
EU COURT SET TO SIDE WITH ACCUSED LATVIAN BANKER

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Latvia was wrong to have suspended its central bank chief from his job over bribery allegations, an EU jurist has said, as Europe struggles to clamp down on financial crime.

Latvian authorities, earlier this year, barred Ilmars Rimsevics, its central banker, from his duties, including from attending meetings of the European Central Bank's (ECB) governing council.

They did it on charges that he took ████████ in bribes five years ago and accepted a free fishing trip to Russia in return for helping a private bank with its regulatory problems.

The Latvian lender, Trasta Kommercbanka, was implicated in an ██████ money laundering scheme and shut down in 2016.

A lawyer working on its insolvency, Martins Bunkus, was also shot dead in Riga in May this year.

Rimsevics denies the accusation and is fighting the case in Latvian courts.

The ECB has also mounted a legal challenge at the EU court in Luxembourg, saying that, under EU law, a member state can only bar ECB governors from their duties if they were "guilty of serious misconduct".

One of the EU court's senior jurists, Juliane Kokott, said on Wednesday (19 December) that Riga had failed to prove this was the case.

"No ruling on the substance of the case [was] ... given by a Latvian court," prior to his ECB ban, Kokott said in an opinion.

Latvian prosecutors did provide "documents [that] contain a description of the acts allegedly committed by Mr Rimsevics", but these papers "do not contain any factual evidence capable of establishing that those acts did in fact take place", Kokott noted.

"There is ... no evidence before the court that would allow it to ascertain whether the allegations made against Mr Rimsevics are well founded," he added.

EU court judgments usually, but not always, follow the advocate general's opinion.

A ruling in the ECB's favour would bolster the eurozone decision-maker's independence from national capitals.

But if it later comes out that Rimsevics was guilty, that would further harm Europe's reputation on

bank probity after a series of money-laundering scandals.

This year alone, Denmark's Danske Bank and Germany's Deutsche Bank were implicated in a [] dirty money affair, with Estonia, also on Wednesday, arresting 10 people who used to work at Danske Bank's branch there.

Latvia's ABLV bank and Malta's Pilatus Bank lost their licences this year after the US treasury department accused them of violating sanctions, paying bribes, and money laundering.

The money trail from a massive Russian tax fraud 10 years ago, which involved the killing of anti-corruption activist Sergei Magnitsky, has also led to banks in EU states Austria, Cyprus, Finland, France, Germany, and the UK.

EU countries on Wednesday agreed to give the European Banking Authority (EBA), an EU agency in London, extra powers to clamp down on wrongdoing.

They said it could order individual banks in EU states to "take all necessary action" against money laundering in cases where national regulators failed to do their job.

They also agreed to boost its anti money-laundering (AML) staff from two people to 10 to help monitor the problem.

The measures fall far short of the ECB's own idea - to create a new EU agency dedicated to AML - and do not give the EBA the power to impose penalties for non-compliance, however.

The EBA is to move from London to Amsterdam after the UK leaves the EU next year.

Kaynak/Source: