



Freedom, Security and Justice within the European Union

- with special emphasis on criminal justice issues

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MODULE 4

European Criminal Justice in Actio

1

Reading Lecture 2

Protection of the Financial Interests of the EU by Criminal Law

In this lecture you will learn about...

- the financial interests of the EU and about
- combat against money laundering.

Learning time - approximately 3 hours



1. The Financial Interests of the EU

Read the text!



functional
integration

protecting EU
supranational
interests through
criminal law

For citizens to be confident that their money is being used properly, the European Union needs to protect its financial interests.

Udvarhelyi: "According to some estimation, the overall damage caused by these criminal offences can **reach 10-20% of the EU's budget**. Apart from the substantial damage to the budget, on both the revenue and expenditure side, EU fraud also has indirect effects. The differences in the assessment of EU-fraud by the national authorities can cause illicit competition among the economic operators in the Member States, because perpetrators choose for the commitment of the criminal offences the Member States where

the penalty the most lenient is. Furthermore, in a long term, crimes against the financial interests of the European Union can also affect the **credibility, confidence, and political acceptance of the EU**. Therefore, these offences may seriously slow down the process of European integration. The European Union also realized the risks of these crimes and tried to create a coherent and effective framework to combat criminal offences against its financial interests."¹

2

Check the following operation of the EUROPOL and explain how the related crimes could affect the financial interests of the EU.

OPERATION
RENEGADE

https://ec.europa.eu/anti-fraud/media-corner/news/26-06-2017/operation-renegade-halts-thousands-potentially-dangerous-auto-spare_en

OPERATION
CERBERUS

https://ec.europa.eu/anti-fraud/media-corner/news/20-12-2017/jco-cerberus-olaf-french-and-spanish-customs-launch-large-scale_en

OPERATION
MAGNUM II

https://ec.europa.eu/anti-fraud/media-corner/news/05-12-2017/joint-customs-operation-magnum-ii-real-time-intelligence-exchange-leads_en

¹ https://www.uni-miskolc.hu/~microcad/publikaciok/2017/e2/E2_12_Udvarhelyi_Bence.pdf



2. The Financial Interests of the EU II.

Match them all.

Some offences violate or affect more than one protected interest.

3

<i>Financial interest of the EU</i>	<i>Offence</i>	<i>Financial interest of the EU</i>	<i>Offence</i>
cash control		ensuring the efficiency of public spending	
protection of taxes		protection of competition and competitiveness of market actors	
protection of fair business administration		protection of trust in the state and confidence in institutions	
protection of trust in public and business documents		protection of the common budget of the EU	
ensuring the intact public administration in the sense of not being influenced by		protection of the euro against forgery	forgery of money
protection of intellectual property		protection of the legal financial market from dirty money	

fraud

irregularity in financial reports

active bribery (giving)

passive bribery (accepting, requesting)

money laundering

tax offence

falsification of documents

forgery of money

counter-fighting of brands

smuggling

piracy



3. Expert Interview on the Combat against Money Laundering

Watch the video
lecture No 10!



Prof. Dr. Judit Jacsó, vice dean, head of the Department of Criminal Law and Criminology faculty member, University of Miskolc Faculty of Law, Institute of Criminal Sciences, Department of Criminal Law and Criminology. “Research Ambassador” of the University of Heidelberg, department representatives at the University of Heidelberg Faculty of Law Department of Criminal Law in the 1th Semester 2016/17. Author of two German monographs about money laundering (“*Bekämpfung der Geldwäscherei in Europa: Unter besonderer Berücksichtigung des Geldwäschestrafrechts von Österreich, der Schweiz und Ungarn*” – “Fight against money laundering in Europe, with particular emphasis on the criminal law regulation of Austria, Switzerland and Hungary”) and harmonization of tax offences (“*Europäisierung des Steuerstrafrechts am Beispiel der gesetzlichen Regelungen in Deutschland, Österreich und Ungarn*” – “Europeasation of tax criminal law on the example of the legal regulation of Germany, Austria and Hungary”). Member and coordinator of several international and domestic research projects, among which it has to be highlighted that she was the project coordination of the “Criminal law protection of the financial interests of the EU – Focusing on money laundering, tax fraud, corruption and on criminal compliance in the national legal systems with reference to cybercrime” international HERCULE III project.

Dr. Bence Udvarhelyi, assistant lecturer, faculty member, University of Miskolc Faculty of Law, Department of European and International Law, Department of Civil Procedure and International Law. His research topic includes European criminal law, the protection of the financial interests of the EU, fight against money laundering. Author of a monograph about European criminal law (“*Az Európai Unió anyagi büntetőjoga a Lisszaboni Szerződés után*” – “Substantive criminal law of the European Union after the Treaty of Lisbon”). Spent two months in the Max-Planck Institute of Foreign and International Criminal Law in Freiburg im Breisgau within the framework of DAAD Scholarship. Member and coordinator of several international and domestic research projects, among which it has to be highlighted that he was the project coordination of the “Criminal law protection of the financial interests of the EU – Focusing on money laundering, tax fraud, corruption and on criminal compliance in the national legal systems with reference to cybercrime” international HERCULE III project.





4. The Pilatus scandal and financial interests of the EU

Dimitros Kafteranis: The Pilatus Bank scandal: time to reconsider banking supervision, anti-money laundering and whistle-blower's protection in the EU. 5 december 2018

Check the report and analysis of it. Answer the questions.

<https://europeanlawblog.eu/2018/12/05/the-pilatus-bank-scandal-time-to-reconsider-banking-supervision-anti-money-laundering-and-whistle-blowers-protection-in-the-eu/>

5

1. Who is a person who is reporting on breaches of law?
2. Why does such a person need specific protection?
3. What is the three-tier model for whistle blowing?
4. The release of the Panama Papers revealed that the Maltese-based Pilatus Bank facilitated suspicious transactions from Panama in the name of politically exposed persons. True or false?
5. Why is Maria Efimova considering a whistle-blower?
6. Why did she not follow the three-tier model acknowledged by the Maltese law?
7. Could she report to the European Central Bank? Why?
8. By whom and for what reason was a European Arrest Warrant issued against her?
9. What was the role of the investigative journalist Caruana Galizia in this scandal?
10. Why was this journalist being sued in a US court?
11. Is Pilatus Bank still operating after such activities and machinations?
12. What is the main feature of the proposed directive (on the protection of persons reporting on breaches of Union law)?
13. Did Maria Efimova get her salary reimbursed?
14. Why is this case relevant for financial interests of the EU?
15. Why is this case relevant for mutual trust within the EU?

Submission's page will be opened in Webuni (Spring 2021).

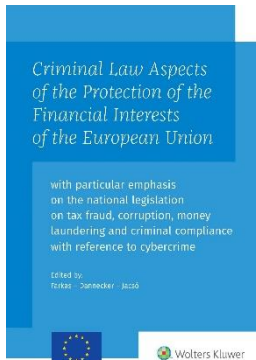


5. Questions for review

1. Which behaviours do affect financial interests?
2. What is money laundering?
3. Why is it dangerous for the economy? And for the society?



4. What are the competences of the EU in connection with money laundering?
5. How does it work?



Further Readings

Farkas Á.- Dannecker G. – Jacsó J. (eds.): Criminal Law Aspects of the Protection of the Financial Interests of the European Union with particular emphasis on the national legislation on tax fraud, corruption, money laundering and criminal compliance with reference to cybercrime. Wolters Kluwer Hungary Kft., 2019.

<https://hercule.uni-miskolc.hu/study>

6

External video

TED Education - How does money laundering work? - Delena D. Spann

<https://youtu.be/257wV-AbKaE>

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