



Valsts ieņēmumu
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State Revenue Service of the Republic of Latvia

Description of a Standard Criminal Case

Māris Breidaks
Head of 3rd Investigation Division
SRS Finance Police Department

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Initiation Stage of a Criminal Case

- As a result of information analysis, provided by the SRS Tax Department on suspicious financial activities, the criminal case has been initiated on February 16, 2011 in accordance with Article 177, Part 3 and Article 218, Part 2 of the Criminal Law, on the large scale fraud and tax evasion (EUR 87 487,89 value added tax).

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Pre-trial Investigation

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- 139 enquiries sent;
- Totally 62 decisions have been made during the Criminal Case, including 1 decision on application of coercive measures against legal entity and 3 decisions on application of property arrest.
- 34 separate tasks have been given to the other Finance Police Department units.
- 17 reports/enquiries have been made.

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People Search

2 persons were searched and coercive measures have been applied to bring them to the investigator.



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During the Investigation

- The objects inspection has been conducted on May 02, 2011.
- It was identified that some work has been started.
- The inspection protocol is being compiled.
 - The amount of work does not match the amount to be done during the first stage.
 - The Rural Support Service has not conducted the «on the ground inspection» prior to payment for the first stage activities.



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Special Investigation Procedures

- Control of 1 means of communication has been conducted (telephone tapping) with the judge's warrant – no significant evidence was gathered.
- Contents of 22 e-mail boxes have been acquired with the judge's warrant – a valuable information on the true participants of the organized criminal group was gathered and the information on fictitious transactions got confirmed.
- 13 bank account statements have been acquired with the judge's warrant on the participants in a chain of transactions.



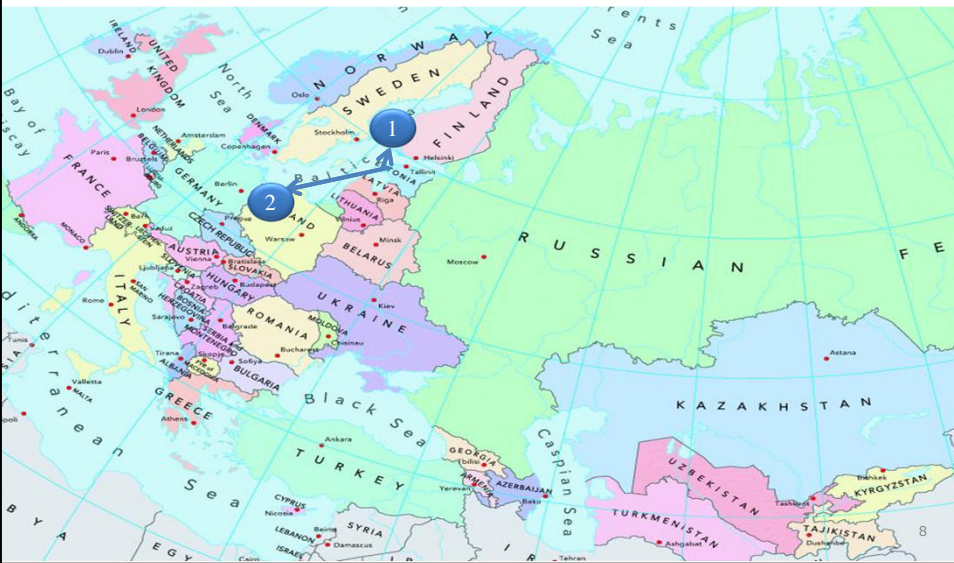


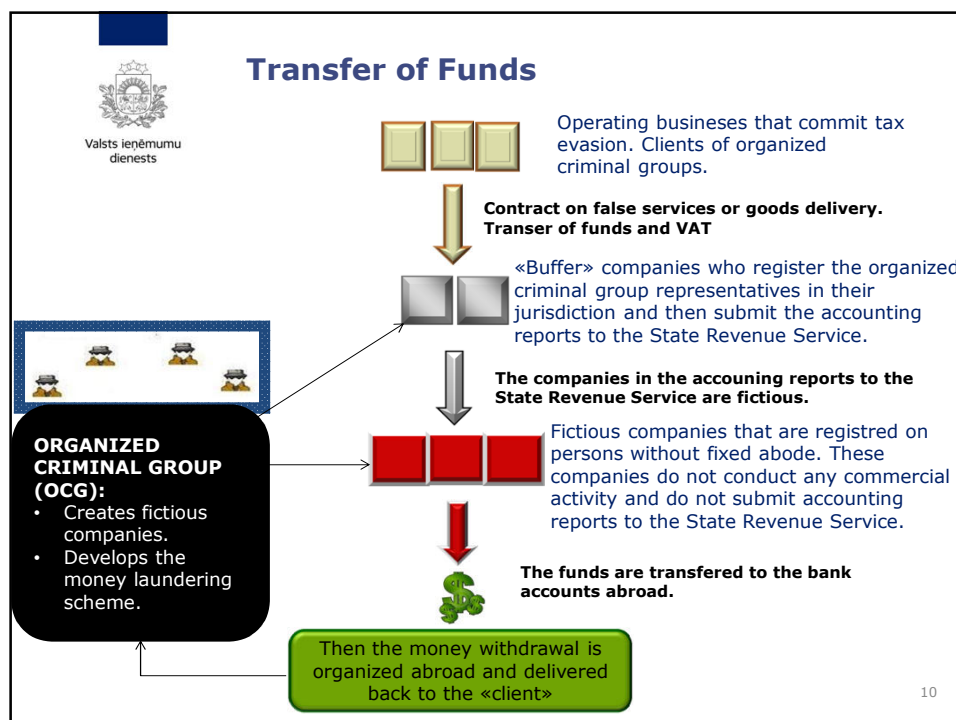
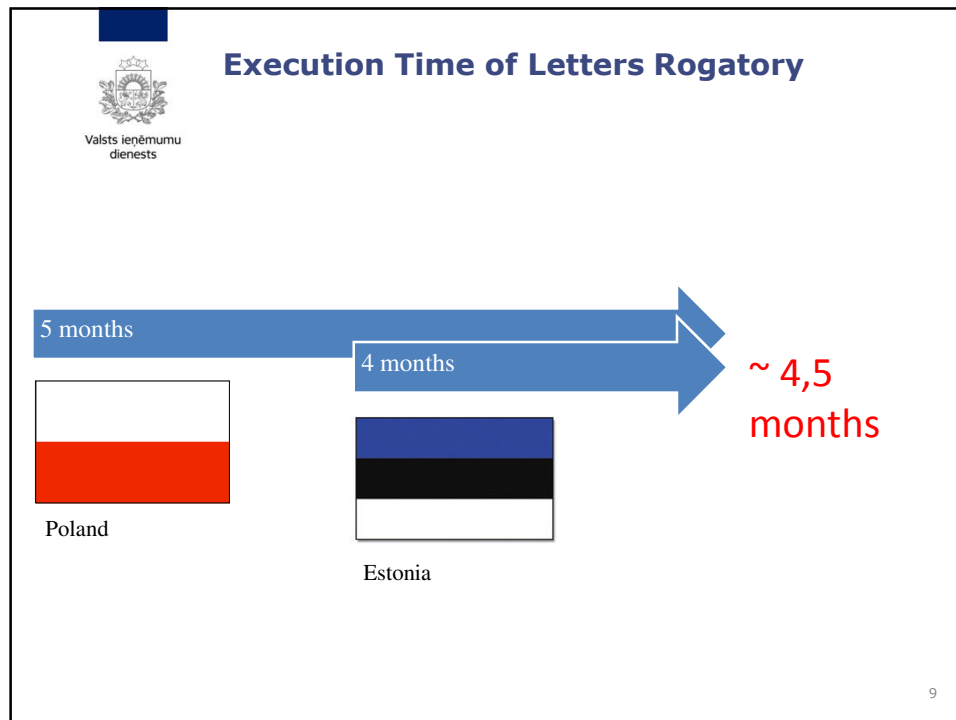


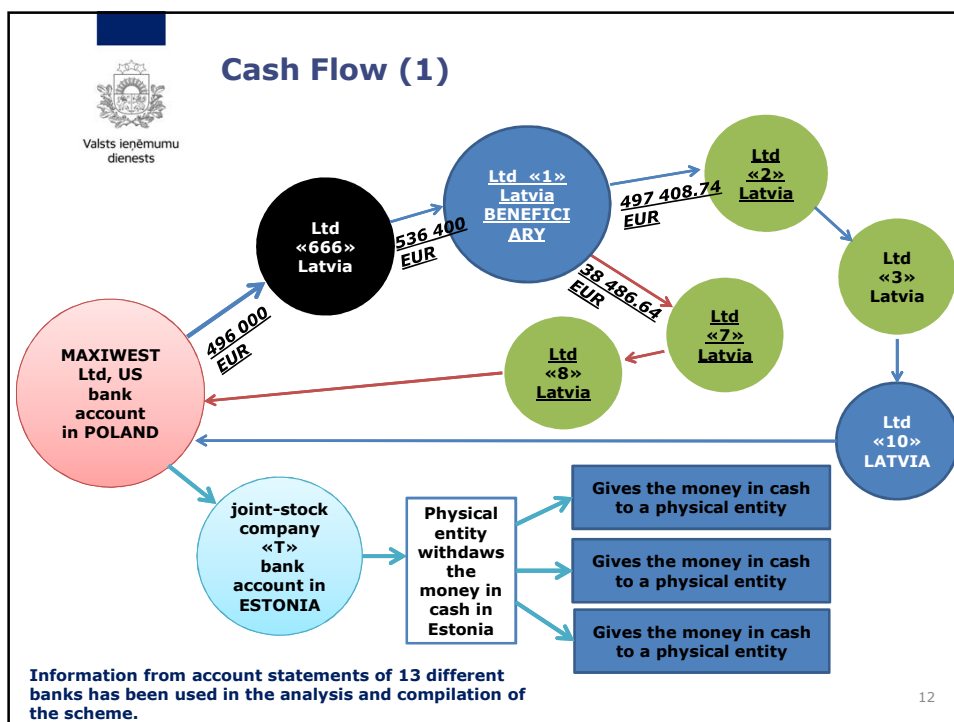
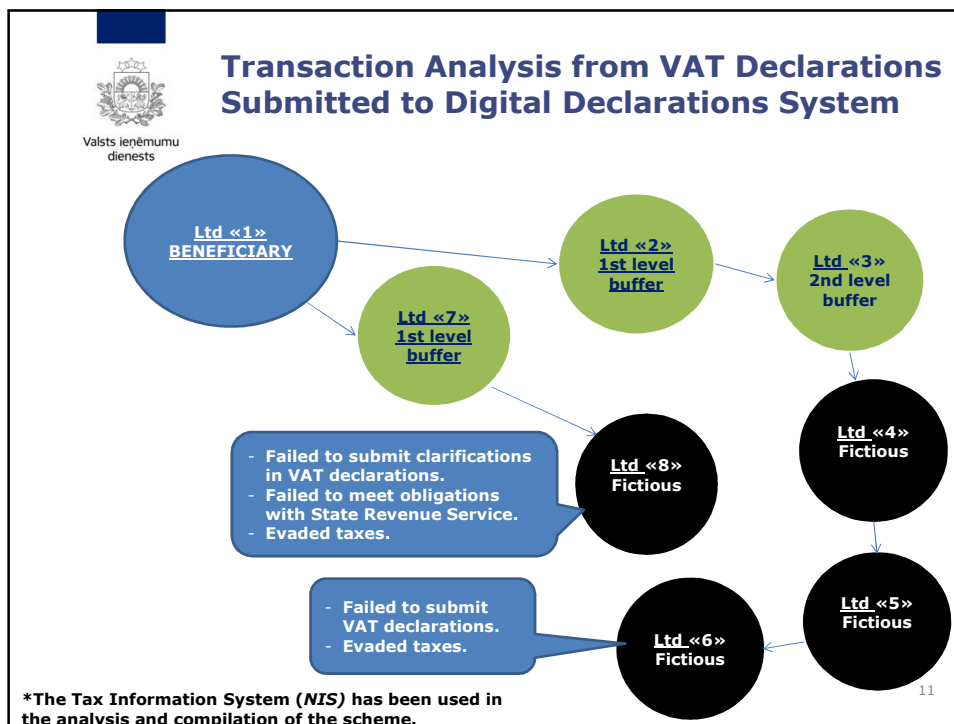


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Letters Rogatory



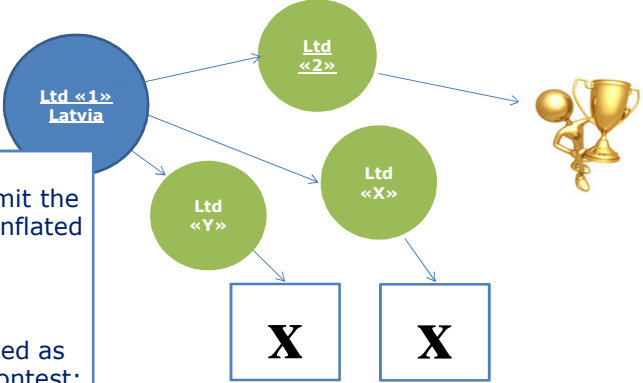






Information Given to the Rural Support Service (1)

- Ltd «1» and the perpetrators submit the contenders with inflated expenditures.
- Ltd «2» with a seemingly lower proposal is selected as a winner of the contest; the further activity is divided into three stages.



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Information Given to the Rural Support Service (2)

- On April 6, 2009 the Ltd «1» applied for funding of the European Fisheries Fund «Investment in Aqua Culture Companies». The Rural Support Service accepted the project proposal and concluded the agreement with Ltd «1» on financing the project «Fisheries Development Ltd 1s» on June 21, 2009.
- In accordance with the project within the time span of June 21, 2009 through May 30, 2011 the Ltd «1s» planned to purchase production assets and build the premises for fish storage, fish cooling, fish hatchery and fodder processing as well as build and reconstruct the fish ponds and build a 3000 m fence.

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Information Given to the Rural Support Service (3)

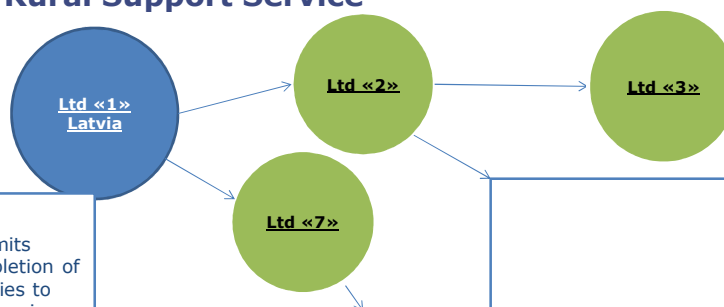
- The project was intended to be completed in three stages with the overall budget of 1 331 083,43 EURO including the public funding from the European Fishery Fund of EUR 762 005.12.
- The project documentation shows that the 1st stage activities had to be completed by January 5, 2011; the total 1st stage expenditures amounted to EUR 442 121.77. including the public funding from the European Fishery Fund of EUR 245 757,94.

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Rural Support Service

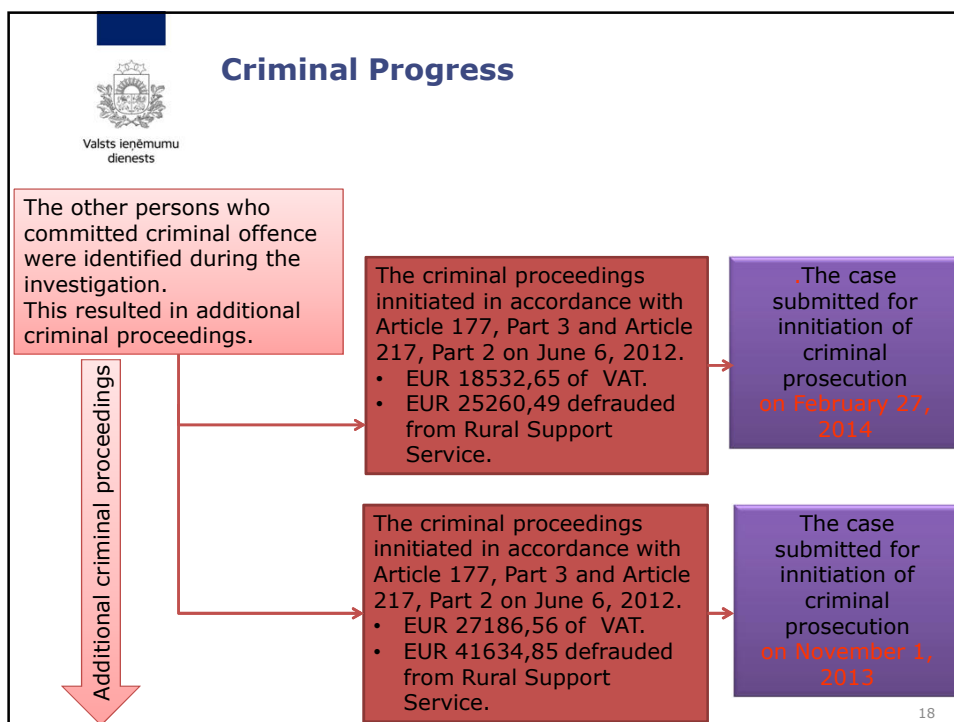
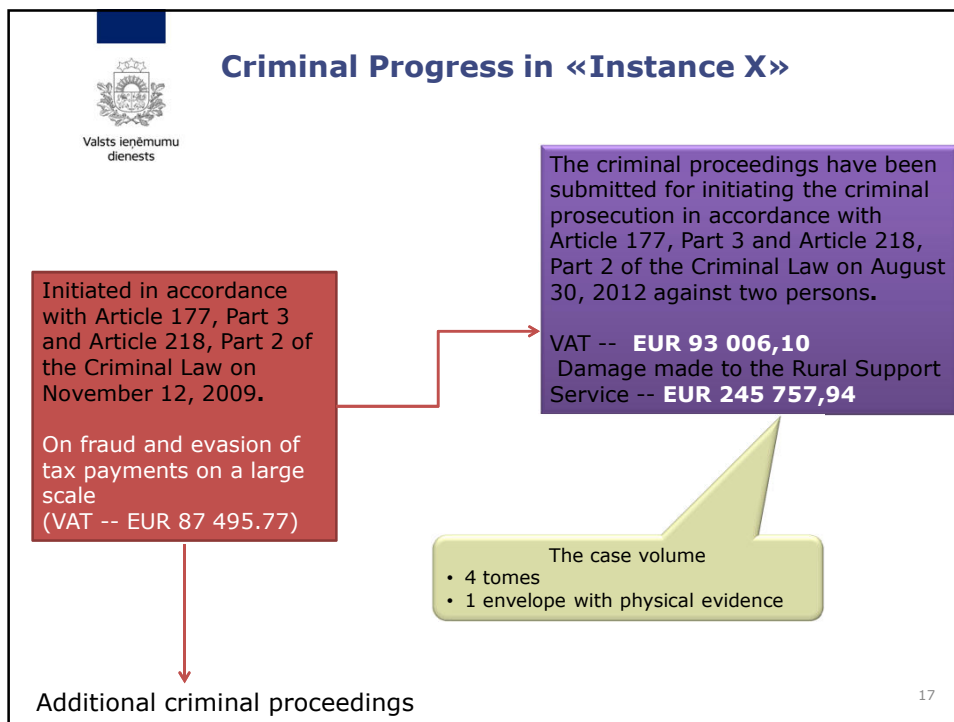


1. The Ltd «1» submits documents on completion of the 1st stage activities to the Rural Support Service. In fact, only minor preliminary work has been done with personal resources.
2. The Rural Support Service pays Ltd «1» for as if completed at 40-60% 1st stage activities. The work, in fact, has not been done.
3. The work is being continued at the expense of payment that significantly exceeds the actual costs.

1. In fact, the fence was purchased from manufacturer in UK for a different company in Latvia at EUR 2 083,10 (VAT 0%). The official of Ltd «1» managed the purchase as proxy.
2. The official of Ltd «1» arranged workers to erect the fence.
3. In accordance with scenario of the OCG (Organized Criminal Group), the Ltd «7», submitted the accounting reports with increased purchase and labour costs (EUR 38 486,32).

1. In fact, the work that has been indicated as done by the Ltd «2» and cost EUR 404 399,86, was done by several persons. The official of Ltd «1» arranged those persons to do the work.

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Criminal Progress

The prosecutor
of Kurzeme Region Court
Prosecutor's Office
forwarded the criminal case
to Saldus District Court
on June 28, 2013



- The first hearing took place on October 2013.
- Altogether seven hearings took place.
- The outcome is still unknown.



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Timeline



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Finance Police Department

Thank you for your attention