not paid out. Charges were brought for subsidy fraud, harming financial interests of the European Union, abuse of power of public official and arranging an advantage in the commission of a public contract. NCOZ case officers have finalized the case by filing an indictment motion to the prosecutor of the High Prosecutor's Office in Prague.

27.07.2021

MONEY LAUNDERING IN OSTRAVA

One of the accused tried to conceal the origin of criminal proceeds funds received from illicit activities related to public contract manipulations and bribery as well as from tax evasion, case officers concluded. The case currently tried before the Regional Court in Ostrava. The prosecution claims that the defendant intended to mask funds totalling CZK 7.3 million as a loan allegedly given by a company controlled by another accused person. Another CZK 9 million were to be disguised by a fake loan agreement followed by a donation agreement, also concluded with another accused person. Charges were brought for aggravated money laundering and attempted obstruction of justice. All the accused may receive a sentence ranging from two to eight years' imprisonment if proven guilty.

04.08.2021

VISIT OF A DELEGATION LED BY THE PROSECUTOR GENERAL OF UKRAINE



A delegation of the Prosecutor General's Office of Ukraine led by the Prosecutor General Ms Iryna Venediktova visited the NCOZ in Prague, Czech Republic. Cooperation with Ukrainian law enforcement authorities is essential for the fulfilment of the Agency's tasks, as is the support of building up state institutions within the independent and democratic Ukraine.



13.08.2021

A PREMIERE CASE UNDER EUROPEAN PUBLIC PROSECUTOR EPP0

Nearly CZK 130 million from the EU and Czech state budgets were extracted by a group of suspects in a total of 17 counts since 2011 to be spent on fictitious scientific projects. Moreover, another CZK 130 million were attempted to be won. To receive the subsidies, the prime suspect had set up a number of offshore companies which were later used to create fictitious offers and tenders. The funds obtained were gradually transferred to the bank accounts of these offshore companies. In the course of the investigation, no other source of income of the person was found except for the subsidies-related profit. The main organiser of the fraud scheme was taken into custody by the court. The accused natural persons may face a prison sentence of up to 10 years if proven guilty. The NCOZ received a support from the financial intelligence unit (FAÚ), General Financial Directorate and the Ministry of Industry and Trade on this case. Given the fact that the most of the funds obtained came from EU sources, the case was supervised by the Delegated Prosecutor of the European Prosecutor's Office (EPP0). This is the first case in the Czech Republic of an investigation concluded in cooperation with the EPP0.

02.09.2021

THE ACCUSATION OF ORGANIZERS OF PROSTITUTION

NCOZ detectives charged three foreign nationals (two males and one female) with trafficking in human beings and organizing prostitution in southern Bohemia. In 2017 and 2018, two young Romanian females were enticed to the Czech Republic under the promise of work. Victims had their identity documents seized and were forced into prostitution in a nightclub in South Bohemia,

facing threats of death and physical violence. It was concluded that victims had to hand in all their earnings to the accused. Moreover, the girls were prevented from leaving the club and travelling back to Romania. Furthermore, there have been at least 50 females (mainly from Romania) believed to have been recruited by the accused for prostitution since 2016. Victims were provided with accommodation in the nightclub to ensure a sufficient number of women in the club at all times. Half of their earnings was to be handed in to the accused. In addition, victims were forced to contribute to the covering of running costs of the business. One of the suspects is being prosecuted for trafficking in human beings and procuring (facilitating prostitution), while the second one was charged with human trafficking and the third suspect with procuring as well. NCOZ case officers cooperated with Rumanian law enforcement to solve the case.

08.09.2021**CHARGES OF FRAUD BROUGHT IN RELATION TO A BILLION FRAUD**

NCOZ officers carried out an extensive operation within the investigation of a large-scale investment fraud. The fraudster used a so-called “non-public alternative fund” (otherwise a legitimate investment tool under the Section 15 of the Investment Companies and Funds Act [Act No.240/2013 Sb.]). In this case, charges were brought against one natural person (the managing director of the company). The said person managed to extract funds totalling approx. CZK 1,5 billion from more than 4,000 victims under the pretext of investment opportunities. However, the investment fund subject to investigation is believed to have operated on the principle of a so-called Ponzi scheme. Here, investors are credited with fictitious revenues which do not originate from investment proceeds but from newly acquired deposits. Thanks to the timely intervention of the Police of the Czech Republic and the cooperation with FAU, assets worth almost CZK 1 billion could be seized. The suspect is being prosecuted for fraud. If convicted, the person may be imposed a sentence of five to ten years' imprisonment.

08.10.2021**ILLICIT MODIFICATIONS OF WEAPONS**

The case concerns the conversion of Flobert-type firearms intended for leisure or sporting purposes into lethal weapons. A joint investigation team of the Dutch police and the Slovak NAKA has been set up in this case, taking the advantage of the long-term close cooperation with NCOZ officers. A decision has been made that the detainees will be extradited to the Netherlands.

**20.10.2021****FUEL TRADE-RELATED VAT EVASION**

An organised group is believed to have performed a large-scale VAT fraud on fuel transactions. At least from May to July 2011, the defendants were purchasing fuel from Germany and Austria through companies based via shell companies represented by strawmen. Purchased fuel was being resold to final consumers but no VAT was being paid to the State. The total tax gap has exceeded CZK 300 million, case officers concluded. Two suspects were charged with tax evasion. They may receive a prison sentence of up to 10 years if found guilty.

21.10.2021**MEETING OF NCOZ EXECUTIVES WITH LIAISON OFFICERS**

A meeting of the NCOZ senior managers with the liaison officers took place from 21 – 22 October 2021. The event was attended by thirty liaison officers – colleagues of foreign law enforcement agencies accredited for the Czech Republic as well as Czech Police liaison officers deployed abroad. The aim of the event was to follow up on previous regular meetings of NCOZ representatives and their partners, which have been always considered beneficial and enriching, improving the quality of mutual cooperation. The central theme of the meeting was to strengthen existing personal contacts as these meetings could not have been organized in the past two years due to the Covid-19 pandemic.

25.10.2021

**J.O. INVESTMENT S.R.O. CASE
INDICTMENT MOTION FILED**

NCOZ case officers filed an indictment motion to the supervising state prosecutor of the High Prosecutor’s Office in Prague to formally level accusation in the case of large-scale investment fraud concerning the company J.O. Investment s.r.o. In February 2020, 18 houses and other premises were searched, suspects were arrested and charged. Thanks to a timely intervention, criminal assets such as luxury vehicles, jewellery and gold in addition to cash -and real estate could be seized. The total value of the items seized amounts to CZK 1.3 billion. Since 2016, J.O. Investment s.r.o. had been illegally -offering -investment opportunities on -global stock markets in the USA, Europe and Asia under the pretext of unrealistic -appreciations. In reality, almost all of the depositor’s funds were used by the trustees for their private consumption - primarily to purchase real estate, luxury vehicles and goods. Now the defendants may face up to a 10 years’ imprisonment if found guilty.



26.10.2021

**MEMBERS OF THE ‘LUHANSK BRIGADE’
ARRESTED**

The members of the so-called Luhansk Brigade operating in Brno and the South Moravian Region are believed to have committed crimes related primarily to extortion of Ukrainian nationals. The victims were forced to pay one-off or regular payments to the accused for a so-called “protection”. The form of the pressure exerted on the victims varied in nature and intensity, the aim of which being to intimidate the victims and to raise reasonable fears of their life, health and property. In this way, the accused persons achieved an unjust enrichment of at least CZK 2.5 million. During a joint operation with the Rapid Response Unit (URNA) and the special Public Order Unit of the South Moravia Regional Police Directorate, seven persons (four males and three females) were arrested. Additional support was also provided by other regional police forces. In this case, additional charges were brought against two women believed to have laundered a part of the illicit funds (totalling at least CZK 860,000.00).



ENTREPRENEURS WHO MAY HAVE FALLEN VICTIM TO THE CRIMINAL ACTIVITIES OF THE SO-CALLED LUHANSK BRIGADE (MAINLY IN THE SOUTH MORAVIA REGION) OR THOSE WHO MIGHT HAVE BEEN IN POSSESSION OF CRUCIAL INFORMATION RELATED TO THE CASE ARE HEREBY ENCOURAGED TO CONTACT NCOZ OFFICERS BY PHONE (+420 974 620 649, +420 603 191 007) OR BY E-MAIL (NCOZ.E5@PCR.CZ).

02.11.2021

NCOZ, FRENCH POLICE AND GENDARMERIE CONFERENCE ON CYBERCRIME

From 02.11 to 04.11.2021, a bilateral conference of the French National Police (Police Nationale) and the National Gendarmerie with the Police of the Czech Republic on cybercrime took place to compare methods and procedures and to evaluate cooperation possibilities in responding cybercrime. The French delegation had been emphasising ransomware attacks (i.e. extortion using malicious code that encrypts data in the affected computer network; the attacker demands a ransom to be paid in cryptocurrency) as the biggest threat due to the largest proportion of cases recorded.

05.11.2021

INTERNATIONAL OPERATION AGAINST TAX EVASION

Tax crimes subject to investigation were allegedly committed mainly in Germany where several suspects are currently being prosecuted. A subsequent laundering of the proceeds of crime is believed to have taken place mainly in the Czech Republic and Slovakia. NCOZ officers were involved in an international operation targeting large-scale cross-border tax crime and "money laundering" in relation to platinum coin trade. The operation was coordinated by the EPPO and covered also Germany, Romania, Slovakia and the Czech Republic. The total damage caused by tax evasion is estimated at EUR 23 million minimum.



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25.11.2021

TAX EVASION THROUGH BOGUS ADVERTISING SERVICES

NCOZ detectives initiated criminal prosecution of six natural persons and one legal entity for the crimes of tax evasion and money laundering. The accused are believed to have gained at least CZK 40 million of evaded tax. Representatives of the companies had been including fake invoices into the accounts of legal entities involved. These are believed not have performed any activity. To conceal their activities as well as the origin of the illicit proceeds, several bank accounts were opened by fraudsters. Pooling accounts were collecting funds later withdrawn in cash. Withdrawn cash was returned to the senders. NCOZ case officers were able to document cash withdrawals exceeding CZK 160 million.

30.11.2021

ANOTHER COOPERATION WITH EPPO

NCOZ officers carried out several searches of houses and other premises related to the investigation of suspected corrupt practices and manipulation of public contracts of the Museum of National History in Olomouc subsidized by EU funds. The case falls under the jurisdiction of the EPPO.



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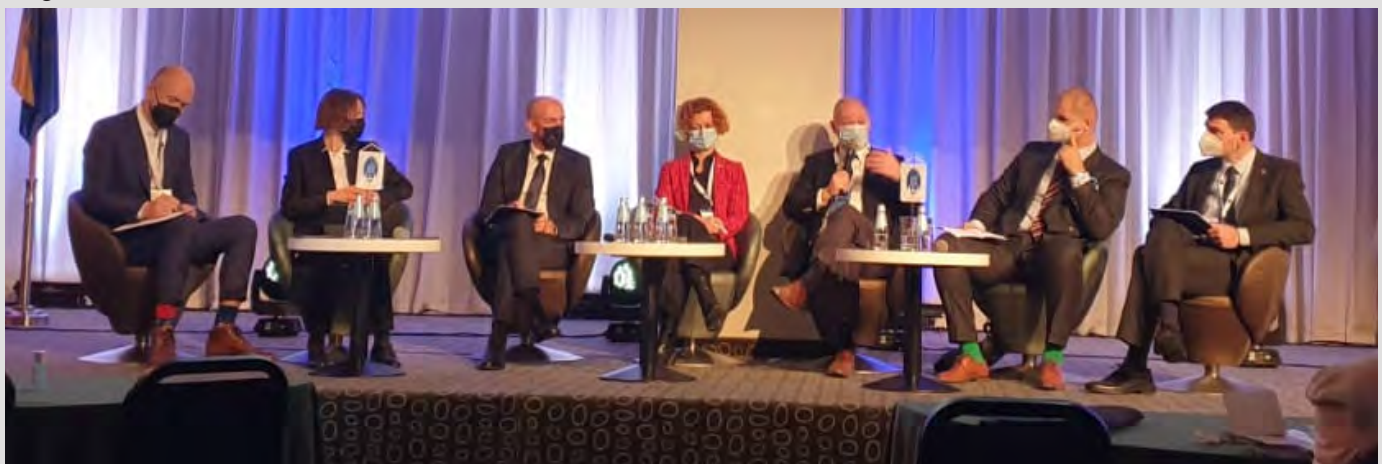


02.12.2021

DIRECTOR OF THE NCOZ ATTENDED THE EPAC/EACN CONFERENCE IN VILNIUS, LITHUANIA

The NCOZ Director had a speech in a panel discussion of directors of anti-corruption police units at the 20th Annual Conference of Anti-Corruption Partner Organizations.

The EPAC/EACN - European Anti-Corruption Focal Point Network brings together most of the European organisations and authorities involved in this issue.



03.12.2021

FIVE CHARGED WITH MODERN SLAVERY

At least since 2019, an organized group of suspects is believed to have been operating within the Ústí nad Labem Region offering a "well-paid legal work" in the UK. For this purpose, the accused primarily targeted Czech national from underprivileged, humble backgrounds facing difficult living situations who were looking for a better-paid work abroad. They focused in particular on people with minimal social backgrounds who had no close relatives (and thus assumed not to be missed by anyone in the Czechia). The defendants are known to have brought at least five people (four males and one female) to the UK, taking advantage of the victims' distress, poor command of the local language and their dependence on the offenders. Victims received almost no remuneration for the work they have done. Also, suspects are believed to have had access to bank cards associated with victims' accounts. The female victim was forced to prostitution and her sexual services were even offered online via Internet. Three of the accused may now serve a minimum of five but possibly up to twelve years in prison. The other two may be sentenced to two-to-ten years' imprisonment if found guilty.

03.12.2021

MODERN SLAVE TRADERS AND DRUG CRIME

Simultaneously to the operation against the modern slave traders, the TOXI team of the Criminal Investigation Department of the Ústí nad Labem Regional Police Directorate launched their own raid on the regional drug scene. Based on intelligence provided by their colleagues of the NCOZ, the officers carried out another significant intervention. Along with two methamphetamine labs and a large volume of chemicals, 650 grams of methamphetamine in various stages of production were seized during the house searches performed.



09.12.2021

FINAL JUDGMENTS FOR HUNDREDS-OF-MILLIONS TAX EVASION RELATED TO FICTITIOUS CONSTRUCTION ACTIVITIES

Eight years' imprisonment and pecuniary penalties of CZK 10 and 5 million. These are the final sentences upheld by the appellate court for the two main organizers in one of the most extensive cases ever solved by the -Tax Cobra. Along with the main organisers, 25 defendants were convicted of tax evasion, receiving substantial pecuniary penalties. The case was supervised and subsequently prosecuted by the Regional Prosecutor's Office in Prague. The court suspended the sentences of defendants proven to act as strawmen. The companies within the tax fraud scheme pretended to be engaged in construction activities from which they had been reporting high turnovers. Subsequently, VAT returns were submitted to relevant local tax offices, claiming excessive deductions to be reimbursed. In this way, a tax gap amounting to almost CZK 300 million was caused.



15.12.2021

FOUR CHARGED WITH UNLICENSED ARMING

A group of suspects was known to have obtained -illegal firearms. NCOZ officers conducted nearly forty searches of different premises. In the scope of the intervention, 42 handguns, 22 long guns and 29 semi-automatic firearms were seized along with approx. 4,000 pieces of illegally possessed or prohibited ammunition and a large number of weapon components. IT equipment and mobile phones were also found and seized on site.



16.12.2021

CZECH REPUBLIC HAS IMPROVED IN COMBATTING ANTI-MONEY LAUNDERING, MONEYVAL REPORTS

On 8 December 2021, the Committee of Experts of the Council of Europe supervising measures against money laundering and terrorist financing (MONEYVAL) issued a report on the improvement of the Czech Republic in particular areas, especially in reporting suspicious transactions. Within the framework of anti-money laundering measures, the NCOZ focuses not only on individual cases of financial crime, money laundering and financial investigations but also provides its advisory and strategic expertise

throughout the Police of the Czech Republic. According to the current MONEYVAL report, the Czech Republic has demonstrated “a significant progress” in the level of compliance with the Financial Action Task Force (FATF) standards.

17.12.2021

TEN CHARGED WITH A CZK 170 MILLION FRAUD

The case relates to the issue of the so-called levy of a part of the proceeds from the operation of lotteries, where operators were supposed to pay to social, health, sports, environmental, cultural or other publicly beneficial purposes in 2009, 2010 and 2011. However, this obligation had been deliberately circumvented by the suspects on a long-term basis, case officers concluded. In this way, the accused persons have enriched themselves by almost CZK 170 million. They may now serve up to ten years in prison if found guilty.



21.12.2021

INDICTMENT FOR SUBSIDY FRAUD AND HARMING FINANCIAL INTERESTS OF THE EUROPEAN UNION

NCOZ detectives have submitted an indictment motion to the supervising state prosecutor of the High Prosecutor's Office in Prague in relation to a subsidy fraud committed during the construction of Nupharo Park - a science and technology park in the Ústí nad Labem Region. The suspects are believed to have provided false and misrepresented data in the subsidy application, having concealed some of the essential figures. This resulted in damage to the Czech Republic amounting CZK 300 million. NCOZ detectives worked closely with the FAU to solve this case. The accused may receive a sentence of up to 10 years if found guilty.



VRBĚTICE

One of the crucial investigations within the jurisdiction of the NCOZ. Making the case public in 2021 has fundamentally influenced the future direction of the country. This is the so-called Vrbětice case. Investigation is conducted by the NCOZ Olomouc Office for the suspicion of a particularly serious crime of public menacing under Article 272 (1), (2) (a) (c) (d) of the Criminal Code. The -investigation has been ongoing since 2014, as two ammunition storage facilities located on the premises of the state-run Military Technical Institute were hit by explosions on 16 October 2014 and 03 December 2014.

Two Czechs have lost their lives as a result of the first blast in the morning of 16 October 2014 in the ammunition depot no. 16. The explosion caused a fire and led to the subsequent destructive detonation of a large quantity of military ammunition stored on site by IMEX Group s.r.o., a company engaged in international trade in military and security material. The -second explosion in the morning of 3 December 2014 resulted in a large quantity of stored military ammunition - also owned by IMEX Group s.r.o - destroyed by a devastating detonation. Both explosions caused an extensive damage and required large-scale security measures including a thorough cleaning of the entire ammunition storage facility and its wide

surroundings from unexploded ammunition scattered around the area by both explosions. A damage exceeding CZK 1 billion was caused to the Czech Republic as well as to a number of private entities. In 2021, the public was informed of significant progress achieved in the investigation of causes and the identification of the suspected perpetrators of these tragic explosions.

The two main suspects first arrived in the Czech Republic from Moscow On 10 October 2014 under the identities of POPA and TABAROV and bearing respective Russian Federation cover travel documents. Using different alias of PETROV and BOSHIROV, they found accommodation in Prague and later in Ostrava near the

headquarters of IMEX Group s.r.o.

Based on a detailed forensic analysis of photographs and a range of other evidence and data available, travellers were identified as officers of the 29155 Special Unit of the Russian military intelligence service (GRU) named CHEPIGA and MISHKIN. These are the same individuals using the same cover documents (Russian passports) who are suspected of the attempted murder of Sergei Skripal committed on 4 March 2018 in Salisbury, UK, presumably using the Russian nerve agent Novichok.

Relevant findings from the investigation conducted by the NCOZ in close cooperation with the national

Footage of Aleksandr Petrov and Ruslan Boshirov interviewed by Margarita Simonyan, the editor-in-chief of the Russian propaganda channel RT (Russia Today), after the Salisbury attack on 13 September 2018. At the time, they described themselves as mere tourists seeking for business opportunities to trade sports food supplements in Europe.





security agency (BIS) were provided to the Government. On 17 April 2021, a Government's decision followed to publish the information about the involvement of the GRU officers in the explosions dated 16 October 2014 and 3 December 2014. Two Czechs were killed by the blasts, wide area around the facility was left contaminated with unexploded ammunition causing enormous material damage with a long-term negative impact on daily lives of many people in the adjacent region.

As a result, investigation outcomes made public led the Government of the Czech Republic and other relevant institutions to an immediate and powerful response accompanied by a series of unprecedented actions targeting the Russian Federation. During April and May 2021, the decision was taken to expel Russian diplomats and other em-

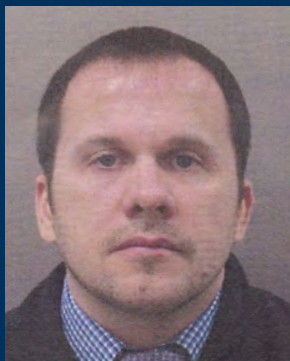


ployees of the Embassy of the Russian Federation from the Czech Republic. Of those expelled, dozens were believed to abuse their diplomatic status to disguise their relation to Russian intelligence services and their espionage activities in the Czech Republic. In this regard, the responsible representatives of the Government and Parliament have repeatedly declared their demand for international compensation against the Russian Federation. The

investigation of this crime conducted by the Police has gained a new impetus owing to the public announcement combined with an appeal to provide relevant information and statements, further enhanced by deepening of international cooperation of the police and other security forces. The NCOZ continues to cooperate closely with the BIS and other relevant partners in the Czech Republic and abroad.

WANTED BY NCOZ

Aleksandr PETROV



Aleksandr PETROV
alias Nicolai POPA, DOB 18 Jul 1979
alias GRU officer Aleksandr MISHKIN, DOB 13 Jul 1979

Ruslan BOSHIROV



alias Ruslan Khalimovich TABAROV, DOB 23 Oct 1975
alias GRU officer Anatoly Vladimirovich CHEPIGA, DOB 04 Apr 1978 (possibly also 12 Apr 1978 or 05 Apr 1979)

In connection with the investigation of an aggravated crime, the NCOZ is asking for assistance in the search for two individuals who are believed to have travelled around the Czech Republic at least between 11 October 2014 and 16 October 2014, first in Prague, then in the Moravia-Silesia and Zlín regions. Subjects are known to have used at least two identities, first using Russian passports bearing the names of Aleksandr PETROV, DOB 13 Jul 1979 and Ruslan BOSHIROV, DOB 12 Apr 1978. Later on, Moldovan passport in the name of Nicolai POPA, DOB 18 Jul 1979 and a Tajik passport issued in the name of Ruslan TABAROV, DOB 23 Oct 1975 were used.

Should have seen any of these persons or have any information about their travels and activities on the territory of the Czech Republic, please contact + 420 974 836 031 (NCOZ Operations Desk) or +420 974 760 530 (NCOZ Olomouc Regional Office).



NÁRODNÍ CENTRÁLA PROTI
ORGANIZOVANÉMU ZLOČINU

NCOZ



CRIMINAL NETWORKS COMMAND

The Criminal Networks Command covers the areas of violent crime, human trafficking and illegal migration, counterfeiting and Eurasian criminal networks. In 2021, there has been another shift of the Command's responsibility towards tackling economic and even tax-related crime. Despite these gradual developments, a permanent high-level latency of crimes committed by organised criminal networks remains unchanged. The high level of latency is – whatever its focus – characterised by the fact that many of its apparent criminal manifestations may not be overtly linked to organised crime.

CZECH CRIMINAL NETWORKS

It is an important tool for Czech-based criminal networks to exert influence on local governments.

From the point of view of the criminal networks, typical manifestations may include, for example, arranging advantage in relation to public contracts awarded by local governments, the disposal of property outside public contracts, interest in long-term control over the flow and redistribution of public funds within subsidy programmes, etc. Politicians and officials appear to be involved in such networks. Moreover, political-clientelistic links of these networks are usually spread across the political spectrum.

ORGANISED ENVIRONMENTAL CRIME

In 2021, the Agency started to uncover criminal organisations systematically committing criminal activities resulting in environmental damage. In the case of organised environmental activity, there is a clear link between the increasing pressure on green (i.e. environmentally friendly) behaviour of EU Member States and their citizens and the motivation to violate legal standards regulating waste management. Even the conclusions of Europol's official report on serious and organised crime within the EU (SOCTA 2021) suggest that the increase in organised environmental crime is one of Europe's main future criminal threats. This is because a more thorough and higher-quality disposal of any waste requires more energy,

the cost of which is steadily growing across the EU.

Rising waste disposal prices thus offer a long-term increase of illicit profits related to sloppy or perhaps only pretended disposal of such waste. Given the particularities of the Czech Republic, there the so-called environmental burdens still existing, undertaken to be eliminated by the State in the 1990s in order to accelerate the country's economic transformation.

Therefore, it is likely that organised environmental crime has been linked to criminal activities within the process of awarding public contracts on a long-term basis.

The importance of this organised crime is expected to grow further in 2022.

PHANTOM case – four charged with counterfeiting money

Four men suspected of the production of counterfeit Euro banknotes were apprehended by NCOZ officers. One of the apprehended is known to have had -previous experience in the production of counterfeit banknotes- as he was involved in the production of counterfeit historical banknotes of former Czechoslovakia, namely one of our most valuable historical banknotes - the 1919 5000 Czechoslovak koruna note. Counterfeit notes were sent to buyers for CZK 1.5 million to 2.5 million apiece. Facing an ever-increasing need of money, suspects decided to start producing counterfeit Euro banknotes. They are believed to have printed a total of 4,781 pieces

of counterfeit euro banknotes (100 EUR and 500 EUR denominations) worth EUR 1 555,700.00. A large number of copies of counterfeit euro banknotes as well as counterfeit historical Czechoslovak banknotes were seized by law enforcement officers. All persons were charged with forgery and alteration of money, with three of them receiving additional fraud charges. One of the accused was taken into custody. All defendants may face a prison sentence of eight up to twelve years. NCOZ and the Czech financial intelligence unit (FAÚ) cooperated to solve this case. The case is supervised by the High Prosecutor's Office in Olomouc.





COUNTERFEITING CURRENCY

According to preliminary statistics, a slight year-on-year increase in seizures of counterfeit euro banknotes and coins was recorded in 2021 compared to 2020 but this was clearly influenced by the outcomes of the PHANTOM case. There was a high number (4 781) of Euro banknotes seized, very untypically domestically produced, of low quality (grade 4 - recognisable even to a complete layman) and not even primarily intended for circulation. This case alone represented the vast majority of seized counterfeit euro banknotes on the territory of the Czech Republic in 2021. Thus, speaking of banknotes intended for circulation, there was even a year-on-year decline. Regarding Euro notes in particular, the trend towards digital printing of counterfeit banknotes as opposed to conventional offset printing continues to prevail. No significant changes were recorded for the domestic currency compared to the previous period, with the majority of copies detected being of lower quality.

The distribution of counterfeit materials and components from Chinese online marketplaces remains a persistent and growing problem. Here, elements used to protect banknotes against counterfeiting, in particular holographic elements (the so-called China hologram), paper of a near-stamp quality, the necessary inks and, where appropriate, metallic raw materials for the production of counterfeit coins, mainly euros.

ILLEGAL MIGRATION AND T.H.B.

From the perspective of the NCOZ, the situation in the field of illegal migration in 2021 remained was to some extent influenced by the global spread of Covid-19, similar to 2020. There was no decrease in the migrants' interest to settle down in any of the Schengen area countries.

International groups mainly use trucks to transport foreign nationals. Migrants hide in the cargo area or in the undercarriage of the

vehicle at parking lots in Romania and Hungary. Another well-known mode of transport is by private vehicles. In 2021, the use of international air transport increased significantly. A new trend is the increased use of cross-border train transport across the Czech Republic, especially from Slovakia and Austria. Irregular migrants most frequently arrested in the Czech Republic include nationals of Afghanistan, Syria and Morocco. There has been an increase in interest in transporting persons from Vietnam.

In 2021, the emergence of new organised groups in the Czech Republic was also recorded. Their members are mostly persons of Czech nationality, aged from 20 to 40, with humble social backgrounds. Within the groups' hierarchy, they act mainly as vehicle providers or drivers of individual transports. Other members of these organised groups of perpetrators are foreigners (mainly of Ukrainian, Syrian and Vietnamese nationality) with long-term or -permanent residence in the

MAIN ILLEGAL MIGRATION ROUTES

Already partially defined in 2020, NCOZ findings confirmed the main routes of illegal migrant transfers in 2021. The events on the Polish-Belarusian border did not affect the Czech Republic. Leaving the departure of migrants from their country of origin aside, the main migration route starts in Turkey, from where it divides into two main directions. The first identified route passes through the territory of Greece and continues via Albania/Macedonia - Serbia - Hungary - Slovakia/Austria and the Czech Republic to Germany. Alternatively, a route from Turkey to Bulgaria - Romania - Hungary - Austria/Slovakia, the Czech Republic and Germany is also used. In individual cases, there are deviations where the route goes through several countries (e.g. Albania - Serbia, Bosnia and Herzegovina - Croatia) but still in the same direction. In Romania, Hungary and Austria, various accommodations such as flats or hotels, known as 'safe houses', are used to temporarily shelter irregular migrants.



Czech Republic. All these organised groups are of international nature.

The Czech Republic primarily remained a transit country in 2021, which is due to the strict rules of the asylum procedure combined with a less lucrative system of social benefits and the absence of family members who eventually arrived in previous years

HUMAN TRAFFICKING

The actions and behaviour of the perpetrators tends to have become more sophisticated than in previous years. An increasing trend of using deceit and the abuse of dependence or misleading can be identified. However, violence continued to appear in some cases – as a means of reaching the perpetrators' goals or the victims' obedience. Trafficking in human beings on the territory of the Czech Republic correlates with current trends in the EU. Findings made as well as the outcomes of

international police cooperation have confirmed the practice of men and women from underprivileged backgrounds being targeted on the territory of the Czech Republic and subsequently tricked into travelling abroad, particularly to the UK. Here, men are required to perform physically strenuous jobs while women are forced into prostitution. The perpetrators seize the vast majority of any money earned the victims possibly earn. After Brexit, there has been a decline in cases of victims being forced into marriages of convenience or sham marriages with non-EU nationals in order to legalise their stay in the EU.

The modus operandi for importing labour into the Czech Republic in 2021 remained similar to previous years. Employment via the so-called “temporary employment agencies” and the activities of legal entities licensed by the Ministry of Labour and Social Affairs to provide employment remained a significant factor. Potential victims of this

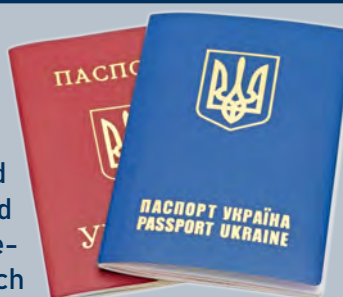
organised crime were nationals of Romania, Bulgaria, the Philippines, Mongolia and Nepal seeking job in the Czech Republic. Ukrainian job-seekers in the Czech Republic possessing only a tourist visa or a Polish work permit are sometimes treated in a similar way (labour exploitation). These people are usually provided with forged Romanian identity documents to be presented for inspection if required. These documents “formally authorise” them to execute a for-profit activity in the Czech Republic.

In 2021, organised crime focused on trafficking in human beings for the purpose of sexual abuse, exploitation and procuring was also detected on the territory of the Czech Republic. Overall, there has been a slight decline in the frequency of this crime in the last few years. The organisers of these criminal activities usually come from other EU Member States (e.g. Romania, Austria). Typical victims are females imported to the Czech Republic mostly from less affluent EU countries (e.g. Romania, Slovakia) or countries outside the EU (e.g. Ukraine, Russian Federation), with Romania being the predominant source country.

Victims are enticed to the Czech Republic under the pretext of securing a regular employment. In many cases, young females already arrive in the Czech Republic knowing that they will be engaged in prostitution. Women were tricked into accepting such job on the pretext of receiving unrealistically high earnings. In addition to procuring, human trafficking may also appear here at this point.

FORGERY OF PERSONAL DOCUMENTS

In 2021, the activities of international foreign-language organised groups involved in procuring forged or altered personal documents continued. Operating both in and outside the Czech Republic, forged papers were used to legalise the stay and employment of illegal migrants either already staying in Europe (including the Czech Republic) or trying to enter the Schengen area illegally. This activity is the domain of the Ukrainian community in particular. Ukrainian nationals were mostly using Romanian and Lithuanian identity documents to be forged, especially for the purpose of facilitating illegal employment, as Ukrainian nationals may enter the territory of the Czech Republic legally thanks to no visa obligation, using a biometric identity document.





INTERNATIONAL CRIMINAL NETWORKS

In the area of foreign criminal networks, the 2021 development in 2021 was very similar to 2020 in general terms.

BALKAN



Concerning the Balkans and Italy, the persistent unstable economic and political situation especially in Bosnia and Herzegovina and some other Balkan countries continued to be a decisive aspect in the spread of the influence of Balkan criminal networks in Central and Western Europe, as was the high level of corruption.

Investments in the gambling and betting sector, a very significant and growing part of which is controlled by Balkan criminal networks, remains to be detected as a primary form of laundering of proceeds of crime.

Italian organised crime continues to be related almost exclusively to money laundering through the purchase and renovation of real estates intended for subsequent sale.

RUSSIAN-SPEAKING



Within the Russian-speaking criminal environment, there still is a prevailing trend of a retreat from organized violent crime in its extensive form, which is now focused more on expat communities. This trend seems to persist despite a slight

growth in organised crime manifestations associated with a particular form of racketeering. In 2021, there was a case of Ukrainian nationals being extorted and pressurized into accepting alleged 'protection' against pretended criminal activities of other criminal organisations.

Victims who had succumbed to the false threat that they were in real danger then agreed to pay the extortionists for their protection. Investigation revealed that members of the so-called Luhansk Brigade operating in the South Moravian Region participated in these activities. In relation to the "external (i.e. Czech) environment", organised criminal activities of criminal networks linked to business (e.g. tax crime, money laundering, establishing of so-called clientelistic networks etc.) has been of particularly significance.

The influence of Russian-speaking criminal organisations with their centre of gravity outside the Czech Republic and, above all, their ability to channel criminal assets into the Czech Republic can be considered a very significant factor of organised crime in the Czech Republic and thus a persistent high risk to the country's national security.

Also in 2021, activities aimed at investing and laundering of illicit profits originating from the post-Soviet area in the Czech Republic were recorded. In these cases, Russian-speaking criminal networks operating within the Czech Republic provide links among important personalities of national social, business and political sectors in order to gain unjustified competitive advantages

allowing investments of criminal proceeds. Even in these cases, the legal obligation to detect and prove predicate offences made the detection and obtaining of money laundering-related evidence extremely difficult. In 2021, some of these criminal proceeds were known to originate from e.g. organised computer-related crimes committed outside the country.

In addition to laundering of illicit proceeds imported from abroad, one of the main activities of Russian-speaking criminal organizations in 2021 was the organized tax crime related to corporate, personal as well as excise tax. It appears that this type of crime is gradually becoming predominant of Russian-speaking criminal organisations operating within the territory of the Czech Republic.

ASIAN



Vietnamese have been the predominant Asian community in the Czech Republic in terms of organised crime over the past years. Their activity is caused mainly by the high number of Vietnamese nationals present within the territory of the country. Same as in 2020, there were no major changes or twists in organised criminal activities conducted by Vietnamese in 2021, probably also due to the global pandemic situation and the related restrictive measures. In the Czech Republic, Vietnamese criminal environment is engaged primarily in a highly latent and sophisticated crime, very often of organized nature, such as illicit drug trade and drug-related crime, tax fraud, money launde-

ring, legalization of residence permits, corruption, irregular migration and others. One of the significant activities of this ethnic group which poses a major threat for the society is the corruption-related penetration of public administration or judiciary. This involves establishing connections to state officials and judicial authorities resulting not only in gaining considerable influence, but also financial benefits resulting from such criminal activities.

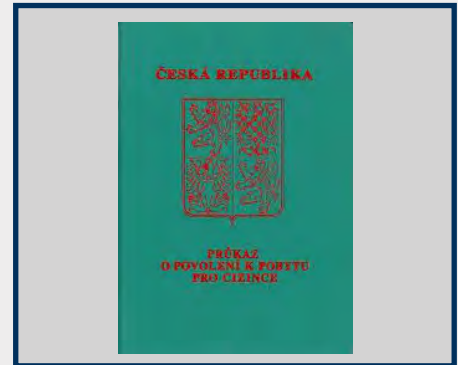
GRANTING RESIDENCE PERMITS TO FOREIGNERS

The 2021 developments revealed and confirmed the tendency to become permanently established in the country by obtaining residence permits. This has been a continuous effort primarily detected in relation to members of Russian-speaking criminal organisations. This goal is achieved by

pretending to have met some of the legal requirements (i.e. sham marriage / marriage of convenience, pretended university studies, use of agencies able to provide non-existent job positions etc.).

The abuse of the legal title resulting from the acquisition of citizenship of another EU Member State (e.g. Hungarian citizenship, apparently more accessible than in the Czech Republic). by Russian-speaking persons has become a noticeable phenomenon.

In 2021, there was a continuous increased interest of foreigners with a criminal background in abusing residence legislation. This interest was based on the clearly favourable conditions offered by the numerous and well-settled Russian-speaking minorities in the Czech Republic along with the active presence of foreign criminal networks combined with signifi-



cantly limited capabilities of the state administration to prevent the stay of criminally deprived foreigners in the Czech Republic.

Activities in this area in 2021 have shown that improvements can be achieved by introducing changes in the legislative framework of the area of residence but also by preparing an even more intensive system of information exchange among competent state administrative authorities and security forces, in which the NCOZ already participates.

ZBOJNÍK ('HIGHWAYMAN') – modern slavers exploiting victims in social distress

In 2021, the NCOZ initiated criminal prosecutions against six suspects. Codenamed ZBOJNÍK, the case resulted in bringing charges of human trafficking in complicity against five individuals while three were charged with procuring. Finally, one suspect is being prosecuted for obstruction of justice.



All of the accused cooperated in the commission of the crime on the basis of of kinship and friendship. The offences were committed in the Czech Republic and the UK (Nottingham and Birmingham) between 2011 and 2021.

So far, six victims have been identified. Either misled or their personal distress abused, all were tricked into travelling to Nottingham, UK. Victims

generally were of very humble social environments and were experiencing homelessness, unemployment, drug addiction or found themselves entrapped in debt. The defendants purposely targeted such individuals who were also found to have zero social and family background back in the Czech Republic. This was important to make sure that victims would have no one to ask for help once enticed to the UK. By doing so, offenders significantly



reduced the likelihood of having criminal activity disclosed. Before leaving, victims were promised high earnings for work or prostitution in the UK and good accommodation. Along with this, victims were encouraged to believe that they would be able to change their lives for the better using the money earned in the UK. This deceitful manipulation was then used to trick victims into travelling to Nottingham or Birmingham. Upon their arrival in the UK, victims' travel and personal documents were taken from them, this time under the pretext of securing all the necessary permissions to obtain employment, insurance and to open bank accounts. Victims never had their documents returned which was one of key elements of creating the victims' reliance on the offenders.

Offenders have been arranging standard unqualified temporary work for the victims in agriculture or the food industry through UK-based temporary employment agencies. This was typically some physically demanding work with eight to fourteen working hours a day and a -contracted employment period of four to six weeks. In all cases, the victims had their employment contracts taken away immediately -after signing. Victims had their wages sent to their bank accounts but were prevented from accessing as their bank card had been removed from them by offenders. Should the remuneration be paid in -cash or in the form of cheques, money was usually taken away from the victims under threats of violence or money being sent back to -the Czech Republic. Subsequently, victims were given only a disproportionately small part of their actual wages, receiving sums between £10 and £60 (for four to six weeks of hard labour). Often, they would tell victims that no more money had arrived in their

accounts. Should the victim complain and demand a larger sum, offenders responded with violence and sent the troublemaker back to the Czech Republic. One victim who had kept the bank card was punished in a different manner - thrown out on the street with no money.

Victim prostitutes were first taken a portion of the earnings from them to allegedly cover the offenders' related to finding clients and other costs (travel costs for escorting victims to clients or lodging and food expenses). However, after first two weeks) the accused started to take all the earnings from the victims under the threat of sending them back to the Czech Republic, accusing victims of ingratitude. In addition to threats and manipulation, they were also to use deceitful claims against the prostitutes, one offender is known to have deceived several victims by pretending to have fallen in love with them, making vain promises of a future relationship.

Having achieved legal (by removal of personal documents) and total material (removal of earned money) dependency of the victims, offenders used deception (false information about wages, promises of a future relationship), violence and threats of violence but also the language barrier and poor knowledge of the local environment to deliberately exploit the distress of the victims. Victims' previous social exclusion in the Czech Republic also had its adversary effect, making any complains about the offenders' behaviour virtually impossible. which effectively made it impossible for the victims to complain about their actions in any way. Through this conduct, offenders succeeded in creating absolute distress and reliance to exploit for their own gain.

SERIOUS ECONOMIC CRIME AND CORRUPTION COMMAND

The Command's primary responsibility is the detection and investigation of the most serious manifestations of economic crime, characterized by damage levels exceeding CZK 150 million, caused to the detriment of state or selected financial institutions. Cases of aggravated corruption committed by so-called 'special subjects' are the Command's second area of focus.



PUBLIC PROCUREMENT

In connection with the awarding of public contracts under the Public Procurement Act (Act No. 134/2016 Sb.), identical or similar unlawful conduct as in previous periods has been detected, e.g. in relation to the delivery of construction contracts and IT services in particular.

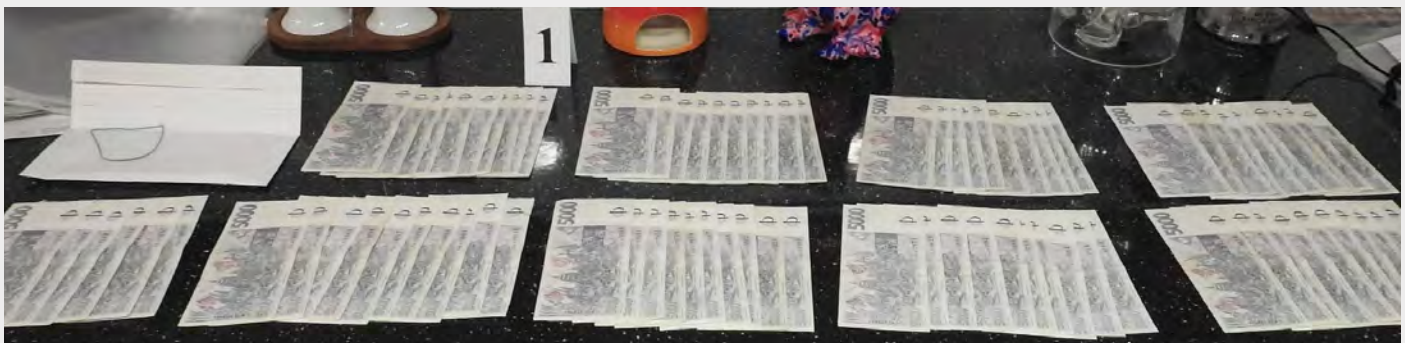
In the pre-tendering phase, procurements are manipulated in favour of a preferred bidder by setting unjustified, biased rules and requirements to enter the tender, being discriminatory towards other suppliers.

Several cases were also detected where the contracting authority manipulated the selection procedure as such, using tools (such as modified electronic auction software) to make the pre-negotiated choice.

Corrupt behaviour is also detected in these cases. In this way, basic procurement principles (i.e. equality, transparency, no discrimination) are being negated and a fair competitive environment in the tender procedure is disrupted in favour of the preferred supplier and to the detriment of other bidders. This results in public contracts not awarded at fair market prices, harming

public budgets.

Offences subject to most public procurement-related investigations include Arranging Advantage in Commission of Public Contract, Public Contest and Public Auction pursuant to Section 256 of the Criminal Code and Scheming (machinations) in Commission of a public contract pursuant to Section 257 of the Criminal Code, often in conjunction with the offences of Accepting a Bribe (Section 331 of the Criminal Code) and Bribery (Section 332 of the Criminal Code). In some cases, offences relate to public contracts funded by the EU.



April 2021: SANTAL case – an official of the General Financial Directorate accused of demanding a CZK 10m bribe sentenced to unconditional eight years' imprisonment

In addition, the defendant was imposed a pecuniary penalty of CZK 1.5 million, being ordered the forfeiture of property and a ten-year ban on undertaking professional activities in public administration. The official worked in a position where he had access to sensitive information from tax proceedings in relation to a particular subject which had been subject to investigation undertaken by law enforcement authorities. He was believed to have disclosed a part of this information to the witness in three meetings. The following meeting was already monitored by NCOZ officers. The official explained the nature of an intervention prepared by the GFD, giving details on what public authorities were involved in the processing and promised the witness that he would provide him directly with the criminal complaint drafted by the GFD. He also reiterated the amount of money he requested for facilitating such information. The offender refusing any negotiations on the amount, having justified it by his intention to pur-

chase flats for his two daughters. He also proposed that the bribe would be handed over in two instalments of CZK 5 million each. In February 2020, another meeting took place, where documents were handed over and follow-up questions of the witness were answered. For example, the fact that customs officers had been also working on the case was revealed along with additional details such as names of individuals handling the case. The offender also pointed out that the criminal complaint had an addendum that would be signed in the coming days. In return, he received a bag containing a sum of CZK 5 million from the witness. What he did not know was that he had been already a part of a sham transfer. The offender arranged another meeting with the witness, claiming to bring him an audio recording of a meeting with OLAF and then left the witness's vehicle, hoping that no one would come to find him. Immediately afterwards, he was arrested by NCOZ officers.



A draft of the amendment to the Public Procurement Act is currently under discussion. According to new legislation, subsidiaries would also be allowed to join public tenders. In practice, however, this may result in e.g. a parent company blacklisted and/or banned from participating in public contracts (e.g. by a final judgment of a court of justice) being replaced by its subsidiary, thus allowing a blacklisted parent company to circumvent the ban.

EUROPEAN FUNDS

Concerning crimes against the financial interests of the EU, identical or similar illicit activities are detected compared to previous years are also detected, accomplishing the legal elements of Harming Financial Interests of the European Union under Section 260 of the Criminal Code. These include, for example,

the submission of false or grossly misrepresented documents to enable the misuse of EU funds. False information often relates to non-existent payments for construction works, IT services or payroll costs that have never been delivered or have never occurred.

CORRUPTION

The NCOZ assesses corruption crimes on an annual basis. In corruption cases, the basic modus operandi remains more or less the same. It concerns not only public procurement but also other ways of handling public funds, such as buying and selling property. The possibility of shift of bribery towards virtual currencies appears to be a problem in terms of detection and collecting evidence. Another option is to use e.g. consulting and marketing services or brokerage

etc. as a cover, where the corrupt practices pose as regular business cases within legal entities controlled by related persons.

One of the legal tools that seems to help effectively helps in cutting corruption is the use of plea bargain under the provisions of the Criminal Procedure Code. In a clear-cut state of evidence, it allows the offender to receive a more favourable sentence while saving public resources otherwise spent on court proceedings. There is also the condition that the accused ceases to deny his involvement in the crime criminal, makes a full confession and undertakes to make a full and truthful statement of the facts of crime, capable of contributing significantly to the clarification of the crimes committed by other members of the organised group.



KOMINIK ('CHIMNEY SWEEP') case – a plea bargain applied

One of the 2021 cases finalized in 2021 utilizing the legal tool of plea bargain was the KOMINIK case of public procurement fraud related to providing of services to hospitals. In December 2021, a plea bargain made between the prosecutor and the accused T.H. was finally approved by the District Court for Prague 5. The accused was found guilty of several counts of

arranging advantage in the award of a public contract, accepting a bribe and extortion. In result, the accused received a sentence of 6 months' imprisonment along with a pecuniary penalty totalling CZK 5 million, a seven-year ban on exercising the activities of a statutory body and the obligation to compensate victims for their costs related to the criminal proceedings.



LEGAL PROTECTION FOR WHISTLE-BLOWERS

VA draft act on the protection of whistle-blowers was expected to be adopted in 2021. The proposed law is currently subject to discussion in the Chamber of Deputies of the Parliament. The aim of the government's proposal is to ensure that employees have the possibility to report illegal acts of which they become aware in the course of their duties or service. The draft also deals with their subsequent protection in situations where they are sanctioned or disadvantaged as a result of making such report. The proposed measures are intended not only to protect potential

whistle-blowers but also to prevent acting unlawfully in general. Whistle-blower protection legislation is considered to be one of the pillars of the cutting corruption. The introduction of the prohibition of whistle-blower sanctioning into the legal system is expected to help to improve their position and as a consequence may help to facilitate the detection of corruption. The proposed act is expected to come into force in 2022, as the deadline for the implementation of the EU Whistle-blower Directive into the Czech legal system expired on 17 December 2021. However, whistle-blowers and public law bodies are already subject to rights and obligations under the Directive.

CORRUPTION IN SPORTS

In addition to the usual trends, corrupt practices related to sports are still recorded in connection with the sports match fixing and in connection with the allocation of subsidies and receiving financial support to individual sports clubs and associations from the state budget.

LEGISLATION

The NCOZ participates in the government's advisory body on the fight against corruption, which coordinates and evaluates anti-corruption measures and strategies. The Director of the Agency, Col Jiří Mazánek, is a member of the Government's Anti-Corruption Council.

The case of manipulated distribution sports-related subsidies

The area of sports is being constantly monitored by the NCOZ. In November 2021, a not yet final verdict was made in the case of manipulations within the course of distribution of funds related to state support of sports in 2017 – 2019. The convicted were a well-known football manager M. P. and a former Deputy Minister at the Ministry of Education S. K. According to the non-final judgment, it was proved that

M. P. had been taking advantage of his acquaintance with the Deputy Minister of the Ministry of Education, exerting influence on her to ensure that support would be paid to particular subsidy applicants. M. P. and S. K. set their own criteria for evaluating applications. In this way, 18 applicants were given preferential treatment. Total damage intended to be caused is estimated at CZK 175.8m minimum.

BABALET - a case of tender manipulation at the Ministry of Labour and Social Affairs

In November 2021, a former Deputy Minister at the Ministry of Labour and Social Affairs, agreed to a plea bargain with the state prosecutor. Earlier in July, he was accused of having manipulated a tender for an IT contract related to a dedicated software for the payment of social benefits. Having asked one of the bidders first to withdraw from the tender "voluntarily", he offered to "compensate" the tenderer with another contract. Within the open tender to supply an integrated labour and social affairs information system, company 'X' submitted a bid offering a price of approx. CZK 269 million excl. VAT while the other bidder, company 'Y' offered CZK 824 million. From the position of the Deputy Minister in charge of the Economic and ICT De-

partment, the accused conspired with other Ministry officials to violate the principles of public contract awarding procedures. As the representatives of the contracting authority, they deliberately set the tender conditions in the pre-contract awarding phase in breach of the Public Procurement Act, violating general principles of transparency and proportionality, equal treatment and non-discrimination. In order to favour the existing contractor (i.e. company 'Y'), it was ensured that the competitor 'X' and other potential tenderers would not join the tender and were eliminated from the competition for this public contract as they did not even submit a bid because of the contracting authority's discriminatory invitation policy.



EPPO – EUROPEAN PUBLIC PROSECUTOR'S OFFICE



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On 20 November 2017, the Council Regulation (EU) 2017/1939 of 12 October 2017 entered into force, implementing enhanced cooperation for the establishment of the European Public Prosecutor's Office (EPPO). The Czech Republic's involvement in the project for the establishment and subsequent operation of the EPPO required necessary amendments to the Czech legislation.

The EPPO is an independent body within the EU responsible for investigating and prosecuting crimes against the EU's financial interests (e.g. fraud, corruption, cross-border VAT fraud exceeding EUR 10 million in volume) and bringing offenders to court. In this respect, the EPPO carries out the acts of investigation and prosecution, acting as prosecutor before the competent courts of the EU Member States.

On 01 June 2021, the EPPO started operations. In an instant, prosecution was initiated by the NCOZ in several cases under the supervision of the EPPO's Delegated Prosecutor.

In 2021, several training sessions for representatives of units and agencies throughout the Police of the Czech Republic were organized by the NCOZ regarding

police – EPPO cooperation to set up the fundamentals of cooperation with the EPPO. Both the EPPO European Prosecutor and EPPO Delegated European Prosecutors for the Czech Republic attended the training. Currently, NCOZ is organising further training for police officers on the exercise of the EPPO's powers. Again, the training will take place with the participation of the EPPO European Prosecutor.

The implementation of the Regulation was finalized by amending applicable laws (Act No. 315/2019 Sb., amending Act No. 283/1993 Sb., on the State Prosecutor's Office, as amended; Act No.141/1961 Sb., on Criminal Procedure ('Criminal Procedure Code'), as amended; Act No.40/2009 Sb. ('Criminal Code'), as amended as well as other legislation).

LAURA CODRUȚA KÖVESI



is the former Chief Prosecutor of the Romanian National Anti-Corruption Directorate (DNA), a position she held from 2013 to 09 July 2018. Prior to that, she was the Prosecutor General of Romania at the Supreme Court of Cassation and Justice from 2006 to 2012. She was the first woman and the youngest Prosecutor General in the history of Romania. In October 2019, she was confirmed by the European Parliament and the European Council as the first European Prosecutor General to head the recently created EPPO

eppo.europa.eu/en/european-chief-prosecutor



CYBER CRIME COMMAND

The Cyber Crime Command specialises in the investigation of crimes committed in the form of cyberattacks in its most serious form, typically targeting critical information infrastructure. At the same time, it is engaged in advisory activities including the coordination of cyber incident investigations dealt with by regional or local police forces. The Command provides expertise and professional assistance to other police authorities in criminal cases falling within the competence of the Agency and in the field of cybercrime in general.

CASE FREQUENCY IN GENERAL

In 2021, a total of 9 518 offences were recorded in the area of cyberspace-committed crime, which is an increase of 1 445 offences compared to 2020 (8 073). The number of cases of hacking cases has increased by a third to 1 702. These are mainly the cases of unauthorised access to a computer system and data storage media.

The share of this form of crime has been steadily increasing, rising to almost 18% in 2021. Interestingly, this is the first time the number of hacking cases alone has exceeded the total number of computer-related offences recorded in the first season of stats keeping, i.e. 2011 (1 502 offences).

The phenomenon of hacking is also linked to the increase in the so-called ransomware attacks. This is a type of malicious code that interferes with a computer system, encrypting data stored within the system. In the event of a successful attack, the perpetrator demands a ransom from the victim to restore access to the system and the data encrypted. A newly discovered trend in this respect is the introduction of other techniques to pressurize the victim into paying a ransom. The threat is based on the knowledge that the victim no longer has his/her sensitive data under his/her control and the only way to regain access it is to pay the appropriate amount. A further escalation or form of coercion may be a threat by the perpetrator towards the victim company that sensitive data would be offered to competing companies or made

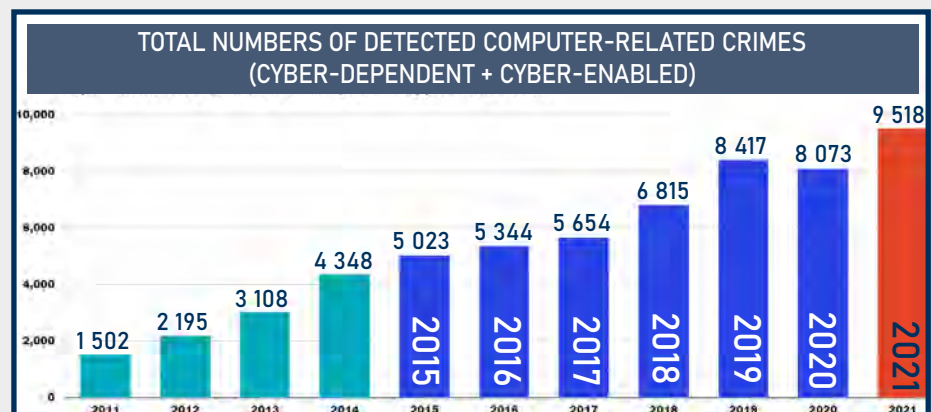
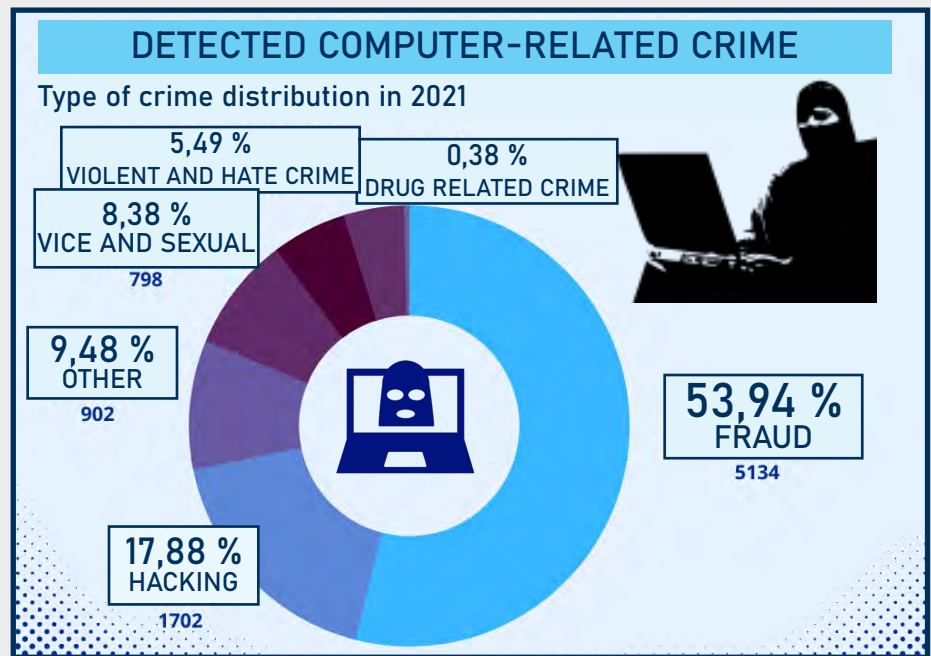
public online unless a ransom is paid within a certain deadline. The funds are usually demanded in virtual currency. This factor significantly increases the anonymity of the perpetrator, hindering detection for the investigating authorities at the same time.

Recently, speaking of this phenomenon, there has been a visible shift of interest of attackers from individuals towards large private companies and major state entities in particular. For these victims, significantly higher ransoms are demanded, usually reaching as much as millions of CZK. Attacks on hospital facilities and

strategic state enterprises are no exception.

WWW. NOMORERANSOM.ORG

On the issue of ransomware, the NCOZ continued to cooperate on the "No More Ransom" project, which aims to publish the already identified types of ransomware and their corresponding decryption tools, making it available for the public via a dedicated website. The number of available tools has now reached 121. These allow victims to unlock and restore ransom-encrypted data free of charge. In cooperation with Europol, McAfee, Kaspersky Lab and other partners since 2016, the NCOZ



has been involved in the project (and the Czech language version of the website).

COMMAND STRUCTURE

To respond cybercrime effectively, the NCOZ Cybercrime Command is divided into two divisions. The Command carries out investigations in accordance with its subject matter competence, participating in legislative and conceptual activities both at national and international level. This includes including advisory and coordination activities for other cybercrime units and departments at all levels within the Police of the Czech Republic. The Command also plays a crucial role in the field of international cooperation by performing the tasks of the 24/7 national Single Point of Contact under the Article 35 of the Budapest Convention on Cybercrime (Item No. 104/2013 Sb. m. s.).

The activities of the national SPoC are primarily focused on the performance of data retention tasks



pursuant to the relevant provisions of the International Judicial Cooperation Act (Act No.104/2013 Sb., on International Judicial Cooperation in Criminal Matters). It is a form of preliminary measure within the international judicial cooperation, by which the existence of relevant data is being ascertained and the preservation of such data is ensured until a formal legal assistance request is processed in the Czech Republic or abroad. The relevant department

of the Command being in charge of the activities of the Contact Point for Cybercrime, also places great emphasis on immediate response when dealing with urgent cases of threat to life, health and property. To perform these tasks, the Command cooperates with other national and foreign police authorities as well as various private entities and major foreign online service providers. In 2021, 47 cases involving threats to life and health or property were handled by the SPoC. In particular, successful cooperation contributed significantly

to finding missing minors or the identification of perpetrators of various types of online terrorist threats. As part of the contact point's standard activities, 51 incoming data retention requests were received while 436 data retention requests were sent abroad to be enforced outside the Czech Republic.

Staying focused on the detection, investigation and prosecution of most serious cyberattacks

Production and other disposal of child pornography

In 2021, a case was finalized by the Command's case officers as a part of a large-scale international operation supported by Europol which had been underway since 2019. Owing to the effective cooperation with a global online service provider, the operation uncovered 836 counts of distribution of data depicting child sexual abuse. A total of 146 perpetrators were identified globally. One offender in possession of several thousand files he had been sharing with other recipients was apprehended in the Czech Republic by



the NCOZ officers. The person was charged with production and other disposal of child pornography under the Section 192 (1), (2), (3) of the Criminal Code. The case has already reached a final and conclusive judgment by the District Court for Prague 7. The defendant was imposed a suspended sentence of nine months' imprisonment of 9 months for a probationary period of three years. A desktop computer and a mobile phone used by the defendant to commit the offence were forfeited upon the court's order.

CYBER-DEPENDENT CRIMES

The conceptual definition of cybercrime is set out in Instruction of the Police President No. 103/2013. Cybercrime (as a subset of computer-related crime) is defined as crime that is committed in the environment of information and communication technologies, including computer networks, targeting the area of information and communication technologies per se as well as the data stored therein.

CYBER-ENABLED CRIMES

"Other crimes committed in cyberspace" include traditional general and economic crimes but committed in cyberspace, i.e. crimes committed with significant use of information and communication technologies, with the main object targeted by the offender being life, health, property, freedom, human dignity and morality.

towards critical information infrastructure and key information systems, the Command also acts as the point of contact for the national cyber security authority (NÚKIB). Extensive mutual cooperation contributes to keeping to country cyber safe.

The Command also performs other tasks in the areas of cyber-dependent and cyber-enabled crimes as outlined by international treaties or arising from the membership of the Czech Republic or its authorities in international organisations or bodies of international police and judicial cooperation. In addition, particular cooperation with other institutions and organizations is also set by

concluded memoranda and cooperation agreements. It contributes to developing internal capabilities within the police to deal with computer-related crime including the development of the system of professional education and trainings. From the long-term perspective, emphasis is also placed on preventive activities aimed at the successful prevention of all forms of cyber and related crimes.

ADVISORY AND COORDINATION ACTIVITIES

In connection with tackling cybercrime, an important strategic document "Concept of the development of the Police of the Czech Republic's capabilities in the area

of cybercrime" was published by the NCOZ in 2021 and approved by the Government of the Czech Republic on 23 February 2022. This document was a follow-up to an earlier document "Concept of the development of the Police of the Czech Republic's capabilities to investigate cybercrime", approved by the Government on 8 November 2016. The main objective of the new 2021 concept from is primarily to present a new strategic solution for the Police of the Czech Republic to re-modernise and further strengthen to be able to face new cyber threats and to define the necessary measures to respond to the increase in cyberspace-related crimes committed on the territory of the Czech Republic.

Fake vaccination certificates

In relation to the Covid-19 pandemic, an offender who developed a software tool capable of generating a forged digital vaccination certificate to confirm being non-infectious was uncovered by NCOZ officers in late 2021. The certificate was being offered via Internet at least since November 2021. The offender had registered a domain where he uploaded an online registration form. With the form filled in, any user could subsequently receive a forged certificate. On his website, the suspect is believed to have been giving instructions on how to use the form to achieve that the vaccination certifi-



cate would appear genuine upon inspection. The certificate was available online free of charge. Currently, the suspect is charged with forgery and alteration of a public document under Section 348 (1) of the Criminal Code and prosecuted at large. The case file along with the indictment motion was forwarded to the District Prosecutor's Office in Písek. In the event of a final judgment, the accused may face up to three years' imprisonment. At the same time, the forfeiture of the property, namely the suspect's computer used to commit the crime, was proposed.



FINANCIAL CRIME COMMAND

Financial Crime Command's mission is to detect, solve and effectively prosecute the perpetrators of the most serious forms of tax crime, money laundering, investment and subsidy fraud as well as to seize criminal proceeds. The Command contributes significantly to the total number of NCOZ operations.

Just like the previous year, the year 2021 continued to be largely affected by anti-pandemic measures. The Financial Crime Command perceived this reality through the increase in detected suspicious business transactions and Covid-19-related activities.

More precisely, a variety of fraud schemes involving sale of medical supplies or related tax evasion emerged. In addition, abuse of financial support provided by the state to businesses affected by anti-Covid measures has been detected. It should be noted that these acts did not fall within the jurisdiction of the Agency.

In addition to these new forms of Covid-related crime, traditional fraudulent activities related to tax crime continued to be detected,

particularly in relation to temporary employment agencies and subsidy frauds. In the continuously dynamically developing area of investment fraud, the cross-border element and the use of virtual assets seemed to be on the rise.

TAX CRIME



The key prerequisites for an effective response to tax crime is the detection of illicit activities followed by investigation and prosecution on one hand and the effective performance of individual tax administration on the other. This condition continued to be met, in particular owing to a close cooperation between the government authorities within the joint

Tax Cobra team. In the area of tax crime, there have been no major changes in the methods of perpetration compared to previous years. In terms of the object of the attack, VAT evasion cases are currently predominant, related to the import and export of products and services. Tax evasion -through fake invoices continued to be present, so were the cases of claiming unjustified tax advantage on the basis of so-called chain trades. Missing trader frauds remain to be a serious issue, particularly in relation of chain transaction involving VAT evasion. In this particular type of tax crime, there are complex and structured networks of related natural persons and legal entities established by tax fraudsters. Subjects are rotated flexibly within the chain, registered offices are changed frequently.

The J.O. Investment s.r.o. case – indictment motion filed

NCOZ case officers filed an indictment motion to the supervising state prosecutor of the High Prosecutor's Office in Prague to formally level accusation in the case of large-scale investment fraud concerning the company J.O. Investment s.r.o. In February 2020, 18 houses and other premises were searched, suspects were arrested and charged. In addition to cash and real estates, other assets such as luxury vehicles, jewellery and gold were seized. The total value of the items seized amounts to CZK 1.3 billion. Since 2016, investments on global stock exchanges in the USA, Europe and Asia were being offered by J.O. Investment s.r.o. under the pretext of far-fetched, unrealistic appreciations. In fact, almost all of the clients' funds were used in violation of their due management. The accused did not perform any investment activities and used the clients' funds for their own consumption – primarily to purchase real estate, luxury vehicles and goods. In the case, three company representatives were charged with fraud and money laundering. Money laundering were also brought against another suspect outside the legal entity. Fraudsters are believed to have extracted more than CZK 2.3 billion from

nearly 4,000 victims, both legal and natural persons. Their business featured the characteristics of a Ponzi scheme. It was a closed system where profits of earlier investors were generated exclusively from the contributions of those who joined the scheme later. Czech FIU (FAÚ) was heavily involved in the case. The Criminal Asset Management Office of the Ministry of the Interior (CENZA) cooperated with the Agency in the course of the operations carried out. The case file contained 60,000 pages (160 volumes). Defendants may expect up to a 10 years' imprisonment if found guilty.



This makes the detection and documentation of fraud schemes particularly difficult. In the part of the chain where tax fails to be paid, the owners or partners behind the businesses are usually unable to reach, or the companies are eventually incorporated in the name of non-existent foreign entities. In most cases, they do not own any assets and their accounts are untraceable. In this context, it should be noted that from 2021 onwards, certain cases of VAT evasion fall within the jurisdiction of the EPPO under certain circumstances.

The effective detection of VAT fraud was made possible mainly due to legislative changes introduced in 2016. The introduction of these changes and the use of analytical tools capable of detecting this type of infringement has made the activities of the Tax Cobra even more effective.

In response to the introduction of the so-called control statement, the trends of deliberate reporting of just marginal business transactions in the control report (a simplified receipt for transactions up to CZK 10,000.00) and building chains of reported fake performance are still observed on the part of tax fraudsters.

In the area of intra-community VAT fraud, acquisition fraud is particularly prevalent, e.g. in the purchase of electronics or groceries. Here, the detection of tax fraud is complicated by the fact that suspicious transactions are almost exclusively of cross-border nature and therefore very difficult to detect at the very time it is being committed.

Criminal activities often involve groups operating in several Member States. Inter-agency cooperation within the Tax Cobra project, as well as international cooperation with partner organisations, is an absolute necessity.

There has been a continuous increase in fraudulent imports of goods from third countries, particularly from China, where the 4000 and 4200 customs regimes are abused.

For Chinese goods, the Czech Republic often acts as a port of entry to the EU market via missing trader entities based in the Czech Republic.

The main focus of the Financial Crime Command are tax fraud chains specialising in VAT evasion. These fraud schemes usually bear the features of an organised cri-

minal group pursuant to Section 361 of the Criminal Code, thus justifying the potential jurisdiction of the Agency despite the lower amount of damage. As was the case last year, we continue to detect a persistent problem related to the evasion of mandatory payments by temporary employment agencies.

INVESTMENT FRAUD

As a result of accelerating inflation rate, there has been an increasing trend of investment fraud. Factors contributing to this trend are: high inflation rates, significant amount of savings in cash within the population, limited supply of investment products, hoax and fake news (e.g. fear of a currency reform). All these factors combined will result in an increase in investment fraud. Fraudulent investment companies are taking advantage of the shortcomings in applicable legislation.

Pursuant to the Article 15 of Investment Companies Act (Act No. 240/2013 Sb., on Investment Companies and Investment Funds), investment companies are not regulated by the Czech National Bank, allowing them to manage assets collected from investors for the purpose of co-investment.

Indictment for subsidy fraud and harming financial interests of the European Union

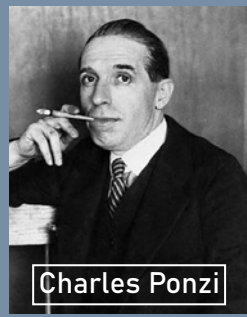
NCOZ detectives finalized an investigation of subsidy fraud and harming financial interests of the European Union by filing an indictment motion against two suspects. The offences were committed in the course of the construction of Nupharo Park - a science and technology park in the Ústí nad Labem Region. Suspects are believed to have provided false and misrepresented data when applying for a subsidy, having

concealed some of the key figures. Misrepresented data enabled receiving financial support both from the EU and the Czech state budget back in 2013. NCOZ case officers and FIU joined their forces to solve this particular case. The prosecution of the persons was officially initiated in the spring of 2020 and is still ongoing at large. Maximum sentence that may be imposed by the court may reach up to ten years' imprisonment.



PONZI SCHEME

The NCOZ officers advise citizens to exercise increased caution and vigilance when investing funds in products that promise unusually high appreciation, as the police repeatedly encounter this type of fraud schemes.



Charles Ponzi

There is a common practice of circumventing or even ignoring the minimum legal regulation in place, consisting of non-publicity of offered investments and a limited number of investors. In reality, there is no control over whether the assets collected are invested, in what way and to what extent.

A typical feature of these investment frauds is the so-called Ponzi scheme.

SUBSIDY FRAUD AND THE PROTECTION OF THE FINANCIAL INTERESTS OF THE EU

In 2021, the Financial Crime Command continued its successful cooperation with the Financial Administration of the Czech Republic in the fight against subsidy fraud and the protection of financial interests of the European Union. Based on the Agency's initiatives, -audits of projects implemented under the EU Operational Programme Enterprise and Innovation were completed in 2021. Investigations conducted by several tax offices revealed fake or manipulated documents proving fictitious use of funds reported, thus confirming the NCOZ's primary suspicions of subsidy fraud in several large-scale projects. Following a motion filed by the

NCOZ concerning possible subsidy fraud and damage to the financial interests of the European Union, a project was audited where multiple overstatements of actual expenditure in the procurement of machinery was detected, as were the manipulations within tender proceedings.

Another case of uncovering a major subsidy fraud and affecting EU's financial interests should not be missed: here, subsidies worth millions for fictitious scientific projects were extracted using offshore companies used to create fictitious bids and tenders.

On 01 June 2021, the EPP0 started operations. In an instant, prosecution was initiated by the in the case described above under the supervision of the EPP0's Delegated Prosecutor.

Three legal entities and three natural persons were charged with harming financial interests of European Communities, subsidy fraud and money laundering. This was the first such case ever prosecuted in the Czech Republic in cooperation with the EPP0.

Regarding the harming of EU's financial interests, infringements identical and similar to previous years have been recorded. These

may include the submission of false or misrepresented documents on the basis of which funds from various EU funds are used wrongfully. False information often concerns fictitious expenses, e.g. for construction works, IT services and labour costs.

Regarding the detection of misused funds originating from EU budgets, it should also be noted that a very important source of detection of such illegal activity is the mandatory international exchange of information between tax authorities.

MONEY LAUNDERING

There were no major changes in 2021 in relation to money laundering-related issues. Fraud continued to be the most frequent predicate offence (represented mainly by tax fraud, CEO fraud, phishing fraud, credit fraud, fraudulent advertisement and e-shop-related scams, subsidy fraud).

Bank accounts opened using forged or stolen identity documents, mostly of foreign nationals, are used to conceal the origin of illegally acquired funds. Eastern European, Balkan or African countries dominate this area. In most cases, bank accounts as opened as 'transit' or pass-through accounts to be used in one-off transactions. Fraudsters do also use so-called 'money mules' - strawmen who transfer illicit funds and receive only a humble reward of several hundred CZK for their services. These are often homeless or underprivileged persons but also mothers on mater-

nity leave or students.

A more sophisticated form of laundering of proceeds of crime is represented by so-called 'billing companies'. These are ready-made legal entities with no employees. Their only real business activity is to forward tax documents containing a fictitious subject of performance to other links within the chain. Most often, these are advertising services or consultancy. The chains of such companies are not only difficult and time-consuming to track and verify but also to document, as their statutory bodies often include strawmen, i.e. homeless or foreign nationals. It is no exception that such chains involve high-quality accountants, receiving legal advisory and representation from the organisers of the fraud scheme. Entities within the chain are officially represented, for example, before the tax authorities to make it appear that they perform a legitimate business.

New payment methods, especially

the use of cryptocurrencies, anonymous means of payment, pre-paid cards etc., are a growing phenomenon. In the nearest future, that the methods used by organised crime groups are expected to become increasingly sophisticated and there will be a massive involvement of new electronic payment methods and payment providers, where the possibilities of tracing financial flows will be very low.

TRANSIT ACCOUNTS

Similar to other countries in Central and Eastern Europe, the Czech Republic is used as a transit country. Here, the integrity of local compliance mechanisms set up by individual banks is tested by fraudsters, as is the tolerance towards the introduction of illicit funds. An important circumstance in this area is embodied by the preventive measures set up by banks. Within the framework of their internal rules, banks are capable of detection and interception of large volumes of funds and

evaluate them as suspicious transactions in order to prevent the actual execution of a suspicious transaction or to postpone payment orders already placed by bank customers to enable subsequent seizure of these funds.

Under the AML legal system in the Czech Republic, which has undergone significant development, large amounts of funds of unclear origin received from abroad are seized. The AML legislation responds to emerging phenomena that have a major impact on the regulated area. One such current phenomenon is the so-called 'professional laundering' of criminal proceeds, as is the closely related issue of the so-called 'transit bank accounts'.

These funds are transferred to the Czech Republic under the pretext of conducting regular business activities or implementing foreign investment projects. In reality, the true objective of the transaction is to conceal the true origin of these funds which are immediately

International operation supervised by EPPO – tax evasion in platinum coin trades

NCOZ officers participated in an international operation focused on large-scale cross-border tax crime and money laundering related to the platinum coin trade. Coordinated by



EUROPEAN
PUBLIC
PROSECUTOR'S
OFFICE

the EPPO in Luxembourg, the operation took place in Germany, Romania, Slovakia and the Czech Republic. Tax crimes targeted mainly Germany where several suspects are also being prosecuted. Subsequent laundering of criminal proceeds of crime was to take place mainly in the Czech Republic and Slovakia. In the Czech Republic, searches of houses and other premises were carried out in seven different locati-

ons across the country. At the same time, one person was arrested on the basis of a European Arrest Warrant. Furthermore, extensive financial investigations were conducted and funds in bank accounts were seized. Delegated EPPO prosecutors of participating countries were involved in the course of the criminal proceedings and the operation. The total damage caused by the tax evasion is estimated at EUR 23 million minimum. From the perspective of the Czech Republic, this is the first case of cross-border cooperation within the EPPO involving several EU countries.



transferred to other countries. The key is to establish a network of shell companies and their bank accounts. Funds requiring laundering are transferred and layered through this network in a complex manner to reach their final, pre-selected destination where funds are finally integrated and invested. This form of money laundering typically involves a range of obliged persons with different roles, including multinational banking institutions. The most frequent destinations of origin of these funds are the post-Soviet countries. The situation remains unchanged compared to 2020, with the issue of transit bank accounts remaining a major problem linked to international organised crime, speaking of economic crime in particular.

In the vast majority of cases in which transit bank accounts are present, strict legal requirements of clarifying a predicate offence means a serious obstacle to the effective prosecution of money launderers despite the fact that

PASS-THROUGH / TRANSIT ACCOUNTS

The so-called 'pass-through' or 'transit' accounts relate to highly suspicious transfers of funds from post-Soviet countries to the Czech Republic (see the document "National Risk Assessment on Money Laundering and Terrorist Financing" for details). Investigating authorities are still struggling with the impossibility of proper investigation of criminal cases concerning the so-called 'pass-through' accounts and effective recovery of seized funds. This is caused partly by the passivity of foreign authorities dealing with legal assistance requests (mainly those from post-Soviet countries), partly in the inadequacy of the Czech legislation, which requires proof of a predicate offence even for highly suspicious transactions.

their conduct otherwise displays the typical features of the crime.

The foreign authorities either do not act ex officio, do not proactively take any steps to clarify the predicate offence and do not prosecute the perpetrators, or provide little or no assistance to the law enforcement authorities of the requesting country. At the same time, countries requesting legal assistance have no enforcement tools to compel a non-responsive foreign jurisdiction to act. Thus, the investigating and prosecuting

authorities in the Czech Republic are in a situation where they are effectively unable to document the predicate offence because of the distance purportedly created between the predicate offence and related criminal proceeds. Even though suspicious funds on the accounts held in the Czech Republic may be seized, investigating authorities end up having no other option but to discontinue the case under the Section 159a (1) of the Criminal Procedure Code, having applied all available legal tools available in the Czech Repu-

KARMA case - tax evasion using fake invoices



The NCOZ and the Czech Financial Administration joined their forces in the Tax Cobra cooperation framework on the KARMA case. Receiving further support from the Czech FIU, case officers dismantled an organized group of ten, believed to have defrauded at least CZK 40 million by evading VAT and corporate income tax. The group established a network of legal entities receiving high incomes from advertising activities. To avoid paying VAT and income tax, their representatives included fake invoices into their accounts, issued by shell legal entities which had not been carrying out any real performance. A number of bank accounts was set up to conceal this activity and

the origin of the income, receiving funds later withdrawn in cash. The money collected are believed to have been returned to the original senders in cash, resulting in their unjust enrichment of the evaded tax. Case officers documented cash withdrawals of more than CZK 160 million. Eight persons were arrested in the KARMA case. Subsequently, six individuals and one legal entity were charged. Ten searches of houses and other premises were performed, resulting in seizures of evidence and more than CZK 4 million in cash. Another CZK 3 million were -seized from bank accounts. The case is supervised by the Municipal Prosecutor's Office in Prague. If convicted, the main suspects may receive prison sentences ranging from five up to ten years.


blic and via international police and judicial cooperation. This includes also the obligation to release seized funds back to the offenders' disposition.

With regard to the legal regulation

of the crime of money laundering in relation to predicate offence, it is necessary to seek a legal solution not only within the criminal law but also on the administrative level (tax proceedings). This could possibly make the recovery of

illegally acquired property or property of unproven legal origin more effective. A comparison to legal frameworks in other European countries may also be an important lead here.

ON THE BASIS OF THE INFORMATION COLLECTED IN THE SCOPE OF INVESTIGATIONS, CRIMINAL PROCEEDINGS, FUTURE DEVELOPMENTS IN THE AREA OF TAX CRIME CAN BE PREDICTED:

- Tax crime schemes will be designed and managed by a relatively small group of individuals with a high level of expertise in tax issues and related proceedings within the state administration (former police and customs officers, employees of tax offices, tax consultants, lawyers etc.).
 - Crimes will be committed in cooperation with a large number of tax entities in which the above-mentioned group of organisers will either possess a share or, alternatively, will be controlled via a straw-person.
 - The resulting network of these entities will be highly organised and managed from a single point by a person or persons not directly involved, possibly foreign nationals based abroad.
 - Established company chains of companies will be horizontally highly structured, variable, having a rather short 'lifespan'.
 - Internationalisation - the chain of tax entities will fall within the jurisdiction of several tax authorities, possibly even from more than just one Member State. Entities will be able to change the jurisdictions of their registered offices flexibly subject to actual needs, making the completion of any inspections by tax authorities organizationally and technically challenging.
 - To conceal their activities, tax fraudsters will continue using reliable methods and tools (namely the submission of false information, false documents, anti-dated contracts and other documents). In addition, they will use intimidation, coercion and possibly murder.
- 
- There will be attempts to get state employees or persons authorised by the state to perform certain acts (e.g. changes in the commercial register, notarised entries) involved in criminal activities.
 - The tax entities in the chain will be precisely divided according to their roles in each transaction. Formally reliable, unblemished entities have all their business, accounting and tax documentation in perfect order. Where tax remains unpaid, missing traders are characterised by the absence of any traceable assets, having their directors and partners disappeared or staying abroad. Alternatively, these may be nationals of uncooperative and unresponsive jurisdictions.
 - Commodities that are difficult to quantify and process in terms of appraisal are and will continue to be selected for trading in MTIC schemes. The same goes, on the contrary, for commodities that are in high demand whenever their price drops (e.g. fuel, scrap etc.).
 - The transactions are formally executed in cash. Deals are made at obviously unrealistic prices, but usually in a way that the tax authorities can hardly challenge.
 - Excessive tax deductions are on the decline following the introduction of the control reporting system. The so-called 'distributors' of fictitious invoices are coming to the fore in relation to tax input frauds, recently in connection with illegal work and labour exploitation.
 - The areas of advertising services and the acquisition of goods from another Member State are highly prone to tax fraud.

Subsidy fraud - first case under EPP0 supervision

This is the first such case in the Czech Republic in cooperation with the EPP0 where a fast and constructive cooperation between the NCOZ and the EPP0 was established. Thanks to the contribution of the newly appointed European Delegated Prosecutor, the case could be finalized in a short period of time.

In January 2021, NCOZ officers received a criminal complaint from the Ministry of Finance regarding suspicious circumstances of a subsidy project where a support of ca. CZK 20 million was applied for. Having thoroughly checked the activities of the subsidy applicant, investigators ascertained that it would be a much larger case.

According to the case officers' conclusions, the applicant had been gradually receiving subsidies of almost CZK 130 million from the EU funds and the state budget from 2011 to present in a total of 17 counts, having attempted to extract another CZK 130 million in relation to non-existent scientific projects. Two other persons are believed to have participated in the creation of fictitious documents. To receive subsidies, a large number of offshore legal entities had been set up by the main suspect, of which he had a full control. These legal entities were used to create fictitious bids and tenders.

Subsidies received were transferred to the bank accounts of the offshore companies over which he had disposal rights. In the course of investigation, no other source of income than subsidy-related gains was identified in relation to the suspect. Also, there was no real economic activity found that could have been possibly carried out by the suspect. Most of the funds obtained were used either for the suspect's personal needs or invested into purchasing movable and immovable properties. Within the criminal proceedings, more than CZK 60 million worth of bank accounts, immovable and movable assets were seized. This included, among other things, more than a thousand model railway trains (worth several millions of CZK), cars and an excavator. Three natural persons are being prosecuted for harming financial interests of the European Union and subsidy fraud. In addition, the main suspect is facing additional charges of money laundering.

Furthermore, three legal entities are also prosecuted, two being charged with money laundering and one with harming financial interests of the European Union and subsidy fraud. The main suspect has been taken into custody by the court. As the majority of the funds obtained originate from EU sources, the case is under the supervision of the EPP0's Delegated European Prosecutor.





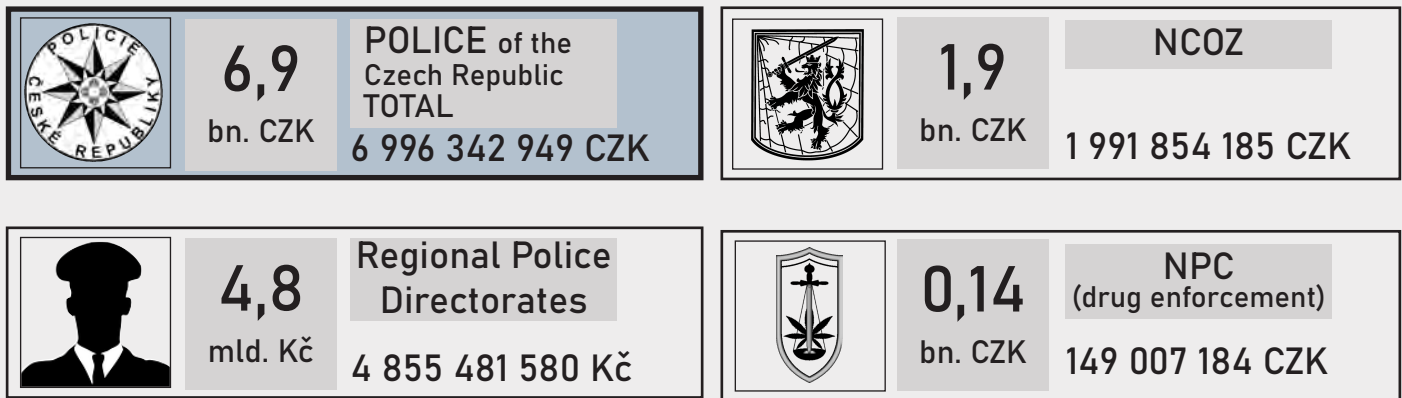
RECOVERY OF CRIMINAL PROCEEDS

According to the statistics on seized property kept by the Police of the Czech Republic in the case-file management system ETR, investigating and prosecuting authorities managed to seize assets worth approximately CZK 7 billion in 2021, showing an increase by approx. CZK 0.3 billion compared to 2020

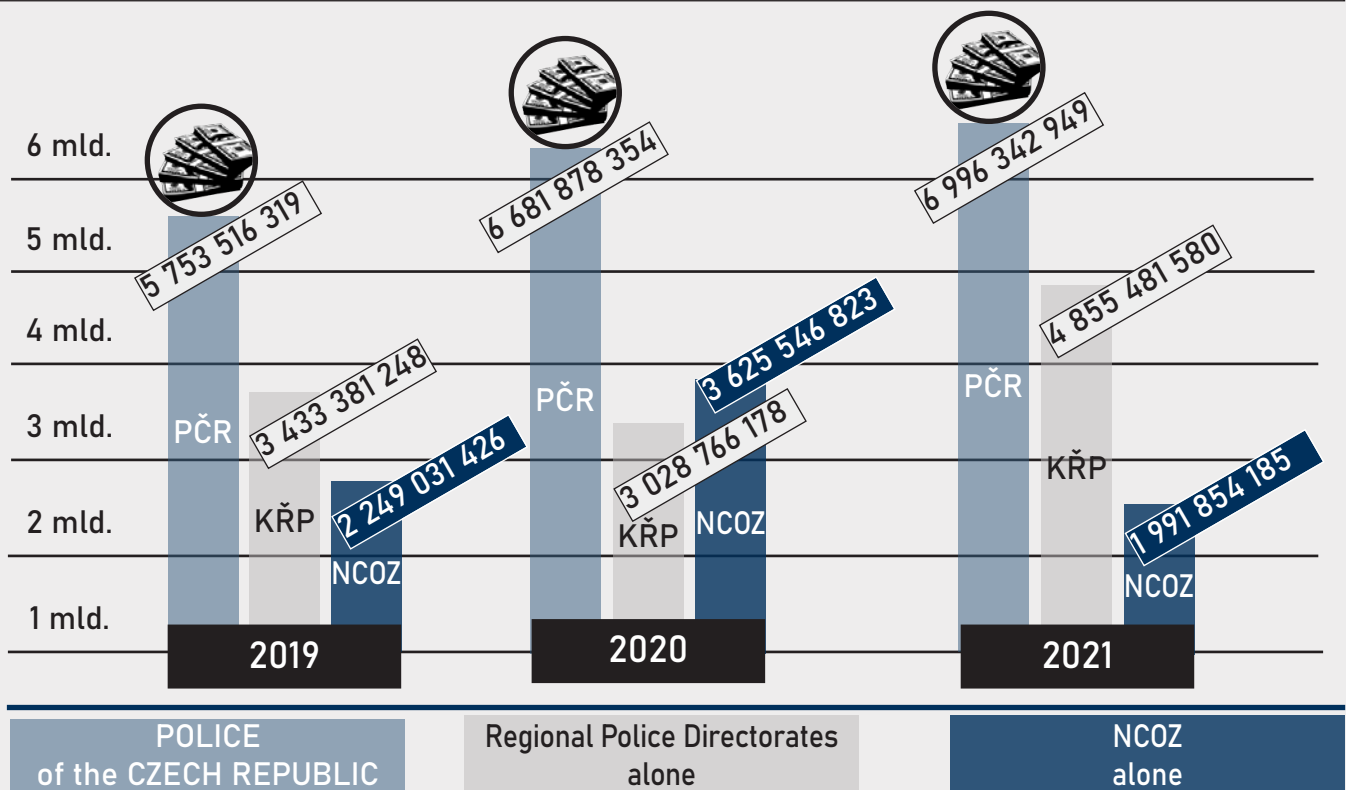
2021



Assets seized by the Police of the Czech Republic in 2021 (figures in CZK)



Assets seized by the Police of the Czech Republic
a 2019 – 2021 year-to-year comparison





COUNTER-TERRORISM AND EXTREMISM COMMAND

From the long-term perspective, Counter-terrorism and Extremism Command has been focused on the identification and detection of crimes and manifestations related to the activities of religiously and politically motivated extremist movements. The Command also monitors all activities of terrorist organizations, individuals or small groups that may seek to achieve their goals through violent methods and means. It also focuses on human rights violations, such as investigations into state terrorism, crimes of genocide or war crimes and, last but not least, trafficking in arms and dangerous materials.



For 2021, the emergence and development of radical online communities and the ongoing crisis related to the Covid-19 pandemic could be identified as the main challenges towards national security in the area of extremism and terrorism. In essence, the general state remained fairly unchanged compared to 2020. The nature of crime continues to be influenced by the pandemic, with relatively fewer incidents of threats of serious violence against those who actively support government restrictions, including constitutional authorities. The growing trend of crime in the virtual environments continues to influence the whole area of terrorism and extremism. A similar situation has been evident around the world.

ONLINE ENVIRONMENT

Radical online communities bring radical individuals or groups together through various decentralized platforms based on shared goals, interests and usually ideology. Within these communities there is a significant potential of radicalization. The pandemic crisis has transformed the existing nature of the manifestations of extremist

movements. In response to the anti-pandemic measures, a relatively new model of a 'social protest movement' is emerging, based on members joining online. Consequently, they seem to organize a wide range of protest actions which may vary from meetings with relatively high participation and support from violent groups to various types of harassment towards those publicly known as supporters of the measures which may further escalate into unlawful acts such as threats and intimidation.

These online communities pose a security challenge with a complex solution. Typically, communities are decentralised and involve multiple layers of communication channels which may not even be linked by identical users. Online radicals occur on different platforms and are only connected by a common goal, ideology or beliefs. Know-how, manuals and tutorials related to the production of explosives, hazardous materials or weapons on 3D printers are usually made available and shared via these channels, as are instructions and motivational, mobilising texts or manifestos encouraging readers to carry out an attack.

EXTREMISM

Politically extremist movements have generally backed away from organizing public events. It is believed that this is just a short-term phenomenon, especially in the light of the restrictions in place in the context of the Covid-19 pandemic. The constantly evolving spectrum of protesters against pandemic-related restriction may be considered as a 'movement' (using a general term of 'anti vaccination' or 'anti-vaxxer' movement), including certain manifestations of hate speech.

With the exception of the National and Social Front (Národní a sociální fronta) and the Workers' Youth (Dělnická mládež), the right-wing extremist movement did not show itself significantly. Individuals and groups generally tend to support the anti-vaxxer movement and the criticism of government responses towards the pandemic. Among other things, the growing proportion of hate speech against the Jewish community can also be mentioned.

The left-wing extremist, anarchist and radical-environmental move-

Threats to Czech government officials and police officers

On 6 January 2021, criminal prosecution against a young man was initiated by NCOZ case officers. Between 24 January and 31 December 2020, threats of elimination towards the representatives of the Czech government by unspecified "assassination" appeared on Facebook, believed to have been posted by the suspect. Furthermore, there was another Facebook comment containing threats of death generally targeted against officers of the Police of the Czech Republic. During the same period, the suspect

is believed to have sent e-mail threats to a member of the Czech government, containing similar threats of an assassination to be carried out soon, physical liquidation and causing devastating injuries. The man was charged with the offences of threatening with a terrorist offence and threatening to influence a public authority. The accused confessed. He stated to his motive that he had been, among other things, in opposition to government restrictions introduced on the outbreak of the Covid-19 pandemic.

ments also did not manifest themselves to any significant degree.

Radical environmentalists continue to campaign against the use of fossil fuels, stimulating the public interest radical actions often accompanied by unlawful conduct.

TERRORISM

There is a noticeable trend towards the heroization of performers of terrorist attacks. In recent years, this has been an issue particularly within the neo-Nazi movement and the so-called Siege movement or militant accelerationism. Speaking of the religious extremist movement, the possible emergence of radicalised individuals influenced by the propaganda of terrorist, radical or militant organisations

remains a major threat. A partial threat may also be the fact that individuals who had been actively involved in armed conflicts in troubled regions may travel to the Czech Republic to seek medical treatment, which is also considered a general issue for other areas, including the post-Soviet space. This phenomenon is concentrated regionally, especially associated with spa facilities.

ILLEGAL TRADE IN WEAPONS AND HAZARDOUS MATERIALS

In addition to the above, it should be stressed that cases of illegal possession of dangerous substances and explosive precursor chemicals continue to be recorded, as is the illegal manufacture of homemade explosives themselves.

In the arms trade, there has been a long-standing trend of reactivation of weapons that had been turned prop guns, converted to expansion or Flobert-type weapons or originally manufactured as gas-operated weapons. Weapons are often of foreign origin and are usually intended for clientele from outside the country, especially from Western Europe. Czech nationals are known to be involved in gun reactivation and trafficking.

Firearm amnesty announced after the legislation had been tightened confirmed that there is still a relatively large number of unregistered guns held within the population.

Despite partial restrictions,

SIEGE MOVEMENT – NEO-NAZIS ONLINE



The so-called Siege movement is a relatively new platform within the neo-Nazi movement. Emerging after 2015, it can be traced in cyberspace especially in the form of radical online communities. The name is derived from the eponymous manifesto and magazine published by the US neo-Nazi movement back in the 1980s, impersonated by the leading right extremist ideologue James Mason. The main principle of the movement is to develop and spread the philosophy of a 'leaderless resistance' and put it into practice by reaching out to followers. They are motivated and mobilised through violent and non-violent actions performed by individuals and small groups sharing the common goals of sparking a revolution in the society, provoking a race war, establishing a regime of national socialism, achieving white supremacy and, last but not least, eliminate ideological opponents. The movement glorifies the perpetrators of terrorist attacks such as Anders B. Breivik, Dylan Roof or Brenton Tarrant, either linked to the Siege movement itself or to the radical right community in general. Neo-Nazi groups such as Atomwaffen Division, Sonnenkrieg Division or Feuerkrieg Division are known to draw ideological inspiration from the movement. Their promotion strategy, inclination towards violence and especially the presence in gaming communities make the movement successful in addressing teenagers and younger generations in general.



a renewed trend of commercial use of domestic shooting ranges by foreign radical activists has been noted. This is probably due to the relatively low costs, openness of shooting ranges to commercial use, low level of control and availability of various types of weapons and ammunition. However, no manifestations of possible targeted preparation for violent operations have been recorded. The phenomenon concerns selected facilities located mainly in the border areas close to Germany and Austria.

FUTURE TRENDS

These trends may well be expected to continue in 2022, so the general situation is likely to remain unchanged. A partial deterioration of the security situation in the Czech Republic may occur as a result of the continued polarisation between the Russian Federation and NATO and the EU. The destabilisation of some countries in the post-Soviet space due to domestic conflicts, e.g. in Belarus, Kazakhstan or Nagorno Karabakh may also play its roles, as these communities are relatively large in the Czech Republic. The conflict in Eastern Europe is crucial for the security situation in the world.



Armed followers of the neo-Nazi group Atomwaffen Division

A secondary element of polarization can be a deliberate effort to destabilize regions or states through the creation, support or mobilization of opposition groups or by fanning the flames of conflict in the society. Some elements of extremist movements can be used for this purpose, as can, in a broader context, the so-called alternative media capable of influencing public opinion. In this context, it should be noted that there is a slightly increasing trend in the area of trading in so-called controlled items (military material,

dual-use goods) and goods subject to international sanctions. Applicable regulations concerning its export and import are violated both by legal and natural persons. Attempts to circumvent international sanctions have been also recorded, including trade restrictions imposed in the context of the conflict and aggression of the Russian Federation against Ukraine, which has been underway since 2014.

Judgments against Czechs fighting in pro-Russian armed groups in Ukraine

During 2021, investigations targeting armed supporters of the self-proclaimed quasi-states in eastern Ukraine, the so-called Donetsk and Luhansk People's Republics. Prosecutions included, inter alia, the suspects' involvement in their paramilitary forces. Trials of volunteers operating within separatist armed groups



in eastern Ukraine continued. A total of five cases resulted in final and conclusive judgments of six to twenty years' imprisonment for the extremely serious offence of terrorist attack under Section 311 of the Criminal Code. In relation to another case, an indictment was filed by the High Prosecutor's Office in Prague

POLITRUK case – a crackdown on a group supporting pro-Russian militants

In April, a targeted operation was carried out by NCOZ officers on various locations throughout the Czech Republic. The case is related to the involvement of Czech citizens in the armed conflict in eastern Ukraine, fighting for the so-called Donetsk People's Republic. A total of five persons were

arrested. Criminal proceedings are being conducted on the suspicions of terrorist attack, terrorism financing and the support and promotion of terrorism. The case is supervised by the High Prosecutor's Office in Prague.

KOVAL case – four charged with illegal arming

NCOZ case officers have charged four suspects persons with unlicensed arming. According to our conclusions, a group of offenders was providing themselves and others with illegal short, long and fully automatic firearms on a long-term basis. In some cases, firearms had been previously modified in Slovakia to fire Flobert ammunition but were subsequently reactivated by the accused to their original state. The investigation has been underway since May 2021. Codenamed KOVAL, an operation was carried out in the regions of South Moravia and Zlín, resulting in four persons arrested and subsequently charged. In the course of the investigation, almost forty searches of houses and other premises were made. 42 short, 22

long and 29 automatic firearms, approximately 4,000 pieces of illegally held or prohibited ammunition and a large number of weapon components were seized, along with computer equipment and mobile phones. In addition, CZK 500,000 was seized in bank accounts. A significant number of weapons are of contemporary origin, including some of the state-of-the-art equipment. At the same time, however, WW II weapons and older were also seized. The seized items will be subjected to expert forensic examination. All four suspects are being prosecuted at large and may face up to eight years' imprisonment if found guilty. The case is supervised by the District Prosecutor's Office in Hodonín.





NCOZ REGIONAL OFFICES

As a law enforcement authority with jurisdiction covering the whole Czech Republic, the NCOZ cannot do without its regional offices. At present, there are seven such offices located in České Budějovice, Plzeň, Ústí nad Labem, Hradec Králové, Brno, Olomouc and Ostrava. The offices cover all the Agency's primary responsibilities in the area of criminal networks, serious economic crime, corruption and financial crime.

ČESKÉ BUDĚJOVICE OFFICE (E1)**KAPROUN case – a crackdown on the organizers of prostitution**

The NCOZ police officers carried out an investigation into human trafficking and organizing prostitution in South Bohemia. Codenamed KAPROUN, the case resulted in three suspects facing charges - one Austrian and two Romanian nationals.

In two counts, suspects enticed two young Romanian females to the Czech Republic under the promise of securing a caretaker for an elderly woman. Having arrived, victims were brought to a nightclub in České Velenice where they had their identity cards taken from them. Taking advantage of the victims' distress resulting from unfamiliar environment, lack of knowledge of local conditions and language and the dispossession of money and identity documents, suspects forced victims to provide sexual services. Facing threats of death and treated with violence, victims had to hand over all their earnings to suspects. They were to be prevented from leaving the nightclub

and travelling back to Romania, which was only made possible after the intervention of the Police of the Czech Republic.

The other girls who volunteered to provide sexual services in the nightclub were paid only half of their original earnings, while the other half was kept and split among the suspects. Furthermore, girls were forced to contribute to the maintenance costs of the night club from their part of earnings. The minimum amount to be paid by the customers was EUR 50 for a twenty-minute treatment, EUR 80 for thirty minutes and at least EUR 100 for one hour in the company of a selected girl.

Motivated by a clear intention to establish a steady source of income from the provision of sexual services by other persons, the suspects are believed to have received an illicit gain of at least CZK 1 million.

ESSENC case – conviction for tax evasion in the tobacco trade

NCOZ officers cooperated with the General Directorate of Customs to investigate into a case of a large-scale tax fraud under the code name ESSENC. One legal entity and three natural persons of foreign nationality were charged with extremely serious crime of tax evasion. As members of an organized group, suspects were facilitating regular

transports of shisha tobacco which met all conditions required to release of such goods into the customs regime on the territory of the Czech Republic (or allowing it to be transited via Czech Republic). Customs warehouse with the status of a free customs zone were always the final destination of goods transported. During individual transports, customs supervision was interrupted as tobacco was removed from its original packaging, however without breaching the customs seals. Tobacco was further transported and in Germany using identical vehicles and offloaded. Back in the Czech Republic, original packages were refilled by a false tobacco-like product in the form of herbal mixture composed of mint, glycerol, carbohydrates and other ingredients. -Officially, it was declared that obligations laid down by the customs for the proper completion of these transit operations had been met. In conformity with data filled in accom-



panying transit documents, counterfeit tobacco products were delivered on time to their original port of destination bearing original customs seals. Here, products were stored as genuine goods.

In 92 counts, goods of net weight of 103 643.4 kilograms were evaded from customs supervision, thus allowing it to be introduced into free circulation. Suspects were well aware of the fact that tobacco products are intended for further distribution and failed to be duly taxed and cleared through

customs which resulted in a damage to the state budget exceeding at least CZK 500 million. It took only eight months since the initiation of prosecution to pass judgment on the case.

Facing the evidence collected against them, defendants agreed to enter into a plea bargain, receiving penalties of six and three years' imprisonment along with pecuniary penalties and a 10-year banishment. The prosecuted legal entity was dissolved.

PLZEŇ OFFICE (E2)

TRAVIN case – manipulation of contracts for the reconstruction of sports grounds

In March 2021, prosecution of fifteen natural persons and five legal entities was initiated by the NCOZ in connection with the manipulations of fourteen public contracts, mainly related to the restorations of sports grounds.

Defendants are believed to have arranged a dishonest advantage to a particular bidder to the detriment of other suppliers or to misrepresent data in subsidy applications. The total amount of profit from these contracts (both paid and unpaid) was

estimated at a total of approximately CZK 53 million. The accused were charged with the offence of arranging advantage in the award of public contracts, partly attempted and partly accomplished. In addition, two natural persons and one legal person are prosecuted for the offence of subsidy fraud.

All the accused individuals are prosecuted at large. The case is supervised by the High Prosecutor's Office in Prague.

ÚSTÍ NAD LABEM OFFICE (E3)

BOHATÝR case – tax evasion and illegal employment

In 2021, five foreign nationals were charged with tax evasion in connection with facilitating illegal employment in the Czech Republic. The accused were employing foreign nationals on a full-time, long-term basis via a temporary employment agency while failing to pay regular monthly health and social care levies subject to applicable laws. Thus, they are believed to have deliberately evaded advance payments of personal income tax as well

as social and health insurance contributions. The amount of the damage caused will be determined by an expert opinion, according to the preliminary estimates of the tax office the damage will exceed CZK 150 million.

In the course of the investigation, the defendants' property worth more than CZK 21 million was seized.

HRADEC KRÁLOVÉ OFFICE (E4)**POST case – taxes worth over CZK 119 million evaded in tobacco trade**

In 2021, the Tax Cobra cooperation brought NCOZ and Customs Administration together to investigate into a case of large-scale illicit imports of tobacco from Poland.

In February 2021, three suspects were arrested and subsequently charged with conspiracy to evade tax under Section 240 (1) (2a) (3)(a) of the Criminal Code, committed in complicity as members of an organised group. Offenders imported and distributed shag (fine-cut tobacco) from Poland failing to declare and pay the relevant excise duty. The group's activity is believed to have been steered by other persons based in Poland who remained unidentified. Several online shops were set up in the Czech Republic to receive orders for tobacco from

final customers. While one of the detainees (a Czech national) was handling orders and communicating with customers, the other two (both Polish) were in charge of facilitating transports of goods from Poland to the Czech Republic and withdrawing the proceeds of tobacco sales from the relevant accounts.

This business was operational from at least March 2018 to February 2021. Defendants managed to transport at least some 51.5 tonnes of smoking tobacco into the Czech Republic, causing damage to the Czech Republic of at least CZK 119 million in undeclared and unpaid excise duty. In January 2022, an indictment was filed against all three defendants in the case.

BRNO OFFICE (E5)**BRIGADA case – organized crime group of Ukrainian racketeers**

The NCOZ conducts an investigation into long-standing violent criminal activities committed by a Ukrainian organised criminal group focused on racketeering. Codenamed BRIGÁDA, undercover investigations revealed that since at least 2007, the so-called 'Luhansk Brigade' have been involved in a highly organised and conspiratorial form of extortion, mainly focused on victims coming from Ukraine but currently living in Brno and South Moravia in general. The victims were forced to pay one-off or regular payments for a so-called 'protection'. The form of the pressure on the victims varied in nature and intensity, the aim being to intimidate the victims and make them fear for their life, health and property. In this way, the defendants obtained an unjust enrichment of at least CZK 2.5 million. During a coordinated response launched on 19 October 2021, seven persons (four males and three

females) were apprehended, some of them in cooperation with the Rapid Response Unit (URNA) and the Special Intervention Unit of the South Moravia Regional Police Directorate. The arrested



men were charged with the offences of participation in an organised criminal group and extortion and were taken into custody by the court. In addition, money laundering charges were brought against two women who were supposed to launder at least a part of criminal proceeds earned (reaching at least CZK 860,000.00) by putting their bank accounts to the disposal of senior members of the criminal group. Apart from money laundering, both females were charged with participation in an organised criminal group and are prosecuted at large. One of the suspects could not be arrested because he had been staying outside the Czech Republic at the time of the operation. Therefore, he will be dealt with in separate proceedings. Among other evidence, cash amounting to millions of CZK and two firearms were found and seized during the house searches performed. In view of the results of the investigation, the case can be expected to be finalized by mid-2022.



ENTREPRENEURS WHO MAY HAVE FALLEN VICTIM TO THE CRIMINAL ACTIVITIES OF THE SO-CALLED LUHANSK BRIGADE (MAINLY IN THE SOUTH MORAVIA REGION) OR THOSE WHO MIGHT HAVE BEEN IN POSSESSION OF CRUCIAL INFORMATION RELATED TO THE CASE ARE HEREBY ENCOURAGED TO CONTACT NCOZ OFFICERS BY PHONE (+420 974 620 649, +420 603 191 007) OR BY E-MAIL (NCOZ.E5@PCR.CZ).

OLOMOUC OFFICE (E6)

BURNO case – eight facing charges in relation to a fraud worth hundreds of millions

In December 2021, eight suspects were charged with aggravated fraud with a loss of almost CZK 140 million. The case is related to a fraud scheme of so-called levy of a part of the proceeds gained from the operation of lotteries and other similar games, where lottery operators are ordered to use these funds to support social, health, sports, ecological, cultural or other publicly beneficial projects. Investigation revealed that this obligation was being deliberately circumvented by the accused on a long-term basis, at least from 2009 to 2011. In this way, the accused are believed to have enriched themselves by almost CZK 140 million. The investigation has been underway since 2019. All defendants are currently prosecuted at large. Sentences of five up to ten years' imprisonment are to be expected in case of a final judgment.

The case is supervised by the High Prosecutor's Office in Olomouc. Assets amounting to CZK 110 million were seized in the case.



Tax cuts worth CZK 251 million in fuel trade

The accused are believed to have involved a network the companies under their control in a so-called "carousel fraud" in relation to the trade in fuel allegedly imported from Slovakia.

In a chain of business relationships, 75 tanker trains of fuel were declared as purchased and immediately sold. Customers were issued with tax documents including VAT amounts. However, the tax was neither declared nor paid while the customers were claiming input tax deductions on the basis of the tax documents received. Illicit activities of the accused are believed to have caused damage to the Czech Republic amounting approximately CZK 251million.

In June 2021, NCOZ case officers filed an indictment motion against sixteen individuals and two legal entities for VAT fraud with a tax gap of CZK 250 million. This is a case where the seizure orders of the Customs and Tax Administration caused a media controversy at the time they were issued. Investigation revealed that back in 2013, the accused introduced a number of legal entities under their controlled into a so-called carousel fraud scheme related to trade in fuels (diesel and petrol) imported

from Slovakia. In this artificially created chain of business relations, 75 tanker trains of fuel were declared as purchased and immediately re-sold. Customers were issued with tax documents including VAT amounts. However, the tax was neither declared nor paid while the customers were claiming input tax deductions on the basis of the tax documents received.

Relationships of superiority and subordination were set up among the persons behind the scheme, with a clear division of tasks and responsibilities. The unlawful conduct of the accused has resulted in a damage amounting to approx. CZK 251 million.

All suspects (both natural and legal persons) are charged with aggravated tax evasion and participation in an organised criminal group. Defendants are prosecuted at large. In the event of a final judgment, prison sentences of up to 10 years may be imposed while the maximum sentence is increased by one third as crime was committed for the benefit of an organised criminal group.

An indictment has been filed with the Regional Court in Ostrava, Olomouc branch.



OSTRAVA OFFICE (E7)

JISKRA ('SPARK') case – a CZK 1.5 billion investment fraud

In 2021, a case of large-scale fraud was investigated by the NCOZ. Under the pretext of achieving monthly appreciations of deposits by 1 to 2 per cent, some 4.500 victims were tricked into joining an investment fund, having deposited about CZK 1.5 billion. The suspect tried to make investments on forex markets but failed. However, victims were presented fake investment appreciations via a dedicated online platform so that the suspect does not lose his image as a successful trader. Funds received from victims

were used to pay high commissions to about 300 sales agents, for pay-outs of individual clients who had decided to withdraw from the scheme and also for his personal needs. In the course of the law enforcement intervention, funds worth approx. CZK 800 million on several bank accounts were seized, along with real properties and luxury cars. In total, assets worth approx. CZK 1 billion were seized for the purpose of future recovery.

FOSILIE ('FOSSIL') case – another joint case of the NCOZ and the EPPO



EUROPEAN
PUBLIC
PROSECUTOR'S
OFFICE

In November 2021, several houses and other premises were searched by NCOZ officers in connection with suspected corrupt practices and manipulation

of public contracts of the Regional Museum in Olomouc funded by the EU. The case falls within the jurisdiction of the EPPO. As a result of the intervention by the NCOZ and the EPPO, the prosecution of one suspect (natural person) for accepting a bribe and money laundering has been initiated, with all charges being related to the abovementioned public con-

tract. Possible procurement manipulations are still subject to further investigation. The accused is prosecuted at large.



CRIMINAL ANALYSIS DIVISION

When uncovering organised crime cases, the work of a criminal analyst is absolutely essential. An analyst adds value to the information or intelligence by putting it into context and is able to formulate recommendations for further action. Agency's Criminal Analysis Division provides support and advisory to the executive organisational units. In addition, analysts are also assigned to all Commands, where they are mainly involved in case studies. Outside of their normal routine, analysts also try to explore new tools to process the ever-increasing volume of data available and to gather open-source-based intelligence. A new specialty within the criminal police is coming to life, possibly defined as "(undercover) online operative".

Criminal Analysis Division is involved in the development of criminal intelligence procedures and the use of analytical tools. The team provides and prepares documents for statistical evaluation of Agency's activities. In addition, the preparation of statistical outputs and evaluation reports for further use by the NCOZ or Czech police leadership, state administration authorities, international bodies and organisations is one of the Division's key assignments. The outcomes contribute to the process of taking strategic decisions and long-term planning of activities in the field of combating crime falling within the Agency's jurisdiction.

The main responsibility of the Criminal Analysis Division, though, is to provide support in the area of case-related analysis. Intelligence and evidence directed towards the detection of a crime and identification of offenders are gathered and evaluated, contributing to the investigation and prosecution of the most complex crime cases handled by the NCOZ. The Issues of criminal intelligence and the

use of analytical tools for strategic and criminal intelligence analysis are addressed from a strategic, conceptual perspective.

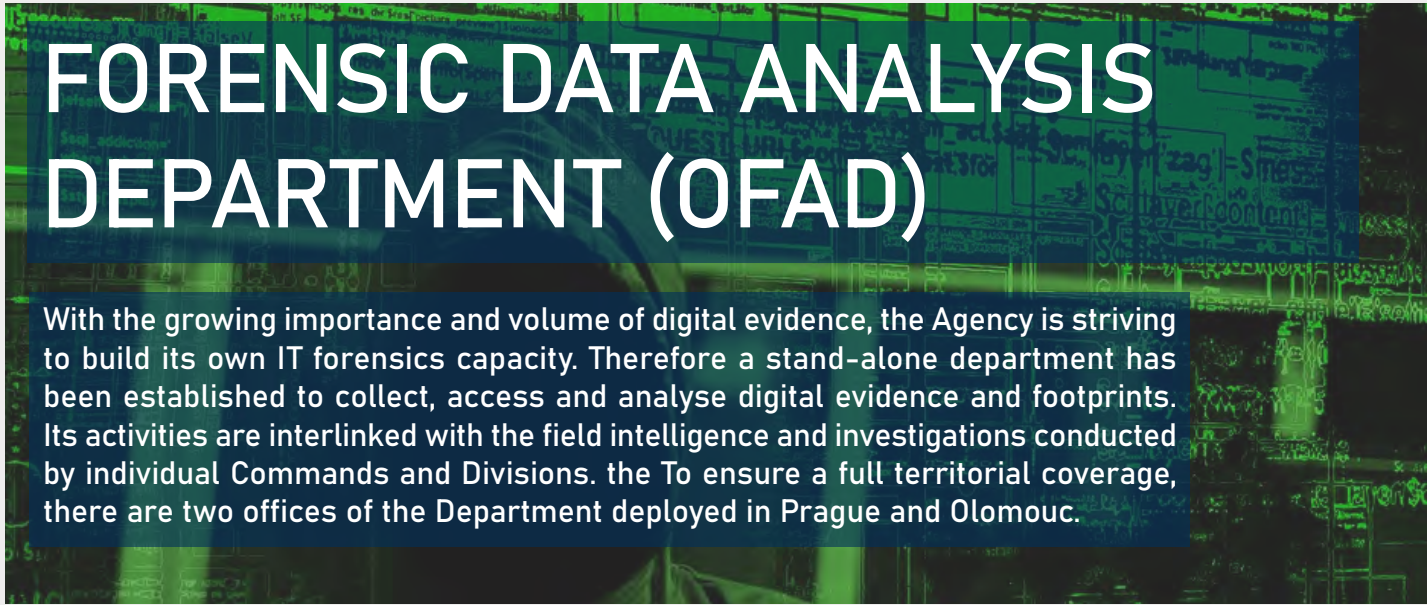
Analytical support to case officers is provided by the Screening Department. The team here performs a thorough, in-depth checks in available databases for the decision-making process of the NCOZ management both on external requests (i.e. criminal complaints, suggestions by prosecutors, information from foreign security forces, Europol, Eurojust, OLAF etc.) and internally (requests made by NCOZ departments and sections). It provides detailed data searches for external entities, which are carried out on the basis of applicable legal regulations. These may include in particular the Security Policy Department and the General Administration Department of the Ministry of the Interior, the National Security Authority (NBÚ) and intelligence services.

Criminal Analysis Division participates in the preparation of expert

opinions and strategic analyses in the areas of developing new trends in collecting criminal field intelligence as well as in criminal investigation. Also, Division provides support in the process of preparation of amendment proposals for related legislation. It cooperates with expert departments of the Police Presidium of the Czech Republic and the Ministry of the Interior.

On the assignment of the NCOZ management and supported by individual Commands, the Division prepares strategic analyses focused on the development of criminogenic factors and crime in the scope of Agency's responsibilities.

In the fields of science and research, the Division participates in the development of a software solution capable of standardization of mass processing, analysis and visualization of financial flows based on available banking information received by the Police of the Czech Republic in the framework of crime detection.



With the growing importance and volume of digital evidence, the Agency is striving to build its own IT forensics capacity. Therefore a stand-alone department has been established to collect, access and analyse digital evidence and footprints. Its activities are interlinked with the field intelligence and investigations conducted by individual Commands and Divisions. To ensure a full territorial coverage, there are two offices of the Department deployed in Prague and Olomouc.

OFAD is an organisational unit under the NCOZ Deputy Director (Line of Duty Support), responsible for a wide range of tasks somewhat split among the fields informatics, analysis, advisory and operational field intelligence.

The main activities of OFAD include collecting, access and preservation of digital evidence and footprints in criminal proceedings and cooperation in their evaluation. Advisory and support during preparation and planning of digital evidence-related procedural acts is often sought for. Last but not least, technical support and cooperation with other Agency or the Police of the Czech Republic is also often required, especially in connection with acquisitions of appropriate technology and forensic software to perform data forensic analyses

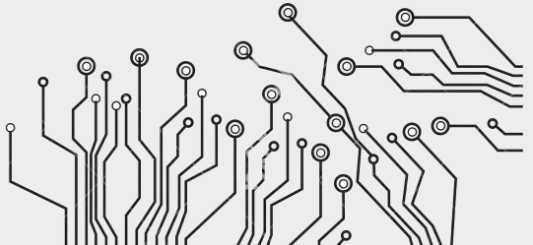
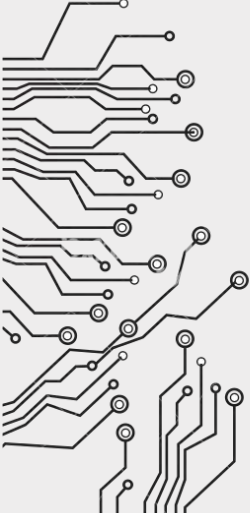
within criminal proceedings.

During 2021, the number of officers in the department has increased again. That said, two separate offices were established in Prague and Olomouc to ensure operational needs of a national unit.

In 2021, OFAD officers participated in almost case-related interventions, mainly house searches and on-site examinations of seized evidence or devices. Here, expert tasks related to the collection of digital evidence and footprints for the purpose of criminal proceedings. This includes not only investigations conducted at the NCOZ and but also joint operations in cooperation with other agencies or services within the Police of the Czech Republic, other security forces and also related to international cooperation.

During 2021, particularly in periods of lower incidence of Covid-19 in the society, OFAD staff have been able to complete long planned full-time specialisation courses to increase their skills and expert knowledge.

In cooperation with other departments within the Agency and the Police Presidium, the Department succeeded in finalizing a public tender for the purchase of software and hardware amounting to some CZK 30 million to be used by NCOZ staff. New equipment shall renew, modernise and expand the functionalities of current technologies to comply with performance requirements of today's "digital age". In addition, specialised forensic equipment has been acquired to improve performance in the area of analytical and forensic tasks.



INTERNATIONAL COOPERATION

Within the NCOZ, international relations are coordinated by the International Cooperation and Advisory Department (OMSM). The office is responsible for the area of international police cooperation as well as assignments resulting from the country's membership in the European Union, other international organisations and expert networks. The Department provides additional support consisting mainly of interpretation services at case-related coordination meetings and legal assistance acts in the Czech Republic, joint investigation team meetings under the auspices of Eurojust, various operational meetings often powered by Europol as well as trainings, seminars and other educational activities.

As in previous years, regular meetings were held in 2021 for the purpose of exchanging information and dealing with requests with authorised officers of foreign security forces or foreign police liaison officers as well as with Czech police liaison officers serving abroad. On 21 – 22 October 2021, a meeting of NCOZ executive managers and senior officers with liaison officers was held. The event was attended by 38 NCOZ officers and 30 liaison officers – both the representatives of foreign police forces accredited for the Czech Republic and Czech liaison officers

deployed outside the country. The aim of the event was to follow up on previous regular meetings of NCOZ representatives and their partners, which have proved to be very beneficial and enriching for mutual cooperation. The event's main ambition was to strengthen the existing personal contacts and to establish new ones, especially in view of staff changes over the last two years when the global outbreak of the Covid-19 pandemic brought all such meetings to a halt.

In 2021, OMSM officers were members of three international Joint

Investigation Teams (JITs).

Apart from detection and investigation of crimes, NCOZ acts also as the expert and advisory body in the field of tracing and recovery of criminal proceeds. Beyond that, the Agency is the national point of contact for international partners in the areas of asset recovery, money counterfeiting, counter-terrorism and cybercrime.

The cooperation in the area of individual priorities set within the EMPACT (EU Multidisciplinary Platform against Serious and Organised Crime) is increasing. Agency representatives actively participated in several joint meetings and videoconferences focused on responding arms trafficking, cybercrime, illegal migration, labour exploitation and financial crime.

Since 2019, The Agency has been involved in co-leading the EMPACT priority of combating tax fraud. From the international perspective,

ARO - ASSET RECOVERY OFFICE

NCOZ International Cooperation Department performs the tasks assigned to the Agency as a designated national asset recovery office (ARO). The ARO team handles criminal asset tracing requests placed by the Agency's Commands, other national agencies (such as the National anti-drug office NPC). and regional or even local police forces, dominated by regional economic crime departments and the Incoming requests from European ARO partner offices are also processed. CZ ARO representatives regularly join international meetings within the so-called "ARO platform", organized by the European Commission's General Directorate for Migration and Home Affairs (DG HOME) in cooperation with Europol. In 2021, main strategies issues subject to discussion were the ARO competencies in the light of the forthcoming criminal asset tracing and confiscation directive, currently under preparation.

this should be considered a major success at the strategic level of international cooperation.

The Agency's international cooperation office links the national police to the CARIN network (an informal inter-agency network joining international law enforcement and judicial practitioners in the field of asset recovery). One of the network's main goals is to promote cooperation and information exchange in the fields of tracing and seizure of criminal proceeds.

In 2020, some 450 international requests were handled, based on the ARO / CARIN cooperation frameworks or bilateral agreements. These figures do not include mutual legal assistance issues. An officer of the NCOZ Tax Crime Division represents the Czech Republic in several so-called 'priorities' of the EMPACT platform. Priorities of selected key areas of crime are set by the European Union.

In the MTIC Fraud priority, the Czech Republic is represented by the Agency's Tax Crime Division along with the Customs Administration of the Czech Republic. The Czech Republic continues to act as the priority co-driver, i.e. the deputy head of the EMPACT MTIC workgroup currently led by Italy.

The OMSM is also in charge of the international project named "Deepening of the professional qualification of the law enforcement authorities in the field of the fight against corruption, money laundering and terrorism financing" funded by the European Economic Area and Norway. As a part of the project, three international meetings of ARO platform experts are planned to take place in the Czech Republic.

Regarding cooperation with OLAF, a change was made at the national level following a series of negotiations between the NCOZ and the Czech Ministry of Finance.

As a result, an inter-agency agreement between the Ministry of Finance and the Police of the Czech Republic was concluded on 26 November 2021, setting out basic rules for the transfer of information on mutual cooperation in the field of protection of the financial interests of the EU and the Czech Republic. On the basis of this agreement, the Supreme Prosecutor's Office is replaced by the Police of the Czech Republic as the AFCOS network point of contact (on the general issue of harming financial interests of the EU) for the purpose of necessary cooperation with OLAF in the area of criminal proceedings. The Director of OLAF as well as OLAF staff have been notified of this change, introduced to streamline existing cooperation.

Major international partners of the NCOZ include the EU law enforcement agencies (Europol and Eurojust), National Criminal Agency (NAKA) of Slovakia, the German Federal Criminal Police Office (BKA) and State Criminal Police Offices (LKAs), German Federal Police (Bundespolizei), the US Federal Bureau of Investigation (FBI), police forces of Balkan countries, Ukraine, Georgia, the Baltic countries as well as the UK security forces.



SLOVAKIA



EU



EU



Bundeskriminalamt

GERMANY



BUNDESPOLIZEI
GERMANY



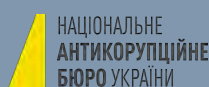
USA



GREAT BRITAIN



UKRAINE



UKRAINA



LITHUANIA



LATVIA



ESTONIA



GEORGIA

CONTACTS:

Mailing address: PO BOX 41/NCOZ, 156 80, Praha 5 – Zbraslav

Databox: eesyd9x

Telephone: +420 974 842 683

FAX: +420 974 842 594

Email: ncoz.podatelna@pcr.cz

ncoz.sekretariat@pcr.cz

Online presentation: <https://www.policie.cz/clanek/narodni-centrala-proti-organizovanemu-zlocinu-skv>

MEDIA CONTACTS:

NCOZ Spokesperson: Col. Jaroslav Ibehej

Email: ncoz.tisk@pcr.cz

All NCOZ press releases are available on the official website of the Police of the Czech Republic at: policie.cz/ncoz-archiv-tiskovych-zprav

TERRORISM:

Terrorism-related reports may be addressed directly to the NATIONAL COUNTER-TERRORISM CONTACT POINT (NKBT).

Email: nkbt.info@pcr.cz

REPORTING A CRIME VIA THE POLICE OF THE CZECH REPUBLIC:

To submit your report, please use the email address of the filing office of the Police of the Czech Republic, adding "For NCOZ" to the message subject.

Email: epodatelna.policie@pcr.cz

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