TRANSPARENCY DISPATCH
JULY 2026

Welcome to the Luxembourg for Transparency (L4T) newsletter!

We're a newly established nonprofit (asbl) based in Luxembourg, working independently and 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.*

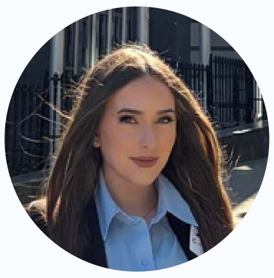
Each month, we'll share key developments on corruption, integrity, accountability and governance in Luxembourg and beyond: what's changing, what's missing, and where pressure or reform is most needed. You'll also find research insights and updates on our activities and collaborations with civil society,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

Contact us: newsletter@l4t.lu
Photo by Franck Ridel on Unsplash

Newsletter Team

Elifsu Yigit
Graduate Associate



Sibel Kocak
Graduate Associate

LUXEMBOURG FOR TRANSPARENCY

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

1. LUXEMBOURG'S IMMIGRATION FRAUD SCANDAL: WHEN CORRUPTION HIDES INSIDE THE INSTITUTION

A major fraud investigation at Luxembourg's Directorate General for Immigration has exposed deep failures in internal oversight, raising urgent questions about how criminal networks embed themselves within public administrations, and what it takes to detect them.

A total of 28 people have been formally charged following 27 searches carried out across immigration offices, the Ministry of Higher Education, several businesses, and social security institutions since the investigation began in the summer of 2023.

The alleged offences span corruption, influence-peddling, money laundering, document forgery, migrant smuggling, and subsidy fraud, all centred on residence permit applications submitted by third-country nationals seeking to work or study in Luxembourg. **Investigators believe more than 200 individuals obtained state benefits through forged documents, with intermediaries apparently exploiting established connections inside the administration to facilitate the scheme.** The full financial damage remains unknown.

What makes the case particularly troubling from a governance standpoint is the timeline of awareness versus action. **The Immigration Directorate itself filed internal reports of suspected wrongdoing as early as January 2023, yet the first searches did not take place until July of that year, and the first suspensions within the directorate only followed in December 2023.**

Interior Minister Léon Gloden has acknowledged that he was only informed of the probe in April 2025 and that he learned of the directorate's own 2023 complaint only in the days following the public prosecutor's press release.

Parliamentary deputies from multiple parties have described what has been disclosed so far as likely only the tip of the iceberg, with some files dating back to 2002. The minister himself admitted that **"we do not yet know the full extent of this case"** and has ordered an independent administrative audit, to be conducted by consulting firm Résultance, to identify weaknesses in internal controls.

For compliance and AML professionals, the case carries lessons that extend well beyond immigration policy. Minister Gloden himself noted that organised crime routinely uses legal structures and legitimate processes to pursue illegal objectives, a pattern that echoes directly the typologies seen in financial crime.

The scandal also highlights a specific structural vulnerability: **current data protection legislation prevents investigators from alerting other public authorities and social security bodies about identified fraud cases while an investigation is ongoing**, meaning fraudulently obtained payments can continue to flow uninterrupted.

The government has approved a new inter-agency data-sharing platform designed to help authorities detect suspicious patterns earlier, but its effectiveness will depend entirely on whether the internal control gaps exposed by this scandal are genuinely addressed or quietly absorbed into institutional memory. The presumption of innocence applies to all persons under investigation.

2. BENEFICIAL OWNERSHIP TRANSPARENCY BACK BEFORE THE CJEU: LUXEMBOURG REFERS A NEW CASE

A new referral from Luxembourg's District Court to the Court of Justice of the European Union reopens one of the most contested questions in AML compliance:

When does the right to privacy override the public interest in knowing who really owns a company?

The case, registered as C-609/26 under the name Luxembourg Business Registers II and filed on 29 May 2026, centres on a beneficial owner from the United Arab Emirates who holds a senior political position and is seeking to restrict access to information linking him to a Luxembourg holding company.

The company's primary purpose is to hold a stake in a French real estate entity that owns a residential property used as a secondary home. His legal team argued that his high-profile political role makes him a target for hostile actors, terrorist groups, and foreign intelligence services, and that disclosure of his asset connections could be exploited for political destabilisation.

Luxembourg Business Registers nonetheless rejected the anonymisation request, finding that political prominence alone did not amount to the kind of disproportionate risk required under current rules.

The referral builds directly on the 2022 CJEU Sovim ruling, which found that fully public access to beneficial ownership registers infringed EU citizens' privacy rights and effectively ended unrestricted public access across member states.

That decision led to the introduction of "legitimate interest" access rules under the Sixth Anti-Money Laundering Directive, adopted in May 2024, rules whose interpretation is now directly at stake in this new case.

The central question the CJEU will need to answer is how to define and quantify "disproportionate risk" in practice: a concept that sits at the heart of the tension between financial transparency and fundamental rights.

For compliance professionals and transparency advocates, the stakes are significant. If the CJEU rules in favour of broader anonymisation rights for politically exposed persons, it could further narrow the category of individuals whose ownership data is practically accessible, precisely the group that AML frameworks are designed to scrutinise most closely.

The case is a timely reminder that beneficial ownership transparency is not a settled question, but an actively contested legal frontier, and that the outcome of a referral from a Luxembourg commercial court can reshape due diligence practices across the entire European Union.

3. LUXEMBOURG ENSHRINES JOURNALISTS' RIGHT TO PUBLIC INFORMATION: A MILESTONE WITH CAVEATS

After more than 15 years of advocacy, Luxembourg has for the first time made journalists' access to public information a legal right, but gaps in the new law leave open questions about whether transparency will be meaningful in practice.

On 7 July, Luxembourg's Chamber of Deputies unanimously approved a new media law establishing a legally binding right for journalists to access information held by public institutions.

Until now, that access depended entirely on administrative discretion, governed by internal circulars that journalists had to invoke on a case-by-case basis with no guarantee of a response. **The Association Luxembourgeoise des Journalistes Professionnels (ALJP) and the Press Council, both involved in drafting the legislation, had been pushing for this change for over 15 years.**

The International and European Federations of Journalists welcomed the law as a meaningful step forward in holding power to account. The welcome, however, comes with reservations.

The ALJP has flagged three structural weaknesses:

- The absence of a binding deadline for institutions to respond to information requests; the European standard sits at 15 days,
- Broad and vaguely defined exceptions that allow authorities to withhold documents,
- Insufficient safeguards around the redaction of materials.

In other words, the right now exists on paper, but the conditions under which it can be exercised in practice remain contested.

Authorities retain significant discretion to decide what information lacks sufficient public value to be disclosed a carve-out that, left undefined, risks being used to shield precisely the information that most needs scrutiny.

For a transparency and governance audience, the significance of this development goes beyond press freedom. Access to public information is one of the foundational tools through which journalists, civil society, and oversight bodies can detect misconduct, track the use of public funds, and identify conflicts of interest before they escalate.

The immigration fraud scandal that surfaced in Luxembourg the same week, in which warning signs went unaddressed for years inside a public institution, is a timely illustration of what inadequate information flows can enable. A media law that grants the right to ask without guaranteeing the right to receive a timely and complete answer is a step forward, but only half of one.

4. LUXEMBOURG'S ADMINISTRATIVE APPROACH TO ORGANISED CRIME: A NEW TOOL IN THE FIGHT AGAINST CRIMINAL INFILTRATION

As Luxembourg grapples with the immigration fraud scandal detailed earlier in this newsletter, it emerges that the home affairs ministry had already been building a coordinated inter-agency framework to detect organised crime at an earlier stage, and the pilot phase is now underway.

The approche administrative, two years in the making, is designed to bring ministries, administrative bodies, and local authorities into the fight against organised crime alongside the police and judiciary, rather than leaving detection and disruption entirely to criminal law enforcement.

The project was launched in September 2024, following ministerial approval that summer, and in January 2025 the Interior Minister wrote to all relevant government departments asking each to designate a contact person for the initiative.

The rationale is straightforward: criminal networks have long since moved beyond traditional drug trafficking and covert laundering, and are now systematically using legitimate business structures as cover.

According to a Europol report cited in the interview, 85% of criminal networks make use of legal business fronts, while two-thirds resort to corruption to facilitate their activities.
Luxembourg's own warning signs are accumulating: **a record seizure of 890 kilograms of cocaine in the north of the country in February 2025** confirmed that the Grand Duchy is increasingly being used as a transit point.

The framework is explicitly complementary rather than replacing existing law enforcement: administrative bodies would use their existing powers inspections, permit refusals, targeted checks, administrative sanctions in a more coordinated and risk-driven way.
A six-month pilot phase was approved by cabinet on 26 June 2026, with an inter-ministerial working group set to begin examining real cases from September.

Rather than drafting comprehensive new legislation immediately, the government intends to test the method in practice first, identifying where information-sharing is already possible and where legal or organisational obstacles remain.

The inspiration draws on models already operational in Belgium and the Netherlands, and a December 2025 international conference co-organised with the Benelux General Secretariat brought together over 100 experts from Europol, the UN Office on Drugs and Crime, and Italian anti-Mafia specialists to share experience.

For compliance and AML professionals, the approach administrative reflects a broader shift in how European governments are conceptualising financial crime prevention, moving from reactive prosecution toward proactive, cross-institutional risk detection.

The immigration fraud case, in which criminal intermediaries exploited procedural gaps across multiple public bodies for years before detection, illustrates exactly the kind of vulnerability this framework is designed to address.

The "two-legs approach" invoked by the Ministry as Criminal Law one leg, administrative coordination as the other, maps directly onto the compliance community's own dual emphasis on detection and prevention.
Whether the pilot phase produces the legal clarity and inter-agency trust needed to make it operational at scale will be one of the more consequential governance questions Luxembourg faces in the months ahead.

5. GRECO'S 2025 REPORT: ANTI-CORRUPTION REFORM IS PROGRESSING, BUT NOT WHERE IT MATTERS MOST

The Council of Europe's latest anti-corruption review confirms a pattern that should concern compliance professionals as much as policymakers: the higher up the political hierarchy, the weaker the integrity controls tend to be.

GRECO's 26th General Activity Report, covering 48 member countries across Europe and the United States, found that implementation of its recommendations for top executive functions remains overall unsatisfactory, with more than a third left entirely unimplemented, 41% only partially addressed, and just 22% fully in place.

The gaps identified are not technical abstractions: they translate directly into governments that lack enforceable rules on gifts, outside interests, contacts with lobbyists, asset declarations, and post-employment restrictions for ministers and senior advisers.

By contrast, law enforcement agencies fared somewhat better, with 35% of recommendations fully implemented and 37% partly in place, though persistent concerns remain around merit-based recruitment, operational independence, and whistleblower protection within police and prosecutorial bodies.

GRECO also flagged that political polarisation and nationalist pressures are making reform harder to advance in several countries.

The report's section on access to information carries particular weight for a transparency audience. GRECO found that delays in responding to information requests, an overuse of exceptions, and low levels of proactive disclosure remain widespread and that these failures are not administrative inconveniences but material obstacles to detecting financial crime.

When procurement records are incomplete, lobbying contacts are undisclosed, and asset declarations go unchecked, the conditions are created in which bribery, hidden influence, and illicit enrichment can operate without triggering the red flags that compliance teams, journalists, and investigators rely upon.

The report points to a handful of encouraging models: Germany's executive footprint in law-making, Iceland's merit-based police recruitment reforms, the UK's NCA confidential reporting tool, but notes that good practices remain unevenly distributed.

For AML and compliance professionals, the practical takeaway is straightforward: public sector integrity failures are not a separate governance concern; they are a financial crime risk factor. Weak conflict-of-interest frameworks, vague revolving-door rules, and unverified asset declarations at the top of government are the structural conditions that generate the PEP risk, opaque procurement patterns, and hidden beneficial ownership that regulated entities are expected to detect and report.

As Bastian Schwind-Wagner of Luxembourg for Transparency notes in his commentary on the report, closer monitoring of politically exposed relationships and stronger transparency checks remain essential tools, not optional enhancements for any credible compliance programme.

Bastian Schwind-Wagner's compliance analysis also features in two investigative pieces in this newsletter's previous edition.

6. EU RULE OF LAW REPORT PUTS LOBBYING GAPS AND ANTI-CORRUPTION ENFORCEMENT BACK IN THE SPOTLIGHT

The European Commission's annual assessment of member states singles out Spain and Hungary for insufficient progress on conflict-of-interest rules, lobbying transparency, and judicial integrity, a reminder that the gap between anti-corruption legislation and its practical enforcement remains a defining challenge across the EU.

In its 2026 Rule of Law report, the European Commission criticised Spain for limited progress on conflict-of-interest rules and asset declaration requirements for senior public officials, despite having tabled a draft Public Integrity Law and adopted a State Anti-Corruption Plan.

The Commission's core finding is not the absence of rules, but the failure to implement them effectively, calling specifically for an independent supervisory body equipped with real investigative and sanctioning powers.
The report lands against a backdrop of high-profile cases in Spain: a former transport minister was recently handed a record prison sentence for rigging public contracts in exchange for kickbacks during the Covid pandemic, while a former prime minister faces charges including money laundering and influence-peddling linked to the 2021 bailout of an airline.

A mandatory public lobbyist register, still absent, is among the measures the Commission has urged Madrid to adopt.

Hungary faces parallel criticism, with the Commission finding no progress on the transparency of case allocation in lower courts, no structured implementation of pay rises for judicial staff, and a continuing absence of lobbying and revolving-door regulations.

While the Commission acknowledged that the new government under Prime Minister Péter Magyar has made genuine efforts to reverse the rule-of-law deterioration of the Orbán era, including reforms to the asset declaration system and steps toward joining the European Public Prosecutor's Office, it stressed that significant shortcomings remain, particularly around judicial independence and integrity frameworks.

For compliance professionals, the report's value lies less in its country-specific findings than in what it reveals about the structural conditions that allow financial crime to thrive.

Weak lobbying rules, absent revolving-door restrictions, and unenforceable asset declarations are not merely governance failures; they are the environment in which conflicts of interest go undisclosed, procurement decisions become opaque, and PEP risk becomes difficult to assess meaningfully. The Commission's repeated emphasis on the gap between rules on paper and enforcement in practice echoes a familiar compliance principle: a framework without implementation is not a safeguard; it is a formality.

7. OPENLUX: CHINA'S CENTRAL BANK HAS BEEN QUIETLY BUYING INTO EUROPE'S CRITICAL INFRASTRUCTURE THROUGH LUXEMBOURG SHELL COMPANIES

A major OCCRP investigation has revealed how an agency managing China's foreign currency reserves used a web of Luxembourg holding firms and British Virgin Islands shell companies to acquire stakes in European critical infrastructure largely invisible to the public thanks to opacity in corporate ownership structures.

Reporters from OCCRP and partner outlets, including Follow the Money, identified 28 Luxembourg-registered companies linked to SAFE Investment Company, a sovereign wealth fund overseen by China's central bank with assets under management of $1.952 trillion.

By piecing together fragmented corporate registries across Europe, journalists traced a portfolio spanning a building used by the European Commission, a Belgian police headquarters, wind farms in Scotland, a fibre-optic cable company in France, and logistics centres across Poland used by major e-commerce operators.

Most of the Luxembourg firms involved had never previously been publicly linked to SAFE. China experts cited in the investigation noted that Luxembourg functions as China's financial hub within the EU, with Chinese banks and investment vehicles concentrated there precisely because of its holding company infrastructure.

The investigation illustrates how corporate structures, holding companies, offshore intermediaries, and layered ownership chains can render the true controllers of significant assets functionally invisible, even when those assets sit at the heart of European public life.

Experts quoted in the reporting warned that increasing opacity in company ownership across Europe now prevents the public, and often regulators, from knowing who controls critical infrastructure, a gap with direct security implications.

The European Parliament and European intelligence agencies have previously flagged risks of economic dependence, espionage, and potential sabotage linked to opaque foreign ownership of strategic European assets.

For AML and compliance professionals, the case reinforces a familiar but urgent point: beneficial ownership transparency is not only a financial crime tool, but also a national security instrument.

When the chain from a Luxembourg holding company to its ultimate state-level beneficial owner requires years of cross-border investigative journalism to reconstruct, it is a signal that the current disclosure framework, even post-6AMLD, leaves significant blind spots. The question of who really controls what sits at the intersection of every major governance challenge this newsletter covers.

8. WHAT'S NEW AT L4T ?

New Board Member

Luxembourg for Transparency is pleased to announce that its Board of Directors is now complete, following the appointment of its seventh and final member, **Céline Derveaux.** Céline brings an extensive background in public diplomacy and communication strategy, having served as Press Attachée to the Prime Minister of Luxembourg and Head of Communication for the Ministry of Gender Equality and Diversity.

Her expertise in institutional governance and media relations will be a valuable asset as L4T expands its civic education initiatives and stakeholder engagement across the Grand Duchy.

This appointment marks an important step in the development of our young organisation as we continue building a culture of integrity and transparency.

Meeting with the CSSF

L4T recently had the opportunity to meet with the leadership of the Commission de Surveillance du Secteur Financier (CSSF), Director General Claude Marx, Director Jean-Pierre Faber, and Nadine Holtzmer, Head of the Department of Financial Crime Prevention, for an hour-long discussion offering a civil society perspective, distinct from typical industry-focused conversations.

The meeting touched on several key regulatory developments: the CSSF's institutional approach to strengthening whistleblowing frameworks, the upcoming implementation of the Anti-Corruption Directive, and the anticipated impact of the Anti-Money Laundering Authority (AMLA) on the local ecosystem.

Particularly encouraging was the CSSF's support for our awareness-raising work; their stated priority of reducing regulatory friction through education and transparency echoes closely the mission we are building at Luxembourg for Transparency.

Meeting with Luxembourg's Ministry of Justice and Finance

Luxembourg for Transparency recently established a long-term technical dialogue with the Luxembourg Ministry of Justice and Ministry of Finance to bridge the gap between public administration and civil society.

This forward-thinking collaboration focuses on three strategic pillars designed to strengthen the Grand Duchy's integrity framework:

- supporting a national anti-corruption strategy aligned with international standards,
- reinforcing financial market resilience through enhanced data quality,
- exploring secure disclosure channels for independent data gathering.

By integrating these priorities into national policy, L4T aims to ensure that transparency becomes the operational norm, securing Luxembourg's reputation as a globally trusted financial center and fostering a more accountable, cohesive society.

New Opinion Article

We are also pleased to share our latest opinion article, "The Future of Open Governance in Luxembourg," published on July 22.

This piece serves as a comprehensive synthesis of the "Transparency in Practice" webinar hosted by L4T in partnership with ETICC during Open Gov Week 2026. Building on the expert panel discussions, the article evaluates Luxembourg's current "digital by default" trajectory following its 2023 withdrawal from the Open Government Partnership (OGP).

Drawing on the persistent gaps in data usability and the institutional obstacles facing citizen assemblies, the article offers insights for anyone following the evolving landscape of accountability and the right to information in Luxembourg.

We invite you to read the full analysis and explore our recommendations for modernising Luxembourg's transparency framework.

Multilingual Accessibility

To better serve our community, the L4T website is now available in German. French and Luxembourgish versions are in progress and will follow shortly.