



ØKOKRIM

ANNUAL REPORT 2010



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ØKOKRIM by Lillian Nordby Øktner

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- ØKOKRIM by Kenneth Didriksen, Haakon Haaverstad and Lillian Nordby Øktner

Address:

Postal address: PO box 8193 Dep, N-0034 OSLO

Address: C.J. Hambros plass 2 B, 0164 OSLO

Telephone, switchboard: +47 23 29 10 00

Telephone Tips / Desk: +47 23 29 11 00

Fax: +47 23 29 10 01

E-mail: post.okokrim@politiet.no // desken.okokrim@politiet.no

Website:

www.okokrim.no

Preface

2010 has been a year of considerable activity, media coverage and organisational development. For the first time, we spent more than 500 man-days in court, and we have published an extensive threat assessment. The case concerning former members of Parliament's pension and the investigation into one of the political parties in the governing coalition has at times created intense media focus. We have also obtained several Supreme Court decisions; inter alia that accountants can be convicted of being accomplices to violations of the Accounting Act, and that even a minor disturbance of cultural heritage monuments or sites requires permission from the cultural heritage authorities. In another decision, the Supreme Court ruled that criminal cases can be reopened under certain conditions if the appeal was dismissed without justification. (See «Reopening of appeal cases» in this report.)

During recent years, ØKOKRIM's cases have resulted in approx 400 man-days in court each year, mainly in the district court. In December 2008, the Supreme Court in Grand Chamber ruled that all decisions to refuse to allow an appeal to proceed must be justified in writing. Since then, appeals from convicted persons have resulted in considerable extra work. In 2010, for the first time, ØKOKRIM spent more than 500 man-days in court, and for the first time, the majority of these days were spent in the higher courts. As a result, we use more resources on each case, and the case processing time is longer.

2010 was also the year we published our threat assessment for 2011-2012, in which tax and social security fraud, corruption and pollution crime were

identified as the biggest threats within economic and environmental crime. Additionally, the source material on which ØKOKRIM prepared the report is based on input from the economic crime teams and environment coordinators in the police districts, interviews with the tax authorities, the Norwegian Labour and Welfare Service (NAV), the Customs Service and Norwegian and international analyses and research within these areas.

2010 has also been a year of important reorganisations. As a result, our executive group will be smaller in 2011, and our organisation will be more flexible and efficient. Our 145 highly qualified and dedicated employees – our greatest asset – will be able to continue their efforts to prevent and combat economic and environmental crime.

I would like to repeat a passage from our annual report of 2009: It is vital that ØKOKRIM and the other police units be provided with the necessary resources to investigate serious cases that are reported to the police or come to our attention in other ways. This remains a main challenge.

ØKOKRIM's vision is to be the most prominent organisation in Norway in the combat against economic and environmental crime. We shall strive to attain the best possible deterrence through financial intelligence and investigation and prosecution of criminal cases. By doing so, we will still contribute to protect important values.



« 2010 HAS BEEN A YEAR OF CONSIDERABLE
ACTIVITY, MEDIA COVERAGE AND ORGANI-
SATIONAL DEVELOPMENT ».

DIRECTOR OF ØKOKRIM TROND EIRIK SCHEA



« WE KEEP A LOW PROFILE DURING THE INVESTIGATION OUT OF CONSIDERATION FOR THE INVESTIGATION AND THE PERSONS INVOLVED. »

ØKOKRIM in brief

ØKOKRIM was established in 1989 as the central unit for investigation and prosecution of economic and environmental crime. ØKOKRIM is the main source of specialist skills for both the police and the prosecuting authorities in their combat against crime of this kind. In addition to being a specialist agency under the National Police Directorate, ØKOKRIM is a public prosecutors' office with national authority under the Office of the Director of Public Prosecutions.

Vision – protecting important values

Norway is a good country to live in; a welfare state with considerable social and economic security. Economic and environmental crimes present a threat to these values. By combating them, ØKOKRIM helps to protect important values in the Norwegian society.

Main objectives

ØKOKRIM's objective is to be the leading organisation in the combat against economic and environmental crime. ØKOKRIM will strive to create the best possible general deterrence by inves-

tigating and prosecuting criminal cases and by collecting and analysing financial intelligence.

One of ØKOKRIM's key objectives is general deterrence. Through our work in specific criminal cases, we warn the general public that violation of the rules within our jurisdiction could result in punishment. The majority of ØKOKRIM's resources are devoted to specific criminal cases.

ØKOKRIM's responsibilities

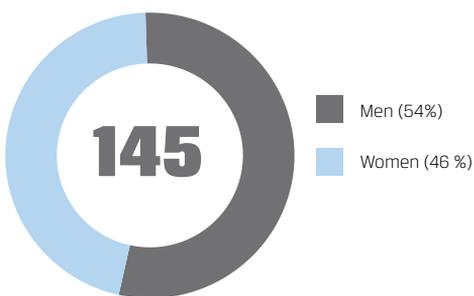
- to uncover, investigate, prosecute and bring to trial its own cases
- to assist national and international police and prosecuting authorities
- to raise the level of expertise of the police and the prosecuting authorities and to engage in the provision of information
- to engage in criminal intelligence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

ØKOKRIM statistics

Key figures	Unit	2010	2009	2008	2007
Convictions in enforceable decisions	%	83	86	82	87
Clear-up rate	%	82	93	83	95
Legal proceedings (district court, court of appeal, the Supreme Court)	number	38	40	45	34
Enforceable decisions	number	49	42	42	59
Enforceable confiscations/compensations	NOK mill.	58	21	94	2 448 ¹⁾
Decisions to proceed with prosecution	number	21	46	51	51
New cases	number	19	26	33	42
Cases under investigation	number	40	39	47	41
Case processing time	days	391	314	340	390
Cases in which we provide assistance	number	51	53	67	75
Suspicious transaction reports	number	6 660	6 166	9 026	7 543
Annual budget (as at 31 December) ²⁾	NOK mill.	131	121	110	106
Staff (employees as at 31 December) ³⁾	number	145	152	136	136

Figure 1. Key figures

Figure 2. Gender distribution



NOTES

- 1) Compensation awarded in the Finance Credit case: NOK 2,357 million
- 2) Excluding earmarked funds
- 3) ØKOKRIM has previously reported the number of established posts (permanent and temporary). From 2010, we report the number of man-years (employees as at 31 December).



Organisation

In 2010, ØKOKRIM had twelve teams, each team holding prime responsibility for a specific area. Most of the teams are tasked with investigating and prosecuting their own criminal cases, with the exception of the Assistance Team, which assist the police districts, and the Financial Intelligence Unit (FIU), which receives and handles intelligence.

The teams are composed of special investigators, some of whom have law enforcement experience, while others have financial and en-

vironmental experience. Most of the teams are headed by a senior public prosecutor, and they also have a police prosecutor.

ØKOKRIM is in the process of establishing a smaller executive group comprising, in addition to the Director and the Deputy Director, seven heads of departments. These heads represent the investigation teams handling economic and environmental crime, the FIU, the IT Department and the Administration Department.

Figure 3. Number of trials in 2010

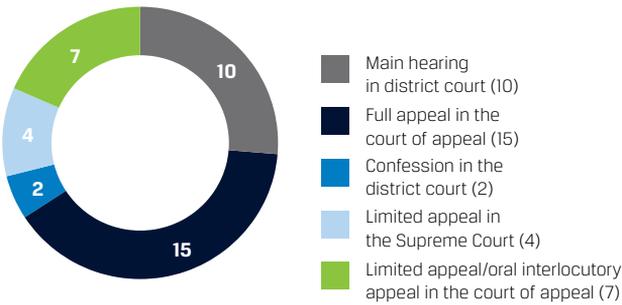


Figure 4. Number of decisions to proceed with prosecution in 2010⁴⁾



NOTES

4) Decisions to proceed with prosecution are investigations resulting in e.g. indictments or fines.

Cases handled

Most cases that fall under ØKOKRIM's mandate are handled by the police districts. ØKOKRIM investigates and brings to trial the larger, more complex cases and/or cases of legal principle.

Several of these cases extend beyond our national borders. The senior management at ØKOKRIM decides which cases will be investigated.

Economic crime includes inter alia:

- corruption
- offences related to the stock market, and securities trading
- social security fraud and misuse of government subsidies (subsidies fraud)
- violations of the Accounting Act
- violations of the Insolvency Act
- tax evasion and customs duty evasion
- violation of the Competition Act
- breach of trust and embezzlement
- gross fraud
- money laundering

Environmental crime can be divided into four main categories:

- illegal pollution (including crime related to food and handling of dangerous waste)
- natural environmental crime (e.g. illegal hunting and trapping, illegally disturbing protected areas)
- art and cultural heritage crime (e.g. removing or damaging protected monuments/sites and violation of the Planning and Building Act)
- crime related to the working environment (e.g. insufficient training or defective equipment that may cause death or injury)

Figure 5. New cases in 2010

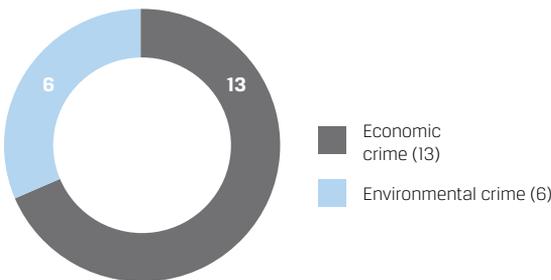
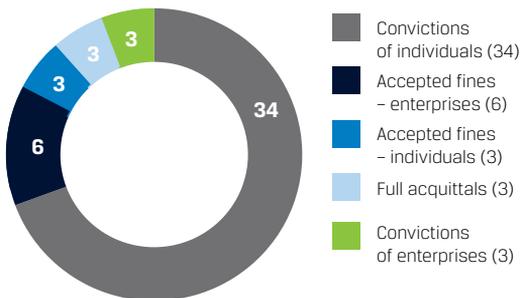


Figure 6. Enforceable decisions in 2010



Reopening of appeal cases

In December 2008, the Supreme Court in Grand Chamber ruled that all decisions to refuse to allow an appeal to proceed must be justified. Following this ruling, a convicted person demanded that his criminal case, in which the judgment was final and enforceable, be reopened. He referred to the fact that the court of appeal had not justified why they had refused his appeal to proceed. On 12 October 2010, the case was settled by the Supreme Court in Grand Chamber, which ruled that a decision by the Norwegian Criminal Cases Review Commission not to reopen an appeal case that had been refused was invalid as the decision was made on an incorrect legal basis. Based on this decision, the Director of Public Prosecutions on 13 October 2010 issued the following directive:

«The prosecuting authority shall withdraw its execution order when the convicted person

- submits a request for reopening based on a claim that the court of appeal has made an unjustified decision concerning appeal screening [...], and
- the unjustified refusal to allow the appeal to proceed has been appealed to the Supreme Court before the time limit stated in the Criminal Procedure Act has expired, and
- the appeal against the screening decision concerns aspects that could be considered lack of review or justification, and
- the convicted person requests to be released»

During the autumn of 2010, as a result of this change, ØKOKRIM processed twelve demands for the reopening of criminal cases. The cases also raised several other legal issues, e.g. the connection between the situation(s) for which the denial of leave to appeal applies in a partial appeal and the other aspects of a case. These cases have marked ØKOKRIM's autumn of 2010, and we expect that they will also mark 2011.

” The courts have been criticized for refusing cases of economic crime too easily.

HELEN SÆTER, NORWEGIAN CRIMINAL CASES REVIEW COMMISSION

« WE ALL HAVE A RESPONSIBILITY TO REPORT CRIMINAL ACTS. »

ANKEBEGRUNNELSE FÆRRE SAKER ENN VENTET
■ **Flest økonomiske straffesaker**

IKKE OVERRASKET: Gjenopptakelseskommisjonens leder Helen Sæter tror mange har innfunnet seg med tidligere avsagte dommer og derfor ikke ønsker ankeavslag behandlet på nytt. FOTO: SZAPPA

Fra 10.000 til 40 saker

JUS: 40 personer har bedt om begrunnelse for ankenekt etter at det kom nye regler i oktober. Alle har fått medhold.

PIA CAMILLA SKJØTHAUG
PCS@FINANSAVISEN.NO

I begynnelsen av oktober i år kom Høyesterett frem til at de «nye» reglene for begrunnelse av ankeavvisninger i lagmannsrettene skal ha tilbakevirkende kraft, med fem år. I etterkant av dette ble det nevnt at så mange som 10.000 personer ville kunne komme til å forsøke å få sakene sine anket på nytt.

Ved årets slutt har det bare kommet inn i overkant av 40 slike saker til gjenopptagelseskommisjonen.

– Da Høyesteretts avgjørelse ble kjent kom mange anslag og beregninger, men vi var raske til å si at nå får vi vente å se hva dette vil bety i praksis, sier leder i Gjenopptakelseskommisjonen Helen Sæter.

Avvist for lett

Sæter er ikke overrasket over antallet. – Det kom en del saker med en gang, og det kommer sikkert til å

komme noen flere selv om det har dabbet litt av nå. Potensialet er jo der, men det er nok mange som har slått seg til ro med dommen sin, eller som kanskje har sonet ferdig.

I følge Sæter er det økonomiske straffesaker som utgjør den største delen av saker de har mottatt.

– Jeg ønsker ikke å spekulere i hvorfor det er slik, men dette er ofte komplekse saker. Domstolene har jo vært kritisert for å avvise disse sakene for lett.

John Christian Elden, som var den som vant frem med at retten til begrunnelse skulle være tilbakevirkende, er den advokaten som har sendt flest ankebegrunnelse saker til Gjenopptakelseskommisjonen.

Så godt som alle har fått medhold i begjæringen om begrunnelse

for ankenekt. Det betyr at dommene deres ikke er rettskraftige, enten frem til det foreligger et begrunnet avslag på anke, eller til det er avsagt ny dom etter eventuell ankeforhandling.

Elden forteller at han har fått medhold i gjenopptakelseskommisjonen blant annet for Terje Bogen og Trond Kristoffersen, i tillegg til en rekke andre saker som nå skal til ny behandling i lagmannsretten.

Andre saker er for eksempel en drapsak fra Lillestrøm som også får ny behandling. Alle er løslatt fra soning som følge av avgjørelsene.

– Jeg synes det er positivt at Norge så langt rår er forsøker å rette opp menneskerettsbrudd begått i egen bakgård og ikke bare pe-



FLEST SAKER: John Christian Elden har sendt flest ankebegrunnelse saker til Gjenopptakelseskommisjonen. FOTO: IVAN KVEMME

ker på det som skjer i andres hager.

– Jeg regner med at en del av disse sakene vil avdekke at det har funnet sted justismord i Norge.

Røde Kors-saken

En av de siste sakene som har fått grønt lys for ny ankebehandling er Røde Kors-saken. Her ble noen av landets strengeste korrupsjonsdom-

mer avsagt i 2004 og 2005. To av de tre domfelte ba nylig om ankebegrunnelse.

– For den ene av dem var fristen egentlig gått ut med et par måneder, men vi har besluttet gjenåpning av begge sakene på grunn av den nære sammenhengen mellom dem. Den tredje domfelte har ikke bedt om ny behandling, forklarer Sæter.

VI VERNER
VIKTIGE VERDIER

ØKOKRIM cases in 2010

In ØKOKRIM's threat assessment for 2011–2012, tax evasion, social security fraud, corruption and illegal pollution have been identified as the big-

gest threats within the areas of economic and environmental crime. Below is a selection of cases from 2010 from each area of crime.

Corruption

In PriceWaterhouseCoopers' report «Global Economic Crime Survey» from 2009, 21% of the Norwegian businesses taking part in the survey replied that they had been subjected to corruption and/or bribery.

Several cases of corruption have been uncovered in Norway during the last few years, inter alia in the municipalities. It is difficult to uncover corruption without any tip-offs or notifications as corruption is a secret agreement between two, or a few persons. There are seldom witnesses to the actual act of corruption, and people seldom report corruption to the police as both the contributor and the recipient will be suspects in a case of corruption.

Case example:

In 2010, ØKOKRIM investigated the former general manager of Store Norske Spitsbergen Kulkompani AS (SNSK) in connection with possible criminal offences. As a result of the investigation, he and two of the key suppliers of services to SNSK have been charged with inter alia breach of the corruption legislation. The charges are based on information about relatively large money transfers from the suppliers to the former general manager. The transfers are of such a nature that there are reasonable grounds for suspecting the former general manager and the suppliers of gross corruption. None of them have admitted to any criminal liability, and the case is still under investigation.

Tax crime

Tax crimes are multifaceted types of crime ranging from undeclared labour to deceitful tax planning and subsequent failure to submit information to the authorities. One of the challenges of tax crime is that it is socially acceptable, and consequently, little importance is attached to the acts. Tax crime causes considerable losses to the government, and it is also anti-competitive for those involved in the market. Legitimately run businesses could succumb when competing against businesses that finance their operations by evading taxes. It is therefore very important that these offences be sanctioned properly by the courts.

Case example:

In an ØKOKRIM case, Oslo District Court sentenced a man to two years and three months' imprisonment for aggravated VAT fraud and gross embezzlement of a total of approx NOK 38 million

in the building and construction industry. A confiscation order for NOK 400,000 was also made against him, and he was permanently disqualified from running a business. He withdrew large sums of cash from accounts belonging to a number of companies in the building and construction industry, and he then prepared fictitious invoices to cover up the sums. The complicity involved withdrawing money from the company accounts and delivering it to the organiser.

The case is a result of ØKOKRIM's targeted efforts against economic crime in the building and construction industry – efforts that have led to several convictions.

« TAX CRIMES ARE A DRAIN ON THE PUBLIC PURSE. »

Competition crime

Competition crime or cartel collaboration is when two or more participants collaborate in terms of market shares, tenders and prices. According to the Norwegian Competition Authority, this kind of unlawful obstruction of competition could result in prices 10–30% higher than those fetched by companies that have submitted a tender. The Norwegian Business and Industry Security Council's «Crime and Security Survey 2008» shows that 12% of the businesses that partook in the survey knew of specific price fixing instances within their own industry.

It is difficult to uncover competition crime. Unlawful collaboration is often based on unwrit-

ten agreements between the participants, who agree to keep their dealings secret. Consequently, there is seldom any trace of such agreements in the ordinary company accounts and documents. Deceived customers and competitors often do not realize that they have been conned. In 2004, the Norwegian Competition Authority was authorized to issue fines for violations of the cartel prohibition. The Competition Authority has uncovered several cartels during the course of the last years, and they have issued considerable fines. This civil sanction will result in fewer cases being brought before the courts.



« MANY OF OUR CASES HAVE
RAMIFICATIONS ABROAD. »

Bankruptcy crime

Bankruptcy crime undermines the trust that is required in market economy. At the same time, it causes losses to participants or to the government that has claims in the estate in bankruptcy. Bankruptcy is not in itself a crime. However, a survey shows that there is a clear connection between the number of bankruptcies and the number of reported bankruptcy violations. The number of bankruptcies follows the general economic situation.

Case example:

In 2010, we filed an indictment and tried the so-called «Fortuna case.» Three businessmen were charged with having engaged in economic crime for a period of several years, during which several of the companies involved filed for bankruptcy. The counts in the indictment included breach of trust, fraud, document forgery, violation of the VAT Act and several serious violations of the Accounting Act. The persons charged had, during a long period of time, been involved in a number of bankruptcies. The case was heard in November and December 2010. The persons charged denied any criminal liability. The judgment is expected in March 2011.



Money laundering

Money laundering includes any means of hiding the proceeds from crime. Laundering one's own proceeds is often referred to as self-laundering. Proceeds can be laundered in many ways. One common method is to invest them in legitimate investment objects such as real estate, vehicles, boats, shares, art and jewellery. Another frequently used method is to channel the proceeds into businesses that, in all other aspects, are legitimate. Money is often laundered in several stages, passing through several companies and participants in order to disguise its illegal origin. In several of the cases our team has investigated, the money ends up in accounts abroad, often in tax havens.

A new trend is laundering the proceeds from crime through the securities market.

Case example:

Four persons have been charged in a case that involves the exchange of large sums of cash from NOK to euro. Converting low-value currency into high-value currency is a well-known money laundering modus operandi. ØKOKRIM became interested in this case because the sums exchanged were disproportionate to the involved persons' financial situation. ØKOKRIM seized a large amount of cash at the beginning of the investigation.

Confiscation of the proceeds from crime

In 2010, the Assets Confiscation Team used considerable resources to investigate a criminal network that has masterminded large-scale organised loan fraud. The proceeds from the fraud have mainly been used to increase private consumption. Additionally, the network laundered the proceeds by channelling it through a number of bank accounts. Widespread use of fronts and

nominee companies, as well as bankers' cheques, has made it difficult to trace the proceeds and identify assets. It is particularly challenging that proceeds to an increasing extent are being placed in lawyers' client accounts. The duty of confidentiality has made it difficult to trace the money flows, and at times, it has been impossible to identify where the proceeds have gone.

Subsidy crime

There is great potential for profit in subsidy crime, and the granting of subsidies is largely based on trust. It has also become evident that the public authorities have somewhat unclear and insufficient control procedures when granting subsidies. Consequently, the system is vulnerable to misuse, and the needs for which the subsidies originally were established remain uncovered – in businesses and industries, the farming industry, non-governmental organisations, etc. Subsidy crime may also lead to anti-competitive practices.

During the course of the last few years, ØKOKRIM has handled a number of criminal cases of subsidy fraud or social security fraud in inter alia the transportation industry, the private school sector and the waste industry. This type of fraud has great profit potential. In some of ØKOKRIM's criminal cases, the perpetrators have unlawfully acquired several millions of NOK in subsidies – e.g. NOK 45 million in the OVDS case (transportation), NOK 25 million in the NordTrafikk case (transportation), NOK 19 million in the Petro Oil case (transportation), and NOK 13 million in the Minerva case (private school). Several other industries, too, receive too much subsidies, e.g. the farming and fishing industries, cultural businesses and various teams, where the possibility of acquiring unlawful subsidies is good.

Case example:

In January 2011, Oslo District Court sentenced two former members of the Storting to 6 months and 60 days' imprisonment respectively for se-

rious fraud and gross negligence. The two had been granted state pensions following the so-called 75-year rule in the Act of 12 June 1981 No. 61 concerning the pension scheme for members of Parliament. They were charged with having failed to inform the competent authorities that their annual income exceeded their pensions (income limit), and that they consequently were not entitled to the pension granted. One of the persons had unlawfully received just above NOK 2.6 million in pension during a period of seven years and three months. The other person had unlawfully received just above NOK 500,000 during a period of one year and five months.

The judgment states inter alia that the persons convicted would not have received any state pension had they provided correct and complete information about their total income from employment and board allowances. They would have been instructed that the scheme did not apply to them. The judgment further states that «they, like everyone else, have a duty to acquaint themselves with the regulations applicable to the phase of life they are entering. This especially pertains to the sections that have a particular bearing on their rights and obligations.» The court holds that they are to be strongly criticised for not having acted differently, and the fact that they were unaware of essential parts of their own income situation is considered reprehensible ignorance, or intentional ignorance, in that they, compared to others, had done little to understand their income situation.

Crime related to securities trading

In industrialised countries, well-functioning securities and financial markets play an important role in economics. If this market crumbles, we could be faced with a serious threat against the welfare and stability of society. When individuals attempt to achieve huge profits by bending or bypassing rules and regulations, this will affect the market, and it will no longer function properly. Such crime impairs the industries' access to capital, which

results in capital being channelled irrationally and inefficiently. Market abuse, i.e. abuse of inside information and market manipulation, is considered one of the most serious types of crime related to securities trading.

The international financial crisis, with Iceland's financial collapse and several cases in Norway, such as the Terra case, illustrate the damages that may occur when the markets do not function as



« EIGHT OF TEN TRIALS IN 2010
ENDED IN CONVICTION. »

intended. The socio-economic function of the market may be protected through effective regulations and monitoring of the market and its participants, as well as by prosecution of violations.

Case example:

In May 2010, Borgarting Court of Appeal sentenced a fund manager and two investors to one year and three months, seven months, and five months' imprisonment respectively, for extensive violations of the regulations concerning own-

account trading over a period of four years. The fund manager had used the investors to do his trading, thus hiding his identity behind the personal account belonging to someone else in the Norwegian Central Securities Depository. The fund manager and one of the investors were also sentenced to forfeiture of a total of NOK 9.8 million. Both of the investors appealed the judgment to the Supreme Court. The Supreme Court refused to allow the appeal to proceed in October 2010, leaving the judgment final and enforceable.

Financial fraud

Financial fraud is organised internationally and appears to largely follow the «five flag theory», in which participants work in one country, have customers in a second country, have their product in a third country, receive payment in a fourth country, and live in a fifth country. This type of crime appears to become more and more widespread, which is largely due to increased globalisation and use of the Internet, among other things. ØKOKRIM is of the opinion that fraud is mainly carried out by several collaborating participants, and several of the cases appear to be managed from within the Oslo area.

Information as a preventive measure

Financial fraud is planned and organised criminal activity in structures that resemble networks. Criminal acts that fall within several areas of jurisdiction, and transactions involving multiple parties complicate the investigation and require considerable resources. The chances of getting the perpetrators convicted and having the money returned are slim. The most important thing is to prevent persons from being conned into

sending money to the con artists. Therefore, ØKOKRIM devotes resources to preparing preventive information about this type of crime, such as warnings on our website, contributions to the media and daily contact with the public through the Desk at ØKOKRIM.

Every day, the Desk at ØKOKRIM receives questions about instances of investment fraud in which Norwegian participants have been phoned or have received an e-mail with an invitation to invest in worthless shares in foreign companies. The foreign participants are highly professional. In 2010, the Desk has also received a number of questions from Norwegian nationals who have sent large sums of money to men and women abroad, whom they have met through dating services on the Internet. The «fiancé» abroad may have introduced a business idea, tempting the Norwegian national with great profit and lured him into paying large sums of money. We have seen that sums of up to NOK 20 million have been sent from individuals in Norway to persons abroad. We also receive questions about buying and selling on the Internet.





Environmental crime

Environmental crime usually harms society more than individuals, and represents an addition to the strain inflicted on nature by legitimate activities. This type of crime contributes to diminishing the basis of our existence. At the same time, it limits our ability to properly manage our natural resources in the future.

Illegal pollution

Companies and individuals who let themselves be tempted by easy solutions and great financial gain when they handle and transport hazardous waste, are among those who are guilty of illegal pollution. Increased oil activity in the northern area and an increase in oil transportation along the Norwegian coast also add to the challenges within this field.

Case example:

The owner of an oil storage facility inside Ekebergfjellet in Oslo, and the company in charge of the day-to-day operation of the facility, have accepted a fine issued by ØKOKRIM to the amounts of NOK 800,000 and 700,000 respectively for violations of the Act relating to the prevention of fire, explosion and accidents involving hazardous substances and the fire services, the Pollution Act and the Working Environment Regulations. The case concerned an incident that caused a discharge of oil inside the facility, and a risk of discharge beyond the facility.

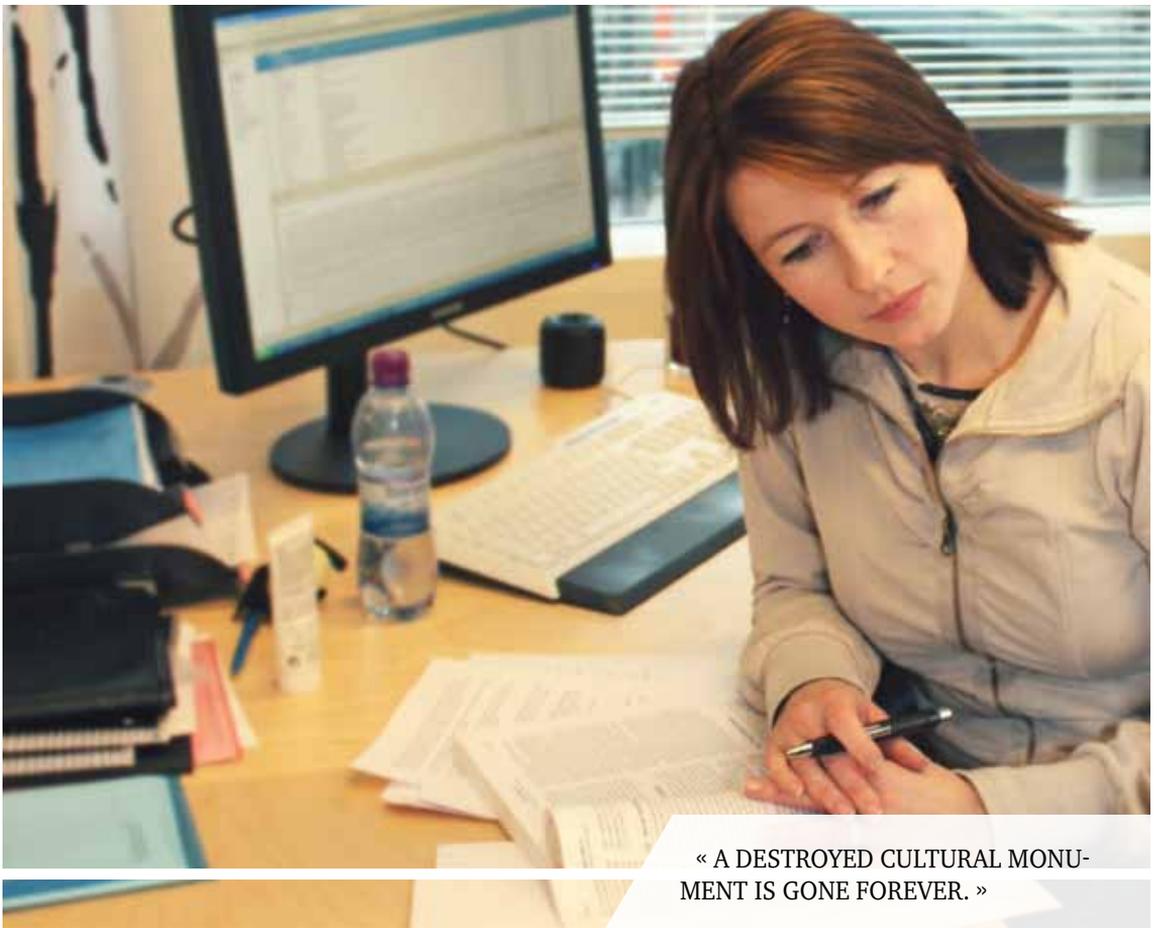
Working environment crime

Time constraints, poor Occupational Health and Safety procedures, and economic gain requirements contribute to undermine safety and working conditions at various workplaces in Norway. This pertains in particular to the construction, shipping and farming industries. One of our primary challenges is to combat social dumping, which subjects the foreign work force to underpayment, unregulated working hours and disgraceful living and working conditions. Social dumping can also affect the Norwegian labour market negatively by skewing competition and by benefiting the participants that do not abide by the rules of working life. It appears that the number of reported cases of social dumping is too low.

Natural environment crime

In the future, the fight against natural environmental crime will focus on preserving our biodiversity. All natural environmental crime is a threat against our biodiversity, especially illegal hunting, trapping and collection. Non-regulation construction also destroys the scenery and privatises areas that originally were intended for all, while illegal traffic can harm nature and wild animals. Another example is when farmed fish escape – this is a threat to both species diversity and genetic diversity.

Trade in endangered species and products, or parts of endangered species, is a growing in-



« A DESTROYED CULTURAL MONUMENT IS GONE FOREVER. »

ternational problem. We have information that suggests that organised criminals are becoming increasingly more active within this area, because this type of trade is profitable, the chance of being caught is slim, and the maximum penalty is low. In Norway, we unfortunately do not have the full picture of CITES crime – «Convention on International Trade in Endangered Species of wild fauna and flora». Norway forms part of the global market for such products, and it is important to become more attentive to the value of biodiversity.

A selection of cases:

Operations targeting illegal construction along the coast, illegal lobster harvesting and illegal importation of endangered species.

During the summer of 2010, ØKOKRIM, in collaboration with Telemark Police District, executed an operation in Kragerø targeting illegal construction along the coast. Kragerø Municipality and the County Governor of Telemark participated too. The patrols inspected 40 properties, and criminal investigations were initiated for 15 of the properties. During the summer, ØKOKRIM also coordinated an operation targeting illegal lobster harvesting in the area from the Swedish border up until and including Rogaland. Nine police districts participated, assisted by the Directorate of Fisheries, the Norwegian Nature Inspectorate, the Coast Guard, the Coastal Protection Service, the Agency for Outdoor Recreation and Nature Management

and Oslomarka Recreational Fishing Administration. 296 seizures of illegal harvesting equipment were made, and 212 criminal cases were initiated.

In February 2010, ØKOKRIM was in charge of an international operation under the auspices of Interpol, targeting illegal trade in traditional medicine containing products or derivatives from endangered animal and plant species that are included on the CITES list. The Customs Service, the Directorate for Nature Management, the Norwegian Food Safety Authority and the Norwegian Medicines Agency participated. The operation resulted in approx ten (small and large) criminal cases in Norway.

Fauna crime

A case in which two men were charged with illegal bear killing in Trysil was tried by the court of appeal in 2010. One man was sentenced to 30 days' imprisonment (suspended sentence), and he was disqualified from hunting and trapping for one year for negligently having been an accomplice to the bear killing by driving the main offender in his car to the spot where the bear later was killed. The second man was sentenced to 21 days' imprisonment (suspended sentence) for illegally having chased the bear that later was killed, in that he gave permission to use his sporting dog to chase the bear. The court of appeal denied leave to appeal to the main offender, who was sentenced to 90 days' imprisonment, and who

was disqualified from hunting and trapping for a period of three years.

Art and cultural heritage crime

Illegal national and international trade in art and cultural heritage is an area of crime that is quite challenging. The Internet has created a market of its own for this type of crime. Another major challenge is to prevent a growing number of cultural monuments from being destroyed in Norway by private and public participants who knowingly or unknowingly disregard cultural monuments during the construction processes. A destroyed cultural monument is gone forever.

Case example:

ØKOKRIM has tried two important cultural heritage cases before the Supreme Court.

In their judgment of October 2010, the Supreme Court upheld that what is punishable is, above all, disregard of cultural heritage status. The extent of the affected site is of less importance. At Onarheim in Tysnes Municipality, a fish farming business made an approx 40-metre long tem-

porary road along the coast, and a small part of the road passed across a cultural heritage site. The business, the chairman of the board and the entrepreneur were all issued fines to the amount of NOK 300,000 and 150,000 and 60,000 respectively.

In June 2010, the Supreme Court ruled that the owner of a protected «barfrø-cottage» in Koppang, who had removed the furniture from the sitting room, an antiques dealer and the person who purchased the furniture were to be convicted of the offence. The main offender was convicted of violation of the Cultural Heritage Act, and he was sentenced to 30 days' imprisonment (suspended sentence). The antiques dealer was convicted of handling the proceeds from crime, and he was sentenced to 21 days' imprisonment and a NOK 20,000 fine, while the owner of the cottage was convicted of handling the proceeds from crime, and he was issued a NOK 20,000 fine. The items, a bureau, a cabinet, a food cabinet and wall benches, were confiscated from the owner of the cottage.

The financial intelligence unit (FIU)

The FIU's primary task is to receive and analyse Suspicious Transaction Reports (STRs) from entities with a reporting obligation under the Money Laundering Act. Once the financial information has been processed, parts of it are distributed to the police, public agencies with supervisory tasks and to other countries' FIUs. The FIU also serves as a national resource centre for issues relating to money laundering.

The FIU monitors criminal developments and maintains close contact with its relevant partners in order to assist in the development of expertise and methodology within the Police Service and the entities with a reporting obligation under the Money Laundering Act. The objective is to prevent and combat the laundering of proceeds from crime and terrorism financing by distributing intelligence.

The Money Laundering Act

The purpose of the Money Laundering Act is to prevent and uncover transactions that can be linked to proceeds from crime or to acts of terrorism. The Act places a number of commitments on the entities with a reporting obligation (inter alia financial institutions, insurance companies, money transfer establishments, brokers, lawyers, accountants and dealers in expensive objects).

Key duties include:

- identity verification
- data registration and retention
- obligation to investigate and report
- internal control and communication procedures

The purpose of the obligation to report is to make it easier to uncover profit-motivated crime and prevent the entities with a reporting obligation

from being used as conduits for money laundering. If an entity with a reporting obligation suspects that a transaction is associated with proceeds from crime, the entity shall conduct further investigations in order to confirm or disprove the suspicion. If the investigations fail to disprove the suspicion, the entity with a reporting obligation shall submit an STR with all information about the transaction to the FIU at ØKOKRIM. In 2010, The FIU has seized the opportunity to emphasise the importance of quality reports, e.g. through presentations and meetings with the entities with a reporting obligation.

STRs – suspicious transaction reports

An STR is a report from an entity with a reporting obligation about a suspicious transaction that may be linked to the proceeds from a criminal act or other offences covered by the Norwegian Penal Code. The subject of the STR could be the perpetrator of the primary offence or a person who has been an accessory to the money laundering. The primary act may be a so-called victimless crime (such as illegal sale of spirits, distribution

of illegal drugs, tax evasion, etc.), or an act with a victim (robbery, embezzlement, fraud, theft, etc.). In instances where there is a victim, the person in question may not even realise that he is a victim (as in cases of embezzlement and fraud). An STR could therefore be the sole point of entry into a case, and a report could be submitted before the victim himself discovers what has happened to him.

Criminal cases

The FIU mainly uses intelligence reports to distribute information to the police and to administrative authorities with supervisory responsibilities such as the tax authorities and the Norwegian Labour and Welfare Service (NAV). In some few instances, the FIU opens a criminal case on its own, and then submits a formal complaint to the police or other teams at ØKOKRIM, who will investigate the case. Criminal cases can also be opened when the FIU forwards information to administrative authorities with supervisory responsibilities. Based on the information received, these authorities can make further enquiries

	2010	2009	2008	2007	2006
Banks	2 618	2 176	2 073	2 556	1 481
Money transfer entities	3 734	3 681	6 680	4 656	5 380
Insurance companies	42	31	15	34	31
Securities firms	7	1	1	4	10
E-money firms	0	0	1	2	-
Estate agents	15	21	11	19	5
Auditors	86	97	78	75	46
Accountants	59	58	44	15	12
Lawyers	6	12	7	13	10
Dealers in expensive objects	78	82	109	119	27
Others	15	2	7	16	7
Number of reports per year	6 660	6 161	9 026	7 543	7 042

Figure 7. STRs by entity

or administrative decisions, or lodge a formal complaint with the police.

Case example:

When a criminal tries to hide the origin of the proceeds from crime he/she has committed, we call it self-laundering. Nord-Troms District Court sentenced a man to three years' imprisonment and forfeiture of NOK 16 million for inter alia self-laundering of proceeds from crime. He was also permanently disqualified from running a business. The man had committed gross breach of trust in that he had transferred approx NOK 17.5 million from the company of which he was the sole owner to private bank accounts, accounts belonging to others that were at his disposal, and through cash withdrawals. The court found it indisputable that the proceeds from this breach of trust had been the object of transfer and exchange.

This judgment is one of few, so far, in terms of self-laundering. The FIU contributed to the case with several intelligence reports.

Building skills and expertise

An important part of the FIU's work is to disseminate knowledge about financial intelligence and to convey our information to the police districts and supervisory bodies. The FIU also spends a lot of time giving lectures to the various groups with a reporting obligation under the Money Laundering Act. The FIU gave several lectures in 2010, and ØKOKRIM co-arranged the annual money laundering conference at Sundvollen.

Various entities with a reporting obligation – various reports

The scope and content of the STRs submitted by the various groups with a reporting obligation vary. An STR received from a payment transfer entity often involves no more than one person and one transaction. An STR from an accountant, however, is usually much more comprehensive and it often contains information about several persons and a number of transactions. The majority of the STRs are submitted by payment transfer entities and banks. This is due to the facts that

such entities are well aware of the obligation to report; they have the largest circle of customers, and they have been covered by the duty to report the longest.

Reporting in 2010

In 2010, the FIU received 6,660 STRs; an increase of approx 10%. The banking industry accounts for the largest increase in the number of STRs; from 2,176 in 2009 to 2,618 in 2010. The increase was expected since the new money laundering act now is well known, and since resources now are devoted to operational money laundering activities rather than training. The insurance companies have also increased their number of submitted STRs. We believe this is due to a better understanding of how insurance products can be used for money laundering purposes.

We are pleased to see that payment transfer entities maintain their high level of reporting. The payment transfer industry is vulnerable to money laundering. There is often a close connection between the reports from the payment transfer entities and objects that are of interest to the police.

Regrettably, statistics show that some industries still report very little. Judging from the transaction volume within these industries, underreporting appears to be considerable.

The reporting to ØKOKRIM is unstable. The quality varies between industries, within the industries and sometimes also between reports from the same entity with a reporting obligation. Whether or not to submit a report to ØKOKRIM is a matter of judgment, and the various entities with a reporting obligation do not all know their customers well enough to properly assess the suspicion. Consequently, the contents of the STRs vary.

Information exchange – number of products from the FIU

In 2010, the FIU prepared 292 intelligence reports; the number in 2009 was 352. The decrease can primarily be ascribed to the fact that some of the team resources were tasked with investigating a criminal case (see *Money Laundering*). The FIU

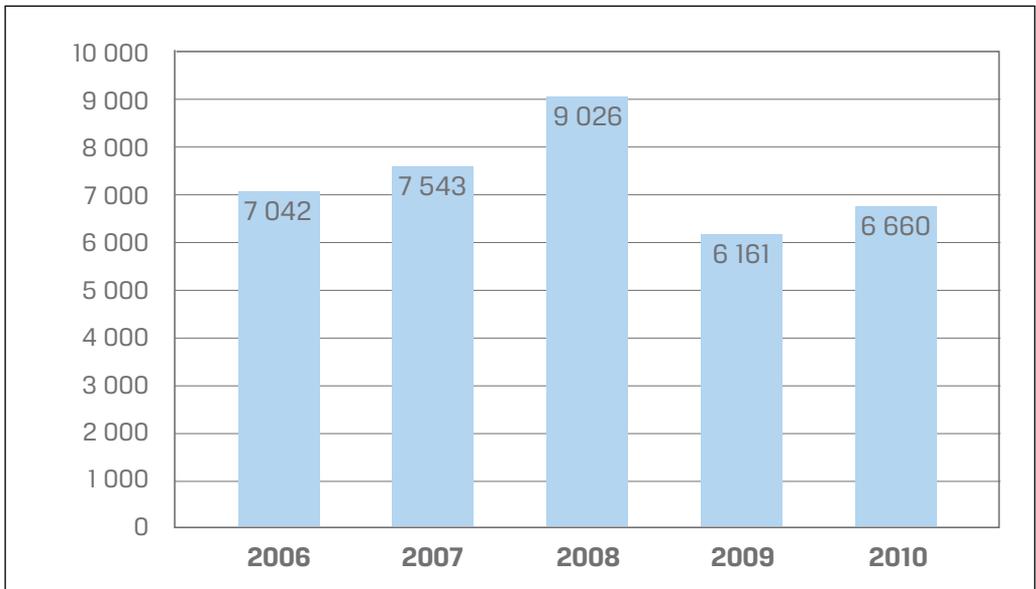


Figure 8. STRs received over the last five years.

submitted 23 formal complaints and reports in criminal cases in 2010, two less than in 2009. The FIU reported 122 incidents to the National Police Intelligence System (Indicia); the number in 2009 was 81.

International cooperation

Combating money laundering is a fairly new area in terms of international cooperation. The standards for measures implemented in national legislation around the world originate from the initiative first presented towards the end of the 1980s. Combating terrorism financing did not achieve high international priority until after the terrorist attacks on the USA on 11 September 2001. The FIU participates in a number of international forums that attend to these matters.

The FIU is represented in the Norwegian FATF delegation, and the Unit has co-chaired one of the FATF working groups since 2009. In 2010, the FIU also gave a presentation at the plenary meeting in the Egmont Group in Cartagena, Colombia.

In 2010, the FIU received and held presentations for visiting delegations from Albania, Bulgaria and Zambia. The FIU also assisted the Macedonian FIU in implementing a new IT system. In connection with this work, a Macedonian delegation visited Oslo and the Norwegian FIU visited Skopje.

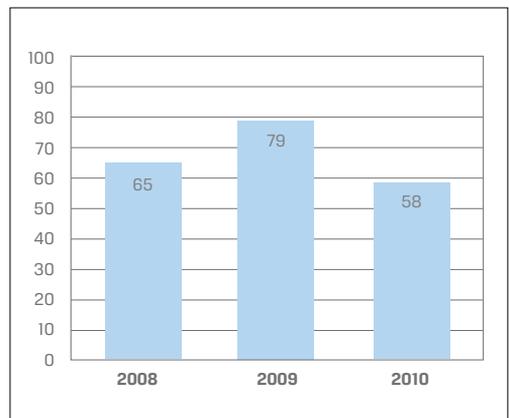


Figure 9. Development in the number of requests received from other FIUs.

Under the direction of Interpol, the FIU has also assisted the FIU in the Seychelles. The FIU has also hosted a meeting concerning terrorism financing for our Nordic collaborators.

Further information about money laundering and the money laundering regime is available at www.hvitvasking.no.

Cases in which ØKOKRIM provides assistance

ØKOKRIM provides assistance, both in terms of investigative support and on a consultative basis in all types of economic crime, environmental crime

and financial investigations. In 2010, ØKOKRIM provided assistance in 51 new cases.

The assistance team

ØKOKRIM has an Assistance Team whose only task is to assist local police districts and specialist agencies. The Team has investigators with backgrounds in law enforcement and accounting, and it provides assistance in all phases of an investigation prior to sentencing. Typical cases include serious fraud, bankruptcy and corruption cases, and fisheries crime.

The Assistance Team registered 19 new cases in 2010. The cases came from 13 police districts, the Norwegian Police Security Service and the Norwegian Bureau for the Investigation of Police Affairs. The Team is also responsible for following up the Letters of Request that ØKOKRIM receives from abroad. In 2010, six Letters of Request were received from abroad.

The Assistance Team is responsible for following up the economic crime teams in the police districts, and the team annually organises a three-day seminar. In 2010, we also organised a two-day seminar for the heads of the economic crime teams in the police districts.

the newspaper Tønsberg Blad published a series of articles indicating that there was something fishy about two prominent members of the Norwegian Progress Party purchasing flats outside of Tønsberg in 2009. The environment team in Vestfold launched an investigation with assistance from ØKOKRIM. The investigation uncovered that there was no basis for claiming that the flats had been sold under irregular circumstances or that they were sold for less than market price. The case was dismissed.

Municipality purchasing telecom services. Hordaland Police District has received advice from ØKOKRIM in their investigation into allegations of possible corruption in Bergen Municipality when the municipality entered into an agreement concerning the supply of telecom equipment. The case has been subject to external investigation, and it received considerable media coverage before it was reported to the police. The investigation is ongoing.

A selection of cases:

Suspected corruption in connection with the purchase of flats in Tønsberg. In the summer of 2010,

« MONEY LAUNDERING INVOLVES
DISGUIISING THE ORIGIN OF
PROCEEDS FROM CRIME. »



ØKOKRIM – the specialist agency

In order to fulfil its role, ØKOKRIM is dependent on highly skilled employees who continuously develop their skills in order to meet the challenges within our remit. As a specialist agency within economic and environmental crime in Norway, ØKOKRIM engages in considerable external training and information exchange.

ØKOKRIM employees give presentations, write academic articles, books, contribute in debates, and give lectures within our areas of expertise. Among other things, ØKOKRIM's employees teach students at the Norwegian Police University College and hold courses for supervisory bodies, the business industry and other collaborators.

ØKOKRIM conducts extensive training. In 2010, we implemented several training initiatives for Icelandic investigators and judges in an effort to support the criminal proceedings related to the bank collapses that led the country into financial ruin. We have hosted specialist seminars on economic crime for the economic crime teams, and on environmental crime for the environment coordinators and environment lawyers in the police districts. We have hosted accounting seminars for the police accountants, accountants working in the police districts and accountants from the tax crime units. We have provided training for the Coast Guard, the Directorate of Fisheries, the Norwegian Advisory Council on Bankruptcy, various entities with a reporting obligation and students enrolled in the tax law Master's Programme at the BI Norwegian Business School. Additionally, we have given lectures at the national level on tax havens, etc.

In Norway, ØKOKRIM works closely together with other supervisory bodies. We have regular meetings with the head of the Financial Supervisory Authority of Norway, the Norwegian Tax Inspectorate, the Directorate of Customs and Excise, the Norwegian Competition Authority, the National Criminal Investigation Service and the Norwegian Police Security Service. We partake in «Stop fraud on the Internet», and we participate in the steering committee of the ID-theft project. ØKOKRIM is also chairing the interdisciplinary group in the fight against art and cultural heritage crime, and participates in the National Police Directorate's working group concerning a national database for recording stolen objects of art and cultural monuments. We published a book on working environment crime and an extensive threat assessment on economic and environmental crime in 2010. Additionally, ØKOKRIM is responsible for the website www.hvitvasking.no together with the Financial Supervisory Authority of Norway, and we publish three issues per year of the periodical *Miljøkrim* (Environmental Crime).

Economic crime is becoming evermore transnational. If we are to investigate complex cases that extend beyond our national borders, contact and collaboration with foreign police authorities are of the essence. In addition to collaboration in specific cases, we participate at meetings with Interpol, Europol, OECD, GRECO (Group of States against Corruption) and the FATF (Financial Action Task Force). In 2010, ØKOKRIM also hosted the Nordic conference on economic and environmental crime.



ØKOKRIM published a book on working environment crime in June 2010.





ØKOKRIM

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ØKOKRIM – The National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway

Postal address: PO box 8193 Dep, N-0034 OSLO
Address: C.J. Hambros plass 2 B, N-0164 OSLO

Telephone, switchboard: +47 23 29 10 00
Telephone Tips / Desk: +47 23 29 11 00
Fax: +47 23 29 10 01

E-mail: post.okokrim@politiet.no/desken.okokrim@politiet.no
Website: www.okokrim.no