
CYPRUS* DEFENDS REPUTATION ON RUSSIA MONEY LAUNDERING

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Andrew Rettman

Cyprus* has defended its reputation on money laundering after a British MP called for its international rating to be downgraded.

The Cypriot justice ministry said on Friday (27 October) that Moneyval, a European rating body, had "established * that the Republic of Cyprus* was in full compliance with international measures".

It said allegations that it sat on evidence in a high-level Russian case and stonewalled French prosecutors were "completely groundless".

"The investigation [into the Russian case] on the part of Cypriot authorities is open and ongoing" and "cooperation with French authorities ... is underway without any problems," it said.

It spoke out after a British MP said Moneyval should cut Cyprus*' rating from "largely compliant" to "non compliant".

The MP, Ian Austin, from the opposition Labour Party, urged the British treasury to recommend the step.

His letter, dated 13 October, said he had "grave concerns about the Cypriot government's complicity in facilitating Russian organised crime and money-laundering."

He said it had been "actively involved in the obstruction of an international money-laundering investigation" into a €195-million fraud against the Russian tax office.

He also said French prosecutors had requested help from Cyprus*, but the Cypriot justice ministry "blocked this request for over two years with the result that the documents were supplied only last week".

Cyprus* rating

The British treasury said it was looking into the complaint.

Moneyval, a branch of the Council of Europe in Strasbourg, is to evaluate Cyprus* in early 2019, with preparations to start next year.

But Jaime Rodriguez, a spokesman, told EUobserver it would be difficult to speak of "downgrades"

because Moneyval had adopted new ratings since its previous Cyprus* assessments.

"Technically speaking, there is no such thing as 'downgrading' from previous ratings, as all ratings will be based on revised standards," he said.

The ██████████ Russia fraud was exposed by Sergei Magnitsky, an accountant, who was subsequently jailed and killed.

Some of the money was moved out of Russia via Cyprus* into other EU states. It paid for real estate, art, and yachts. It also trickled back, via shell firms, to Russian president Vladimir Putin's inner circle.

Bill Browder, Magnitsky's former employer, who has campaigned for EU sanctions in his name, gave Cyprus* 133 pages of evidence on the case four years ago.

Bank extracts, seen by this website, showed that ███ million of the money was moved via Cypriot banks.

Flight records also showed that Russian suspects frequently visited the island.

Russian crime

Browder told EUobserver on Friday that Cypriot authorities sat on it because they were "unwilling to go after the Russian fraudsters who planned this crime in Cyprus*".

He said Paris had had to appeal to Eurojust, an EU judicial agency, to get Nicosia to cooperate.

He also said Cyprus* was helping Russia to go after him instead.

Browder, a British former hedge fund manager in Russia, is fighting a court battle to stop Cyprus* from inviting Russian interrogators to question his lawyers.

The Russian mission is meant to dig up material for Russia's claim that Magnitsky stole the money and that Browder had him killed.

Putin personally raised the issue with Cypriot president Nicos Anastasiades on his visit to Moscow on Tuesday.

The Russian leader said he looked forward to a decision that would allow the two countries to cooperate on the "multimillionaire Bill Browder".

Anastasiades said the matter lay with the court, which holds a hearing on 5 November.

Offshore 'colony'

Cyprus* is a financial centre that hosts more than 14,000 offshore firms, at least 12,000 of which have no physical presence on the island.

Russian clients love it for its favourable tax regime and as a holiday spot.

It also has a weak record of going after fraudsters - Moneyval's last Cyprus* review, in 2011, said it had convicted just two people and issued only nine orders to freeze accounts since 2005.

Cyprus* already let Russian interrogators question Browder's lawyers on a previous occasion, even

though France and the UK, as well as Interpol, the international police agency, denied such Russian requests on grounds they were politically motivated.

Browder said events had shown that Russia's jurisdiction now extended into the EU country.

The lack of rule of law in Russia posed a threat to investors in both places, he said.

"Cyprus* has unfortunately become a de facto colony of Russia and that makes its business climate dangerous and unpredictable," he said.

(*) AVİM uses "Cyprus" as a geographic name. AVİM considers the expression "Republic of Cyprus" to mean the Greek Cypriot Administration of Southern Cyprus.

Kaynak/Source: