

Danske Bank's €200bn money laundering scandal



Eva Jung

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Mechelen, April 2019





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- [illegible]







Danske Bank

- Denmark's biggest lender.
- Dating back to 1871
- Net profit 2017: 2,7 bn euro
- Headquarters, central Copenhagen
- Bought Finnish Sampo Bank in 2006
- No a proper due diligence. Did not react to warnings.

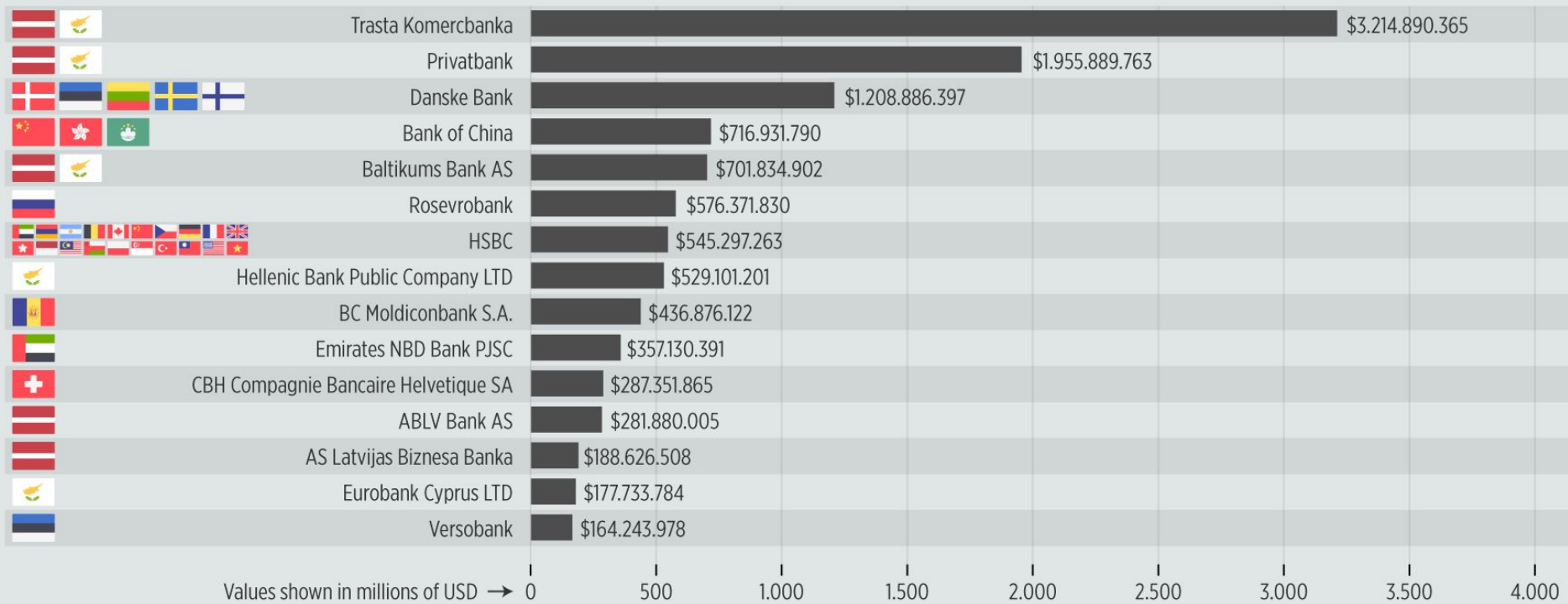
THE RUSSIAN

LAUNDROMAT EXPOSED



foto: η εφημερίδα των συντακτών

Bank families recieving the most money



First signs of suspicious transactions

Danske Bank Estonia:

1.554 transactions / Almost €1 bn

Analysing the data

- Non resident customers
- Companies offshore/offshore ownerships
- Beneficial owners – real or fake
- Real company?
- Adresses in office hotels in UK or NZ
- Do official figures fit?
- Suspicious transaction flows: money to and from offshores daily, very large, even sums, fake purposes, money to PEPs.



LCM Alliance LLP

- British office hotel – 2.158 other companies
- Real owners hidden behind companies in the seychelles.
- Ali Moulave, Iranian dentist, living here in Belgium. He had 127 positions as beneficial owner in the UK.
- Accounts = no activity
- Banking statements = hundred of millions of euros.
- No activity: No factory, no shops, no employees, website etc.



Fra Buzzfeed

Berlingske  GRUNDLÆGT 1749
A.F.E.H. BERLING
BERLINGSKE.DK

Tirsdag 27.03.2017 | 3 sektioner | kr. 35,00 | Uge 12 | Nr. 80



Hvidvaskede

milliarder fossede gennem danske banker

Mere end syv milliarder kroner, der ifølge flere landes myndigheder stammer fra kriminalitet, er mellem 2011 og 2014 blevet kanaliseret via konti i **Danske Bank** og **Nordea** til lyssky selskaber i skattely. Det viser unikke bankdata, som Berlingske har fået adgang til. Ifølge flere eksperter kan bankerne have brudt loven om hvidvask. Finanstilsynet går nu ind i sagen.

BUSINESS. 04-08

“ Vi har ikke haft styr nok på den her type af kunder og ikke været gode nok til at overvåge mistænkelige transaktioner i den estiske filial.

Flemming Pristed,
chefjurist i Danske Bank

**NESBØ HAR SØLT
30 MIO. KRIMIER.
MEN NU ER DET
NOK SNART
SLUT**



NYHEDER. 04

**Tvetydig
forklaring
på tyrkisk
telefonlinje**

»Det er min pligt at angive dansk-tyrkere til de tyrkiske myndigheder,« siger en anonym kilde til Berlingske. Det handler om herre, ikke om registrering af politiske færdigheder, forklarer den tyrkiske ambassade.

NYHEDER. 04

**DRAKES
BUD PÅ
POPPENS
DIGITALE
FREMTID**



B

- »We haven't had sufficient control over this type of customer and we have failed to monitor suspicious transactions in the Estonian branch. We have since corrected this, but it took too long to close down these activities. Status now is that all but one of these customer relationships have been settled,« said Flemming Pristed, General Counsel at Danske Bank.
- "We reacted clearly and constructively when we noticed this in 2014." CEO Thomas Borgen, March 2017

Two big questions

- What had been going on in Danske Bank Estonia? Who were the customers, how big the transactions, where did the money go?
- What did the bank and authorities suspect/know and do about this knowledge?

Contacting and protecting sources

- Knocking doors: Think of the traces you leave
- Prepare your speech, most important questions, research your source
- Bring a letter
- Educate your sources

METASTAR INVEST LLP
AZADLIG 146
BAKU
ASERBAIDZHAN

ACCOUNT STATEMENT
30.06.2012 - 31.12.2014
333487040004
EE77 3300 3334 8704 0004

1/2016
p.1
17.03.2016

Archive ID Doc.no	Name Details	Account Reference	Amount
30.07.2012		CHF 30.06.2012	Opening balance 0.00
1207304441717900	METASTAR INVEST LLP FX PAYMENT XXX41143683 USD/CHF 0.9762		+20 000.00
1207305021952548	ALAKBAROVA NIGAR	LI9408800000023039883	-10 000.00
157	1207305021952548 INVOICE 4 DD 22.07.2012 FOR SERVICE		
1207305026438308	ALAKBAROVA GUNEL	LI8108800000023018098	-10 000.00
158	1207305026438308 INVOICE 3 DD 22.07.2012 FOR SERVICE		

First thoughts

1. Big international potential
2. A lot of work

Partners for the Azerbaijani Laundromat

- Berlingske
- OCCRP.org
- Süddeutsche Zeitung
- The Guardian
- Äripäev (Estonia)
- Le Monde
- De Tijd (Belgium)
- Barron's (USA)
- Novaya Gazeta (Russia)
- České centrum pro
Investigativní žurnalistiku
- Bivol (Bulgaria)
- Atlatszo (Hungary)
- Delo (Slovenia)
- Dossier (Austria)
- Tages-Anzeiger (Switzerland)

Money from the dictatorship

Directly from the regime:

- MODIAR (Ministry of Defence Industry of Azerbaijan Republic).
- Ministry of Emergency Situations.
- Special State Protection Service (refers directly to the president).
- Bank accounts in the International bank of Azerbaijan

Companies with ties to the regime:

- Baktelekom MMC, connected to former minister.
- Goknur Baki.
- Azarbaycan Metanol Kompani.
- Arash Medical Company.

HILUX SERVICES LP		ACCOUNT STATEMENT		1/2016
S.VURGUNA 112		30.06.2012 - 31.12.2014		p.212
AZ1007 BAKU		333516150001		
Archive ID		EE12 3300 3335 1615 0001		17.03.2016
Doc.no	Name Details	Account Reference	Amount	
08.01.2014		USD 08.01.2014		
		08.01.2014	Credit turnover	+6 059 946.50
		08.01.2014	Debit turnover	-6 058 157.48
		08.01.2014	Balance	+4 412.67
09.01.2014				
1401085101288436	MODIAR	TXID/AZ/1700986181		+8 565 906.50
C1453188BK010814	1401085101288436 INV HS-04/02-36 28 12 13 FULL PAYM FOR DELIVERING OF MACHINES AND EQUI PMENT CONTR 04/02-36 DD 16 12 2013 /FEE/USD53,5			
1401095102469184	BAKTELEKOM MMC	AZ181BAZ40150018404004037267		+3 178 946.50
C251795BBK010914	1401095102469184 CONTRACT N01 29.05.2013 /FEE/USD53,5			
1401095074061416	FABERLEX LP	EE683300333516210006		+984 600.00
45	1401095074061416 PAYMENT TO THE CONTRACT N 439 DD.01.12.2013			
1401095106930712	BAKTELEKOM MMC	AZ181BAZ40150018404004037267		+401 951.50
C2554498BK010914	1401095106930712 CONTRACT N01 29.05.2013 /FEE/USD48,5			
1401090062956410	Danske Bank A/S Estonia branch			
	Swift koopia ja väljastamise teenustasu: 140109502629789			-2.18
1401090003209168	Danske Bank A/S Estonia branch			
	Swift koopia ja väljastamise teenustasu: 140109502052558			-2.18
1401090004011466	Danske Bank A/S Estonia branch			
	Swift koopia ja väljastamise teenustasu: 140109502732074			-2.18
1401090004650522	Danske Bank A/S Estonia branch			
	Swift koopia ja väljastamise teenustasu: 140109502611356			-2.18

"Looks like bribery"

European politicians and officials:

- Eduard Lintner, CSU , German politician and election monitor.
- Kalin Mitrev, member of board of EBRD, married to head of UNESCO.
- Zmagor Jelenc Plešinić, Slovenian presidential candidate.
- Karin Strenz, Bundestag member, CDU.
- Alain Destexhe, Belgian politician and member of PACE.
- Luca Volontè, Italian politician and member of PACE.



1312185037898064	1312185037898064 PARY INTERNATIONAL	LI7908812105030540000	-26 000.00
878	1312185037898064 PAYMENT TO THE CONTRACT N.0018/22 D D.1		
	9.05.2013 FOR SERVICES		
1312185033409520	VOZRAST GROUP LTD	LV29AIZK0001140096129	-34 197.83
870	1312185033409520 PAYMENT TO THE CONTRACT N 330 DD.01.09.		
	2013 FOR GOODS.		
1312185032422144	MITREV KALIN	CH8204835077949372000	-40 000.00
881	1312185032422144 PAYMENT TO THE CONTRACT N CHL/01-07 201		
	3 FOR SUPERVISION SERVICES.		
1312185036608096	EDUARD LINTNER	DE72793200750347175072	-41 000.00
879	1312185036608096 PAYMENT TO THE CONTRACT 0018/22 DD 03.0		
	6.2013 FOR SERVICES.		

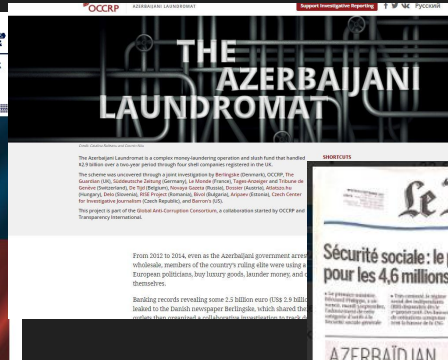
September 2017



Regimet i Aserbajdsjan, der kritiseres for grove brud på menneskerettighederne, sendte 2012-2014 enorme beløb gennem konti i Danske Bank. Det ligner bestikelse, siger eksperter. Danske Bank erkender brud på livdaskreg.



BERLINGSKE AFSLØRER



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Azerbaijan
Global Laundromat

Luke Harding, Cezayirli Barr and Dina Nigmatyeva
How it was 2017 18.09.2017

f t i + ...
This article is over 7 months old

25,053

UK at centre of secret \$3bn Azerbaijani money laundering and lobbying scheme

Exclusive: Leaked data reveals thousands of covert payments, including to European politicians and journalists



First wave of consequences

- European politicians stepped down from Council of Europe
- Thousands took to the streets of Baku
- Investigations in several countries (UK, Bulgaria, Belgium, Estonia)
- Danske Bank decided to start an investigation:
 - »*It will be a comprehensive investigation as the extent of the problems in Estonia is much bigger than we have had any comprehension of. **It is worse than we feared**,*« Thomas Borgen, september 2017
- Regulator also started an investigation

The other big question

- What did the bank and authorities suspect/know and do about this knowledge?

Internal audit, February 2014

- »In relation to above, the Head of International Banking in the branch confirmed verbally (in the presence of all audit team) **that the reason underlying beneficial owners are not identified is that it could cause problems for clients if Russian authorities request information,**« the auditors wrote in their letter to the top management at Danske Bank.
- »According to this memo the Bank has **no full information on the end-client of the Russia based intermediaries.** This in our opinion leads to the conclusion that the Estonian Branch **is not able to identify the actual source of funds and therefore acts against AML legislative principles,**« the auditors wrote.
- Also stating that the customers were **“highly profitable”** earning the bank 7,5 million euro in income in 2013 alone.



Whistleblower alert: Putin family and intelligence used Danske Bank to launder

LONGREAD

Mendag d. 26. februar 2018, kl. 19.00



Michael Lund
FØLG



Simon Bendtsen
FØLG



Eva Jung
FØLG



family members of Russia's P
legedly behind efforts to lau
whistleblower who alerted to
as only now come to light, in

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Russian millions laundered via UK firms, leaked report says

Denmark's biggest bank believes cash was funnelled through British companies by people linked to Vladimir Putin's family and the FSB spy agency

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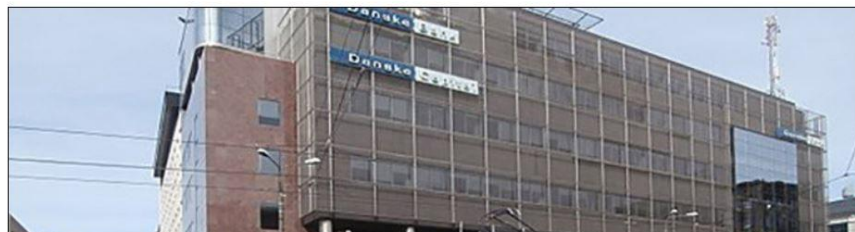
WE'RE HIRING MEDIA INQUIRIES

Report: Russia Laundered Millions via Danske Bank Estonia

Published: Monday, 26 February 2018 20:36 WRITTEN BY MICHAEL LUND, SIMONE BENDTSEN, EVA JUNG

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The Estonian branch of Danske Bank, Denmark's biggest bank, closed the accounts of several companies in 2013 after realizing they had been used by a member of Vladimir Putin's family and Russia's intelligence service, the FSB, to launder huge amounts of money, according to a leaked report.



MOST RECENT



Ukrainian Businessmen Linked to Russian "Front Man" for Equatorial Guinea's Ruling Obiang Family



Armenian Weightlifters Used Russian Lab to Cheat on Olympic Drug Tests



Anonymous Generosity: the Foundations Sponsoring Putin's Re-Election

Whistleblower, December 2013

- Customers allegedly “included the Putin family and FSB”
- “may itself have committed a criminal offence”
- “has likely breached numerous regulatory requirements”
- likely was “helping to launder money”
- pointed to a “near total process failure”

The bank's explanations fell apart

- They said that the banks "own surveillance" had noticed the suspicious payments. **Wrong:** A whistleblower did.
- The bank reacted "clear and constructively" in 2014 when they found out. **Wrong:** The cleaning took two years – the Estonian authorities has to remind the bank to speed up the process.
- "Nothing pointed towards" employees helping. **Wrong:** According to the bank's own internal audit employees were deliberately hiding customers.
- The problem was "isolated to Estonia." **Wrong:** There was also suspicious transactions to Lithuania

Danske Bank's own investigation

Berlingske GRUNDLÆGGET 1749 A.F. H. BERLING BERLINGSKE.DK

Torsdag 20.09.2018 | 3 sektioner | kr. 36,00 | Uge 38 | Nr. 263

Sagen om hvidvask for milliarder kulminerer med direktør-exit



Hvidvask-skandalen sender Danske Bank ud i historisk krise

»Det er den værste dag i bankens historie.« Sådan lød det ved pressemødet i går, hvor Danske Bank erkendte alvorlige svigt i skandalen om hvidvask, halvandet år efter Berlingskes første afsløringer i sagen. Direktør Thomas Borgen er gået, men Danske Bank kæmper stadig med stor mistillid fra aktionærer, politikere og et bagmandspolit, der fortsætter efterforskningen.

Business .02-11

HVIDVASK-SAG ER BLANDT DE STØRSTE I HISTORIEN

JURISTER UNDRER SIG OVER AT LEDELSEN FRIKENDES

BESTYRELSESFORMAND: VI HAVDE INGEN MISTANKE

- In total 15.000 suspicious customers between 2007 og 2015
- Transactions worth 200 billion via non-residents. "Large part" was suspicious.
- Impossible to confirm the extent of actual money laundering, But "large part."
- CEO Thomas Borgen steps down.

New information

- In 2007, the Estonian FSA came out with a critical inspection report, and at the same time Danske Bank at Group level received specific information from the Russian Central Bank, through the Danish FSA. This information pointed to possible “tax and custom payments evasion” and “criminal activity in its pure form, including money laundering”, estimated at “billions of rubles monthly”.

Consequences from authorities

- Financial/criminal police investigating in Danmark, Estonia, France, US.
- Several class action law suits coming up in US
- EU asked EBA to investigate role of Danish and Estonians authorities. Still questions to answer.
- Danish authorities opened investigation of audit firm E&Y.
- Laws changed for future cases. 8 doubling fines: €400 million today, longer jail sentences, cool of time etc.
- Also: Stock loses 47 percent of its value in 2018: €13 billion

Consequences for people

- CEO Thomas Borgen steps down
- Around 10 others in top management positions in Denmark and Estonian step down
- Henrik Ramlau Hansen, chairman of Financial Regulator steps down.
- Danske Bank thrown out of Estonia: Pack you stuff within 8 months (or daily fines of 100.000 euro)

Consequences last week

- First preliminary charges against 9-10 people in top management. Former CEO and former head of regulator. Homes searched.
- Preliminary charges against 12 people in Estonia: 11 for possible money laundering, 1 for bribery
- This week new CEO for Danske: former ABN AMRO banker Chris Vogelzang from Netherlands

“Integrity.” “Moral compass.”





“With positions entrusted with power comes a special responsibility and a special duty to do ones best. It makes me sad if moral is sliding. What will happen then to common decency? One should know the difference between yours and mine, between right and wrong”

Swedbank

- February 2019: Uppdrag Granskning/Mission Investigate reveal
- Suspicious cash flowed through Swedbank in Estonia. \$4.30 billion.
- Case exploded. 135 billion euros poured through the banks high risk non resident portfolio
- CEO Bonnesen steps down, chairman as well

Questions?

- Email: evju@berlingske.dk
- Twitter: @EvaJung_