

# TRANSPARENCY DISPATCH

## MARCH 2026

Welcome to the Luxembourg for Transparency (L4T) newsletter!

We're a newly established nonprofit (asbl) based in Luxembourg, working independently — without partisan, ideological, religious, or commercial ties. What brings us together is a simple belief: Luxembourg's future is stronger when transparency and integrity are the rule, not the exception.

Our goals include:

- *Promoting transparency and integrity across Luxembourg's public and private sectors*
- *Raising awareness about the detrimental effects of corruption through public education, campaigns, publications, and events*
- *Producing and disseminating research and practical tools that strengthen Luxembourg's efforts in preventing and combating corruption*
- *Collaborating closely with partners—from civil society and professionals to public institutions—who share our vision of a just, corruption-free world.*

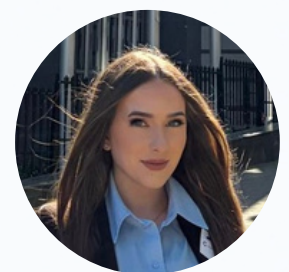
Each month, we'll share key developments on corruption, integrity, accountability and governance in Luxembourg and beyond: what's changing, what's missing, and where pressure or reform is most needed. You'll also find research insights and updates on our activities and collaborations with civil society, professionals, and public institutions.

If you care about how power is used, how public decisions are made, and how we can do better, this newsletter is for you.

### Newsletter Team



**Elifsu Yigit**  
Graduate Associate



**Sibel Kocak**  
Graduate Associate



ADVANCING INTEGRITY FOR A JUST FUTURE  
D'INTEGRITÉIT FÉRDEREN FIR ENG GERECHT ZUKUNFT  
PROMOUVOIR L'INTÉGRITÉ POUR UN AVENIR JUSTE  
INTEGRITÄT FÖRDERN FÜR EINE GERECHTE ZUKUNFT

# 1. THE "INDUSTRIALIZATION" OF FINANCIAL CRIME: ANALYZING LUXEMBOURG'S SHIFTING RISK LANDSCAPE

Following the latest reports from the European Public Prosecutor's Office (EPPO), this month marks a turning point for Luxembourg's role in tackling systemic corruption.

We are no longer dealing with isolated cases but with what European Prosecutor Gabriel Seixas calls the "industrialization of economic fraud in Europe". Criminal networks now operate on a large, cross-border scale and exploit the complexity of the global economy.

It helps to distinguish the European picture from the national one:

- At EU level, the EPPO is handling an estimated €67.27 billion in damages across 24 member states, nearly triple last year.
- In Luxembourg, there are only 32 active investigations, but the estimated loss has soared to €1.42 billion — an eight-fold increase in suspected fraud against the EU budget in just one year.

We also see a divergence between the number of cases and the money at stake. Expenditure and subsidy fraud still make up most files (68%), but VAT and customs fraud now account for 67% of financial damage across the EU.

These are not clerical errors but "self-perpetuating criminal cycles" where stolen funds are laundered and reinvested in further crime:

**« Behind these VAT and customs frauds are mainly criminal organisations »**

Perhaps the real pressure point — and one that directly concerns Luxembourg for Transparency — is the growing mismatch between the industrial scale of these schemes and the limited means to confront them. Investigations are up 35%, but the EPPO budget is essentially flat. In Luxembourg, two delegated prosecutors manage 32 local cases and 47 requests for international assistance.

Equally troubling is the silence of national institutions. While reports from private parties are rising, notifications from Luxembourg authorities and EU bodies based here remain strikingly low. This either reflects insufficient detection or a lack of robust internal procedures to protect whistleblowers. As European Chief Prosecutor Laura Kövesi reminds us:

**« [...] the European Union is ruled by law and not by cost-benefit analysis. Therefore, the EPPO's role is to bring criminals to justice, not to recover the damage they have caused »**

For Luxembourg to maintain its integrity, it must ensure that prosecutors, regulators, and oversight bodies have enough people, skills, and funding to confront crime that is now clearly "industrial" in scale.

## 2. STRENGTHENING FINANCIAL REGULATION

We are entering a phase where regulators are moving beyond box-ticking compliance and starting to question the underlying integrity of institutions.

Recent developments in Luxembourg point to a double movement: more financial independence for the national regulator, and tighter "substance" requirements to ensure that firms genuinely operate here. This comes as the EU prepares a more centralized approach to financial supervision.

## Reforming the Regulator: The CSSF's Path to Financial Independence

Under the leadership of Finance Minister Gilles Roth, the government has proposed a reform of the Commission de Surveillance du Secteur Financier (CSSF) to implement the [CRD6 directive](#) and give the supervisor more financial independence.

The most sensitive change is the [overhaul](#) of the penalty system. Until now, fines imposed by the CSSF went straight into its own budget.

That helped ensure self-sufficiency — the CSSF reportedly used only a fraction of its allocated budget — but it also fuelled doubts about a conflict of interest and the perception of "fining for profit". Under the new rules, the regulator will no longer keep the money it collects, removing that suspicion.

The reform also tightens ethics rules, introducing cooling-off periods and limits on mandates to curb the "revolving door" between the CSSF and the private sector. How these reforms are implemented would be the critical next phase.

## The Substance Requirement: Sanctioning "Letterbox" Governance

The importance of having a real central administration in Luxembourg was illustrated by a [€223,000 fine](#) against an unnamed investment firm. After an on-site inspection, the CSSF concluded that the firm lacked genuine local substance: two of the three authorised managers and the Chief Investment Officer were not permanently based in Luxembourg or the Greater Region.

This case underlines a broader structural risk. When key decision-makers sit abroad and core functions are outsourced to parent companies,

the "sound and prudent management" of the firm is compromised. From a transparency standpoint, the fact that the firm's name was not published — under existing [legal exceptions](#)— keeps alive a recurring debate: how far should confidentiality extend when an institution has failed basic governance tests?

## The AMLA Frontier: Harmonization vs. Practical Complexity

The upcoming EU [Anti-Money Laundering Authority \(AMLA\)](#) is meant to harmonize supervision and "level the playing field" across the Union. Yet many practitioners in Luxembourg are cautious. At a recent [Luxembourg Times panel](#), compliance officers stressed that "theory and practice may not always align" once rules hit the ground.

The fear is that AMLA could bring more layers of bureaucracy without necessarily improving the detection of money laundering. While Luxembourg is tightening enforcement, other major financial centres such as the US, UK, and Singapore are edging toward deregulation.

As the CSSF prepares to work alongside AMLA, the key test will be ensuring that new rules actually strengthen enforcement and improve transparency and not merely add paperwork for asset managers.

## 3. CRISIS AT THE UNIVERSITY OF LUXEMBOURG

The University of Luxembourg is facing a serious governance [crisis](#), marked by repeated allegations of harassment and what many describe as a [toxic work environment](#).

The sheer number of the reports suggest a lack of transparency, weak checks and balances, and internal mechanisms that do not inspire trust.

The government and the university have ordered external audits to map the full extent of the dysfunction.

The challenge is clear: restore trust, protect academic freedom, and fix a leadership structure that even insiders see as part of the problem.

### **The Financial and Social Cost of Institutional Flaws: 1 million euros in less than 10 years**

According to figures from Minister for Research and Higher Education Stéphanie Obertin, the university spent over €1 million between 2016 and 2025 on 23 staff dispute settlements, including legal and court costs.

These cases are largely linked to allegations of a toxic work environment and bullying, and the issue has moved into the public arena, with masked protesters handing flyers to MPs to warn of an "alarming situation" inside the institution.

Settlement negotiations are handled by the relevant managers (i.e. deans, directors, and vice-rectors) with final approval by the rector. The Council is informed only in certain cases, and even then not consistently.

From a transparency and governance perspective, this selective reporting is itself a cause for concern.

A more comprehensive disclosure framework — in which all cases are reported to the board — is needed to reduce opacity and help the board "connect the dots" in how conflicts are handled.

In response to mounting political and social pressure, the university has committed to an audit of its processes and work environment. The hope is that this will lead to a more transparent and accountable administration.

For now, the situation has clearly moved beyond an internal HR matter and become a question about public and political accountability.

### **A Call for Structural Reform: The Heuschling-Majerus Proposal**

In light of the ongoing crisis and as the university approaches its 25th anniversary, Professors Luc Heuschling (constitutional law) and Benoît Majerus (European history) have used an open letter to challenge its current administrative model and call for an overhaul of the university law and a shift from rigid hierarchy to a more collegial and democratic model.

They argue that governance remains stuck in an early phase, marked by "structural discomfort" and an overly top-down system that leaves too little space for democratic participation.

For those of us concerned with institutional transparency, several elements of their diagnosis stand out:

- **Failure of Internal Oversight:** Bodies meant to mediate and represent staff are widely seen as ineffective. The clearest sign is that employees feel obliged to turn to the press instead of internal channels to voice concerns.
- **The "Harm" Narrative vs. Accountability:** Critics and whistleblowers are often portrayed as trying to "harm the university" rather than raising legitimate issues. This framing protects the institution's image at the expense of honest scrutiny and real accountability.
- **Top-Down Management:** Decision-making for key positions such as the Rector and Deans sits largely with the Board of Governors; the academic community is consulted but not truly empowered.

**« In our view, a more structural issue is tied to a highly hierarchical, insufficiently democratic organization that leaves too little room for the academic community in decision-making.»**

To break this pattern, Heuschling and Majerus propose a collegial governance model with stronger checks and balances and a more direct role for staff and students in major decisions. Rather than focusing on individual scandals, they present the upcoming 25-year milestone as a chance to move from opacity toward a more inclusive and transparent culture.



**Benoit Majerus** • 1er  
Full Professor at University of Luxembourg  
1 mois •

In recent weeks, the [Université du Luxembourg](#) has been in turmoil. I am not in a position to judge whether the cases highlighted in the press are evidence of systemic problems at my employer. The reactions, however, seem problematic at several levels and are revealing of issues that go beyond the individual cases.

Disqualifying people by labelling them as “frustrated individuals” runs counter to everything the university claims to teach in the courses that all members of the institution are expected to follow. Criticizing them for allegedly endangering the university’s international reputation only reinforces this contradiction. Shooting the messenger — in this case the press — is not only a highly questionable response, but also a dangerous practice at a time when the press is already under significant pressure.

If there is a systemic problem at the University of Luxembourg, it is the failure to create spaces for open and explicit confrontation. There is only one union, and votes in the Conseil Universitaire are most of the time unanimous. The fact that the conflict in the FDEF faculty originated partly in the presence of several candidates for a single position is also revealing in this regard. Whether a university should be a space where questions of governance are democratically debated and decided — as is the case in some foreign universities — or whether it should function more like a company is a question that Luxembourg’s politicians will have to decide in the coming months.

[LinkedIn Post by Benoit Majerus](#)

## Elections Under the Lens

Events surrounding the resignation of University of Luxembourg board member Ludger Wirtz and allegations of interference in student elections have further eroded confidence in the university’s governance.

Wirtz stepped down after sending a [critical email](#) to the press, an especially sensitive move given that he sat on the steering committee for the external audit.

Lawmakers have already questioned “the independence of an audit that is both funded and framed by the university itself”. If those responsible for overseeing the process feel compelled to resign, doubts about the audit’s credibility are inevitable.

Even more troubling are [reports](#) that senior figures tried to influence student elections to the Board of Governors. Katalin Ligeti, Dean of the Faculty of Law, Economics, and Finance, and another professor allegedly contacted students to encourage support for a specific candidate. The dean denies the allegations, but students documented the exchanges in official minutes and ultimately abstained from voting.

Participants also described the Rector’s intervention during these discussions as “[angry](#)” or “threatening” which only reinforces the impression of administrative pressure where there should be independent representation.

These incidents highlight a critical need for a stricter separation of powers within the university’s representative bodies.

In response, the government commissioner has recommended that future elections to replace Wirtz be held without “observers” such as deans or members of the rectory. While these figures sit on the University Council, they have no vote,

and their presence is now seen as incompatible with a free and unpressured election.

Rebuilding trust will require more than procedural tweaks; it will mean guaranteeing that the university community can choose its representatives without any shadow of institutional interference.

## University of Luxembourg President Rejects Conflict of Interest Allegations

Yves Elsen, president of the Board of Governors, recently appeared before a parliamentary committee to answer questions about potential conflicts of interest between his university role and his business activities, particularly at Hitec.

He stressed that Hitec does not receive direct funding from the university, that the government knew of its longstanding collaboration when he was appointed in 2016, and that partnerships with research centres are contractual, with companies paying the university for services.

Public and European funds linked to joint projects, he argued, go to consortia rather than to his firm. Past legal proceedings against Elsen, later discontinued, add to the sensitivity of the issue and make the ongoing audit of governance and conflicts of interest all the more significant, which he presents as a chance to clarify rules and create a secure channel for staff to raise concerns:

**« where anyone can express themselves in a safe space, without any fear that their testimony could have a negative impact on their career at the university. »**

If implemented credibly, such mechanisms could help close the gap between official commitments to integrity and the lived experience of staff.

## 4. PUBLIC INTEGRITY: LOCAL SANCTIONS & INTERNATIONAL IRONIES

Recent developments, from a small town in Luxembourg to a major police federation in the UK, underline a basic principle: transparency norms must apply to everyone, regardless of rank or reputation.

### The Traversini Verdict

The "garden shed affair" involving former Differdange mayor Roberto Traversini has become a textbook case of blurred lines between public and private interests. In 2019, he admitted converting a garden shed in a Natura 2000 protected zone without proper planning permission, saying he was unaware of the rules.

The scandal deepened when it emerged that the municipality's construction department had drafted the floor plans for his private property and that CIGL Differdange — a local employment initiative he chaired — had carried out the work.

On 12 March 2026, the court sentenced Traversini to three years' probation, a €10,000 fine, and a five-year ban from holding political office (with some association mandates exempt), and ordered him to pay legal costs.

Beyond the personal sanctions, the case revealed deeper problems:

- **Misuse of Public Resources:** Municipal staff and a publicly backed initiative were deployed for private benefit.
- **Regulatory Gaps:** Construction went ahead in a protected zone without permits, contributing to a broader political crisis and the resignation of the Environment Minister.
- **Toxic Administrative Culture:** Testimony during the trial depicted a work environment marked by mistrust and internal rivalries.

Even without proof of classic corruption, the pattern points to vulnerabilities in local governance where poor controls, opaque decision-making, and internal tensions can open the door to abuse. The pending appeal does not change the broader lesson: accountability and clear procedures are essential safeguards against "administrative inaccuracies" drifting into misconduct.

For our organization, the Traversini case underlines why robust transparency rules and comprehensive training of officials at municipal level are as important as those at the national or European scale.

## 5. WHISTLEBLOWING & INTEGRITY QUESTIONS AT THE HELM

The arrest of Mukund Krishna, Chief Executive of the Police Federation of England and Wales (PFEW), illustrates a different but equally revealing paradox. Krishna, appointed in 2024 to help stabilize an organisation in financial distress, was detained on suspicion of fraud by abuse of position.

The City of London police are investigating alleged irregularities in governance and financial decision-making within the federation.

The irony is twofold:

- **A Public Advocate for Disclosure:** Only weeks before his arrest, Krishna had written publicly about the importance of whistleblowing, warning that "wrongdoing thrives" when people are afraid to speak. He pledged more support for officers reporting internal misconduct.
- **Caught by the System He Endorsed:** The investigation was reportedly triggered by disclosures from current and former federation members — precisely the kind of internal reporting culture he claimed to champion.

The case also clarifies a crucial legal point: the police have stated that Non-Disclosure Agreements do not prevent people from reporting suspected criminal conduct. Public interest disclosures override contractual confidentiality, and "gag orders" cannot lawfully be used to bury allegations of crime.

For transparency advocates, this episode is a reminder that reformist credentials and past achievements do not exempt leaders from scrutiny. An organization that claims to stand for integrity must ensure that its own leadership is subject to independent investigation when questions arise. Ultimately, whether in Differdange, Luxembourg City, or London, public trust depends less on lofty statements than on visible, credible processes that allow wrongdoing to be reported and properly examined — whoever is involved.

## 6. MIND THE GAP: LUXEMBOURG'S PERFORMANCE IN THE OECD INTEGRITY OUTLOOK 2026

The new OECD Anti-Corruption and Integrity Outlook 2026 highlights a familiar global problem: integrity rules are getting stronger, but real-world implementation is lagging behind.

For Luxembourg, the picture is particularly uneven. The country scores 0% on the OECD criteria for a strategic integrity framework, yet there has been some progress, notably the launch of a lobbying register in 2024. However, the OECD notes that Luxembourg still lacks a dedicated supervisory authority for lobbying transparency, and existing sanctions apply only to members of Parliament.

In contrast, France's High Authority for Transparency in Public Life (HATVP) provides independent oversight, while Belgium relies on more formalized parliamentary and regional transparency systems.

Against this backdrop, Luxembourg's lack of a dedicated watchdog weakens the credibility of its framework.

Conflicts of interest are another blind spot. All MPs have filed the required declarations, but no equivalent data exists for members of Government, and judges and prosecutors are under no legal obligation to declare interests or assets. This helps explain why practice scores for judicial and prosecutorial integrity remain low, at just 20% and 21%, despite the modernized framework introduced by the 2023 Law on the Status of Magistrates.

Political finance rules show similar gaps. There are no caps on campaign spending, and no clear bans on using public resources to favour or oppose parties.

The civil service disciplinary system illustrates the core problem in numbers: Luxembourg meets 92% of the OECD criteria on paper — the strongest regulatory score of all the assessed areas — but implementation in practice is rated at only 17%.

Taken together, these findings support the OECD's central message: Luxembourg now needs to move beyond formal compliance and adopt a genuinely risk-based, results-oriented approach, so that integrity safeguards work not just in law, but in everyday decision-making.

## 7. EUROPEAN PARLIAMENT APPROVES NEW UNIFIED ANTI-CORRUPTION RULES

On 26 March 2026, the European Parliament adopted the first EU-wide criminal law framework to harmonize how corruption offences — including bribery, misappropriation, and illicit enrichment — are defined and punished across the Union.

The directive sets minimum standards for maximum penalties, aiming to close

enforcement gaps in cross-border cases and make sanctions more consistent.

It also strengthens cooperation between national authorities and EU bodies such as OLAF and Europol, and requires member states to adopt national anti-corruption strategies backed by independent oversight bodies. Once the Council gives its formal approval, member states will have 24 to 36 months to transpose these rules into national law.

This directive has wide-ranging implications for Luxembourg's domestic framework for addressing corruption risks and enforcement and L4T will be actively engaging on these developments.

## 8. L4T IN THE SPOTLIGHT: A NEW VOICE FOR TRANSPARENCY

We are proud that Luxembourg for Transparency was featured in the *Luxembourg Times* for our vision to promote integrity in the Grand Duchy.

In the short term, our focus is clear: helping Luxembourg turn the new EU anti-corruption directive into concrete action. We will advocate for a strong, measurable national strategy and for the creation of an independent anti-corruption agency. By filling a gap in local civil society, L4T aims to provide sustained, direct advocacy on transparency and anti-corruption, along with clear analysis and practical tools for public officials, institutions, private actors, and citizens.

We invite you to join us as we grow our team and community. Together, we can push for a more transparent and accountable future for Luxembourg.

Contact us: [newsletter@l4t.lu](mailto:newsletter@l4t.lu)

Photo by [Franck Ridel](#) on [Unsplash](#)