
LITHUANIAN BANK NAMED IN NEW EU 'LAUNDROMAT' LEAK

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A now-defunct Lithuanian bank was used to help move billions of euros of suspicious money out of Russia, according to leaked documents.

Ukio Bankas, which was shut down due to insolvency by Lithuanian regulators in 2013, had operated accounts for at least 35 shell firms in a scheme dubbed the 'Troika Laundromat' by the Organised Crime and Corruption Reporting Project (OCCRP), a Sarajevo-based club of investigative journalists.

Austrian, German, and US banks Raiffeisen, Commerzbank, Deutsche Bank, and Citibank also helped by handling euro- and dollar-denominated transactions for the scheme.

The "laundromat" centred round Troika Dialog, a former Russian investment bank, and a network of about 70 offshore firms, whose beneficial owners remained unclear.

Together with the EU banks, they moved around [] out of Russia between 2003 and 2013 into the EU and the US.

"Under the direction of Troika Dialog, billions of dollars from Russia flowed into these Ukio accounts," the OCCRP said on Monday (4 March).

"The money was broken up and transferred among the [Troika] Laundromat companies before being sent onward to various recipients, known and unknown. The transactions were mostly bogus, supported by fake paperwork describing the trade of non-existent goods. On its way out of the system, the money passed through correspondent bank accounts in the West, typically through Austrian and German banks," it added.

Not all the transactions were suspicious, the OCCRP said.

But almost [] of them were linked to well-known crimes in Russia, including a fuel price scam at Moscow's Sheremetyevo airport in 2012 and a tax rebate scam involving the death of a Russian whistleblower, Sergei Magnitsky, in 2009.

Some of the tainted money was then spent on a wide array of goods and services in Europe.

These involved a donation to the British royal family, purchase of real estate in the UK and Spain, luxury yachts, art, payments for medical services and private school fees, and purchases of jets

and luxury cars.

The OCCRP investigation was based on a massive data leak, covering more than \$470bn [██████████] transferred via 1.3m transactions from 233,000 companies, it said.

It comes on the heels of revelations that the Estonian branch of Danish lender Danske Bank handled hundreds of billions of euros of suspicious Russian money.

A Latvian bank, ABLV, was shut down last year after US investigators accused it of "institutionalised money laundering".

A Maltese lender, called Pilatus Bank, was also shut down last year on similar grounds.

The European Commission is trying to boost the oversight powers of the European Banking Authority, an agency currently still in London.

The European Parliament has also created a special committee to look into the issues.

But Transparency International, a Berlin-based NGO, called for more decisive action.

The latest OCCRP findings "make the case for an EU-wide anti-money laundering supervisory authority" stronger than ever, it said on Monday.

"The European banking system should be a firewall that stops corrupt money from Russia and elsewhere being siphoned out of these countries' economies. Instead, we see time and again how easy it is to launder and hide the proceeds of corruption, tax evasion, or other criminal activities in Europe," the NGO's Patricia Moreira said.

"Without more effective supervision of banks, we will see more scandals like this undermining the entire EU banking system", she added.

Kaynak/Source: