**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 20 May 2011

10244/11

ENFOPOL 149

NOTE

From:	Europol
To:	Delegations
Subject:	General Report on Europol's activities 2010

1. Article 37(10)(c) of the Europol Decision[1], reads:

    "*Each year the Management Board shall adopt:*

    (...)

    (c)   a general report on Europol's activities during the previous year including the results achieved on the priorities set by the Council.

    Those documents shall be submitted to the Council for endorsement. The Council shall forward them to the European Parliament for information."

2. The General Report on Europol's activities in 2010 adopted by the Management Board and submitted to the Council for endorsement by a letter dated 5 May 2011 is set out in annex.

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[1]   OJ L 121, 15.5.2009, p. 37.

3. On this basis the LEWP is invited to take note of the report as set out in annex and to submit it to COREPER and Council for endorsement.

EUROPOL REVIEW

GENERAL REPORT ON EUROPOL ACTIVITIES

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Foreword

Welcome to the *Europol Review - General Report on Europol Activities,* which presents an overview of Europol's work in 2010.

This publication aims to explain Europol's contribution to the fight against serious crime and terrorism in Europe and, at the same time, fulfils its obligation to present an annual general report on activities in accordance with article 37(10)c of the Europol Council Decision. The Europol Review – General Report on Europol Activities, is submitted to the Council of the European Union (EU) for endorsement and the Council forwards it to the European Parliament for information. Moreover, dissemination of the Europol Review to the general public, aided by its discussion at the European Parliament, helps to make Europol's activities more transparent.

With the close of 2010, Europol completed its first year as a fully-fledged EU agency, and continued its mission to support EU law enforcement authorities in preventing and combating all forms of serious international crime and terrorism. 2010 saw the adoption of the European Union's Internal Security Strategy. Europol played an active role in the production of the Strategy and is keen to contribute to its successful implementation.

The EU Internal Security Strategy envisages a central role for the European Police Office. This will give Europol the opportunity to better fulfil its mandate of providing operational support to fight organised crime and terrorism. At the heart of the Strategy is the idea of an agreed European security model based on intelligence-led policing. This will help to define common EU priorities and better understand the threats to the EU's internal security. Intelligence-led policing has been a key and underlying concept in all Europol strategic assessment activities. The Council has already decided on the framework of a new EU policy cycle which will give practical effect to the Strategy's aspirations.

In 2010, following the EU-US Agreement on the Terrorist Finance Tracking Programme (TFTP), which came into force on 1 August 2010, a key role was designated to Europol as the body is responsible for the verification of US requests to Designated Providers of financial messages within the European Union. The objective of this new collaboration between the US and the EU is to identify, track and pursue terrorist finances.

This coming year will be equally dynamic for Europol. One of our first priorities will be to implement an improved European Criminal Intelligence Model programme which will begin with the publication of the next Organised Crime Threat Assessment (OCTA) in March 2011 and in the formulation of organised crime priorities by the Council of the EU. We will also start reshaping our strategic assessment to include the concept of the Serious and Organised Crime Threat Assessment which will be launched for the first time in 2013.

Europol has gained momentum in its dynamic development over recent years and Europol's Management Board are working in close cooperation with the European Commission to conduct a coherent and independent evaluation of the agency's performance under its new legal regime.

Disrupting international criminal and terrorist networks remains Europol's core business and most important task. Europol will continue to support Member States in their investigations, operational activities and projects to respond to these threats.

1. About Europol

1.1 Mission, priorities and vision

As the European Union (EU) law enforcement agency, Europol's mission is to support its Member States in preventing and combating all forms of serious international crime and terrorism. Its role is to help achieve a safer Europe for the benefit of all EU citizens by supporting EU law enforcement authorities through the exchange and analysis of criminal intelligence.

Large-scale criminal and terrorist networks pose a significant threat to the internal security of the EU and to the safety and livelihood of its people. The biggest security threats come from terrorism, international drug trafficking, trafficking in human beings, counterfeiting of the euro currency and payment cards, fraud, corruption and money laundering as well as other activities related to the presence of organised crime groups in the economy. New dangers are also accumulating, in the form of cybercrime, VAT fraud and other sophisticated crimes which abuse modern technology and the freedoms offered by the EU internal market. All of these have been declared priority areas by the European Union's Council of Ministers.

Strengthened by a reform to its mandate and capabilities in 2010, Europol is pioneering a new response to these dangers.

Europol's vision is to contribute to a safer Europe by providing the best possible support to law enforcement authorities in the Member States. It will achieve this by delivering a unique set of operational services for the European Union, developing as the principal:

- Support centre for law enforcement operations
- Criminal information hub, and
- Centre for law enforcement expertise.

2010 saw the adoption of the EU Internal Security Strategy which is a vital document shaping long-term EU policy in the field of law enforcement. The Internal Security Strategy maps out the different aspects of Europe's internal security policy and lists strategic guidelines for action. The Strategy has been supplemented by the European Commission's Communication[1] meant to foster the Strategy's implementation. It identifies five objectives in the area of security. Three of them, namely the disruption of criminal networks, prevention of terrorism and security of cyberspace, are extensively covered by Europol's mandate. Concrete actions proposed by the Commission in order to meet the objectives indeed mirror Europol's well-established fields of expertise.

The two documents give Europol a significant implementing role and provide a significant opportunity for further development in the coming years. The documents entail intelligence-led policing as one of the leading concepts. Moreover, the Strategy correctly identifies Europol's role, stating that its main goals are to collect and exchange information and to facilitate cooperation between law enforcement authorities in their fight against organised crime and terrorism. It also underlines Europol's role as a provider of regular threat assessments.

In 2010, a web-based user satisfaction survey was conducted by an external provider, EPSI Rating. The results of the survey indicated growing levels of satisfaction with Europol. Scores recorded in every area bar one were the highest ever achieved since the introduction of the Europol User Survey in 2002. All 57 Europol products rated were evaluated positively.

Europol's highest ranking products

| Financial Crime Information Centre website |
| Counterfeit Currency News |
| Europol Ecstasy Logo Catalogue |
| Situation Report on Euro Counterfeiting |
| Intelligence notifications on non-cash payment fraud |
| Joint EMCDDA/Europol report on new psychoactive substances |

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[1] Communication from the Commission to the European Parliament and the Council on the EU Internal Security Strategy in Action: Five steps towards a more secure Europe COM (2010) 673 final.

Perception of Europol by its users from Member States and cooperation partners, based on "The Europol Users' Survey 2010":

Europol profile 2004-2010
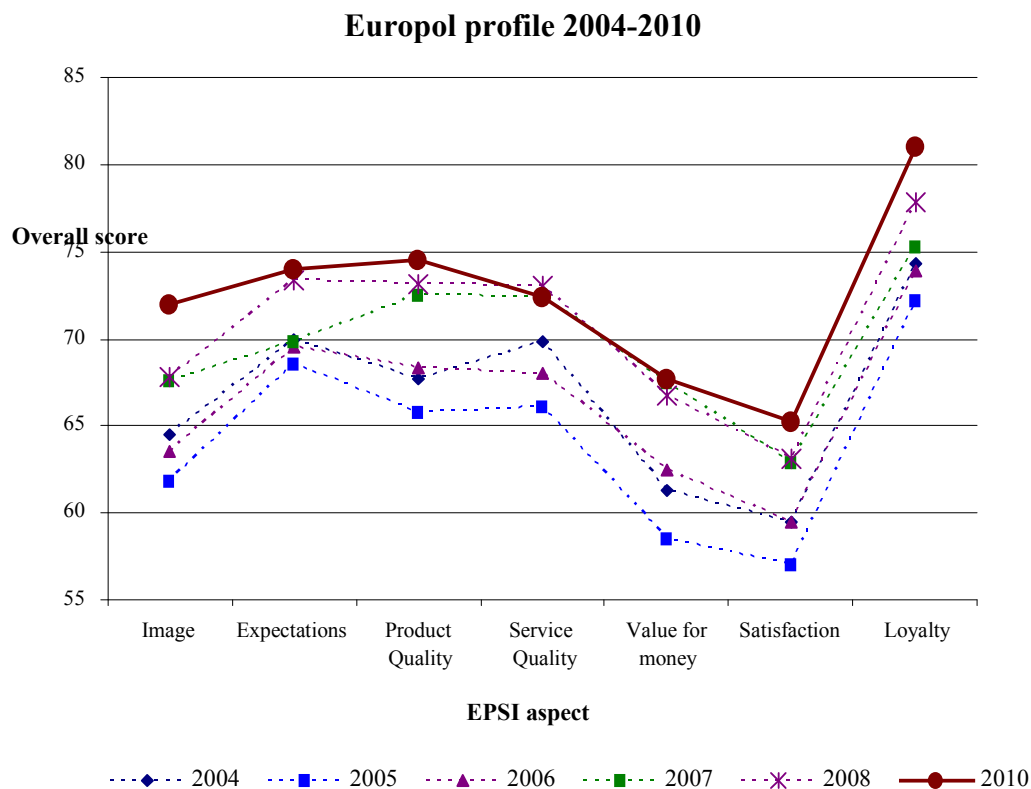
<60 low, 60-75 Average, >75 high/very high

1.2 Resources

Europol uses its unique information capabilities and the expertise of 698 personnel, including 100 analysts, to identify and track the most dangerous criminal and terrorist networks in Europe. Law enforcement agencies represented at Europol by 129 Europol liaison officers working in conjunction with Europol's 24/7 high-security operational service centre and its secure databases, have been successful in disrupting many criminal and terrorist networks, arresting thousands of dangerous criminals, recovering millions of euros and rescuing hundreds of victims of crime, including trafficked children.

In 2010, Europol became an EU agency, and since then has been financed from the EU community budget. The Europol Management Board, the European Commission, the Council of the European Union and the European Parliament play a role in the establishment of Europol's budget. Initially, the 2010 budget of Europol was €80.1 million. To facilitate the transition to becoming an agency, appropriations carried over from 2009 to 2010 have been integrated into the 2010 budget. Moreover, grants from the Commission and some additional revenue were added to the budget. The additional amount involved comes to almost €12.7 million, making a total amended 2010 budget of €92.8 million.

> **BASIC FACTS ABOUT EUROPOL (2010)**
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> **Headquarters:** The Hague, the Netherlands
>
> **Staff:** 698 personnel at Headquarters, including 129 Europol liaison officers
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> **Budget:** €92.8 million
>
> **Servicing:** 27 EU Member States, 500 million EU citizens
>
> **Supporting:** 12 000 cross-border law enforcement investigations.

2. How Europol works

International criminal and terrorist groups operate worldwide, making use of the latest technology. To ensure an effective and coordinated response, Europol needs to be equally flexible and innovative, ensuring its methods and tools are up-to-date. Europol maintains state-of-the-art databases and communication channels, offering fast and secure facilities for storing, searching, visualising, analysing and linking key information. The gathering, analysis and dissemination of this information entail the exchange of large quantities of personal data. In discharging these functions, Europol adheres to the highest standards of data protection and data security.

All Europol databases and services are available 24 hours a day, seven days a week. We also send experts and make our services available via an on-the-spot mobile office, whenever requested by a Member State.

Europol's 24/7 operational centre is the single point for data exchange between Europol, the Member States and third parties. The operational centre performs five main roles:

- Centralised cross-checking service: incoming data is quickly cross-checked against all existing data. Operational information is processed within the Europol system using analysis work files (AWFs), which focus on a given area of crime. If there are hits from a number of AWFs, this information is consolidated into one analytical report, and rapid feedback, highlighting the links, is given to the providing party so new trends and developments within the EU's crime landscape are identified.

- Europol's new legal basis makes it possible to process personal data for the purpose of determining whether such data is relevant to Europol's tasks and can be included in the Europol Information System or in the analysis work files.

- Analysis support in 'thematic' cases: Cases and data which cut across several existing analysis projects can now be promptly analysed by Europol.

- Third party communication: the operational centre processes all information exchange with third parties, ensuring that the data is forwarded to the correct project for further processing, and that the original provider receives a timely and accurate reply.

- Support for policing major events: The operational centre coordinates the support that Europol can provide for policing major events, i.e. those internationally prominent sporting, economic, political or cultural gatherings which present a target or opportunity for crime and terrorism.

2.1 Network of Europol liaison officers

Europol liaison officers ensure a live link between Europol headquarters in The Hague and 27 Europol National Units in the national capitals of the Member States. This is a unique network of 129 liaison officers who play an important role in everyday law enforcement activities by facilitating the exchange of information, as well as providing support and coordination for ongoing investigations. Europol also hosts liaison officers from 10 third countries and organisations who work together with Europol on the basis of cooperation agreements. This network is supported by secure channels of communication provided by Europol. In addition, Europol has seconded two liaison officers to Washington DC and one to Interpol's headquarters in Lyon.

2.2 Secure communication infrastructure

In order to support its operations and deliver a growing range of operational and strategic services to the Member States, non-EU countries and third parties, Europol needs to constantly maintain and further develop a technically-advanced, reliable, efficient and secure telecommunication infrastructure.

The backbone of Europol's infrastructure is its network, connecting all Member States and a growing number of non-EU states and third parties with which Europol has established cooperation agreements. During 2010, four new non-EU state network connections, and additionally four upgrades to Secure Extranet Services, were made.

The security of the network's infrastructure is of primary concern for Europol, since state-of-the-art security is the basis for maintaining trust among all the parties that share information and intelligence with and through Europol.

OPERATION PHANTOM

In February 2010 Europol assisted German Police in arresting five facilitators of illegal immigration, including three main suspects. During the operation, investigators searched 18 premises in Berlin, Brandenburg and Sachsen. Besides evidential material, more than 55 000 euros in cash, several computers, a hand weapon and cocaine were seized. Nine illegal immigrants from Vietnam were found during the house searches.

The investigations, supported by Europol, focused on more than 20 suspects who smuggled illegal immigrants with a 'guarantee' that the immigrants would reach their final destination, even when previous smuggling attempts had failed. The price charged for the entire journey was around 10 000 euros and would take from a few days up to many weeks. The families of the illegal immigrants would often have sold their property or assets to fund the journey.

In some cases the immigrants illegally sold commodities such as cigarettes to finance their onward journey to Western Europe - mainly France and the United Kingdom. According to reports from some of the smuggled immigrants, the UK is considered a dream destination by the Vietnamese as they can readily earn money as gardeners tending and protecting illegal cannabis plantations.

This investigation targeted a criminal network operating across Europe. The Czech Republic, France, Hungary, Slovakia and United Kingdom were running parallel investigations. More than 250 investigators from the German Federal Police and Berlin Police took part in this extensive operation.

Europol experts were present at the operational coordination centre to provide technical expertise and operational analysis support, due to the large quantity of house searches carried out. During the investigation phase, Europol prepared several intelligence reports and facilitated the exchange of intelligence, which also resulted in the discovery of new criminal links.

2.3 Europol Information System

The primary purpose of the Europol Information System is to detect matches amongst data contributed by different Member States and third parties.

Germany provided most data into the system, followed by France, Belgium, Europol (on behalf of third parties) and Spain. It should be noted that the vast majority of data in the EIS is inserted by means of automated data loading systems.

A new version of the system was deployed in early 2010. The most important change is the automated enforcement of handling codes. This gives the Member States the opportunity to share more sensitive data under conditions optimal for the protection of their data. In addition, important progress was made to support Member States' implementation of automated data loaders. In 2010, Poland and the UK implemented their automatic data loading systems. The total number of Member States with the capability to automatically upload data to the Europol systems increased to 12. Several others countries are preparing to implement this tool.

> **HANDLING CODES**
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> Handling codes are a means of protecting an information source. The codes ensure security of the information and its safe and adequate processing, in accordance with the wishes of the owner of the information, and with full respect to the national legal rules of the Member States. The handling codes indicate what can be done with given information and who has access to it in the future.

2.4 Secure Information Exchange Network Application

The Secure Information Exchange Network Application (SIENA) is a new generation communication tool designed to enable the swift, secure and user-friendly exchange of operational and strategic crime-related information and intelligence between Member States, Europol and third parties with whom Europol has a cooperation agreement.

SIENA has been in use since 1 July 2009. In the design and functioning of SIENA, significant emphasis was put on data protection and confidentiality, to ensure compliance with all legal requirements. Equally, security is deemed vital and all necessary measures have been taken to enable the secure exchange of restricted information. Furthermore, best practice in law enforcement information exchange has been taken into consideration, like the reliability and use of handling and evaluation codes specifying the conditions for use.

From the start SIENA was designed to facilitate the communication between Europol National Units, the Liaison Bureaux of the Member States and Europol. In 2010 SIENA was adjusted so that it can be extended to EU law enforcement authorities and cooperation partners like Eurojust, Interpol, Australia, Canada, Norway, Switzerland and the USA. Access is currently being rolled-out, and will include training and secure network extensions.

INFORMATION EXCHANGE VIA SIENA IN 2010

- 11 738 new cases were initiated, monthly average: 978

→ Increase of 12% compared to 2009

- 29% of new cases were related to drugs, followed by fraud and swindling (16%), forgery of money (13%), illegal immigration (9%), and other fraudulent means of payment (8%)

- 250 978 operational messages were exchanged including Member States, Europol and third parties, monthly average: 20 940.

Comments from external users of SIENA

"This is a very good product with quite significant improvements" (France)

"Advanced search and statistics functions will be more than useful to us…" (France)

"I like the search and statistics features, they are really new and, all in all, good developments…" (Sweden)

"SIENA 2.0 is an improvement compared to the first version" (Netherlands)

2.5 Analysis system

2.5.1 Operational analysis

Analysis is the cornerstone of all modern intelligence-led law enforcement activities and crucial to all Europol activities. Our analytical capabilities are based on advanced technology adjusted to the needs of law enforcement. Analysts employed at Europol use state-of-the-art methodologies and techniques which help identify missing links in cross-border investigations within the European Union. Analysts work with subject-focused Analysis Work Files (AWFs) to provide information to ongoing operations in the EU Member States, and this information is often a break-through for many international investigations.

SOCIAL NETWORK ANALYSIS

Europol has adopted state-of-the-art Social Network Analysis (SNA) as an innovative way to conduct intelligence analysis and support major investigations on organised crime and terrorism.

Intelligence analysts are now able to deploy mathematical algorithms to map and measure complex and/or large data sets and quickly identify key players, groups of target suspects and other hidden patterns that would otherwise remain unnoticed. SNA is a valuable approach that complements conventional link analysis techniques, enhances the quality of intelligence reporting and helps to prioritise investigative work.

The Europol analysis system is the operational information system hosting data contributed by Europol's stakeholders.

The different components of the analysis system offer the following benefits:

- Centralisation and management of information
- Customised text-mining solutions
- Analytical capacities through a wide range of analysis tools.

The Europol systems are interconnected which means that all information inserted in one system can be also identified in the others.

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COMPUTER FORENSIC NETWORK

During 2010, Europol completed the initial implementation of a state-of-the-art facility to extract and analyse crime-related information from digitalised data. The ability to efficiently identify relevant information from vast amounts of computer data, while preserving its judicial validity, is becoming a crucial weapon in fighting crime. Through this new technical solution, Europol can now offer a high-quality service to the European law enforcement community, which identifies and processes this information, with dramatic improvements in the quantity of data that can be processed. This centrally-delivered service is complemented by the possibility to support competent authorities on-the-spot through the local deployment of an expert-operated mobile toolkit for computer data forensics.

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2.5.2 Strategic analysis

Strategic analysis is yet another important dimension of Europol's analytical activities.

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ORGANISED CRIME THREAT ASSESSMENT (OCTA), since 2006

The OCTA is the most important strategic analysis document produced by Europol. It is the document on which the Council of the EU bases its priorities and recommendations for the fight against organised crime in Europe. Drafted in accordance with intelligence-led policing principles, the OCTA is acknowledged as a pioneering project, and in its short life has introduced innovative concepts – such as the criminal hubs and organised crime group typology – which have been accepted and adopted at political, law-enforcement and academic levels. In 2013, the OCTA will be superseded by an improved publication – the Serious and Organised Crime Threat Assessment (SOCTA).

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PROJECT HARMONY AND THE POLICY CYCLE

Project Harmony ran from October 2009 to December 2010 and was funded by the European Commission. The project was led by Belgium with Europol, the Netherlands and the United Kingdom working as partners. The main aim of the project was to review and strengthen the European Criminal Intelligence Model. Europol participated actively throughout Project Harmony, significantly contributing to the overall quality of the mechanism developed.

The first two-year policy cycle that serves as a pilot will start with the OCTA to be published in March 2011. In submitting the OCTA, Europol will also table conclusions and a list of priority crime areas and possible actions to be taken. The submission will be followed by Council Conclusions on organised crime priorities. The full four-year policy cycle will commence in 2013, with Council Conclusions based on the first Serious and Organised Crime Threat Assessment (SOCTA) to be drafted by Europol.

The Standing Committee on Internal Security (COSI) will play a major role in the policy cycle. The Committee should support the Council in its choice of priorities as well as to adopt Multi-Annual Strategic Plans and the Annual Operational Action Plans, to reach the objectives decided upon by the Council. Since Europol is actively involved in the proceedings of the Committee, its specific expertise can be fully exploited in the policy-making process.

EU TERRORISM SITUATION AND TREND REPORT (TE-SAT), since 2007

In 2010, Europol produced its fourth annual EU Terrorism Situation and Trend Report (TE-SAT). The report informs the European Parliament and the Council on the phenomenon of terrorism in the EU from a law enforcement perspective.

The TE-SAT is an unclassified document based on information provided by Member States, third states and partner organisations like Eurojust.

The report showed a continuing decrease in the number of terrorism-related attacks in the EU, but warned against lowering the guard. Islamist terrorists inside and outside the EU continued to aim for indiscriminate mass casualties, as demonstrated by the attempt of a radicalised Nigerian national to blow up a US airliner flying from Amsterdam to Detroit on 25 December 2009. One of the trends in terrorism, identified in the 2010 TE-SAT, is that Islamist terrorist activities are increasingly perpetrated by self-radicalised and often self-instructed individuals, acting alone. The report further indicated that left-wing and anarchist terrorism is increasing in the EU.

RUSSIAN ORGANISED CRIME THREAT ASSESSMENT (ROCTA), since 2008

This specific threat assessment explores current and expected threats from Russian organised crime across the European Union. The 2010 report concluded that Russian organised crime has an important role in several criminal markets in the EU. Money laundering, trafficking in human beings, arms, drugs, cigarette smuggling, fraud and economic crime are the key markets where their impact is felt in the EU but also beyond. The financial sector is a major facilitator of Russian organised crime, which seems to favour and abuse certain financial and off-shore centres as well as banks and financial institutions across the EU and elsewhere, to facilitate criminal activities but also to launder criminal proceeds.

ORGANISED CRIME THREAT ASSESSMENT ON WEST AFRICA (OCTA-WA), 2009

This report acknowledges the growing threat of organised crime from West Africa and particularly its impact on the internal security of the EU. It identifies the principal features of the threat and offers an insight into its effective combating. In doing so, the report assesses the main organised crime activities that link the criminal situations in West Africa and the EU, in particular in the fields of drug trafficking, trafficking human beings, illegal immigration and fraud. It also describes the main types of organised crime groups in West Africa and their links to organised crime dynamics in the European Union.

Thanks to strategic analysis products such as OCTA, ROCTA, OCTA-WA and TE-SAT, more support is given to decision-makers who can identify specific priorities in the complex area of organised crime and terrorism. Based on political guidelines, law enforcement officers can then tailor their operational work nationally, regionally and locally. They can also use existing regional cooperation mechanisms embodied by Europol, the Baltic Sea Task Force or the Southeast European Co-operative Initiative (SECI). Under the Lisbon Treaty the significance of comprehensive threat assessments is steadily increasing, thus making Europol an important contributor to the policy-making process.

Recently, the Europol Scanning, Analysis and Notification (SCAN) Team was set up to provide EU national competent authorities with yet another strategic product: early warning notices of new organised crime threats. In 2010, the SCAN Team delivered six OC-SCAN threat notices. These assessments were initiated following the receipt of alerts and initial threat reports provided by authorities in Croatia, the Czech Republic, Denmark and Finland, as well as being driven by the priorities of the Spanish and Belgian EU Presidencies. OC-SCAN Threat Notices produced in 2010 covered the following subjects:

- **Expansion of Hells Angels Motorcycle Club to South-East Europe.** The Hells Angels Motorcycle Club (HAMC) has significantly expanded its presence into Eastern Europe. Over the last couple of years they have spearheaded an extremely rapid drive into South–East Europe, particularly Turkey and Albania. In establishing its territorial influence in South–East Europe, Hells Angels have built close relationships with local outlaw motorcycle gangs (OMCGs) in Albania, Bulgaria and the former Yugoslav Republic of Macedonia, and they have established their own presence in Turkey. Members of HAMC now based in South-East Europe have the capacity to become involved in drug trafficking on the 'Balkan Route'.

- **Street gangs involved in organised crime activities in the EU.** The increasingly international dimension of some street gangs poses a crossborder threat. In particular, groups such as the Latin Kings (in Southern Europe) and Black Cobra (in Northern Europe) have the capacity to engage in organised crime as higher-level street gangs. In addition, a number of lower-level street gangs in the EU display links with organised crime groups (OCGs).

- **Illegal trafficking and internal circulation of heavy firearms in the EU.** This threat notice revealed how the possession of heavy firearms by organised crime groups is rising. Their willingness to use firearms in populated areas poses a significant threat to both the general public and law enforcement personnel. Although most organised crime groups prefer handguns, there is a rise in the use of heavy firearms such as assault rifles (e.g. AK-47s) and explosive devices. While the amount of heavy firearms in circulation in the EU seems to satisfy much of this demand at present, suppliers in South-East Europe are able to meet any rise in demand. The fact that a Kalashnikov or a rocket launcher can be acquired for as little as €300-700 in some parts of the EU indicates their ready availability to criminals.

- **Diversification in the use of light aircraft for illicit trafficking into and within the EU.** In addition to drugs trafficking into and within the European Union, light aircraft are used to facilitate illegal immigration, smuggle victims of trafficking in human beings (THB), and traffic firearms, diamonds and bulk cash shipments for money laundering. The rise in light aircraft for trafficking is facilitated by the lack of EU-wide monitoring and sanctions.

- **Systematic exploitation of minors by mobile (itinerant) organised crime groups across the EU.** The severity of violence and intimidation used by these groups to control and exploit minors, including extreme forms of violence such as sexual abuse and torture, is increasing. Although the exact scale of the threat is unknown, there are many instances of minors being trafficked for sexual and labour exploitation. The groups cooperate with others, particularly with brokers in key source regions, to ensure a constant supply of victims and to reduce the risk of law enforcement detection, by regularly moving the minors around between different groups.

OPERATION FORECOURT

Intelligence indicated that an organised crime group was using drivers, working for a legitimate transport company, to smuggle illicit tobacco products into the UK. The drivers stopped in Luxembourg en route to the UK to load up with hand-rolling tobacco. They were using the cover of their company vehicles and frequent trips to the UK to facilitate the imports.

Europol analysed key intelligence contributions which pinpointed the criminals' modus operandi and helped to identify the source of the tobacco supply, people and vehicles involved.

The operation concluded with two arrests and the seizure of nearly two tonnes of hand-rolling tobacco by the UK authorities. This prevented duty and tax losses of around €277 000.

Europol's fight against cigarette smuggling

Europol supports law enforcement agencies in preventing and combating the activities of organised crime groups engaged in the unlawful manufacturing and trafficking of cigarettes and tobacco products. The illicit tobacco trade costs the EU about €10 billion in lost revenue every year.

Counterfeit and smuggled tobacco products are sold on open markets and customers are often unaware that they are buying illegal products. The money they pay goes directly to criminal groups, funding other areas of serious organised crime and terrorism.

To increase profits, illegal tobacco is produced with cheap materials, and with little regard for health and quality controls. These cigarettes are sold to smokers instead of genuine products, which have to meet certain standards. Seized counterfeit cigarettes have been found to contain mites, insect eggs, fungi and even human faeces.

EUVID

EuVID is an operational tool for law enforcement which facilitates the identification of vehicles and vehicle documents. Austria, France, Germany, Italy, Sweden and Europol participate in the EuVID project.

EuVID currently holds information on 83 different vehicle brands and types, information on genuine vehicle documents from 55 countries, a catalogue on vehicle keys and a guideline on how to investigate motor vehicle crime. EuVID is made available for joint operations and used as a basis for vehicle identification training.

2.5.3 Analysis training

Europol offers a new two-week analysis training course called Operational Integrated Analysis Training. To meet increasing requests from the Member States, the analytical training team developed two separate versions of the training - one for analysts and specialists working at Europol and one with the 'Train-The-Trainer' concept in mind. The latter was specifically designed for potential trainers in the Member States, to cover the essential elements of the intelligence cycle and to focus especially on analysis.

Europol has already delivered five courses to a total of 58 trainees from 28 different countries in Europe, as well as trainees from Australia and the United States. Many Member States have used the material, methods and exercises from the Europol training to develop their own operational analysis courses. During 2010, both the Financial Analysis and Strategic Analysis trainings were redesigned for Europol's operational staff. These two-week courses will now also be offered to Member States' analysts in 2011.

2.6 EU centre for law enforcement expertise

In order to strengthen its position as a platform for specialist areas and to facilitate the sharing of knowledge and communication with different expert communities, Europol has developed the Europol Platform for Experts (EPE). The vision for the EPE is to be a secure environment for specialists in a variety of law enforcement areas, enabling them to share – within their respective communities - knowledge, best practices and non-personal data on crime. The EPE was made available on the internet in November 2010. It has not only been developed for the publication of documents but it is also meant to encourage authorised users to cooperate online thanks to a series of collaboration tools.

During 2010, Europol prepared the creation of a number of platforms for experts in 2011, mainly:

Child sexual exploitation

Crossborder surveillance and controlled deliveries

Cybercrime (I-FOREX)

Homicide investigation

Kidnapping, hostage taking and extortion

Money counterfeiting and payment card fraud (PaySafe)

Witness protection

The migration to the EPE of the Atlas Communication Platform for special operations and counter terrorism units is also under preparation.

2.6.1 The European Network of Advisory Teams

The European Network of Advisory Teams (EuNAT) consists of advisory teams and crisis management units from law enforcement agencies providing strategic and/or tactical advice coordination and support to investigations of kidnapping, hostage taking and extortion.

EuNAT links the European network of law enforcement advisory teams permanently to Europol, to provide immediate international cooperation when responding to threats where life is at risk. The network shares good practices and develops standards in this specific field throughout the EU.

2.6.2 Handling of informants

The informant is a crucially important aspect of police activities. Involvement of an informant early in the criminal intelligence gathering process is likely to result in a successful outcome for the investigation. The quality of intelligence gathered is directly proportional to the quality of the informant.

Serious organised crime is not restricted by national boundaries so informants may provide intelligence to support law enforcement in a number of countries.

The current legal situation within the EU is not uniform with regard to using informants, although cooperation with informants is a common and widespread practice.

2.6.3 Cross-border surveillance and controlled deliveries

The use of covert surveillance is one of the key modern investigative tools for obtaining decisive information on criminal structures. However, due to the transnational nature of modern organised crime groups, law enforcement authorities are increasingly confronted with cases of cross-border observation and surveillance which create issues at both legal and operational levels.

Europol is a member of the Cross-Border Surveillance Working Group, whose purpose is to encourage international cooperation and provide a forum for the development of safe and effective law enforcement surveillance techniques.

Another key investigative tool is the deployment and systematic operational use of covert surveillance methods in conjunction with controlled deliveries. A CD-ROM compilation of the different Member States' legislation on controlled deliveries is made available to inform experts about the problems that might occur in cross-border cooperation.

2.6.4 Witness protection

Witness protection is one of the cornerstones in the fight against organised crime and terrorism and Europol's network on witness protection is the biggest one worldwide. Elements of Europol's witness protection services include:

- the harmonisation of different national programmes
- development of new witness protection units and programmes
- the standardisation of processes such as the relocation of witnesses, and
- the education of witness protection officers.

Higher education course on witness protection
This UK-Europol project provides, for the first time, a standardised education programme for witness protection, on a European level. The two-week course will start in 2011.

2.6.5 Europol Homicide Working Group

In 2009, the UK proposed to establish a focal point for homicide matters at Europol. This proposal was supported by the Heads of Europol National Units in 2010. The working group will be the expert authority on strategic homicide-related issues and will be based on extensive practitioner involvement, using a linked network of European homicide investigators.

Another important part of the proposal was to establish a central repository for knowledge on defined homicide-related subjects. The focus will primarily be on:

- Serial killers
- Homicide in relation to organised crime
- Specific modi operandi in cases such as honour or school killings
- New trends in the field and new investigation techniques.

These objectives will be reached by developing a technical solution to support web-based networks for the exchange of information, best practices, and communication amongst the experts.

2.7 Data protection

Europol has one of the most robust data protection regimes in the area of law enforcement. The Europol Data Protection Officer ensures legal compliance with the data protection framework including the processing of data related to Europol staff. The main task of the unit is to create a tailor-made policy framework which serves the needs of the operational units and, at the same time, protects the fundamental rights of the data subjects in all areas of data protection.

The framework for auditing activities is now defined in the Europol Data Protection Audit Policy. Furthermore, in this context, the DPO has drafted a 'Policy on Control of Retrievals' which provides details on control mechanisms for legality of retrievals of personal data from Europol's systems. As called for in Article 18 of the Europol Council Decision (ECD), and its implementing Management Board Decision, the policy defines precise requirements for data protection audit logs and audit trails.

When personal data is processed by Europol, data security requirements have been integrated into the system in accordance with new confidentiality rules.

For staff-related data, the DPO focused on processing operations for personnel and security issues. It supported Europol units in drafting data protection notifications.

Processing operations that are likely to present specific risks with respect to the rights and freedoms of data subjects are subject to prior checking by the Joint Supervisory Body (JSB). In 2010, the DPO submitted several notifications to the JSB for its opinion. At the end of the year, the JSB issued opinions on the following 'prior check' notifications:

- Staff Development and Review Process and
- Recruitment and Selection Process.

As foreseen by the Europol Council Decision, the Data Protection Officer will present a detailed activity report for 2010.

3. Europol operational activities

One of the key goals of Europol is to provide EU law enforcement authorities with 24/7 operational support. The support is delivered in mandated areas and also in horizontal cases crossing several criminal areas.

Operational support is also extended to Member States by sending the Europol mobile office, with dedicated analysts and experts, to provide on-the-spot assistance in the Member States.

> **Mobile office: a live connection to Europol's centralised databases and expertise platforms**
>
> Europol has developed a powerful mobile office solution that allows Europol officers to access the full range of information retrieval and analysis tools from any remote location, using the highest security standards. In 2010, Europol made vast improvements to its mobile office solution, allowing for far greater flexibility and speed of deployment.
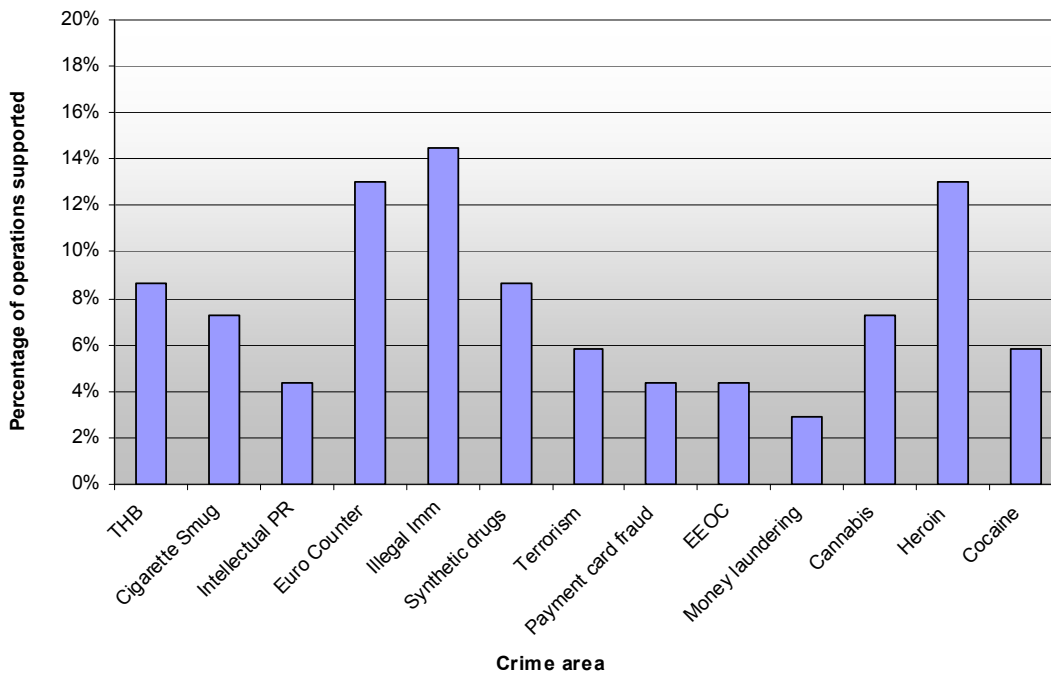

Chart: Operational support provided to Member States in 2010

In 2010 Europol allocated €200 000 to financially support operational meetings. Via this new facility, EU Member States and, where relevant third states, had their delegates' travel expenses covered for almost 70 operations.

Type of operational support by Europol	Number of cases
Forensic/technical support[1]	125
Operational analysis	78
Financial support for operational meetings	60[2]
Financial support for investigations (euro counterfeiting)	35[3]
Operational meetings hosted	33
Mobile office (on-the-spot analysis)	31
Coordination	23

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[1] For example, technical investigations into printing machines used for counterfeiting (71 requests).
[2] Total paid by end December 2010 was €106 349. A further €102 650 was committed, giving an implementation rate of 100% of the available budget (€209 000).
[3] €157 414.

Comments from European law enforcement experts and investigators

"I cannot fault any aspect of the work undertaken on our behalf by Europol during this investigation. Reports were well formatted, well pitched and of excellent content, so much so that we considered using some of the material as evidence"
(Investigator, UK)

"This was a complex investigation with connections to many different countries and numerous suspects. A lot of time and energy was committed to this target group by AWF Sustrans analysts and a very successful outcome has ensued. They deserve great credit for the assistance they provided to the Member States in this case"
(Expert, Ireland)

"The work of the AWF was very important and added value to the investigation"
(Investigator, France)

"In these investigations, Europol has proven to function as an excellent 'gateway' to information for various countries. The communication was very efficient. The analysis made was very clarifying"
(Investigator, Austria)

"…Europol is the ideal platform to exchange intelligence between 27 Member States"
(Expert, Belgium)

"A fast international exchange and showing links between several international investigations"
(Investigator, Belgium)

OPERATION ATHENA II

Two Europol officers and the mobile office supported the Spanish General Customs Directorate with Operation Athena II in April 2010.

Operation Athena II was a joint customs operation targeting the cross-border movement of cash and other monetary instruments used by criminal organisations for financing of their criminal activities and laundering of criminal proceeds.

Customs Administrations of 19 EU and non-EU countries (namely Algeria, Morocco, Norway, Tunisia and the USA) participated along with international agencies like Europol, Interpol and the World Customs Organization.

This operation led to:

- The issuing of warning messages (reports on people who declared they were travelling with over €10 000, as well as alerts on suspicious cash movements)
- The issuing of seizure messages (used to report detections and seizures of cash or other monetary instruments exceeding €10 000)
- Cash seizures totalling €5.5 million and cash warnings which came to € 26.5 million
- Europol dealing with 110 warning messages and 128 seizure messages and performing searches in Europol systems which resulted in various links
- The generation of four links by Europol that proved a staggering amount of cash was being moved across two EU countries.

3.1 Terrorism

Nearly 10 years after the attacks of 11 September 2001 in New York, terrorism continues to pose a serious threat to the EU Member States. Extremist and terrorist groups, such as al-Qaeda and others, are active in the European Union and impact the lives of its citizens. The fight against extremism and terrorism therefore remains a top priority for the European Union and Europol.

Europol assists Member States to conduct successful investigations in this area by providing the following products and services:

- analysis and analytical products such as reports, threat assessments and missing links for ongoing international investigations
- information exchange and access to Europol's databases and exchange systems and other expert platforms
- expertise through Europol's mobile office which enables on-the-spot assistance
- other tailored products and services such as Modus Operandi Monitor, First Response Network, European Explosive Ordnance Disposal Network, EU Bomb Data System and more
- Europol produces the annual EU Terrorism Situation and Trend Report (TE-SAT), which seeks to establish basic facts and figures regarding terrorist attacks and arrests in the EU, including new trends.

3.1.1 Modus Operandi Monitor

The Modus Operandi Monitor is a means of developing an overarching activity model that continuously assesses terrorist events and/or investigations which affect the security situation in the Member States, by focusing on specific elements of the terrorists' modus operandi. Additional value is given by the fact that the outcome is linked to other Europol intelligence products and aims to provide real-time expertise and intelligence to the Member States' relevant agencies.

3.1.2 First Response Network

The First Response Network is a tool developed by Europol which enables law enforcement agencies to respond to a terrorist attack in Europe in a timely way. A team of Europol and Member State counter-terrorism experts can be mobilised immediately to assist the affected Member States in all operational and technical matters. In such cases, this team will use Europol's operational centre to ensure efficient information exchange with all involved parties. In addition to offering support in a crisis situation, the First Response Network also aims to provide high-level terrorism experts with strategic advice, tailored to the evolving modus operandi of an attack.

3.1.3 European Explosive Ordnance Disposal Network

The European Explosive Ordnance Disposal Network is a network of experts for the exchange of knowledge about the disposal of explosive materials. The network contributes towards identifying best practices and organises training in partnership with EU Member States and third parties. It also keeps explosive ordnance disposal units up to date with the latest relevant developments. It is open to all police, government and military units that deal with explosives. Training sessions, as well as a set of other activities, are carried out by the network.

UK GREATER MANCHESTER POLICE OPERATION

In 2010, Europol supported the Greater Manchester Police Counter Terrorism Unit in a UK counter terrorist operation. The main suspect was sentenced to two years in prison after being convicted of two charges under Section 58 Terrorism Act relating to the possession of material for terrorist purposes.

Europol carried out a survey of around 6000 electronic documents provided by Greater Manchester Police, mostly in Arabic, with a view to identifying those which might pose a security threat to the UK. An initial assessment of the contents by the Check the Web team was followed by more targeted analyses of specific sets of documents, as requested by the Greater Manchester Police. Computer forensic tools applied to the digital media allowed the isolation of relevant files. Cross checking of electronic files against the Europol systems also revealed the presence of terrorist material which had been previously used as evidence in court.

Europol's work led to the identification of an extremist preacher who was of interest to other investigations in the EU. The Check the Web team used the material provided by Greater Manchester Police to analyse and assess the ideology promoted by this suspect. The resulting report by the Check the Web team and a threat assessment of the individual and his European-based followers, produced by Europol, provided further links to some ongoing investigations in Member States.

3.1.4 EU Bomb Data System

The EU Bomb Data System (EBDS) provides a platform for sharing timely and relevant information and intelligence on explosives, incendiary and explosive devices, as well as chemical, biological, radiological and nuclear materials (CBRN). The EU Bomb Data System also comprises incident databases for explosives and CBRN, as well as libraries and experts' forums.

The EBDS was successfully launched in October 2010 after the completion of a two-year intensive project whose aim was to harmonise and centralise information exchange between EU bomb data centres in EU Member States. The project was funded by the European Commission.

3.1.5 Maritime piracy

From the beginning of 2010, issues related to maritime piracy were integrated into the counter-terrorism environment at Europol. Since piracy became a major issue, costs for the shipping industry have been spiralling out of control due to higher insurance rates, security costs and the increased operational costs incurred by the longer alternative routes. Intelligence has it that piracy could tie in with other criminal phenomena such as the smuggling of human beings, weapons and drugs. Europol, in close cooperation with Interpol and supported by 10 Member States and Eurojust, exchanges information on criminal activities related to maritime piracy. Europol's involvement in this phenomenon focuses on the identification of key perpetrators, logistical assets and financial flows linked to this criminal activity.

In November 2010, a unanimously endorsed resolution by the United Nations Security Council called on all of its 192 member countries to work in cooperation with Europol and Interpol to fight the criminal networks involved in maritime piracy off the coast of Somalia. This was an important step forward as international law enforcement authorities provide the critical link between arrests made through military interventions and the investigations and prosecution of maritime pirates and associated criminal networks.

3.1.6 Terrorism database

Europol is preparing for the creation of a joint terrorism database, with the aim of modernising the EU's response to terrorism. This will be done by better incorporating the EU definition of terrorism; being flexible and adequately responsive to Member States' and third partners' needs; and focusing precisely on common areas of interest. On the whole, this approach is reflected in the improvements in day-to-day management, including recent scientific achievements such as forensic analysis, fingerprints and DNA.

Terrorist Finance Tracking Programme

Following the EU–US Agreement on the Terrorist Finance Tracking Programme (TFTP), which came into force on 1 August 2010,[1] a key role for Europol involves the verification of US requests to Designated Provider(s) of financial messages within the European Union. In addition to this verification role, Europol has created a Single Point of Contact for its Analysis Work Files and EU Member States in order to coordinate all exchanges with the USA regarding this Agreement which includes the spontaneous provision of information, and the requests for US TFTP searches. The objective of this new collaboration between the US and the EU is to identify, track and pursue terrorist finances.

3.2   Drugs

The drugs phenomenon is a major concern to the citizens of Europe - it has an impact on both collective and individual health and safety. Fighting drug-related crimes has been a priority for Europol since the start of its existence.

3.2.1   Synthetic drugs

The European Union is a significant region for the illicit production of synthetic drugs, particularly amphetamine and ecstasy. Each year around 60 to 90 large-scale production sites are identified and dismantled. Storage sites for potentially dangerous precursor chemicals used in the drug manufacturing process are often discovered during the course of investigations in Member States.

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[1]   Council Decision on the conclusion of the Agreement between the European Union and the United States of America on the processing and transfer of Financial Messaging Data from the European Union to the United States for the purposes of the Terrorist Finance Tracking Programme.

OPERATION TEX – COSPOL INITIATIVE

Since 2005, Europol has supported the Synthetic Drugs Group of COSPOL (Comprehensive Operational Strategic Planning for the Police). In February 2010, based on Europol analysis and ongoing inquiries in several Member States, COSPOL selected one specific 'highly-valued target' (HVT) for joint investigation. Together with Belgium, Germany and the Netherlands, Europol initiated a joint operation focusing on the organised crime group that was led by the selected HVT involved in the large-scale production of synthetic drugs.

In May 2010, it became clear that the suspects were ready to start up the synthetic drug production process in Belgium. Europol's operational and technical support was requested by the Belgian Federal Police of Hasselt, to potentially dismantle the illegal production site.

Europol sent 'on-the-spot' support and provided detailed technical investigation and expertise. As a result, the Hasselt Federal Police, in close cooperation with Europol, dismantled a large sophisticated illicit drug laboratory, which had the potential to produce hundreds of kilograms of synthetic drugs. The European street value of such production was estimated to be several million euros.

Six main suspects were arrested in Belgium and large quantities of chemicals were seized. At the same time, the Dutch judicial authorities carried out house searches and seized more synthetic drugs, cocaine, large amounts of money and large quantities of chemicals. Links to other illegal synthetic drug production sites (e.g. in Germany and the Netherlands) have been already identified via the Europol Illicit Laboratory Comparison System.

Europol was involved in this successful operation from the very start, in February 2010, in terms of initiating joint targeting of the HVT. During the operation, Europol provided 13 analytical reports and one specialist report to investigators. Europol organised two operational in-house meetings and on-the-spot technical support. As a result of joint activities, the main targets were sentenced to six years in prison.

Europol's operational support includes the coordination and initiation of criminal investigations as well as on-the-spot assistance to EU law enforcement agencies during the dismantling of illicit synthetic drug production facilities. Europol experts support law enforcement authorities to securely dismantle these drug production units and collect evidence. They also carry out technical investigations on custom-made and industrial equipment seized from drug production and storage units.

DISMANTLING OF DRUGS LABORATORIES

The Europol Illicit Laboratory Comparison System (EILCS) comprises detailed photographic and technical information on synthetic drug production, storage and dump sites. This enables the identification of matches between seized equipment, materials and chemicals. In addition, the Europol Synthetic Drug System (ESDS) includes information on modus operandi and significant seizures. This enables the identification of matches between seizures and helps to profile and target criminal groups.

3.2.2   Cocaine

After cannabis, cocaine is now the second most commonly used illicit substance in Europe.

Three million, or 2.2%, of young Europeans aged 15–34 are reported to have used cocaine in the last year. Approximately 13 million adults (15-64 years old) have used cocaine in their lifetime. This reflects the rapidly growing trafficking flows and spread of cocaine use in Europe. Next to the United States, the European Union remains the second largest consumer of cocaine in the world.

At Europol, cocaine-related organised crime networks are the responsibility of a dedicated project incorporating an Analysis Work File (AWF). Its activities include:

- Centralised services for the fast and efficient processing and analysis of data related to criminal networks trafficking cocaine
- Disseminating analytical reports to support Member States' ongoing investigations
- Prompting the establishment of parallel investigations and conducting joint operations
- Identifying possibilities for establishing Joint Investigation Teams
- Providing tactical and strategic information on key suspects and associates
- Tracing the money flow originating from cocaine trafficking and assisting Member States in freezing and confiscating these illegal proceeds
- Initiating and enhancing operational and strategic cooperation as well as information exchange between EU and non-EU countries, focusing on the disruption of the criminal networks.

Within this dedicated project, Europol runs the Europol Cocaine Logo System which consists of the Cocaine Logo, Cocaine Punch and Specific Means of Concealment Databases.

OPERATIONAL AND TECHNICAL SUPPORT TO ESTONIA

On 22 September 2010, an air freight cargo consignment containing 217.3 kilos of coffee powder arrived in Estonia from Venezuela via Germany. German Customs had already found that the consignment tested positive for cocaine and in cooperation with the investigation department of the Estonian Tax and Customs Board, a controlled delivery was organised.

Europol promptly provided two very comprehensive reports on cocaine conversion laboratories, cocaine extraction and conversion procedures, chemicals and equipment used, and details on the risks involved during the cocaine extraction and conversion process. In addition to daily contact, additional information was also provided on laboratories discovered in other EU countries where similar consignments had been processed.

Based on these reports and associated advice, and during subsequent house searches, investigators found and identified a list of chemicals used for the conversion and purification of cocaine.

In total, 48 kilos of cocaine were seized, while two Estonian citizens and two others are suspected of drug-related crimes. Three further suspects have been in custody at the prosecutor's request.

3.2.3 Heroin

The European Union is a significant global consumer market for opiates. Although demand and supply of opiates, namely heroin, is relatively small in comparison to synthetic drugs and cannabis, the social, economic and health problems associated with its use are significant and heroin remains a major threat to the security and health of European society. According to the United Nations Office on Drugs and Crime, an estimated 100 tonnes of heroin are needed annually to supply the EU heroin market, while approximately 8 to 15 tonnes are seized annually by EU law enforcement authorities.

The Europol project on heroin seeks to disrupt criminal organisations engaged in heroin production and trafficking, and supports Member States in their investigations to do so. A number of successful sub-projects have helped Member States achieve their objectives to counter this phenomenon.

In 2010, Europol supported investigations and initiatives targeting West African organised crime groups, operating in several regions of the EU, and groups trafficking heroin along the Balkan route. Europol convened a series of operational meetings both in its Hague headquarters and in Member States. Products delivered in 2010 included:

- 44 match reports
- 4 analysis reports
- 2 intelligence notifications.

3.2.4 Cannabis

Cannabis is, on a global level, the most prevalent drug in terms of production, trafficking and consumption. It can take various forms, such as herbal cannabis (marijuana), cannabis resin (hashish) and cannabis oil. The European Union is a major consumer market for cannabis.

Europol's Project Cannabis was born in March 2010 on the request of several Member States. The project seeks to initiate, support and coordinate the intelligence aspects of investigations, whilst enhancing information exchange, knowledge and experience of cannabis. Project Cannabis is split into two sub-projects, focusing on the wholesale trafficking of cannabis and its cultivation and production.

Project Cannabis includes the Europol Cannabis Cultivation site Comparison System (ECCCS) and the Europol Logo System on Cannabis (ELSC). It also supports, and is supported by, the activities of the European Expert Group on Cannabis (EEGC). Although it is a new project, it has already supported several operational cases.

3.3 Trafficking in human beings

Trafficking in human beings (THB) is a serious crime affecting all EU Member States. Men, women and children are exploited by both individual criminals and organised crime groups on a daily basis throughout the EU. Although establishing the exact scale of human trafficking in the EU and worldwide is currently impossible due to a lack of a harmonised data collection system, the number of victims just in Europe is estimated to be hundreds of thousands. Information provided to Europol in 2010 highlights how almost every EU country is affected by this serious crime, either as a source, transit or destination country.

In 2010, according to data recorded in the Europol systems, identified trafficked victims came mainly from:

- the South East criminal hub
- the North East criminal hub
- West Africa
- Asia.

Although sexual exploitation is the most widely reported form of trafficking, labour exploitation is also a common phenomenon that is often undetected due to a lack of general awareness on the subject. In 2010, a new trend was identified in relation to victims trafficked specifically for the purpose of fraudulently claiming social and child benefits. Victims of this crime are often totally unaware that the benefits they are entitled to are effectively being claimed by the traffickers.

Whilst many victims continue to be trafficked across borders, either legitimately or otherwise, the levels of internal or domestic trafficking have increased and this includes EU nationals being trafficked within the European Union.

HUMAN TRAFFICKING OPERATION

In November 2010, Europol supported Austrian and Hungarian police who rescued victims of sex trafficking and arrested the organisers of the human trafficking network.

Five young women, from Hungary and Romania, were being kept as sex slaves in a house in southern Hungary and were intimidated with sexual, physical and psychological abuse. The women were then moved to Austria, where they were forced into prostitution and again locked-up without any contact with friends and family. They were forced to have sex with 15-20 clients a day and were routinely abused by their captors. These women came from impoverished backgrounds and were 'recruited' with false promises of domestic work.

As a result of the operation, Hungarian police arrested the main suspect, a 54-year-old Hungarian and his 36-year-old female Hungarian accomplice. During house searches, police seized guns, a considerable amount of cash, jewellery, and other assets worth several thousand euros. In addition, IT and communication equipment was seized, along with a large amount of evidence relating to criminal activities over the last 10 years.

Europol sent its expert to the spot to coordinate simultaneous field operations in both the country of origin and destination. Moreover, dedicated operational analysis was provided by Europol which helped to detect international links through cross-checks on victims with data already held in the Europol databases, as well as establish links with other cases reported. Europol also analysed data from itemised bills and financial transactions gathered during the day of action which resulted in more charges being brought against the suspects.

Europol regularly reports on this criminal phenomenon, to help Member States identify threats posed by trafficking networks. Europol also organises operational meetings to allow investigators to meet on a regular basis and exchange operational information about ongoing cases.

Europol was present in the field to support several human trafficking operations in 2010 and:

- provided on-the-spot operational support through the deployment of its mobile office twice, allowing investigators to access databases and analytical tools directly from the operations
- actively supported 14 high-level trafficking investigations
- provided support to many single investigations, potentially leading to the identification of larger human trafficking networks.

JOINT INVESTIGATION TEAMS (JITs)

Joint investigation teams can be established to further improve police cooperation. The teams consist of judicial and police authorities from at least two Member States. They are responsible for carrying out criminal investigations into specific matters for a limited period of time. Europol and Eurojust can participate in and coordinate the work of JITs.

In 2010, Europol participated in seven joint investigation teams, and thus signed JIT agreements with seven EU Member States. In addition, Europol was actively involved in, and supported, several more JITS without an formal agreement in place.

OPERATION GOLF

Twenty eight children were rescued as part of a major joint operation led by the UK Metropolitan Police and Europol. The operation, finalised in October 2010, was part of a wider investigation called Operation Golf, which consisted of a Joint Investigation Team (JIT) between the Metropolitan Police and the Romanian National Police (RNP). The aim of the JIT was to tackle a specific Romanian organised crime network that was trafficking and exploiting children from the Roma community.

To date, the investigation has led to the arrest of 126 individuals. The offences include: trafficking human beings (including internal trafficking in the UK), money laundering, benefit fraud, child neglect, perverting the course of justice, theft and handling of stolen goods. Court cases are ongoing.

The operation's primary aim was to safeguard the potential child victims and involved 16 addresses being searched in Ilford, Essex.

The children found were taken to a dedicated centre staffed by experts in child protection from the police, the local authority and local health trust, where individual assessments were made on each child. The assessment process examined the welfare of the child and sought to identify if the child was subject to exploitation and/or neglect.

Europol was an active member of the Joint Investigation Team (JIT) and provided assistance to the competent authorities by:

- Giving expert advice in setting up the JIT and the planning of strategic and operational activities.

- Ensuring analytical support throughout the whole investigation. One of the key outcomes from this analysis was the identification and prioritisation of the main targets of the organised crime group, both in Romania and the UK.

- Providing on-the-spot assistance through the deployment of its mobile office, in the UK and Romania on four occasions. Each time, real-time checks were carried out on the database to support intelligence gathering operations and coercive British and Romanian police actions (searches and arrests).

- Drafting and disseminating 67 analysis reports.

- Identifying key links to other EU countries, especially Belgium and Spain.

The quality and quantity of analysis provided by Europol was crucial to the progress of the case. Europol is expected to provide further support in the near future.

> The use of children by traffickers is now seen, **not only as a means to earn money, but also to ensure that police investigations are hampered by involving child suspects and witnesses**. Additional measures need to be taken to deal with these particularly vulnerable people. In many instances the children have been 'trained' not to cooperate with the authorities.

3.4 Child sexual exploitation

The production and distribution of illegal content depicting the sexual exploitation of children is mainly facilitated via the internet. The apparent anonymity offered by this means of communication makes the successful identification and location of offenders difficult. The discovery of illegal material is only a part, possibly the beginning, of an investigation of a crime against a child. The tracing and identification of child victims is a priority and an additional challenge for law enforcement.

The web also provides a platform for other crimes against children, like the online grooming[1] of children. Once child abuse material reaches the internet, it constitutes a permanent re-victimisation of the depicted child.

CURRENT TRENDS
- Child sex offenders make more and more use of sophisticated software to protect their anonymity. They make use of online storage and advanced encryption techniques to counteract digital forensic examination by police.
- Criminals seem to focus on using hidden channels where private access is granted only to those who have been 'selected'. This 'selection' derives from the amount and kind of sex abuse images that can be shared.
- In the last year, there has been a reported decrease in worldwide criminal networks offering pay-per-view websites.
- Other phenomena have started to appear, like cyber-sex tourism, where the abuse of a child takes place in front of a webcam, following receipt of the request and payment.
- Child sex offenders travel or migrate to specific countries where children are offered by their families, or facilitators, for the exploitation and production of child abuse material.
- The child abuse material may be self-produced by teenagers or children who underestimate the risks of distributing their images or movie files. In some cases they are convinced or coerced into producing the material by child sex offenders through an online grooming process.
- Online grooming and the sending of sexual messages to young people using mobile phones and multimedia devices ('sexting') are also noted trends.

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[1] Online grooming is the proposal by an adult to meet a child who has not reached the age of sexual consent under national law, with the purpose of engaging in sexual activities with the child.

A dedicated analysis project (analysis work file - AWF) was created in 2001 to prevent and combat the activities of criminal networks involved in the production, sale or distribution of child sexual exploitation material, and associated crimes. To date, thousands of intelligence packages and analytical reports have been disseminated by Europol to law enforcement agencies, allowing the identification of more than 2000 child sex offenders and the identification of a consistent number of victims. Europol has also supported Member States in forensically examining copies of digital material seized by police agencies.

OPERATION COMFORT

At the start of 2010, the Dutch National Police received information and data from a Dutch web hosting company, that one of their customer's servers had been hacked. The hackers had placed an image board containing child abuse material on the hijacked web server. The company saved the log files of the specific server, including the child abuse material discovered, and sent it to the Dutch National Police.

The Netherlands submitted the criminal data to Europol's databases. Europol analysed the data and disseminated analysis reports to all affected countries. In the course of analysis, 3931 targets inside the EU and 6041 outside were identified.

Project HAVEN – Halting Europeans Abusing Victims in Every Nation

Project HAVEN coordinates a common EU effort to address crimes of child sexual abuse being committed by Europeans outside their countries of origin or permanent residence. This will include coordinating international operations run by European law enforcement authorities. In the long term, preventive measures such as permanent notifications or an alert system should be implemented in order to trace child sex offenders, limit their illegal activities and safeguard children.

Internet Related Child Abuse Material Project

The COSPOL Internet Related Child Abuse Material Project (CIRCAMP) promotes the use of a filtering technology in EU Member States that blocks users' access to commercial child abuse websites. The project successfully implemented the Child Sexual Abuse Anti Distribution Filter and disseminated it widely. The filter is currently in place in Denmark, Finland, Italy, Norway, Sweden and the UK. The data originating from the blocking activity of the Member States' filters is sent to Europol for analysis purposes.

Funnel Web

A project called Funnel Web deals with requests coming from the registrants of websites that are wrongly blacklisted by the CIRCAMP filter in the Member States mentioned above. Europol, in partnership with CIRCAMP, has set up a reporting mechanism for owners of blocked domains. This system aims to centralise the complaints and requests for revision of domain statuses in order to guarantee that the requests can be processed in all countries where the domain is blacklisted.

Europol facilitates contacts between the owners of domains and competent law enforcement agencies. However, it is at the discretion of the Member States to decide upon possible judicial consequences induced by revision requests.

European Financial Coalition

The aim of the European Financial Coalition (EFC) is to disrupt financial gains made from the sale of child sex abuse images. Within this initiative, major financial, internet and technology companies have joined forces with Europol, European police agencies, the European Commission and specialised child protection NGOs to track, disrupt and confiscate commercial gains made by those who profit from the distribution of indecent images. From the start of 2011, Europol will be the coordinator and Chair of the coalition's Steering Group.

3.5 Facilitated illegal immigration

In general, organised crime groups facilitating illegal immigration tend to be structured in loose networks of smaller groups, and most of them have ethnic or other cultural connections to the illegal immigrants they are facilitating. The organised crime groups involved in illegal immigration display a high degree of flexibility and an ability to collaborate across borders, regardless of ethnic differences - even in regions where there is a tradition of ethnic conflict. The facilitators are quick to detect and make use of various changes in society, such as law enforcement tactics and changes in legislation or regulations, as well as the opening of new or cheaper transportation routes or new border crossing points.

Europol provides analytical support to EU Member States to combat facilitated illegal immigration. The criminal networks involved in the facilitation of illegal immigration are sometimes also involved in other crime areas such as forgery of travel documents, drug trafficking, money laundering, trafficking in human beings and the like.

Europol has divided the analytical project into sub-projects focusing on organised crime groups, different nationalities, modi operandi or geographical areas. In 2010 there were seven active sub-projects focusing on facilitated illegal immigration from Vietnam, Iraq, Afghanistan, Iran, South Asia, North Africa and the production and distribution of falsified documents. Since August 2010, Europol has also participated in a Joint Investigation Team on marriages of convenience established under this analytical project.

During the last year Europol supported six major European operations targeting criminal networks facilitating illegal immigration where more than 80 facilitators were arrested. The operational activities were coordinated during meetings organised and facilitated by Europol. During the operations the AWF team was present at the operational coordination centres and provided support through technical expertise and deployment of the mobile office. During the investigation phases, Europol officers focused on operational analyses and, in many cases, links to others EU investigations were identified. The analysis was communicated in nearly 150 reports.

The term **'facilitated illegal immigration'** covers a number of different serious crimes, all aimed at assisting, for financial gain, the entry into or residence in a country, in violation of the country's laws. Facilitated illegal immigration thus covers the production and procurement of falsified travel documents or permits obtained under false pretences, and the provision of clandestine transport or other assistance, in order to obtain illegal entry or stay - often connected to a number of other criminal activities.

OPERATION ILLE FANTASTIQUE

This pan–European investigation lasted 14 months. The investigations focused on suspects who smuggled irregular migrants mainly from Vietnam into the EU. The migrants were given a full 'guarantee' of arrival. The price for the entire guaranteed journey was up to 40 000 euros and could take anything from a few days up to many weeks. The families of the migrants would often sell their houses and property to fund the journey, resulting in substantial debt.

One of the modus operandi used by this network was that they provided the migrants with travel documents and valid visas that were issued on false grounds, with the help of corrupt consular officials. Once the migrant arrived in Europe the travel documents were handed back to the criminal network.

With the support of Europol and Eurojust, English, French, German and Hungarian police officers arrested 31 suspected facilitators of illegal immigration in June 2010. 42 premises were searched during the operation. In total 66 migrants from Vietnam were found during the house searches.

Europol experts were present at the coordination centre to provide technical expertise and operational analysis support. During the investigation phase, Europol prepared several intelligence reports and facilitated the exchange of information. New criminal links were discovered by Europol while working in close cooperation with national experts.

OPERATION ALCAZAR

In June 2010, Europol supported French, German and Spanish police officers in arresting 18 people suspected of facilitating illegal immigration into the EU. The investigators searched 15 premises, arresting people originating mainly from the Indian sub-continent as well as one Moroccan national. During the house searches copies of passports, but also seven weapons, were found and seized.

The irregular migrants arrived in the EU on purpose–made genuine travel documents issued on other identities, which included a 90–day visa valid for working purposes. Once the migrants had arrived in Europe, the travel documents were handed over and returned to the facilitators to be re-used.

The money (costs and financial gain) involved in the French part of the investigation was over 1 million euros. For the entire journey, the migrants paid between 13 000 and 15 000 euros for an adult and around 8000 – 10 500 euros for a child.

Europol experts provided technical expertise and operational analysis support throughout the investigation and also prepared intelligence reports and facilitated the exchange of criminal intelligence.

3.6 Euro counterfeiting

Europol has the mandate to prevent and combat the forgery of money, in particular the euro, and has been designated as the European Union's Central Office for combating euro counterfeiting. This legal status qualifies Europol to act as a worldwide contact point for combating euro counterfeiting.

OPERATION SEAWEED

In June 2010, on the outskirts of Borris-in-Ossory, 125 km from Dublin, the Garda Bureau of Fraud Investigation found a former concrete plant off a rural road, which consisted of a large warehouse, a silo and various 40ft trailers. One outdoor depot had been rented by one of the suspects who installed a Portakabin as an office. Underneath was a purpose-built bunker composed of two connected containers fully fitted out for use as a counterfeit print shop. The access to this bunker was through a hidden passage under the carpet of the office. Inside the bunker was highly specialised printing equipment.

Europol officers joined the Garda forensic team and provided technical support. The raids targeted a sophisticated currency counterfeiting project, the first of its kind and scale to be discovered in Ireland. Europol participated in this operation with an on-the-spot mobile office, forensic equipment (UV light, mobile phones scanners and other equipment), and was also used as a platform for exchange of information between the Irish authorities and other Member States' law enforcement agencies. Four men were arrested during this operation. If not uncovered by the police, this criminal group would have had the capability to flood the market with millions of counterfeit banknotes (euro, pounds sterling, US dollars and others). Europol participated in two operational meetings and provided support on the spot with a mobile office and forensic toolkit (UFED).

OPERATION THESSALONIKI

In February 2010, the Police Security Division of Thessalonica arrested four leaders of an organised criminal group responsible for the large-scale distribution and smuggling of counterfeit euro banknotes in Greece.

The group was composed of Greek nationals who maintained contacts with organised criminal groups in the Russian Federation, Bulgaria and other countries. The suspects were also involved in facilitating illegal immigration into the European Union. International police cooperation, coordinated by Europol, began in the middle of 2007, when around 70 000 euros in counterfeit 100 and 200 banknotes were seized in a small town called Shakhty in southern Russia. The Russian authorities notified EU law enforcement authorities about this counterfeit euro distribution channel and supported the Greek investigation.

The investigation took police officers to the Greek city of Thessaloniki, where the criminal group were acting as intermediaries for the counterfeiters from the Bulgarian city of Plovdiv. The print shop – the main source of the counterfeits - was dismantled by a Joint Investigation Team of Bulgarian and Spanish law enforcement officers, supported by Eurojust and coordinated by Europol.

Europol cooperates closely with European Union Member States, the European Central Bank, European Commission, the European Anti-Fraud Office (OLAF), Interpol and other partners.

To fulfil this central office function, Europol offers a wide range of products and services to EU Member States and other partners. Europol actively supports law enforcement authorities by facilitating the exchange of information, gathering, analysing and disseminating criminal intelligence, as well as providing other expertise and knowledge to support investigations.

OPERATION MOST

In April 2010, 14 people were arrested in the city of Lublin. The suspects were members of a major Polish network distributing counterfeit 50 and 100 euro banknotes in the EU. The raid, involving more than 120 police officers, was a result of three years of investigations in Italy, Poland and Spain, which were coordinated and supported by Europol. Two Europol officials provided on-the-spot support through the use of the Europol mobile office. Europol provided Poland with several operational analysis reports, including an important and extensive Social Network Analysis report.

The entire investigation of Operation Most concerned several branches of a Polish organised crime group, operating in different EU countries. In total, within the framework of Operation Most, more than 80 criminals were arrested.

Europol was involved in this investigation since June 2008 and supported it analytically, logistically and financially. Europol also coordinated the international cooperation between Germany, Italy, Poland and Spain) and provided advice and training. In the framework of this investigation several operational meetings were organised at Europol and in EU Member States. Operational support was provided twice to the investigations including deployment of the mobile office. The operation was considered a big success as it led to the dismantling of a dangerous major criminal group involved in the mass distribution of counterfeit euro banknotes.

That also includes participation in Joint Investigation Teams and granting financial support and on-the-spot assistance when requested. Moreover, Europol provides forensic support to law enforcement agencies. Forensic support determines the origin of materials and devices used for the manufacturing of counterfeits. Additionally, Europol provides technical support and training on tactical and technical issues related to protecting the euro from counterfeiting.

Europol is involved in all major euro counterfeiting investigations in the EU. In 2010, 838 euro counterfeiting and payment card fraud cases were effectively supported by Europol, culminating in the dismantling of five major print shops. The outcomes of the euro counterfeit investigations supported financially by Europol included the seizure of over 6 million euro counterfeits and 70 arrests.

> **DISMANTLING A COUNTERFEIT PRINT SHOP IN BULGARIA**
> In October 2010, during a special police operation conducted by the Bulgarian authorities, three suspects were arrested and an illegal print-shop was dismantled. The illegal printer was equipped with the following, for producing counterfeit money:
> • Heidelberg offset printer and hot printing machine (for production of hologram patches)
> • Guillotine for paper cutting and banknote counting machines
> • UV lamps, other equipment, and raw materials.
>
> Europol provided operational analysis and technical support on-the-spot using its mobile office. Europol experts carried out technical analysis on the machines seized, finding both visible and fluorescent images of 100 euro banknotes on the rubber blanket of the offset printing machine. These findings indicated very clearly that the machine had been used for producing counterfeit euro banknotes.

3.7 Payment card fraud

Payment card fraud is a growing global problem causing huge financial losses within the European Union (EU). Simultaneously, these losses constitute assets for organised crime groups and illegal income is invested in developing other forms of criminal activity for the organised crime groups.

As a central point of exchanging intelligence on this type of fraud, Europol supports investigative activities to protect the EU market and its customers, not only in the EU but also worldwide.

Europol prepares analytical reports and threat assessments on payment card fraud and activities of organised crime groups in this area. Since payment card fraud is a cross-border phenomenon Joint Investigation Teams are also applied to facilitate cooperation at an EU level.

Via its Payment Card Fraud News, Europol communicates information on new trends, criminal techniques and modus operandi to investigators in Member States and cooperating countries.

THREAT ASSESSMENT ON PAYMENT CARD FRAUD IN THE EUROPEAN UNION

In 2010, Europol elaborated a Threat Assessment on Payment Card Fraud in the European Union which will be released in 2011. The report presents the current situation and future trends in criminality for payment cards and card transactions.

This is the first time that such an assessment has been produced. To date, figures and specific modus operandi have not been published so law enforcement agencies and decision makers have not had the full picture of this international phenomenon. Recognising the growing card problem, industry decided to combine efforts and provided very sensitive data to Europol for analysis, which led to the Threat Assessment.

The Threat Assessment aims to provide recommendations on countermeasures and specific actions that should be taken on national and EU levels to reduce the level of fraud. The current situation and illicit income made by criminals, which exceeds €1 500 000 000, requires urgent and collaborative action.

In 2010, Europol set up a **Network of Forensic Experts** which is responsible for examination of skimming devices. The network facilitates international cooperation on combating payment card fraud from a technical perspective.

The mobile office and the mobile forensic toolkit (including the Card Reader, the Universal Forensic Extraction Device (UFED) and Card Checker database) bring additional value on-the-spot to support investigative measures. The Card Reader can obtain data from a magnetic strip and chip of a genuine or counterfeit payment card. In 2010, Member States sent seized cards to Europol to extract the data from them. Alternatively, the Card Reader can be employed directly at a police raid for the same purpose. Data can be retrieved from a mobile phone with the UFED, and two successful operations have been supported in this way since the device was brought into use in September 2010. The Card Checker database generates details of the card issuer and is used on a daily basis at Europol.

Cooperation between Europol and private industry has resulted in the establishment of a **Card Checker database** at Europol, containing global information on payment card issuers (AMEX, VISA, MasterCard, and petrol payment cards).

In 2010, Europol supported multiple EU law enforcement investigations into disrupting international criminal structures committing payment card fraud. Europol focused on the most dangerous organised crime groups responsible for the production and deployment of illegal equipment used to copy, counterfeit and misuse payment cards. Several factories of skimming devices and global networks of smuggling equipment, card data and money were disrupted as a result of effective crossborder cooperation.

OPERATION THE GODFATHER

For this operation, Europol supported cooperation between law enforcement agencies from Belgium, Germany, Italy, the Netherlands, Romania and Sweden, resulting in the disruption of illegal skimming device factories in Romania, and the arrest of the criminal gang members. The criminal network had been skimming cards and making illegal cash withdrawals. The skimming devices seized were ready to be fitted to many different types of ATMs (Automatic Teller Machines) used worldwide. The final raid, with 31 house searches, took place in Bucharest in January 2010. Hundreds of counterfeit payment cards, raw card data, skimming devices, electronic equipment (micro cameras, PIN pads), and tools used for the production of counterfeit credit cards were also seized. Europol provided Romania with several analytical reports and the analysis of skimming software. During the months following the raid in Bucharest, skimming attacks ceased.

Skimming: The copying of a payment card's magnetic strip - without the knowledge or consent of the cardholder - generally happens when a payment card is used at a genuine Automatic Teller Machine (ATM) or Point of Sale terminal by the cardholder. The data is then written (cloned) to new cards which are used to make illicit cash withdrawals, commonly done outside the cardholder's country of residence.

OPERATION LOTTERY

An organised crime group was active in France, Italy, Romania and Spain, misusing payment card data that had been stolen via the internet. In a short period of time the criminals had caused €400 000 in losses. Europol supported the international operation for more than a year, initially by preparing several analytical reports, which indicated the international dimension of the case.

Then, in October 2010, Europol's mobile office, databases and technical equipment were installed in the operational centre in Romania, which was set up to facilitate the final raid. In addition the mobile forensic toolkit was used to retrieve data and immediately check them with Europol's databases. Law enforcement agents carried out 17 house searches, 22 interviews with suspects and 16 arrest warrants were executed in France and Romania. The operation prevented the EU market from further attacks by this group.

Europol recommends some simple steps to avoid becoming a victim of skimming:

ATM CASH WITHDRAWALS
PROTECT YOURSELF:

Protect your PIN code. Always **shield the keypad** with your hand and your body to avoid anyone seeing you enter your PIN. Do not give your PIN to anyone (even if they present themselves as a police officer or bank representative).

Be aware of others around you. If someone is behaving suspiciously or makes you feel uncomfortable choose a different machine.

Stand close to the cash machine.

If you spot **anything unusual** about the cash machine do not use it and report it to the bank or police immediately.

Be alert. If someone is crowding or watching you, cancel the transaction and go to another machine.

3.8 High-tech crime

The High Tech Crime Centre at Europol provides support to Member States in the general fight against cybercrime. The Centre is developing a European platform to service the direct and indirect needs of Member States in this important emerging area of criminal activity.

3.8.1 CYBERCRIME

Malicious activity on the internet continued to grow in 2010. Through attacking services on the web, for example via the use of malware (malicious software), end users are increasingly vulnerable to hackers. At the same time the underground economy where cybercriminals trade their illegally obtained information, skills and tools, continues to flourish.

There is now a sophisticated and self-sufficient digital underground economy, in which data is an illicit commodity. Stolen personal and financial data have a tangible monetary value. This drives a range of new criminal activities, such as phishing, pharming, malware distribution and the hacking of corporate databases, and is supported by a fully-fledged infrastructure of malicious code writers, specialist web hosts and individuals able to lease networks of many thousands of compromised computers to carry out automated attacks.

Through a dedicated analysis work file, Europol has been part of cross-border operations involving malicious software attacking financial institutions. At this point in time, a number of cases in this particular area are ongoing and being supported by Europol. This activity is expected to lead to joint actions in the coming year.

The increasing threat of cybercrime in the EU has led to a situation where cybercrime is now a priority in the EU's Internal Security Strategy and consequently also for Europol.

In 2010, digital forensic, research and development facilities were incepted at Europol and they are expected to grow in this coming year, with new technical resources.
Europol recently developed and delivered three new training courses in cybercrime investigations, for EU and accession countries' specialised police officers.

A European Cybercrime Task Force (EUCTF), formed by EU Heads of Cybercrime Units, the European Commission and Eurojust, was established in 2010 in order to create a platform for managers in cybercrime investigations and prosecutions at Europol. The EUCTF will assist in the development and promotion of a harmonised EU approach for the fight against cybercrime, and to address problems caused by the use of cyber technology for committing crime. Europol also continues to improve relationships and cooperation with private industry and academia, since they play an important role in cybercrime and research; new strategies will be put in place to foster this collaboration process.

As part of the Stockholm Programme, whose aim is to create a single area of justice and security for the European Union's 500 million citizens, Europol has been invited to step up strategic analysis on cybercrime. Several conclusions and initiatives have been agreed upon to define a concerted strategy to fight cybercrime effectively. This will be carried out in a way appropriate to the multiple crimes committed by these means: sexual violence and child sex abuse imagery, terrorist activities, attacks on electronic networks, fraud, identify theft, etc.

To contribute to the strategic planning for a European Cyber Crime Centre, Europol produced the iOCTA - a Threat Assessment on Internet Facilitated Organised Crime to be released in 2011.

OPERATION VENICE CARNIVAL

Operation Venice Carnival ran from 2009-2010. The Italian Postal and Communications Police and Europol uncovered a criminal group who were installing malicious software on businesses' unprotected web servers to distribute shocking child sex abuse material online.

The Italian Police were first alerted to the criminal activity when a grandmother, who had been innocently surfing the internet buying gifts for her grandchildren, clicked on a link to an online shop only to find herself redirected to a child abuse website. She immediately informed the police who, in early 2009, began routinely monitoring the activities of the illicit web pages which seemed to be hosted on an Italian web server.

Following further analysis, it was discovered that the website server in question, as well as a number of others worldwide, had been deliberately infected with malware. This malicious software was being used by a criminal group to hijack web servers and automatically redirect innocent internet users to illicit websites that were hosting child abuse material.

The Italian Police provided intelligence on the infected websites identified and this was disseminated by Europol to all EU law enforcement agencies, plus countries and agencies with which Europol cooperates. Further investigations showed that the legitimate owners of the affected web servers were unaware of the problem and were not actively involved in the criminal activity. Studies confirmed that their servers became infected due to a lack of internet security.

The criminal group responsible for the malware originating from Eastern Europe, had associates throughout the world. It is thought that they produced their own child abuse material which was then commercially distributed through secure and anonymous websites. The Italian Postal and Communications Police, working with Europol, developed strategies to follow the money trail and discover the customers and end users of the illegal material.

As a result of this operation, more than 1000 web servers worldwide have been 'cleaned' in conjunction with the servers' owners, therefore greatly reducing the opportunity for EU citizens to discover such illegal resources on the web. The complex investigation is still ongoing, to identify the producers and connected criminals.

3.8.2 EUROPOL CYBER CRIME PLATFORM

The Europol Cyber Crime Platform currently implemented at Europol rests on three pillars:

- The Internet Crime Reporting Online System (I-CROS), a European hub in a network of national online reporting points in the Member States, and third parties to Europol, where all offences noted on the internet can be reported and escalated to a European level if necessary.
- The dedicated Europol analysis work file targets internet and ICT-driven organised crime aimed at financial gain. The focus is on identifying and eventually dismantling groups active in the cybercrime area. In general, cybercriminal activity is directed towards attacks on computer systems or networks. More specifically, the crimes committed include the development of malware, hacking, identity theft and complicated phishing and e-commerce attacks. The work file is one answer to the request from EU Member States to be able to tackle cybercrime at an international level.
- The Internet Forensic Expertise (I-FOREX) platform consists of a portal-based facility and comprises all information not related to personal/operational data that is in fact included in the two above-mentioned pillars. The information contained in I-FOREX will mainly relate to police best practice and training and will help investigators to keep their respective technical skills up-to-date.

3.9 Intellectual property crime

Intellectual property rights (IPR) infringement refers to the violation of two main categories of recognised and protected rights. The first one is related to industrial property which covers various fields such as distinctive signs (trademarks), patents, designs and models (counterfeiting). The second refers to copyright of literary and artistic works such as film, musical work and software programmes (piracy). Counterfeiting is the offence linked to industrial property violation, while piracy is the offence connected to a violation of copyrights.

PIRACY RING

The Belgian Federal Judicial Police - Brussels Computer Crime Unit - led an international investigation into a film piracy network. In September 2010, Europol and Eurojust collaborated in coordinated efforts that led to the arrest of 15 people and the seizure of 49 computer servers in 12 EU and one non-EU country. Losses to the industry due to piracy by this criminal group were estimated to be around €30 million a year.

The Europol High Tech Crime Centre and an analytical team organised operational meetings at Europol to establish the best strategy. In this very technical area, it was essential to protect digital evidence that was stored on servers and hard disks, so a simultaneous action was a key factor for this successful operation. During the action day, liaison officers from the 13 involved countries used the Europol operational room to exchange information in real time during the raid.

According to the latest figures, in 2009, 118 million counterfeit and pirated articles, involving 43 500 cases, were detained by customs at EU borders.[1] These figures do not take into account 'intra-EU seizures' and investigations made by other law enforcement agencies such as police, customs services or other bodies. Furthermore, they do not take into account the detection of counterfeit products manufactured within the EU. The European Observatory on Counterfeiting and Piracy has been created with the aim of improving the quality of information and statistics on counterfeiting and piracy in the EU internal market.[2]

Counterfeiting is no longer limited to luxury products but is now a global problem affecting all types of goods including a large range of commodities from cigarettes to clothing, accessories and also products which could affect health and safety such as electronic equipment, beverages, foodstuffs and medicines.

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[1] Figures published by the European Commission's Taxation and Customs Union, 7 July 2009.
[2] http://ec.europa.eu/internal_market/iprenforecement/observatory.

Counterfeiting and piracy can cause serious harm to society, the economy and consumers. It affects legitimate business by reducing sales and income, and consequently affects innovation, investment and the resources devoted to research and development. It encourages unfair competition as counterfeiters are unhampered by laws, regulations, rules, taxes and duties which legitimate companies have to obey. As a consequence, it affects employment and deprives national budgets of taxes and excise revenues. Perhaps more seriously, counterfeiting can pose significant health and safety risk to consumers, particularly considering that products such as electronic equipment, beverages, food stuffs, medicines and toys have all been subject to counterfeiting.

COUNTERFEIT PESTICIDES

A case from 2010 involved the illegal manufacture, distribution and supply of counterfeit, and potentially dangerous, chemicals that were ultimately for treating foodstuffs, soil and other agricultural purposes. This investigation resulted in German authorities seizing of 28 tonnes of counterfeit pesticides, which could have had a devastating impact on public health. The seizure followed a warning message from Europol, based on intelligence gathered from previous cases in other Member States and affected chemical licence holders. Europol delivered analytical reports and held an operational meeting with the concerned countries.

The warning message issued by Europol also informed law enforcement of the risks involved in handling this kind of product as the 'flashpoint' of the counterfeit chemicals was only 24˚C.

Intelligence and evidence gathered by Europol suggests that organised crime groups are effectively involved in illicitly trading counterfeit commodities and, to a lesser extent, in piracy. The huge amount of money generated by their illegal activities, added to the low level of penalties or effective prosecutions in this area, has provided criminal organisations with the opportunity to make substantial profits, which in turn supports other criminal activities. These include links with illegal immigration, money laundering, smuggling, drug trafficking and corruption.

> **COUNTERFEIT POWER TOOLS**
>
> This operation targeted Italian organised criminal networks that were trafficking unsafe counterfeit commodities such as power tools and generators.
>
> In May 2010, law enforcement agencies from seven EU Member States, together with Europol and Eurojust, took major action against the criminal network.
>
> The Anti-Mafia Prosecution Office of Naples coordinated the operation, leading to the arrest of 9 individuals by the Guardia di Finanza, and the seizure of materials and assets exceeding €16 million. This operation was the latest in a series of actions from a huge investigation which ran for two years. During previous actions, 60 arrests were made and 800 tonnes of counterfeit products were seized, representing a value of €12 million, during the search of 143 warehouses in Belgium, France and Germany. In total, 20 EU and 3 non-EU countries were involved in this multi-agency investigation.

3.10 EU VAT fraud

Missing Trader Intra-Community Fraud (MTIC) is a form of organised, sophisticated tax fraud carried out by criminals who attack the Value Added Tax (VAT) regimes of EU Member States. The basic model of transnational intra-community VAT fraud involves at least two Member States.

Missing Trader Intra-Community Fraud is carried out by organised criminals who put in place a structure of linked companies and individuals whilst at the same time exploiting the different particularities of national tax systems to disguise the real links between participants. Those involved in VAT fraud schemes, who are initially responsible for the tax damage - the so-called missing traders - only operate for a short time, sometimes only weeks, before disappearing.

The European Commission estimates that VAT fraud costs the Member States around €60 billion annually. However, crossborder, or transnational, VAT fraud not only affects the economic and financial interests of the European Community but also has an impact on lawful businesses which in turn may have a negative impact on employment levels. Moreover, the profits from VAT fraud may finance other types of criminal activity, for example cigarette smuggling or drug trafficking. The schemes are based on either virtual or real 'carousel' transactions where the same 'goods' are sold and resold several times. This is commonly referred to as VAT carousel fraud.

Traditional goods-based Missing Trader Intra-Community Fraud - involving such commodities as mobile phones, computer chips or precious metals - is no longer the sole concern. A clear mutation into service-based MTIC fraud has been experienced, as fraudsters have demonstrated their interest in intangible items and extended their criminal activities into the environmental and energy markets.

Major VAT fraud has been detected in the trading of emission allowances or European Unit Allowances. Europol estimates that the loss to carbon credit fraud between June 2008 and December 2009 was approximately €5 billion. Consequently, a dedicated project has been created by Europol to coordinate Member States' criminal investigations and to serve as a platform for the rapid exchange of intelligence in this trading activity.

> **The Europol analysis project on Missing Trader Intra-Community Fraud** (MTIC) is the only EU-level database for storing MTIC-related criminal information. This is why it has become the principal source of reference for law enforcement operations. The knowledge and data stored within Europol enables the development of a solid picture of this area of crime and identifies the most prominent criminal targets. Europol has become a centre of excellence for fighting cross-border MTIC fraud and related offences.

OPERATION BLUE SKY

In March 2010, officers from the Spanish Guardia Civil conducted arrests and premises searches of five apparently independent criminal groups heavily involved in carbon credit fraud. Between April and November 2009, the fraud in Spain had yielded these gangs 50 million euros. Nine people were arrested and 14 companies searched in Madrid, Marbella, Barcelona and Valladolid, where cash, computer hardware and documents were seized.

Soon after Europol were notified of the case, an analytical report was produced which identified the Spanish 'missing trader'. This company was part of an international group connected to several fraudulent MTIC chains being criminally investigated by other EU Member States. Europol analytical reports also provided details of all relevant European Unit Allowance (EUA) trading accounts from Member State Registries, complete with all related acquisition and supply transaction data of the EUAs themselves. This provided the Spanish investigators with the necessary information on which premises to target and search on the action day.

The mobile office was also deployed by Europol at the premises of the investigators during the operational phase. This gave investigators the opportunity to run "real time" checks against Europol databases on information about companies and individuals believed to be implicated in the fraud.

Europol renders support to the Technical Assistance and Information Exchange Instrument (TAIEX) managed by the European Commission by organising seminars with the aim of enhancing experience and good practice between law enforcement officers and prosecutors from EU Member States and neighbouring countries. Cooperation with third countries is essential in fighting VAT fraud as the fraudsters often launder their ill-gained profits outside the EU.

3.11 Money laundering

Europol supports Member States in preventing and combating criminal money-laundering activity, particularly that relating to the analysis of suspicious transactions and any other financial intelligence.

The Europol Criminal Assets Bureau (ECAB) assists Member States' financial investigators to trace the proceeds of crime, when assets have been concealed outside the investigators' jurisdictional boundaries, within the European Union.

OPERATION SHOVEL

Operation Shovel focused on the activities of an extremely violent Irish-based organised crime group involved in drugs and weapons trafficking across Europe. Europol assisted Ireland, the UK, Spain and Belgium to detect the criminal proceeds related to the group's criminal activities and to help the affected Member States in dismantling their money laundering network.

The analysis provided by Europol also helped to identify new people associated with the organised crime group. During 2010 new evidence was acquired and, although the main commercial and business activities of the group seemed to move to Spain, high profile members continued to carry out criminal activities in other EU countries.

In March 2010, an operational meeting was organised at Europol headquarters to plan the launch of a massive operation across Ireland, Spain and the UK. This meeting was followed by a coordination meeting held in April at Eurojust, with representatives from the judicial authorities in charge. The operation took place in May 2010. Besides several analysis reports produced by Europol, which focused on the different roles within the criminal group as well as the assets at their disposal in the EU, America and Asia, Europol effectively supported the day of action by simultaneously deploying three mobile offices in Ireland, Spain and the UK. The mobile offices were used as virtual operational rooms allowing investigators to securely exchange intelligence in real time.

More than 600 pieces of information were exchanged via Europol channels. Representatives from the countries involved were present onsite. Over 700 investigators were involved and 38 arrests were executed in the three countries, in addition to numerous house searches. Forensic analysis of computers, laptops, palms and other electronic devices is under way and the material seized has been assessed by investigation teams in the Member States.

The Camden Assets Recovery Inter-Agency Network (CARIN)

Europol hosts the permanent secretariat for CARIN, which is an informal network of judicial and law enforcement asset recovery experts. CARIN currently has 55 registered member jurisdictions, including all 27 EU Member States and nine international organisations. One law enforcement and one judicial contact have been nominated from each jurisdiction, to assist cross-border cooperation for tracing, freezing, seizing and confiscating criminal assets. These contacts assist with general questions about asset recovery in their own jurisdictions, but also provide operational support via available legal channels.

OPERATION DRACULA

This operation targeted Romanian organised crime groups operating in several EU countries – Spain, Italy, France, Denmark, Sweden, Germany, Austria among others, and also in the USA, New Zealand and Switzerland. According to the Romanian Organised Crime and Terrorism Investigation Directorate (DIICOT) this criminal ring had been operational since 2006, conducting fraudulent tenders on the internet. The criminal networks were involved in a variety of criminal activities including, but not limited to: fraudulent sales of non-existent goods to customers via spoof websites, legitimate eBay or other auction sites; phishing; use of forged ID documents to open bank accounts abroad; use of forged credit cards in online poker games. Western Union and MoneyGram money transfer services were used to receive funds from victims and the criminals complemented this with bank accounts opened by themselves. More than 800 victims have been identified and the cost of the crime is estimated to be almost €1 000 000.

The operation was jointly conducted by the Czech, Romanian, USA and French police forces with the main raids and arrests taking place in Romania. The Europol mobile office and a Europol expert was sent to the Czech Republic. For the first time, a Europol satellite mobile office was used to support this operation. There were more than 150 policemen deployed in the Czech Republic during the raids, dozens of house searches were carried out and in total 31 suspects were apprehended.

The Europol's on-site operational support resulted in 8 true matches established through searches performed in both the Europol Information System and Index System. A tailor-made intelligence report was provided to the Czech police which served as supplementary evidence when requesting the court to hold one of the suspects in custody.

4. Europol's reach

4.1 EU Member States law enforcement agencies

Europol has a live 24/7 connection with the Europol National Units based in the 27 EU Member States. This permanent communication and criminal data exchange is possible thanks to the Liaison Bureaux located at Europol headquarters. It is a crucial and effective way of maintaining contact and support to around 2 million EU law enforcement officers and, most importantly, to all interested investigators whose operations could benefit from Europol's support.

After Denmark had gradually closed all its bilateral EU liaison offices, in 2010 it was decided to focus its law enforcement cooperation through the Danish Europol Liaison Bureau.

4.2 Europol's external cooperation

Europol cooperates with a number of EU partners, and with third countries and organisations. The exchange of information with these partners takes place on the basis of cooperation agreements.

Two types of agreement determine the nature of cooperation with third parties. Strategic agreements make it possible for the two parties involved to exchange all information with the exception of personal data, while operational agreements also allow the exchange of personal data.

Europol cooperation is vital between EU and non-EU law enforcement authorities, and other partner EU agencies and institutions.

Europol currently cooperates with 17 non-EU countries, 9 EU bodies and agencies and 3 other international organisations, including Interpol, which features in many aspects of Europol's operational work.

As in previous years, Europol continued its close cooperation with other EU agencies active in the area of Freedom, Security and Justice. In 2010, Europol chaired cooperation between JHA Agencies, which is assigned on a rotating basis. In this function, Europol's Director hosted the yearly Heads of JHA Agencies Meeting at Europol on 26 November 2010, in the presence of CEPOL, EMCDDA, Eurojust, FRA, Frontex, SITCEN and representatives from the European Commission, the Council Secretariat and the Belgian and Hungarian Presidencies. The Heads of Agencies focused on improving inter-agency cooperation following the entry into force of the Lisbon Treaty, and covered topics such as democratic control and budgetary matters.

Inter-agency cooperation in 2010 received a new boost triggered by a request from the Swedish Presidency. The request was for CEPOL, Eurojust, Europol and Frontex to jointly produce an evaluation of their ongoing cooperation and to propose concrete actions for further improved cooperation. Two reports were presented to the Standing Committee on Internal Security (COSI) and, following adoption, are now in the process of being implemented. This is expected to be finalised by the end of 2011. The proposals relate to bilateral as well as multilateral cooperation and cover issues of common interest, such as cooperation on operational matters, governance and external relations, research and development, training and awareness.

The establishment of COSI has also fostered contacts and operational coordination among EU JHA agencies. COSI produced a combined document, 'The State of Internal Security in the EU', which was based on three strategic documents: Europol's Organised Crime Threat Assessment (OCTA) and EU Terrorism Situation and Trend Report (TE-SAT), and Frontex's Annual Risk Analysis (ARA). It is believed that such a common threat assessment is vital for more robust coordination between the agencies in question.

5. Moving ahead

5.1 Strategy and goals

Europol is at a key point in its evolution, and is ready to take its place as the central player in the field of EU law enforcement. For the immediate future, Europol's strategy will be the frame of reference for its daily business, in order to ensure the best support for EU law enforcement cooperation.

Following its ambitious strategy, Europol will address the most important challenges ahead but also exploit all opportunities to make further progress and deliver tangible benefits. The strategy guides Europol on a planned path to implement its main goals by delivering a unique set of operational services for the EU in three main areas:

- **To function as the principal EU support centre for law enforcement operations**
  More will be done to maximise the operational value of information held by Europol and to streamline the delivery of analysis and other operational services. Europol is taking a leading role in establishing more effective cooperation between agencies and law enforcement partners, including Eurojust and Interpol.

- **To become the criminal information hub of the European Union**
  Coordination between Member States, in identifying common information gaps and priorities for the investigation of the most prominent criminal targets, is essential and will be strengthened. Europol's unique capabilities provide the opportunity to grow as a central 'information powerhouse' in the EU to address these issues and build an information platform capable of facilitating a more effective operational response to key security threats. Further development of Europol's Secure Information Exchange Network Application (SIENA) will bring Europol closer to the law enforcement 'front line'.

- **To develop further as an EU centre for law enforcement expertise**

  Europol pioneers new techniques based on innovation and best practice as well as providing quality training in specialist areas such as euro counterfeiting, terrorism and the dismantling of drug laboratories.

  We will address any gaps in knowledge and expertise by developing and promulgating best practice, and assisting Member States through support, advice and research in the areas of training, technical support, crime prevention, technical and forensic methods and analysis, and investigative procedures.

5.2 Looking ahead

Europol has gained an improved position on the EU stage, partly thanks to the Lisbon Treaty, its new legal status (the Europol Council Decision), and to the agency's own new strategy and improved capabilities. All these developments make Europol a unique cooperation partner for EU law enforcement agencies and an important contributor to the EU decision-making process.

Democratic scrutiny is another topic of great importance for Europol. 2011 may see further improvements in this field to be initiated on the basis of a 2010 European Commission Communication.[1] Setting up of a permanent joint or interparliamentary forum that would consist of both the national parliaments' and the European Parliament committees responsible for police matters is one of its main ideas. The Commission aims also to increase Europol's transparency by enhancing communication with the Europol Parliament (EP) and national parliaments, and ensuring that they receive relevant Europol products on a regular basis. A debate in the Committee on Civil Liberties, Justice and Home Affairs (LIBE) on Europol's multiannual strategy and on its annual work programme could be another element of this new approach. LIBE Committee's study visit to Europol's HQ that took place in June 2010 can already serve as a practical example of the strengthening of Europol's democratic accountability and transparency. Study visits of this kind are considered a vital tool for explaining and promoting Europol's potential, focusing on its operational tools, intelligence analysis as well as on Europol's robust data protection regime.

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[1] Communication from the Commission to the European Parliament and the Council on the procedures for the scrutiny of Europol's activities by the European Parliament, together with national Parliaments COM (2010) 776 final.

As a leading EU law enforcement agency Europol's ambition is to look further ahead for more opportunities to streamline the fight against organised crime and terrorism. Such new opportunities have already been identified and they include a need to:

- Develop EU legislation on cybercrime, to allow for more effective investigations supported by centralised EU expertise and resources, such as those found at Europol.
- Improve the analysis of terrorist financing with an EU programme that provides added value to law enforcement while ensuring that EU data protection standards are upheld.
- Explore greater cooperation with the private sector so that we can make greater use of expertise on issues like cybercrime, money laundering and intellectual property crime.
- Mobilise law enforcement across the EU to tackle shared problems in a coherent manner.

Regardless of these new policy possibilities, Europol's primary purpose remains to support the EU law enforcement community, primarily to stop and dismantle serious organised crime and terrorist groups. This priority has not, and will not, change but the law enforcement community as a whole needs to continue innovating policies, tools and tactics to keep pace with global developments and stay ahead of the criminals.

In view of the ever-increasing sophistication of criminal activity, any local or even national effort to tackle organised crime and international terrorism alone would be doomed to failure. Thus, together with EU Member States and partner organisations, Europol will play an increasingly prominent role in safeguarding EU internal security. A stronger Europol means a higher success rate in investigations and better protection for EU citizens against the threats of serious international crime and terrorism.

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