

Tracking carbon fraudsters and future frauds on the energy market

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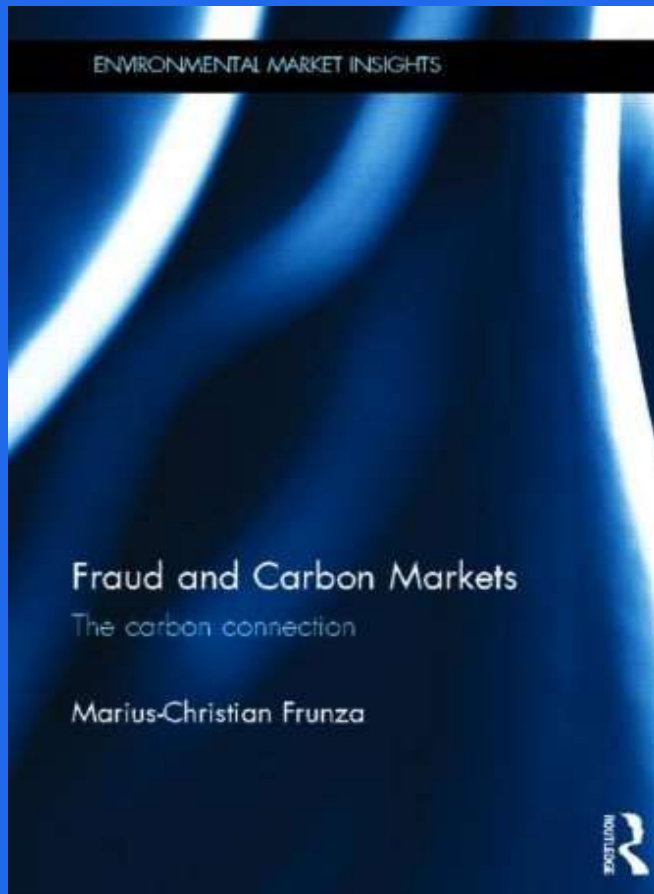


Agenda

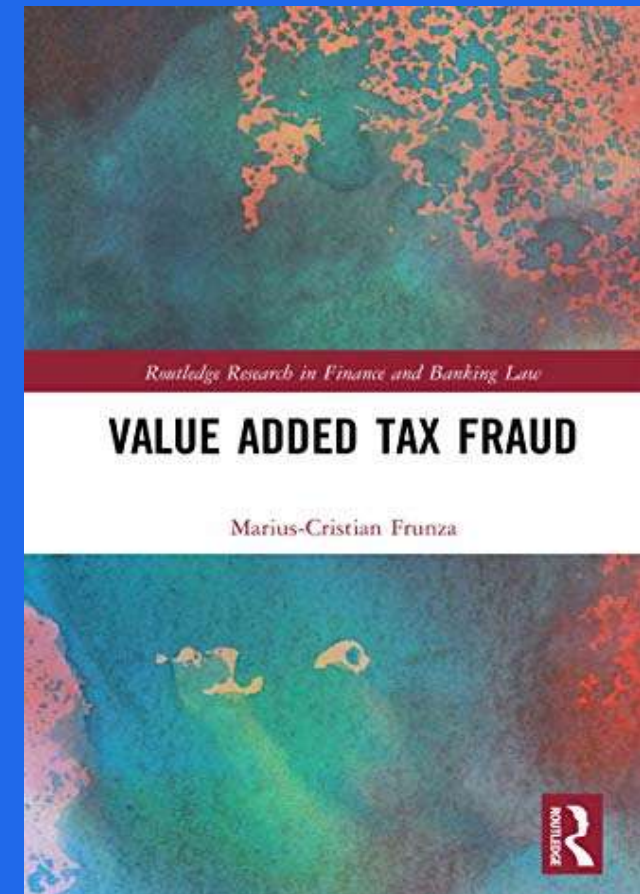
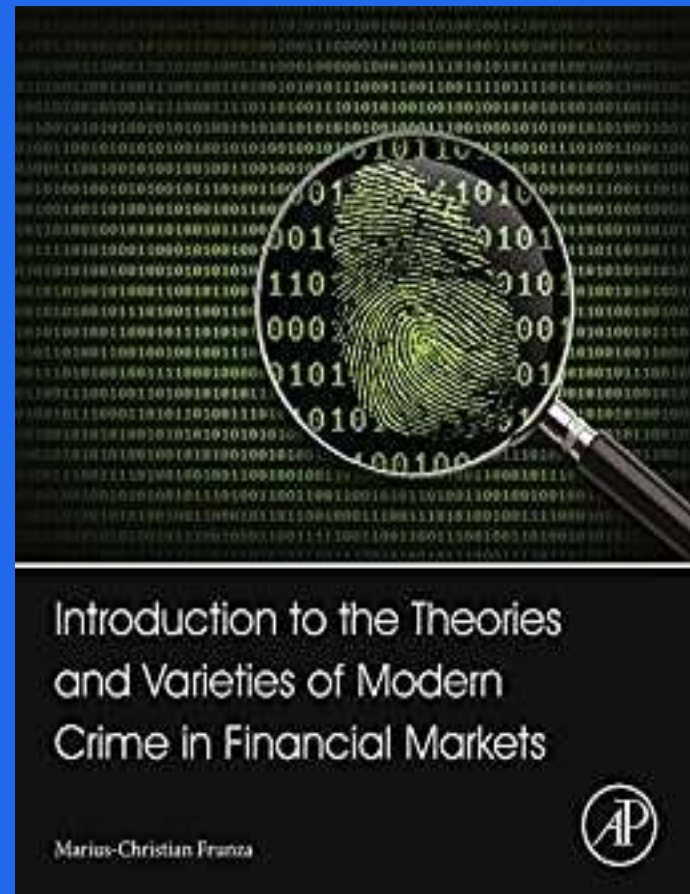
- ❑ Introduction
- ❑ Carbon markets: how do they work?
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- ❑ Spillover to energy markets
- ❑ From Fintech to Fin**Crimetech** (confidential content)

Introduction : About the speaker

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Introduction : About the speaker

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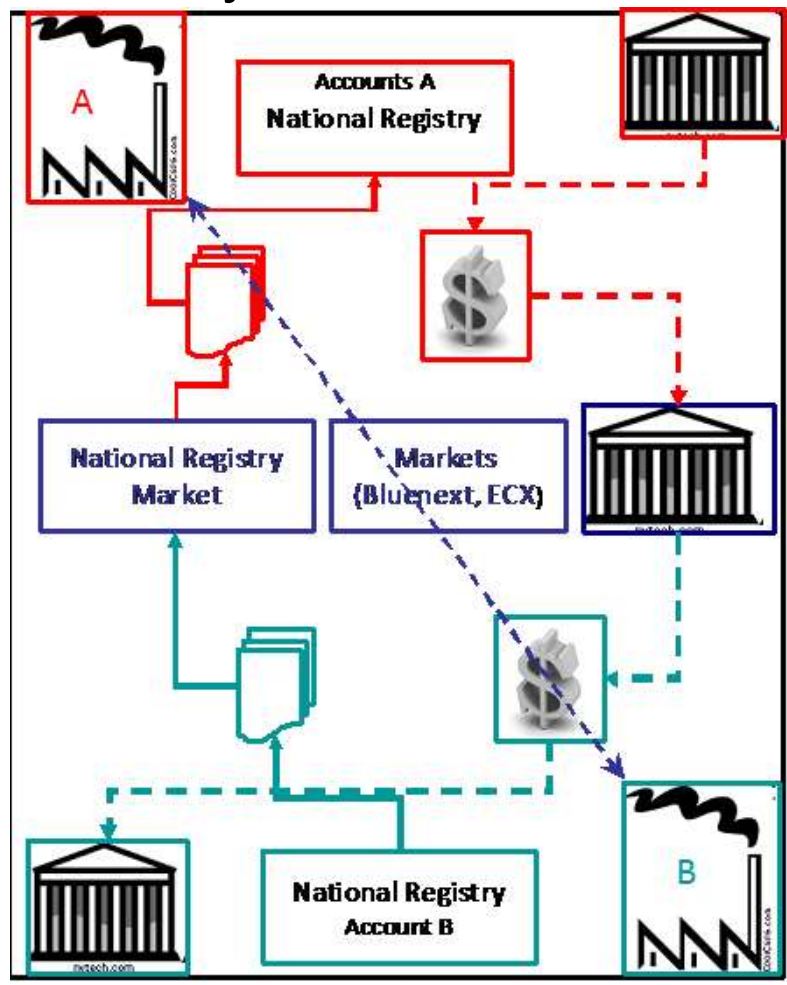


Carbon markets: how do they work?

- ❑ A cap and trade system is a market-based approach to controlling pollution that allows corporations or national governments to trade emissions allowances under an overall cap, or limit, on those emissions.
- ❑ Cap and trade is an environmental policy tool that delivers results with a mandatory cap on emissions while providing sources flexibility in how they comply.
- ❑ Cap and trade system allows players to exchange their depollution cost curves



Carbon markets: how do they work?



Fraud on the carbon market: VAT

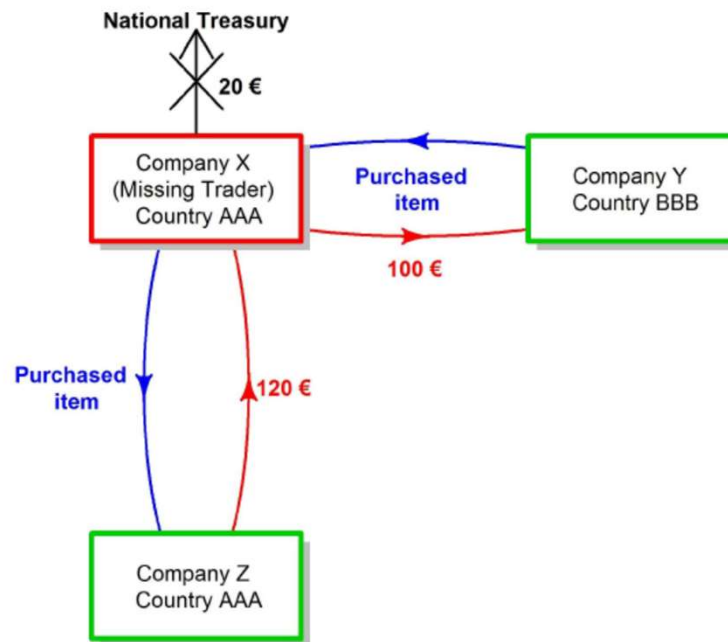


Figure: Basic version of the MTIC fraud. An item is bought from a different country of the Union without VAT and sold domestically with VAT. The VAT is not paid to the local tax authority.

Fraud on the carbon market: VAT

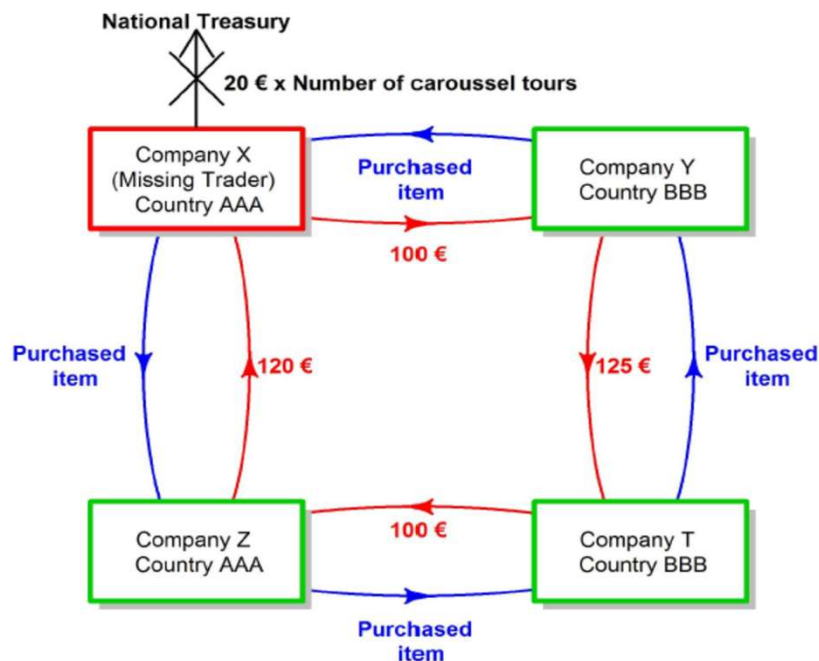


Figure: Carousel version of the MTIC fraud. The same item circulates many times through chain of companies situated in at least two countries. One of the company (The Missing Trader) fails to pay the VAT liability to its local tax authority. The amount of the pocketed tax is proportional with the number of times the goods go through the carousel.

Carbon markets: how do they work?

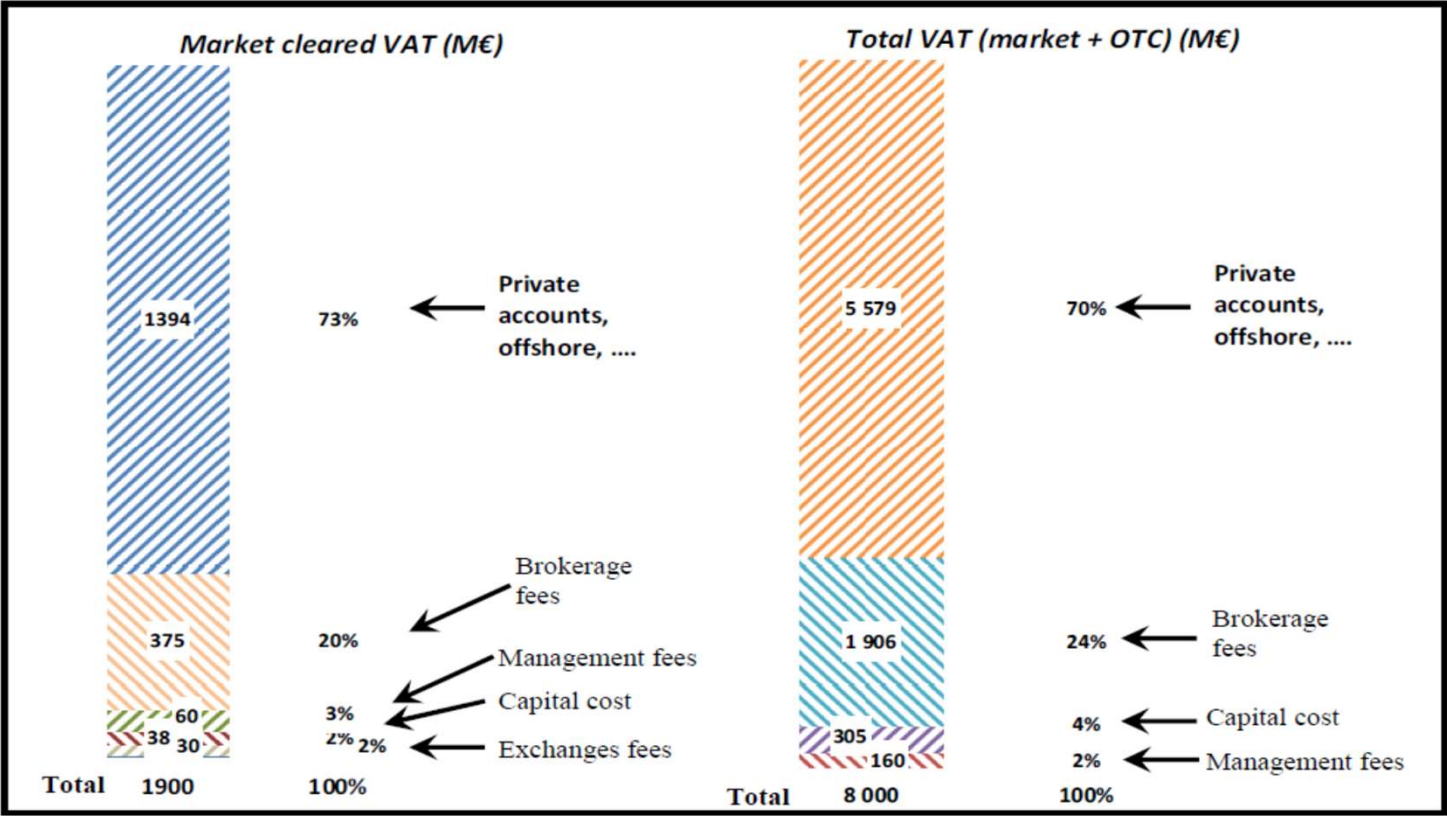
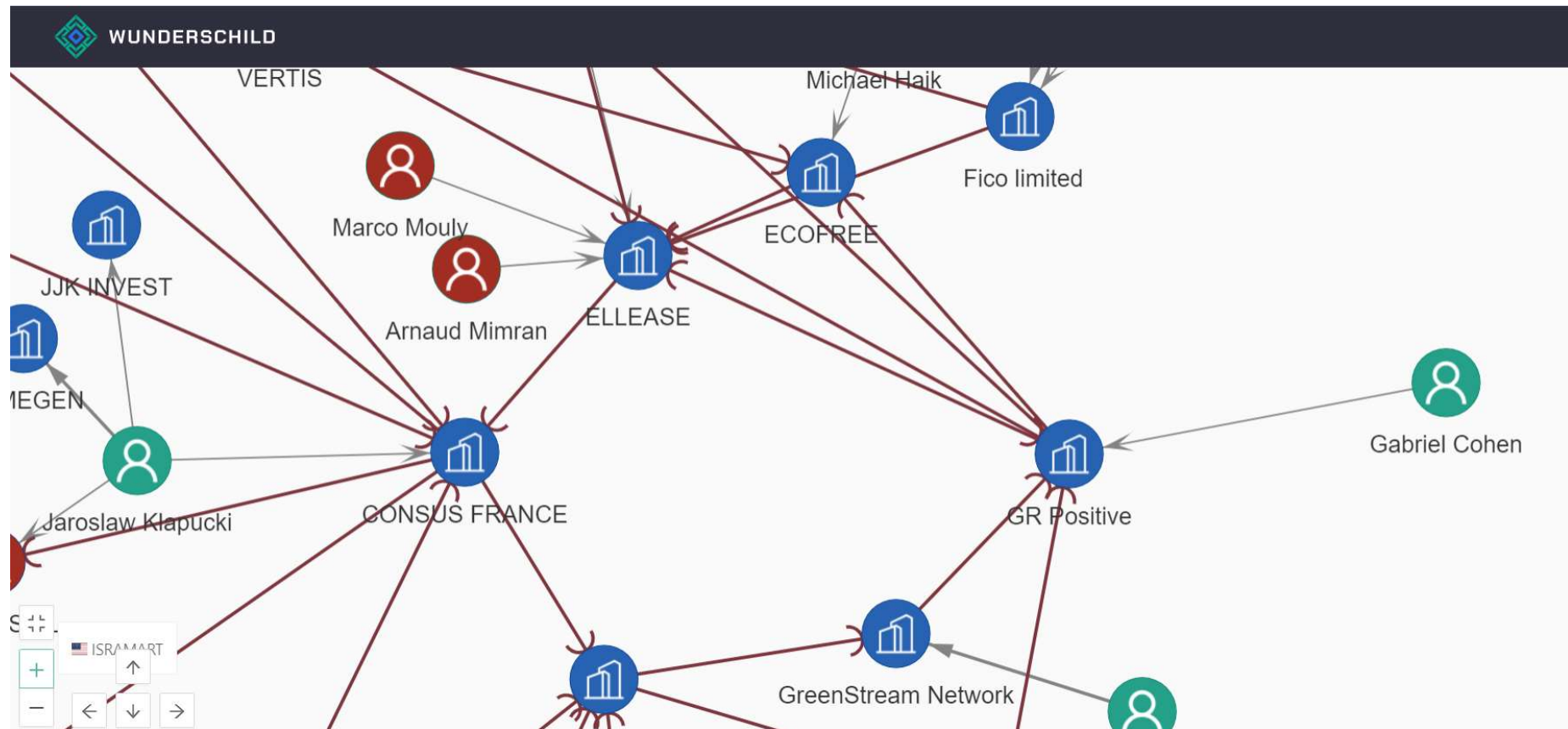


Figure . Breakdown of the extorted funds in the carbon VAT fraud. The figure on the left show the breakdown of the 1.9 billion euros pocketed via Bluenext exchange. The extorted VAT funds net of brokerage cost, transaction fees and other cost aroused to 1.4 billion euros representing more than 73% of the total amount. The brokers' gross turnover was around 375 million euros accounting fro 20% of the extorted funds. Bluenext's VAT related gross revenue is estimated to be around 30 million euros, representing 2% of the total sum. The right side figure shows the aggregated breakdown of both Bluenext cleared and OTC VAT fraud. The value of the pocketed VAT is around 5.6 billion euros representing 70% of the consolidated proceeds, whilst the brokers share was around 24% accounting for 1.9 billion euros.

Case study: Ellease



Case study: Ellease

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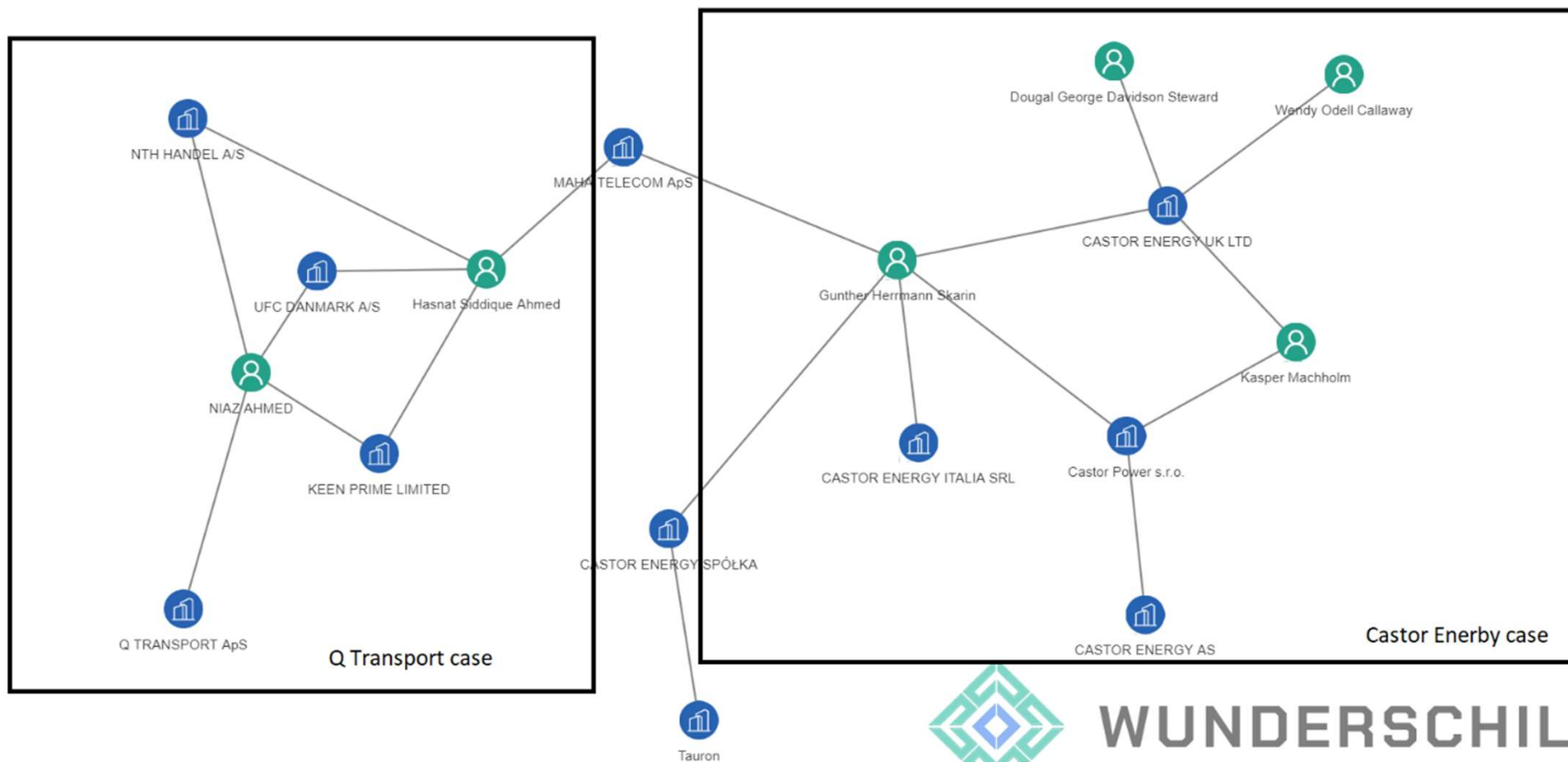
<https://schwarzthal.tech/resources/ellease.html>

Carbon markets: how do they work

- Role of national tax offices
- Role of big banks

Spillover to energy markets

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