



Ministry of Finance
of the Czech Republic



Central Contact Point of AFCOS

Department 69
Analysis and Reporting of Irregularities

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KAMILA

- ▶ Cover name was “KAMILA”
- ▶ Police of the Czech Republic
Unit for Combating Corruption
and Financial Crime Division
of Criminal Assets and Money
Laundering Prague
- ▶ Main investigator Col. Vladimír Zavrel





The Key Facts

- ▶ 10 perpetrators: businessmen, liquidators, lawyer (UK) and Deputy Minister
- ▶ investigation from 2005 to 2006 (from September 2006 up till today, it is still ongoing in a court of law)
- ▶ Should they have succeeded, the financial damage would have totaled 230 mil. Czech crowns (8,5 mil. EUR)



Legal Qualification

- ▶ **Laundrying of proceeds of crime (money laundering)** – section 216 of Act. No. 40/2009 Coll., Penal Code, as amended
(Legalization of the proceeds obtained from crime)
- ▶ **Fraud** – section 209 of Act. No. 40/2009 Coll., Penal Code, as amended
- ▶ Suspects faced up to 10 years in prison



Basic Facts

- ▶ EU funds (PHARE) *Pre-Accession Assistance*
- ▶ Supporting less developed regions in the Czech Republic
- ▶ **Managing authority**
 - Ministry of Regional Development of the Czech Republic
- ▶ **Paying authority**
 - Ministry of Finance of the Czech Republic
- ▶ Established the **Regional Business Fund**

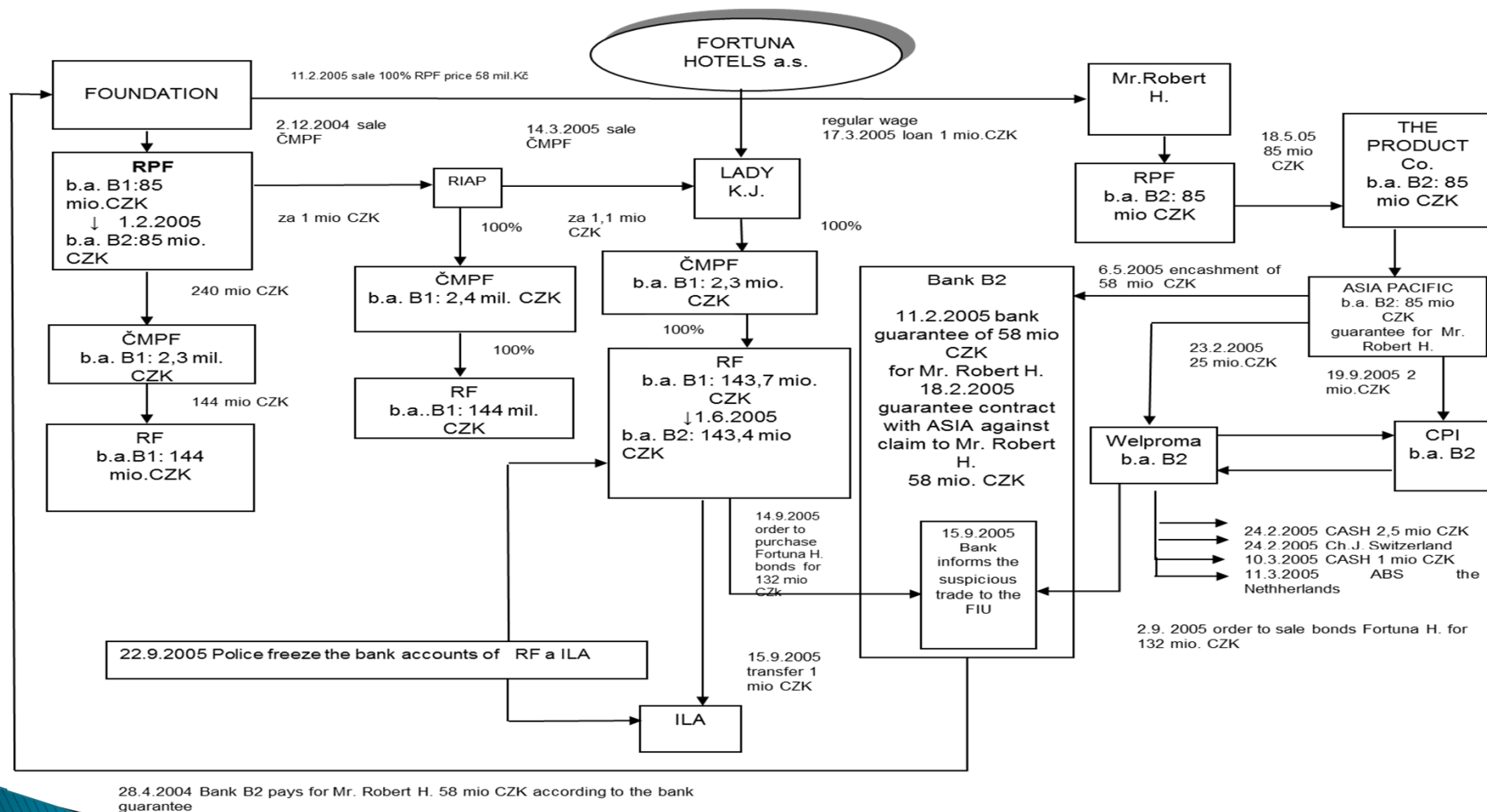


The *Modus Operandi*

- ▶ SME (small and medium enterprises)
- ▶ Changing the Czech legal system
- ▶ Legal liquidation of the Fund
- ▶ Establishing “shell companies” – straw men
- ▶ Purchasing **Regional Business Fund** with 8,5 mil. EUR for the price of 1,6 mil. EUR
- ▶ This money would come from the Regional Business Fund’s own account
- ▶ Fraud and money laundering



The *Modus Operandi*

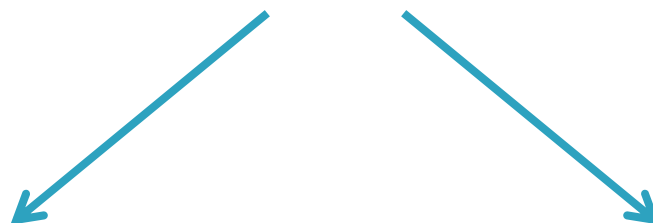


The *Modus Operandi*

- ▶ Ministry of Regional Development → Regional Business Fund → liquidator (head and initiator) → straw men → British lawyer → shell companies → Swiss bank accounts → RBF had 8,5 mil. EUR → Minister's report → investigation → detained suspects for crimes allegedly committed → seized money (7,4 mil. EUR) → police questioned suspects and witnesses → indictment → trial → verdict → appealed by Deputy Minister

International Aspects and Cooperation

- ▶ Swiss banks
- ▶ British police authorities and prosecutor
- ▶ European Commission – OLAF:



purpose
of the grant

origin
of the money



Result

- ▶ 10 suspects
- ▶ 6 sentenced
- ▶ 3 sentenced to 3 – 4 years in prison
- ▶ 3 got suspended sentences
- ▶ Deputy Minister – ongoing judicial inquiry
- ▶ 8,5 mil. EUR financial damage
- ▶ In total, 7,4 mil. EUR were seized by police;
suspects were also fined 1,1 mil. EUR

THANK YOU FOR YOUR ATTENTION

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Ministry of Finance

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