

Annual report

2006

Økokrim

ØKOKRIM'S OBJECTIVES AND VALUES

The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) is a resource centre for the police and the prosecuting authorities in combating these types of crime. Økokrim is both a key specialist police agency and a national public prosecution authority.

Vision and main objectives

Norway is a good country to live in and has many important values to protect. Crime presents a threat to these values. By fighting crime, Økokrim helps to protect important values in Norwegian society. The protection of important values is Økokrim's vision.

Økokrim's main objective is to do its utmost to help in the deterrence of crime and to maintain law and order in those areas covered by its mandate – economic and environmental crime.

Økokrim's responsibilities

Økokrim's responsibilities relating to economic and environmental crime are as follows:

- to uncover, investigate, prosecute and bring to trial its own cases
- to assist the national and international police and prosecuting authorities
- to boost the expertise of the police and the prosecuting authorities and to engage in the provision of information
- to engage in criminal intelligence work, dealing in particular with reports of suspicious transactions
- to act as an advisory body to the central authorities
- to participate in international cooperation

Deterrence is best achieved when we work on specific criminal cases – both our own cases and cases where we assist others – thereby demonstrating to the public that anyone breaking the rules in our area of jurisdiction will be liable to penalties. Most of Økokrim's resources are devoted to working on specific criminal cases.

Core values

Økokrim's employees shall adhere to the four core values in their dealings with their colleagues and others, i.e. we shall be *honest, proficient, committed and inclusive*.

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Looking back at 2006

2006 was a very busy year for Økokrim. We had a relatively large number of court days (though not nearly as many as the record year 2004) and the courts handed down a number of judgments in our cases that are assumed to have a considerable deterrent effect.

Among other things, the maximum sentence (nine years' imprisonment) was fully applied for the first time in an Økokrim case (the Finance Credit cases). We obtained the toughest sentence so far (six years' imprisonment) for money laundering. We obtained the toughest decision till now (three years' imprisonment) in a pollution case (to be sure, however, with a number of financial offences mixed in). In other cases as well long prison sentences were imposed. We obtained the first court decision in a major case (the Ullevål case) regarding the new corruption provisions in the General Civil Penal Code. And the Supreme Court imposed the longest prison sentence so far (six months) for unlawful insider trading.

These cases send a signal to potential offenders in Økokrim's areas – economic and environmental crime – that infringing the rules carries a risk of criminal sanctions. This helps Økokrim perform its ultimate task, namely to create the greatest possible degree of deterrence and maintain law and order.

Several of the judgments from 2006 are not yet final, and it is often the case for Økokrim's cases that they often take a long time before they are final and enforceable. Part of the case processing time is not fully under our control. For example, cases must be docketed for trial in the court system, and the dates are to suit everyone involved. The cases often go through several courts. During investigations there is usually a need to gather information abroad, and foreign agencies do not always respond as quickly as we would like. However, there are aspects of the case processing time that we can improve on. The time it takes to process cases is an ongoing challenge on major criminal cases, and we are always seeking out ways to improve in this area.

In 2006, Økokrim ended its support for establishing police district Economic Crime Teams. We are now back primarily to providing purely case-related assistance. The establishment of Economic Crime Teams has meant that we meet more competent recipients of assistance than previously.

In the 2006 budget Økokrim was allocated additional funds for bolstering its efforts to combat the laundering of proceeds of criminal acts. These funds were used in part to strengthen the Financial Intelligence Unit (previously called the Money Laundering Team), including hiring a dedicated analyst, and in part to establish a new team – the Stolen Goods and Money Laundering Team – which will be tasked especially to investigate and bring to trial cases originating from suspicious transaction reports (STRs) that ØKOKRIM receives pursuant to the Money Laundering Act. At the same time, funds were provided for developing a new computer system for processing STRs. This system is being developed in collaboration with the Norwegian Police Computing and Material Service.

The hiring of an analyst along with the development of the ELMO system and the introduction of Indicia, the police's new intelligence system, will result in an improvement in intelligence activity at ØKOKRIM. We are taking part in a study of a new intelligence strategy for the police and are on a programme committee for the national intelligence meeting. In 2006 we contributed to the Norwegian

Police Directorate's report on crime trends – the challenges in Norway in 2007-2009 and we compiled a separate analysis of crime in our areas.

In addition to the work on our own cases, assistance and intelligence, we also carried out a number of external skills-enhancement activities in 2006, for the police districts as well as others.

In 2006 a number of internal projects and processes were also carried out. 2006 was not a unique year in this regard. We have carried out a number of these before, and there will be more in the future. A modern workplace needs to constantly assess whether the way its operations are organised, its work methods, its employees' qualifications and influence, etc., are optimal. At the same time it is crucial that such internal projects and processes are not in themselves more labour-intensive than necessary, so as not to divert resources needlessly from Økokrim's actual mission. In 2006 we carried out a working environment survey, a project regarding a new target structure for Økokrim, we initiated an organisation and development process, among other activities, and we underwent an ordinary inspection by the Norwegian Police Directorate and the Director General of Public Prosecutions. Several of the issues that were under consideration in these contexts will be followed up in 2007.

Økokrim also scored high in 2006 on MMI's annual image survey of Norwegian government agencies and organisations. It takes work to maintain a good reputation. This is a challenge we intend to meet!



Einar Høgetveit
Director of Økokrim

General information about Økokrim

The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime – Økokrim – was established in 1989.

Økokrim is both a specialist police agency and a national public prosecution authority. From an administrative and budgetary point of view, Økokrim comes under the Norwegian National Police Directorate. As regards criminal proceedings, Økokrim comes under the Director General of Public Prosecutions.

The formal regulations relating to Økokrim can be found in Chapter 35 of the Prosecution Instructions.

Økokrim's responsibilities

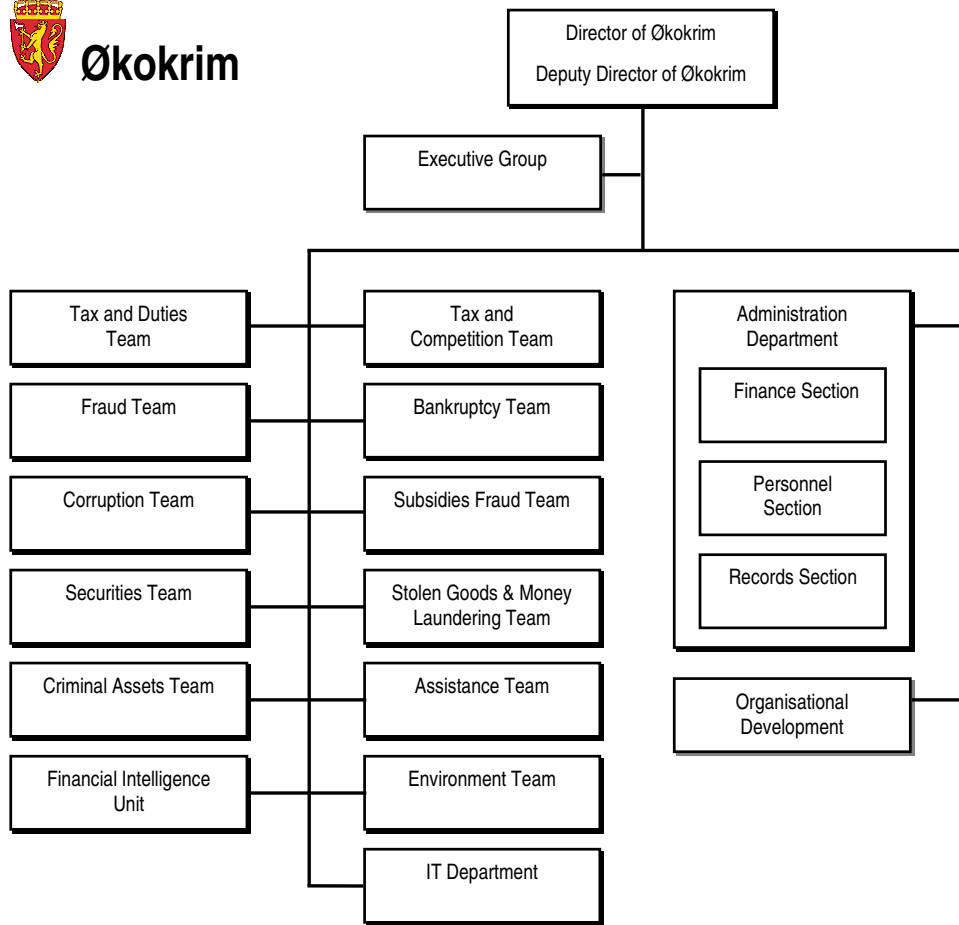
Økokrim's responsibilities relating to economic and environmental crime are as follows:

- to uncover, investigate, prosecute and bring to trial its own cases
- to assist Norwegian and international police and prosecuting authorities
- to boost the expertise of the police and the prosecuting authorities and to engage in the provision of information
- to engage in criminal intelligence work, dealing in particular with reports of suspicious transactions
- to act as an advisory body to the central authorities
- to participate in international cooperation

Organisation

Økokrim has a flat organisational structure. It is headed by the Director and Deputy Director. They are assisted in their day-to-day work by an executive group, consisting of the head of the Administration Department, a chief superintendent, a senior adviser with qualifications in finance, the head of the Press and Information Department and a senior public prosecutor (team leader). Investigation work is carried out by permanent, interdisciplinary teams. In 2006 Økokrim had twelve such teams. Each individual team has primary responsibility for specific areas (cf. the organisation chart on page 5). Most teams are primarily tasked with investigating and prosecuting their own criminal cases. The Assistance Team offers assistance to the police districts. Other teams – particularly the Environment Team and the Criminal Assets Team – also offer assistance within their specialist fields. The Financial Intelligence Unit (FIU) receives and follows up suspicious transaction reports (STRs) and other intelligence. In addition to the investigative teams Økokrim has an Organisational Development Department, an IT Department and an Administration Department. The Administration Department consists of a Personnel Section, a Finance Section and a Records Section.

The organisation chart appears on the following page.



* The Stolen Goods and Money Laundering Team was set up in 2006.

The investigation teams are composed of special investigators, some with a police background and some with a financial or environmental background. Several of the teams also have a police lawyer. Each team is led by a senior public prosecutor, except for the Criminal Assets Team and Financial Intelligence Unit, which are led by public prosecutors, and the Assistance Team, which is headed by a chief superintendent. Investigators from the other police districts or employees from the supervisory bodies are called on to help investigate Økokrim's own cases as and when necessary.

Positions

At the end of 2006 Økokrim had one hundred thirty permanent, authorised positions, two contract positions and five visiting trainees.

The table below shows the breakdown in positions over the past five years.

1.	2002	2003	2004	2005	2006
Positions					
Permanent	115	126	130	119	130
Contracts	3	0	0	1	2
Visiting trainees	6	6	6	5	5
Total	124	132	136	125	137

Budget

In 2006 Økokrim had a budget of approx. NOK 116,864,000. This amount includes authority to exceed and refunds recognised as income. Of the total budget allocation, NOK 17 million was earmarked for the ELMO project. The project is not yet completed, and most of the funds are being transferred to 2007. The decline from 2003 to 2004 is primarily due to nonrecurring investment in connection with the establishment of the Police Computer Crime Centre in 2003. The decline from 2004 to 2005 is due to the transfer of the Police Computer Crime Centre to the National Criminal Investigation Service (Kripos) as of 1 January 2005.

The table below shows the Authority's finances over the past five years.

2.	2002	2003	2004	2005	2006
Financial performance					
Allocations as at 1 January *	80,840 000	106,737,000	102,142,000	86,920,000	93,137,000
Additional allocations/ authority to exceed	17,917,000	7,793,000	9,285,000	5,629,423	20,798,988
Authorised allocations as at 31 December.	103,755,000	118,136,000	111,428,000	92,549,423	116,864,180
Accounts as at 31 December	103,299,000*	118,091,000*	111,179,000	92,192,014	98,711,474
* * The increase in 2002 and 2003 was primarily attributable to the development of the National Computer Crime Centre. With effect from 1 January 2005 the National Computer Crime Centre was transferred to the National Criminal Investigation Service (Kripos).					
** The amount includes NOK 17 million in earmarked funds for development of ELMO. The earmarked funds will be transferred almost in their entirety to 2007.					

Statistics

Breakdown of time

Case-related work is to comprise approx. 2/3 of total time spent. Case-related work means investigating and bringing Økokrim's own cases to trial, providing assistance to the police districts and the foreign police and prosecuting authorities and intelligence and analysis work.

The table below shows the breakdown of time over the past five years.

3.	2002	2003	2004	2005	2006
Breakdown of time in per cent					
Own cases	40	45	45	44	47
Intelligence/analysis	9	7	7	8	8
Assistance cases	13	12	11	10	10
Total case-related work	62	64	63	62	65
Boosting expertise (in-house and external)	9	8	9	8	9
External contact	4	4	3	3	3
Administration, organisation, other	25	24	25	27	23
Total	100	100	100	100	100

Own cases

Økokrim bases its statistics on the police records system, BL/Strasak, and on Økokrim's own case databases Økosak, Økostraff and Økobistand.

Strasak: Criminal offences are recorded in BL/Strasak.

Økosak: Case complexes are recorded in Økosak. A case complex can contain few or many criminal offences committed by one or more people/businesses. In Økosak it is possible to follow case complexes from the time they were reported to the police (indictments, applications for summary proceedings on the basis of a guilty plea, penalties, decisions not to press criminal charges, cases dropped). Everything that occurs in a case complex after a decision has been made to prosecute is recorded in Økostraff.

Økostraff: Decisions to prosecute and final and enforceable decisions (convictions and accepted penalties) against individuals/businesses are recorded in Økostraff. Each decision to prosecute and each final and enforceable decision may comprise several criminal offences.

Økobistand: Økokrim's assistance cases (case complexes) are recorded in Økobistand.

4. New case complexes by case type (economic cases)					
	2002	2003	2004	2005	2006
Fraud	10	4	4	-	5
Embezzlement	4	1	-	-	1
Debt-related crimes – accounting violations	2	1	4	1	1
Tax – value-added tax – customs duty	8	7	4	2	3
Securities trading – finance	23	6	3	5	2
Competition	4	1	-	1	-
Misappropriation of funds	8	6	2	3	2
Handling stolen goods – money laundering	5	6	3	1	6
Forgery	1	-	-	-	-
Economic crime – other	2	4	6	4	1
Computer crime – protection breaches	15	11	5	-	-
Computer crime – other	10	11	1	-	-
Pollution	5	1	3	3	1
Crimes against nature/fauna	2	1	2	2	3
Cultural heritage crime	4	-	1	1	1
Working environment crime	-	1	-	2	3
Other environmental crime	5	7	1	2	3
Total	108	68	39	27	32
Other punishable matters (Strasak)	2002	2003	2004	2005	2006
	468	405	281	148	110

Cases handled

Most cases which fall under Økokrim's case mandate are handled by the police districts. Økokrim investigates and brings to trial the large, complicated, more serious cases or cases involving matters of legal principle concerning economic and environmental crime. Several of these cases extend outside the country. Økokrim may handle cases involving matters of legal principle in order to clarify the interpretation of legal issues or the severity of penalties imposed. Økokrim's Director and Deputy Director decide which cases should be handled. As regards economic criminal cases, Økokrim's resources should primarily be used for cases relating to infringements which have an impact on society, for example, gross breaches of legislation relating to regulation under public law, such as tax evasion, securities crime and breaches of competition rules. Other priority areas include corruption, gross fraud committed against large groups of people, the abuse of public subsidy schemes, major bankruptcy cases and laundering the proceeds of criminal offences. In addition, we would like to have a varied and complex portfolio of cases in which most main categories of economic crime are represented.

Table 4 on page 7 shows the case complexes handled during the last five years.

The total number of case complexes has fallen since 2002. This is a desired development. Økokrim places priority on handling large, complex cases. The table on page 7 shows the number of criminal offences included in the case complexes.

Clear-up rate

The clear-up rate for criminal proceedings should be high. The clear-up rate is calculated on the basis of the records contained in Strasak, which show how many reported/investigated cases are subject to a decision to proceed with prosecution. Any unsolved cases are primarily cases that have been dropped due to insufficient evidence.

The target for 2006 was a clear-up rate of at least 80%. The results for 2006 showed a clear-up rate of 98%.

The table below shows the clear-up rate over the past five years.

5.	2002	2003	2004	2005	2006
Clear-up rate (Strasak)	86	86	92	86	98

Case processing time

The time spent on processing cases should be limited. The case processing time is calculated from the time when an investigation commences until a decision to prosecute has been made.

The target for 2006 was that the average case processing time for solved cases should not exceed 290 days. The results for 2006 show an average case processing time of 465 days. A special effort is being made to better reach this target.

The table below shows the case processing time over the past five years.

6.	2002	2003	2004	2005	2006
Case processing time (Strasak)	307	409	176	331	465

Decisions to proceed with prosecution

In 2006, 79 decisions were made to proceed with prosecution. The table below shows the breakdown in decisions to proceed with prosecution over the past five years.

7. Decisions to proceed with prosecution (Økostraff) No. of individuals/enterprises	2002	2003	2004	2005	2006
	Indictments	47	56	30	30
Applications for summary proceedings on the basis of a guilty plea	2	1	5	-	5
Fines - individuals	36	18	15	15	20
Fines - enterprises	14	16	10	7	16
Decisions not to being criminal charges	4	5	6	2	-
Total	103	96	66	54	79

Enforceable decisions

In 2006 Økokrim obtained enforceable decisions against 58 individuals and enterprises. Table 8 on page 10 shows the breakdown of enforceable decisions during the last five years.

In 2006, enforceable fines against persons and enterprises totalled NOK 24,840,000. Table 8 on page 10 also shows enforceable fines in Økokrim's cases in the past five years.

One of Økokrim's overall objectives is to ensure that perpetrators are not allowed to retain the proceeds of their criminal acts. Some of Økokrim's most important responsibilities therefore involve ensuring the confiscation/forfeiture of illegal gains, the compensation of aggrieved parties, the provision of information to the tax authorities so that they can undertake supplementary tax assessments or impose additional taxation, and the provision of information to trustees in bankruptcy/liquidators that could serve as a basis for setting aside a debtor's fraudulent preference and for liability in damages.

The target for 2006 was that at least 40 % of the individuals and enterprises involved in Økokrim's own cases should be subject to confiscation and/or compensation and/or by other means be deprived of the proceeds of criminal acts. The result for 2006 was 28. In 2006 enforceable confiscations in Økokrim's cases totalled approx. NOK 4,691,000, whereas enforceable ordered compensation totalled approx. NOK 36,114,000. Table 8 on page 10 also shows enforceable amounts for confiscation and compensation in Økokrim's cases in the past five years.

8.					
Enforceable decisions (Økostraff)					
No. of individuals/enterprises					
	2002	2003	2004	2005	2006
Convictions of individuals	32	33	44	40	24
Convictions of enterprises	1	2	4	2	1
Accepted fines for individuals	38	13	22	12	17
Accepted fines for enterprises	18	15	9	7	11
Full acquittal	4	4	3	3	3
Decisions not to bring criminal charges	4	6	6	2	2
Total	97	73	88	66	58
Enforceable fines (Økostraff)					
	2002	2003	2004	2005	2006
	6,955,000	10,506,000	28,639,000	15,794,115	24,840,000
Enforceable confiscations/compensation (Økostraff)					
	2002	2003	2004	2005	2006
Confiscations	23,217,797	9,777,756	17,924,872	23,446,786	4,690,709
Compensation	53,579,825	16,383,935	82,506,086	19,394,933	36,113,782

Conviction rate

Charges should only be brought when the prosecuting authorities are convinced that the accused is guilty and that such can be proved in court. Most cases should therefore end up with a conviction. However, a conviction rate of almost 100% would indicate that the prosecuting authorities were too reticent about instituting proceedings. This applies in particular to Økokrim's cases, which often raise new questions of legal interpretation that have not previously been tested by the courts.

The conviction rate is calculated on the basis of final judgments. The target for 2006 was that the percentage of acquittals should not exceed ten per cent. This percentage is calculated on the basis of all counts of indictments. In a criminal judgment, a defendant may be acquitted on some counts and convicted on the remainder. If the accused is acquitted on half of the charges in the indictment, this yields a conviction rate of 50 per cent. The acquittal rate in 2006 was 16 per cent. Thus, Økokrim obtained convictions in 84 per cent of its cases in 2006. The table below shows the conviction rate over the past five years.

9.					
Conviction rate, % (Økostraff)					
	2002	2003	2004	2005	2006
	98	88	90	73	84

Assistance

Most cases relating to economic and environmental crime are investigated locally. In response to a request submitted by a police district, Økokrim may assist in a local investigation and bringing cases to trial. Assistance may vary from a few hours of advice provided by a single Økokrim employee to extensive assistance provided by several Økokrim employees over a period of many months. Assistance is also provided to help make decisions about indictment and in exceptional cases to the prosecution. ØKOKRIM also offers assistance in other cases where financial investigation may be

required, e.g. in order to ensure confiscation of the proceeds of a criminal offence. Økokrim's assistance work also includes following up letters of request or police requests from abroad. In 2006 ØKOKRIM provided assistance to *inter alia* Australia, Denmark, the Netherlands, Switzerland, Poland, Sweden and Germany in collecting documentation and questioning witnesses, etc.

The assistance provided by Økokrim to the police districts in respect of specific cases is designed not only to help them to solve cases, but also to be conducive in ensuring that they develop, retain and maintain expertise so that they can gradually start to handle a wider range of cases independently.

From 2003 to 2006 Økokrim assisted the police districts in setting up interdisciplinary teams tasked with investigating economic crime.

In 2006 Økokrim took on 60 assistance cases, divided between 15 police districts and 20 other external units at home and abroad.

The table below shows the breakdown of assistance cases by type over the past five years.

10. Case type (Økobistand)	2002	2003	2004	2005	2006
Fraud/misappropriation of funds	12	20	20	10	6
Embezzlement	3	5	1	1	1
Debt-related crimes – accounting violations	4	6	3	4	2
Tax – value-added tax – customs duty	31	21	8	12	6
Securities trading - finance	-	-	2	2	2
Competition	-	1	-	-	-
Handling stolen goods – money laundering	12	7	4	1	2
Forgery	1	-	-	-	1
Economic crime - other	4	3	3	3	5
Computer crime – protection breaches	3	3	1	-	-
Computer crime - other	-	3	2	-	-
Pollution	13	6	9	3	4
Natural environmental crime	29	11	5	2	3
Cultural heritage crime	6	6	3	2	7
Working environment crime	22	4	-	2	3
Other environmental crime	7	2	8	12	6
Other	14	12	6	2	7
Pure IT or other technical assistance	223	144	177	4	5
Total	384	254	257	60	60

Suspicious transaction reports

Økokrim is responsible for receiving and dealing with suspicious transaction reports (STRs) pursuant to the Norwegian Money Laundering Act. Økokrim processes the information contained in these reports and makes it available to the police, the supervisory bodies and money laundering units in other countries. Those who are obliged to report to Økokrim include the following: financial institutions (e.g. banks, brokerages and insurance companies), lawyers, estate agents, auditors, accountants and dealers in valuable objects receiving cash payments of NOK 40,000 or more. Økokrim and the police use these reports as sources of intelligence or to assist them in investigating various criminal cases.

In 2006 Økokrim received 7,042 suspicious transaction reports. 1,662 reports came from financial institutions etc., 3,941 from money transfer companies and 1,439 from bureaux de change and the like. Money transfer reports are reports about cash transfers made to and from abroad.

The table below shows how many reports Økokrim has received during the past five years, how many reports have been attached to criminal cases appearing before the courts and how many reports have resulted in new criminal cases being opened, as well as the number of reports used in intelligence cases.

11.	2002	2003	2004	2005	2006
Money transfer reports from parties with a reporting obligation					
Financial institutions etc.	1,291	946	969	1,218	1,662
Money transfer companies	-	2,513	4,115	2,512	3,941
Bureaux de change etc.	-	-	998	1,163	1,439
Total	1,291	3,459	6,082	4,893	7,042
Reports attached to criminal cases brought before the courts	60	57	95	32	
Reports that have resulted in new criminal cases being opened	130	125	104	67	
Reports used in criminal cases (new and attached)					76
Reports used in intelligence cases*					302

* New category from 2006.

Boosting expertise, providing information and preventive work

Økokrim engages in extensive external training and information work in the form of talks, lectures and presentations at meetings, conferences and seminars. Such training and information measures also have a preventive effect. Some of Økokrim's employees also write professional articles, books and opinion pieces.

Many of Økokrim's employees hold courses and lecture on specialist subjects that relate to their work with the Authority, and several of them teach at the Norwegian Police University College and provide courses for the Norwegian Tax Administration, business and industry and other partners. Økokrim actively uses its website to provide information about judgments and other news and to inform and provide warnings about different forms of crime (e.g. "Nigerian or 419 scams", investment scams and various Internet and e-mail scams).

Together with the Desk the head of Økokrim's Press and Information Department coordinates Økokrim's press and information activities. The Information Department answers and passes on enquiries from the press, and the Desk answers enquiries received from people who have been the victims of attempted fraud. Information regarding individual criminal cases is largely provided by prosecutors, whereas statements on policy issues are, as a rule, made by the Director or Deputy Director.

No. 18 in the publication series, *Så klart – Språkopplysning for politiet og påtalemyndigheten, a guide to clear writing for the police and prosecution authorities*, was published in 2006.

As regards economic crime, Økokrim has been involved in *inter alia* the following activities in 2006:

- teaching in connection with the Oslo Police District's trainee project

- teaching in programmes at the Norwegian Police University College
- arranging two seminars for police district Economic Crime Teams
- arranging two two-day seminars for police and assistance auditors and auditors in the Norwegian Tax Administration
- holding a three-day course in basic financial investigation for Troms Police District
- holding an all-day presentation on operational cooperation between the police and the tax administration in Northern Norway.
- being co-arranger of two two-day courses for the Norwegian Tax Administration in cooperation with the Norwegian National Police Directorate and the Tax Administration.
- publishing four issues of a newsletter entitled *Hvitvaskingsnytt* (Money Laundering News) (information for institutions that have a reporting obligation)
- making presentations to and teaching various persons and entities that have a reporting obligation, cf. section 4 of the Money Laundering Act
- being co-arranger of the Norwegian Financial Services Association's money laundering seminar
- holding courses for inspectors and executive officers in the Directorate of Fisheries in securing evidence, writing reports and behaviour in court
- seminar on corruption for lawyers and investigators with the Oslo Police District.

As regards environmental crime, Økokrim has been involved in *inter alia* the following activities in 2006:

- teaching a foundation course at the Norwegian Police University College on how to investigate environmental crime
- holding seminars on environmental crime for police district environment coordinators and environmental lawyers.
- publishing four issues of the periodical *Miljøkrim* (Environmental Crime) (*for the prosecuting authorities, the police force, inspectors, local governments and the environmental administration authorities*)
- publishing five issues of the electronic newsletter *Miljønytt* (Environmental News) (for the police districts). At the end of the year this was replaced in part by the intranet portal Politiets Miljønytt (Norwegian Police Environmental News).
- making presentations on working environment crime to all of the chief prosecutors in the country
- attending several meetings of the Environmental Forum (an interdisciplinary cooperative forum at police district level)

Visiting trainees

Økokrim has a few visiting trainee positions for investigators, prosecuting attorneys and police auditors from the police districts. The aim of Økokrim's visiting trainee scheme is to develop the expertise of employees in other police districts in investigating and bringing to trial cases relating to economic and environmental crime. The trainee period is one year, and new trainees are taken on where possible in January each year. They usually serve on one to three teams during the course of their training. In 2006 Økokrim had two visiting trainees from the police districts.

Økokrim also had two visiting trainees from the Norwegian Tax Administration, who were with the unit for about six months.

Cooperation with the supervisory bodies

Økokrim is engaged in extensive cooperation with various supervisory bodies in respect of both general and specific cases. Økokrim's Director and Deputy Director have regular semiannual meetings with the management of Kredittilsynet (the Financial Supervisory Authority of Norway), the

Directorate of Taxes, Norwegian Customs and Excise and the Norwegian Competition Authority. Økokrim also has contact with several other supervisory bodies on a less regular basis.

Through its meeting activities and presentations, Økokrim also strives to improve contact between the Economic Crime Teams in the police districts and local supervisory bodies and other natural partners.

Provision of advice to central authorities and others

One of Økokrim's tasks is to act as an advisory body to the central authorities. Each year Økokrim writes several consultative statements. Økokrim also participates in various committees and working groups. For example, in 2006 Økokrim participated in

- The Council for Combating Organised Crime (ROK)
- The Norwegian Advisory Council on Bankruptcy
- The Norwegian Senior Officials Group on Economic Crime (EMØK)
- The Norwegian Industrial Security Council (NSR)
- The Central Forum for Cooperation between the Police/Prosecution Authorities and the Norwegian Tax Administration
- The Central Forum for Interdepartmental Cooperation (STSF), a meeting place for environmental administrators
- The Altinn Management Council, a cooperative forum for developing Altinn as an Internet portal for submitting reports to the public authorities

International cooperation

The investigation of complex cases with foreign ramifications requires that Økokrim be in contact with and cooperate with the police authorities in other countries. In addition to cooperating on specific cases, Økokrim participates in international cooperation of a more general nature in various areas.

As regards economic crime, Økokrim has been involved in *inter alia* the following activities in 2006:

- attending a Nordic conference on economic crime
- acting as a Norwegian liaison for international legal aid in accordance with the Council of Europe's Criminal Law Convention on Corruption (1999) and the OECD Convention on Combating Bribery of Foreign Public Officials (1997)
- participating in the IAACA conference (International Association of Anti-Corruption Authorities)
- participating in Europol's group of experts in respect of timeshare fraud
- acting as the national, central body for processing assistance requests based on the Council of Europe's Money Laundering Convention of 1990
- participating in the FATF (Financial Action Task Force)
- participating in the Egmont Group (cooperation between national financial intelligence units)
- participating in a sub-group of the Norwegian-Russian Fisheries Commission
- holding seminars on international investigative work for the Russian police and prosecuting authority in Murmansk
- participating in the Interpol working group to combat money laundering and financing of terrorism

As regards environmental crime, Økokrim has been involved in *inter alia* the following activities in 2006:

- having the chairmanship of a group of experts set up to combat environmental crime in the Baltic countries (Baltic Sea Task Force)
- being represented in two sub-groups of the Baltic Sea Task Force (illegal cross-border trading of hazardous waste and oil pollution from ships)
- having the chairmanship of an Interpol project group working on sentencing in environmental cases
- being represented in the North Sea Network, which works on regulations and enforcing laws against pollution by ships in the North Sea.
- participating in Impel-TFS, an EU network dealing with regulations prohibiting the cross-border transport of hazardous waste.

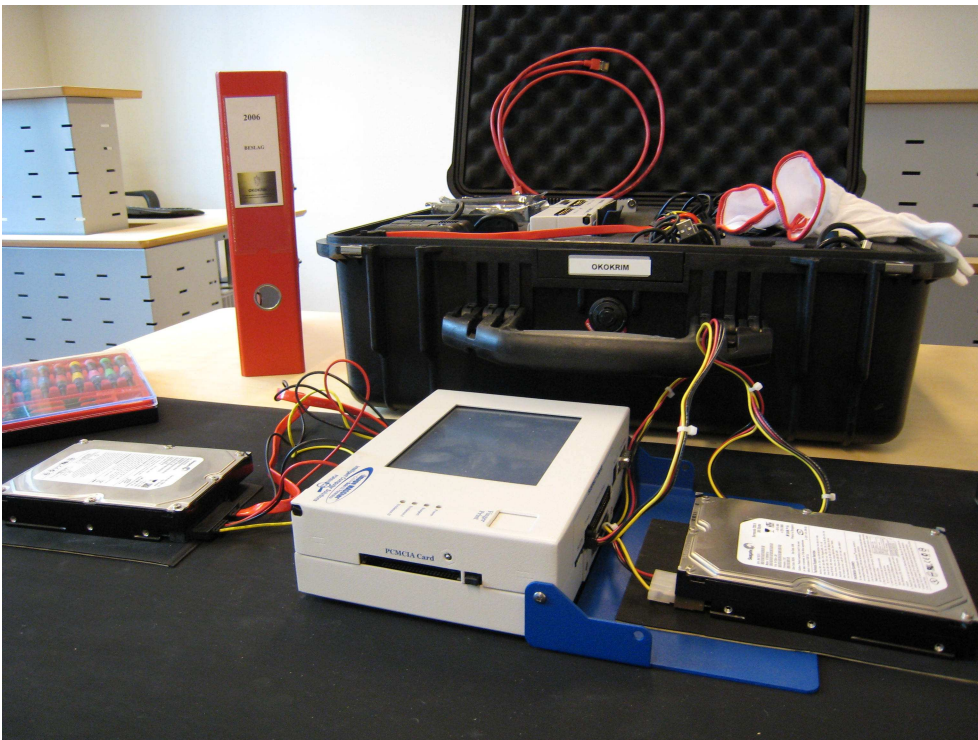


Photo: Roger H. Olsen, Økokrim, IT Department

Securing electronically stored material is crucial in most economic criminal cases. The photo shows a unit that makes a mirror copy of all the content on a hard disk.

ECONOMIC CRIME

Economic crime comprises the following:

- gross fraud
- social security fraud, misuse of governmental subsidies (subsidy fraud)
- violations of accounting and auditing legislation
- bankruptcy crime
- tax and customs duty evasion
- crime relating to the stock market and securities trading
- competition crime
- corruption
- misappropriation of funds and embezzlement
- money laundering

Some of Økokrim's own cases in 2006

Gross fraud

In November a Norwegian residing in Switzerland was sentenced by the district court to six years' imprisonment for gross fraud and witness tampering in a criminal case. He was also permanently deprived of the right to engage in business activity and must pay compensation of approx. NOK 20 million. In 2003 the man had induced a US citizen to enter into a "Profit Participation Agreement" and to give him control of USD 10 million, on the pretence of a guaranteed return of 300 per cent a year. Of this money he spent approx. NOK 22 million for his own purposes, before ØKOKRIM after a few days received a suspicious transaction report and seized the account. At the end of 2006 the judgment was not final.

Misuse of governmental subsidies (subsidy fraud)

In November 2006 the companies Nordtrafikk Maritim AS, Nordtrafikk AS, Nordtrafikk Buss AS, as well as three current and former senior executives were indicted for gross fraud for unlawfully having claimed and received a subsidy from the State and Nordland County Administration for ferry operations. The indictment was prompted by the fact that when the subsidy for operations in the period 1995 to 2003 was set, expenses were overreported and revenues underreported totalling approx. NOK 22 million. In November 2005 a settlement was reached between the State/Nordland County Administration on paying back this amount. At the end of 2006 the cases were not yet set for trial.

Violations of accounting and auditing legislation

In December a partner in the auditing firm KPMG AS was sentenced by the district court to 30 days' imprisonment for violations of the Audit and Auditors Act and the Accounting Act. The violations occurred during the partner's auditing of *inter alia* Finance Credit AS's accounts from 1999 to 2001. Økokrim's request for a corporate penalty for the auditing firm for the same violations was denied, and the firm was acquitted. The judgment regarding the auditing firm was not final at the end of 2006.

Bankruptcy crime

Bankruptcy proceedings were instituted against Sponsor Service ASA in 2003. In August 2006 the former company CEO and CFO were convicted by the district court for gross fraud, defrauding investors and gross accounting violations in the period prior to the bankruptcy. The CEO was sentenced to five years' imprisonment and forfeiture of approx. NOK 620,000. The CFO was sentenced to one year in prison, of which nine months was suspended. The accounts were manipulated e.g. by revenue recognition of fictitious contracts and overvaluing company assets, so

that the accounts showed excessively good earnings and an overvalued balance sheet. On several occasions misrepresented company information was submitted when taking out loans/credit totalling NOK 350 million, because accounts, forecasts and budgets showed results that were better than the actual ones. The two were also convicted of having provided incorrect information to investors in connection with a private placing. At the end of 2006 the judgment was not final.

Tax evasion

In February three persons were sentenced to seven, three and two years' imprisonment, respectively, for gross tax fraud. Two of them were also convicted of violations of the Accounting Act. The principal defendant was the accountant for several taxi owners in the Eastern Norway region. During the period from 1999 to 2003 he saw to it that the tax returns of many taxi owners reported lower than actual taxable income. To legitimise the low incomes, he had produced false shift sheets. The amount withheld from taxation totals approx. NOK 230 million. He is also alleged to have destroyed accounting material that should by law be kept and to have entered revenues in the accounts that were too low. In addition to seven years' imprisonment for complicity in gross tax fraud and several violations of the Accounting Act, he was sentenced to forfeiture of NOK 660,000 and permanently deprived of the right to engage in business activity. At the end of 2006 the judgment is not final.

Crime relating to the stock market and securities trading

The first Supreme Court decision relating to sentencing in connection with the misuse of inside information was handed down in 2006. A former CFO in Reitangruppen AS was convicted in the lower courts for his own insider trading and inciting his brother to engage in insider trading in the listed company Sense International ASA. Økokrim appealed the sentencing of the Borgarting Court of Appeal, which was 90 days' imprisonment, of which 60 days was suspended. The Supreme Court increased the sentence to six months' imprisonment. As a point of principle, the Supreme Court ruled that prison sentences should normally be handed down for "considerable" misuse of inside information and that in determining the sentence in these cases the courts should look to more traditional economic crimes, such as fraudulent breach of trust. The judgment also emphasised that the low risk of discovery connected with this type of violation, the interest of deterrence and the possibility of large and quick gains will be aggravating factors in this type of violation.

Breaches of competition legislation

In June, the contracting firms Reinertsen Anlegg AS, Skanska Norge AS, Veidekke ASA og NCC Construction AS were ordered to pay a total of NOK 19.5 million in fines and to forfeit a total of NOK 5.65 million. The fines and forfeiture were for illegal price-fixing, issuance of incorrect invoices and accounting violations. The circumstances of the case were that in the period from 1993 to 1998 there was regular contact between two or more of the contracting firms to divvy up construction contracts. The scheme required that the awarding of a contract to one contractor resulted in another with spare capacity and the necessary expertise/specialisation would get a later contract, and/or that those who lost the contracts would be compensated in an amount that *inter alia* would cover the cost connected with calculating losing bids. The illegal price-fixing, which involved a number of construction projects, served to distort competition in the construction business. Two of the penalties were not accepted.

Corruption

Following Økokrim's first indictment pursuant to the new corruption provisions that entered into force in July 2003, three persons were convicted of corruption by the district court. One of the persons convicted had previously been property manager at Ullevål University Hospital, director of development in the property division of NSB BA and project director in ROM Eiendomsutvikling. He was convicted of gross corruption for having accepted bribes from a Swedish contractor and kickbacks from the contracting firm PEAB AS while he was project director of ROM Eiendomsutvikling.

In all he was convicted of receiving unlawful perquisites valued at more than NOK 900,000. He was also convicted of having accepted free trips paid for by two companies that provided services to Ullevål University Hospital. The trips, each with a value of approx. NOK 10,000, were referred to as customer relations work. However, the district court found that the trips were purely leisure holidays that were paid for for a publicly employed property manager and that they must be regarded as “improper perquisites” and thus represent criminally corrupt acts. The two other persons were sentenced as active bribers (one convicted pursuant to the misappropriation of funds provision) to seven and three months’ imprisonment, respectively. The judgment regarding the former property manager is not final.

Misappropriation of funds and embezzlement

The investigation of The 5 Percent Community case led to several indictments in 2006. In June four persons were indicted for breach of trust with fraudulent intent against T5PC Invest AS and PWR Charge AS. In connection with T5CP Invest AS’s NOK 10 million purchase of shares in PWR Charge AS, three of the defendants entered into an agreement to divide among them a total of NOK 3 million of the funds from T5PC Invest AS. Later, a further approx. NOK 1.5 million was transferred to two of the persons indicted. Among the persons indicted are two former board chairmen in T5PC Invest AS and PWR Charge AS, respectively. In December an indictment was brought against three persons, including the former chairman of the board of T5PC Invest AS for several instances of breach of trust with fraudulent intent against T5PC Invest AS and a subsidiary. The reason for the indictment was that in the autumn of 2003 T5PC Invest AS purchased Exente Securities ASA to establish a brokerage that could conduct the organised trade in the T5PC Invest share. The indictment principally concerns breach of trust against T5PC Invest in connection with the purchase of Exente Securities ASA, breach of trust, alternatively, fraud, in connection with an unlawful transfer of funds to Exente Securities ASA, and a breach of trust against Exente Securities in connection with transactions made after T5PC Invest AS assumed ownership. For one of the defendants the indictment for breach of trust is for around NOK 15 million, for the second one it is around NOK 13 million and for the third one it involves complicity in breach of trust of around NOK 3.2 million. In December, an indictment was also brought against the former chairman of the board of T5PC Invest AS for defrauding investors and for having disseminated untrue or misleading information to influence the prices of securities. This happened through member meetings that were webcast and in information provided on the website and in the prospectus. In December the former accountant of T5PC Global Market AS was indicted for accounting violations. The investigation of the T5PC complex is as of the end of 2006 not yet concluded.

Money laundering

In April a man was sentenced in district court to six years’ imprisonment for money laundering, gross embezzlement and tax fraud. He was also sentenced to forfeiture of approx. NOK 24 million, and has been permanently deprived of civil liberties. The man was the chairman of the board and general manager of two limited companies. He was convicted of having assisted with securing the proceeds of criminal acts in the period from January 2002 to April 2003 *inter alia* by allowing his companies to appear as buyers and sellers of mobile telephones and by opening accounts in these companies’ names in foreign banks. The proceeds came from VAT fraud in the United Kingdom, which is estimated to amount to approx. GBP 85 million. Two persons that the man had transferred parts of the proceeds to were sentenced to forfeiture of a total of around NOK 1 million. At the end of 2006 the judgment was not final.

Other cases

In November, two persons were convicted by the district court of offences including unlawful payment transfers to a foreign country for a fee (Hawala operations). "Hawala" is a system used to transfer funds abroad outside of the ordinary banking system. The two persons engaged in payment transfers without a licence from Norges Bank/Kredittilsynet. In the period from 2001 to 2005 a total of approx. NOK 225 million was transferred from a number of persons in Norway to various persons/enterprises abroad. The activity operated almost without documentation. For that reason the conviction was also for violations of rules concerning bookkeeping, storing accounts and annual settlements and for the operations not keeping accounts. The two were sentenced to one year and eight months' and one year and two months' imprisonment, respectively, of which six months was suspended. One of the two was also convicted of tax fraud, VAT fraud, violation of the Tax Payment Act and the Authorisation of External Accountants Act. The court also deprived him of the right to be self-employed or be the general manager or hold an executive position in any company for a period of five years. In addition to engaging in unlawful banking activities, the other person was convicted of tax fraud as well as money laundering and social security fraud. At the end of 2006 the judgment was not final.

In September the district court ordered SAS Braathens AS to pay a fine of NOK 400,000, and a former sales manager in the company was fined NOK 30,000 for improper use of trade secrets belonging to its competitor Norwegian Air Shuttle ASA. The conviction is for wilful violation of section 7 of the Marketing Act by forwarding internally at SAS Braathens AS an e-mail containing trade secrets belonging to Norwegian Air Shuttle AS. The former sales manager sent the e-mail to four persons in senior positions in the company. The district court found the violation to be aggravated and committed on behalf of the company to further its interests. The court attached importance to the fact that SAS Braathens AS and Norwegian Air Shuttle ASA are the only two operators in substantial portions of Norwegian domestic air service, and that by its nature the leak/use of trade secrets has a considerable potential to cause harm in a vulnerable competitive situation. SAS Braathens was also charged with unlawful access to data belonging to Norwegian Air Shuttle AS in another instance, but was acquitted of this charge. At the end of 2006 the judgment was not final.

Some of Økokrim's assistance cases in 2006

In 2006 Økokrim provided assistance to *inter alia* the following:

- Vestfold Police District in a case against several "directory sharks" under investigation for serious criminal fraud, tax evasion and violations of the Accounting Act owing to a mass mailing of invoice forms in the period from 2004 to 2006 to companies throughout Norway, which has brought in NOK 25 million.
- Helgeland Police District in investigating a corruption offence totalling approx. NOK 1.3 million, which is the price of a luxury caravan with compartments for camping and horse transport. There are four persons charged in the case in two companies in Mo i Rana and one charged in a company in Asker. The offence was originally uncovered by the elected auditor. The case will be heard by the district court in 2007.
- Nord-Trøndelag Police District in the investigation of a company domiciled in Stjørdal. The case involved several cases of suspected breach of trust with fraudulent intent against one's own company, as well as suspected corruption in that contact persons in a number of the company's customers have received offers of improper perquisites by virtue of their positions.

- Kripes in the investigation and main hearings in the district court and court of appeal in an extensive drug case. The owner of a pizzeria was convicted of importation and distribution of a sizeable consignment of narcotics in the period 2003 to 2005. The court based its determination of the extent of drug sales on the liquidity shortfall that emerged from the financial investigation. His son was also convicted of complicity in the importation and sale of narcotics. The pizzeria owner was also convicted of tax evasion and violation of the Accounting Act in connection with the unreported sales from his business. Both the principal and his son were regarded to be part of an organised criminal ring. The principal was sentenced to 16 years' imprisonment and forfeiture of approx. NOK 2.9 million. The son was sentenced to five years in prison. The sentencing has been appealed.
- Kripes in financial investigation in a case connected with human trafficking. A foreign national produced and sold a number of forged identity documents, including Norwegian and foreign passports, residence and work permits, identity papers, official letters and confirmations, including certificates from the police and diplomas, bank cards and driving licences to various persons. He was convicted of, for the purposes of gain, helping foreigners to obtain illegal residency in Norway and complicity in foreigners accepting work in Norway without a work permit. He was sentenced to five years' imprisonment and forfeiture of NOK 40,000.



ENVIRONMENTAL CRIME

Environmental crime includes the following:

- illegal pollution (including crime relating to food and drinks and the handling of hazardous waste)
- natural environmental crimes (e.g. illegal hunting and fishing, illegal encroachment on conservation areas)
- cultural heritage crime (e.g. removing or destroying cultural monuments and contravening the Norwegian Planning and Building Act)
- working environment crime (e.g. insufficient training or faulty equipment that can result in death or personal injury)

Some of Økokrim's own cases in 2006

Pollution

In April a business executive was sentenced in the court of appeal to three years' imprisonment for gross fraud, breach of trust, making a false statement and violations of the Pollution Control Act and Accounting Act. In addition to a prison sentence and forfeiture of gains of NOK 4 million, the man was also deprived of the right to engage in business activity for five years. The convicted man was the general manager and chairman of the board of a chemical processing company. The man was convicted of gross fraud committed against the Norwegian Pollution Control Authority (SFT) for having abused the refund scheme for waste oil. He had submitted requests for refunds on an incorrect basis, leading SFT to pay out a total of approx. NOK 22,455,000 to the company. He was also convicted of gross fraud against several customers, as he had delivered waste oil of a quality that was different from the one documented. The man was also convicted of breaches of section 78, first paragraph, of the Pollution Control Act because he had polluted the local sewage system and a local fjord with water containing oil and chemicals, delivered hazardous waste with the waste oil and stored special waste illegally. He was also sentenced for violation of the Accounting Act, because he incorrectly stated in the company's annual reports that the company did not impact the external environment through pollution in excess of applicable provisions. The issues of sentencing and forfeiture will be heard by the Supreme Court in 2007.

Crime relating to food

In June 2006 the meat products producer Gilde was fined NOK 2 million for violations of the Food Act. The producer had sent out approx. 1,500 kg of cold cuts that the Norwegian Food Safety Authority had banned from being placed on the market. The *E. coli* bacteria was originally found in sausage products from the producer in question. On the basis of a technical assessment the Food Safety Authority concluded that there was a risk of cross-contamination of this bacteria to other cured meat products. This resulted in the sales ban that originally only pertained to the particular sausage product being expanded several times. The violation of the sales ban resulted in products that the Food Safety Authority believed could pose a possible health risk to consumers coming onto the market anyway.

Natural environmental crime

In February a man was sentenced by the district court to 40 days' imprisonment, of which 19 days were suspended, for handling stolen tissue and hair samples from wolves and for violations of the Firearms Act. The tissue and hair samples belonged to the Wildlife Fund. The court found it proven that the samples either came from an illegally killed wolf or from a wolf that had died in another

manner, but found by someone who had obtained samples without reporting it to the local game control board.

Cultural heritage crime

In November two property owners and a contractor who carried out blasting and excavation work on a residential property in Bergen were fined for breaches of the Cultural Heritage Act and the Planning and Building Act. The owner's application to build a car park on the property had been rejected because cultural monuments had previously been found somewhere else on the property and for that reason there was considerable potential for new finds. Nevertheless the owners had the contractor start excavation for the car park on the site in question. The city discovered the work and it was stopped immediately. Investigations showed that agricultural strata from before 1537 had been damaged. The property owners were fined NOK 50,000 and NOK 90,000, respectively. The contractor was fined NOK 20,000 and the contracting company was fined NOK 250,000. None of the fines were accepted and the case has been sent to be set for hearing.



Photo: Arne Slettvåg, Directorate of Fisheries, Møre og Romsdal Region

Aquaculture is a major industry along the entire Norwegian coast. Escaped farmed fish represent a serious problem, and in some cases they may be characterised as serious environmental crime. For Økokrim's Environment Team, criminal cases in the aquaculture industry are a priority area. The photo shows parts of a wrecked fish farm.

Working environment crime

In November a crane operating company was ordered by the district court to pay a NOK 400,000 fine for several violations of the Working Environment Act. During the disassembly of a tower crane in May 2005, the crane's rear portion fell down and two installers perished. The judgment was based in part on the fact that the company had failed to assess the risk factors a newly purchased crane could represent to the installers and that the company had not carried out necessary measures to reduce the risk posed by disassembly. The company was also convicted of not having translated the disassembly instructions into Norwegian. For this failure the company was also sentenced to forfeiture of the amount of the estimated cost of translating the instructions, in this case NOK 57,600.

Some of Økokrim's assistance cases in 2006

Økokrim's Environment Team provided assistance *inter alia* to the following:

- Hordaland Police District in the investigation of a cultural heritage case in Jondal Municipality. Clearance of the route of a pipe trench for a future micropower station resulted in partial destruction of a mountain farm road that was an automatically protected cultural monument.
- Romerike Police District in the investigation of a case concerning the illegal killing of totally protected animals.
- Agder Police District in investigating a pollution case in Grimstad where fish in a small river died as a consequence of illegal discharges.
- Gudbrandsdal Police District in the investigation of a workplace accident in which two persons were injured on the job while driving a tunnel.
- The Sunnmøre, Sør-Trøndelag and Midtre Hålogaland police districts in investigating food cases where processed fish producers were reported by the Norwegian Food Safety Authority for illegally having added nitrite salt to fish of low quality to improve its colour.

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