

## The opening of the EPPO investigations - case study

### Case study:

Company A, based in Italy, is participating in a tender procedure launched by the European Commission to provide the capital of an African country with a new hydric system, in the framework of a programme to support the development of such African state.

Company A is a holding company, with some branches in other EU Member States. The company participating in the tender is one of the branches, based in Spain, the company B.

Company B is owned to 100% by the company A.

Company B is awarded the tender also on the basis of the technical documents explaining the work, and it starts receiving a first installment from the Commission. The money is transferred from a bank account of the Commission in Brussels to the bank account of company B, in Spain.

During the works, the African authorities complain about some shortcomings in the execution. In particular, several losses of water from the pipelines are reported even before the works are completed.

A first technical check by the African authorities shows that the material used by company B for the pipelines is not of the same quality as the one mentioned in the technical document submitted to the Commission. The material used in the works is much cheaper than the one mentioned in the technical document.

A further check by the Commission confirms the allegation.

The Commission suspends the further payment, drafts a report and sends it to OLAF.

Company B, however, alleges it was victim of a fraud, as it didn't realise that the material was different to the one that was ordered from the supplier. Company B submits a complaint to the Spanish authorities, as it is based in Spain.

After receiving the report from the Commission, OLAF immediately sends it to the EPPO, as they believe that the facts amount to the criminal offence of fraud in using EU funds, committed by company B.

The Spanish authorities are aware that, in connection with the same facts, the OLAF file has been sent to the EPPO and they decide to send to the EPPO also the complaint by company B.

### Questions:

**Q1. The questions, at this stage, are: what does EPPO do after receiving these two reports? Does it first verify the information or does it first register it? Which EDP should register the information?**

**Q2. What can the EDP do at this stage, after the registration and before deciding on the opening of the investigation, in order to verify the reliability of the information?**