

Date: 18 August 2021

To: Hon. Olaf Scholz
Federal Ministry of Finance
Wilhelmstrasse 97
10117 Berlin
GERMANY

From: John Christmas, exiled whistleblower from Latvia
Mailboxde.com
Latvia v EBRD, ID 174243
Aussere Weberstr. 57
02763 Zittau
GERMANY

By: registered mail

Dear EBRD Governor Scholz:

If your country invested in the European Bank for Reconstruction and Development (EBRD) because you believe the EBRD is fostering transparency and building democracy, please be aware of evidence that the EBRD is running a fraud racket with Latvia to protect Kremlin-linked money launderers and bank looters at taxpayer expense. I am sending this to all of the Board of Governors except the representatives from the European Union and Latvia because they are from the Latvian political party which is running the fraud. The fraud is all over social media in Latvia for years however the government together with big media are blocking the evidence. The State Security Service in Latvia has threatened at least three dissidents who have been making posts, indicating the current government doesn't want public discussion but instead wants censorship.

Attached please find (1) evidence of my submission to the European Public Prosecutors Office (EPPO), (2) evidence from Eurostat of EBRD-Parex privatisation fraud (with a secret reversion, this already reversed), and (3) evidence from Eurostat of EBRD-Citadele privatisation fraud (with a secret reversion, hasn't reversed yet). The occasion for my letter-writing is the launch of EPPO which means European Union prosecutors can prosecute Latvian politicians. Latvian prosecutors refuse to do that.

In 2004-2005, I blew the whistle on fraudulent lending at Parex Bank of Latvia. There was no investigation and I was chased out of the country with threats. I'm still in exile now. Later, Spanish court documents for the Tambovskaya Mafia trial indicated that Parex was involved with organized crime and money laundering connected with Vladimir Putin's government. In 2008, the Latvian government transferred billions of euros to Parex thus causing national economic collapse without admitting assets had been looted. In 2009, the Latvian government announced selling a stake in Parex to

the EBRD to trick citizens and creditors that Parex was solvent even though it was not. The government could have recovered missing assets however decided not to.

Some Parex activity moved to Citadele Bank which received an EBRD investment in 2010, some moved to Ukio Bank which collapsed in 2013 with EBRD involvement, and some moved to ABLV Bank which was sanctioned by the US Treasury in 2018. Meanwhile, Latvia has been slowly writing down its bailout loan to Parex as information emerges regarding fake assets, including the ones listed in my whistleblowing plus fake assets originated later.

ABLV is now liquidating by selling its assets to Citadele. ABLV and Ukio were both closely connected to the Putin Regime. So far, most people seem fooled that Citadele is different. However the staff at Citadele are from the old Parex and still promote offshore services for Russia. Citadele is the only Latvian bank able to get a USD correspondent account which is because the EBRD is an investor. However, the EBRD is getting secretly paid and therefore acts as a front.

Eurostat writes about the EBRD frauds as if they are normal transactions. However these frauds are designated as 'state secrets' in Latvia which means spreading this information can result in criminal prosecution. The government wants people to hear a happy story 'we sold a stake in Parex for 80 million euros which proves Parex is solvent and will repay billions of euros of bailout money' instead of an unhappy story 'we are paying 190 million euros to the EBRD in exchange for the EBRD pretending to invest 80 million euros in a stake in a bank which everyone knows was looted, the government's bailout loan won't be paid back, and we aren't even trying to recover the money.'

Evidence that EBRD-Ukio is similar is from a Lithuanian whistleblower and less clear, however also should be investigated. That evidence is on my Youtube channel.

Even if EPPO and the EBRD Board of Governors ignore my letters, as many people have done in the past, this racket can crash by itself. If Latvia gets a new government then Latvia could refuse to pay the secret debt and sue the EBRD instead. Most Latvians are reading in government-approved media that the EBRD rescued Latvia however they are getting upset as more and more of them realize the EBRD deals were a heist.

Parex, Ukio, ABLV, Citadele, and the Danske Bank branch in Estonia act as a common entity which Latvians say was started by the Soviet KGB and uses a network of thousands of shell companies named in many crimes. The volume of suspicious transactions through Danske Estonia alone is estimated at \$230 billion and therefore the total run through all these banks could be \$1 trillion. I understand Estonia is fighting money laundering and investigating Danske. However, in Latvia the government is fighting the opposite way: secretly paying the EBRD to make false transactions to cover-up for Parex and Citadele. Lithuania also might be fighting the opposite way if the EBRD-Ukio deal was similar.

Please ask EBRD management to explain the Eurostat evidence. If the documents from Eurostat are false and the EBRD-Parex and EBRD-Citadele privatisations were not secretly reversible then the EBRD should ask Eurostat to issue apologies for the false information and also the EBRD should announce that it lost 100% of its investment. However really, it's not possible that the documents are false since EBRD-Parex already got reversed giving a huge secret profit to the EBRD for buying worthless shares.

If the EBRD admits that its investments in Parex, Citadele, and maybe Ukio also, had secret reversions and insists that this is legal, then the EBRD should publish a full list of banks where it made investments which reversed later at pre-negotiated prices. If this is legal anywhere, for example in the European Union under Eurostat, then I don't see the point of asking countries to report their national debts anymore since the numbers will be deceiving. The EBRD should also publish a list of all amounts paid to politicians and media (consulting fees, etc) to block legal action and media coverage.

The EBRD can achieve its mission of fostering transparency and building democracy by allowing voters to know what is happening in their own countries and shutting down the largest money laundering racket in history.

I will give copies of this letter to journalists and others.

Thank you,



John Christmas

latviavebrd@gmail.com

LatviavEBRD on Youtube

Report a crime XXXXXX/2021/EN

European Public Prosecutor's Office <no-reply@fpfis.tech.ec.europa.eu>

Fri 8/6/2021 12:48 PM

To: john_christmas@hotmail.com <john_christmas@hotmail.com>

Reference number: XXXXXX/2021/EN
Fri, 08/06/2021 - 14:15, Luxembourg

Dear Madam, Sir,

Thank you for reporting an alleged crime to the European Public Prosecutor's Office ('the EPPO') and for supporting us in protecting the financial interests of the European Union and strengthening its Area of Freedom, Security and Justice.

The EPPO acknowledges receipt of your submission and will give consideration to your report, as appropriate, in accordance with the provisions of Council Regulation (EU) 2017/1939. Please note that this acknowledgement does not mean an investigation has been opened, nor that an investigation will be opened by the EPPO.

Personal data shall be processed in full compliance with the applicable legal framework, in particular the provisions of Chapter VIII of the Council Regulation (EU) 2017/1939.

Please be informed that if it comes to our knowledge that a criminal offence or other irregularities falling outside of the scope of the competence of the EPPO may have been committed, the EPPO shall transfer the relevant information to the competent authorities without undue delay, pursuant to Article 24 of Council Regulation (EU) 2017/1939.

Any report which is proven to be intentionally false or misleading, or sent intentionally for an illicit purpose may lead to legal consequences, included but not limited to administrative and/or criminal sanctions in accordance with applicable national law.

It is not expected for you to receive any further communication by EPPO at this stage. If necessary, you shall be contacted to submit additional information. Please refer to the reference number provided above in any potential future communication with us.

Yours sincerely,

The European Public Prosecutor's Office



EUROPEAN COMMISSION
EUROSTAT

The Director-General

Luxembourg,
ESTAT/DG/WR/D3/JV/PL/eb/D(2014)3304947

Mr Pieter Omtzigt
Member of Parliament for the Dutch
Christian Democratic Party CDA
Tweede Kamer der Staten-Generaal
Plein 2 – PO Box 20018
NL - 2500 EA The Hague
THE NETHERLANDS

Subject: Parex Bank and the EBRD

Dear Mr Omtzigt,

Thank you for your letter of 26.08.2014.

Eurostat is aware of the put option provisions included in the shareholders agreements concerning Parex Bank, and its successor companies, between the government of Latvia and the EBRD. It has the relevant documents and has been informed by the Latvian authorities that these are to be considered confidential.

The put option provisions allow the EBRD to sell its relevant shareholdings back to the Privatisation Agency (which is classified within the general government sector of Latvia) under certain conditions, which include sale of Citadele Bank by the Privatisation Agency.

The mentioned provisions do not meet the definition of financial derivatives in the European System of Accounts (ESA 95; paragraphs 5.65 to 5.68) and are considered as guarantees. Guarantees are treated as contingent liabilities under ESA95 (paragraphs 5.05, 7.12 (c) and 7.22) and therefore no government liability is to be recorded in the Latvian statistical data.

It may be worth noting that any future call on this guarantee would be recorded as a government expenditure, thereby increasing the Latvian government deficit at that time.

The statistical treatment of this issue under the newly introduced European System of Accounts (ESA 2010) remains the same.

Yours sincerely,

Walter Radermacher



EUROPEAN COMMISSION
EUROSTAT

Directorate D: Government Finance Statistics (GFS) and quality
Unit D-3: Excessive deficit procedure (EDP) 2

Luxembourg, 23 April 2018

FINAL FINDINGS

Eurostat EDP dialogue visit to Latvia

7-9 June 2017

The participants discussed the recording of the winding-down of Reverta by the end of 2017. It was concluded that in 2016 and 2017, after selling the asset portfolio (mostly real estate and loans), only the impact for 2016-2017 will be added through the B.9 of Reverta. CSB will clarify how much cash (to be recorded as D.9), was given to PAREX and whether and for what amount at the time of reclassification a capital transfer was imputed, if any, for the net assets (expected loss). Eurostat takes note that the final loss in excess of the expected loss is to be materialized by a write off of treasury loans benefitting Reverta. Eurostat agrees with the CSB that the appropriate recording should be a capital transfer in 2010, with a revision of the stock of assets reported in the ESA balance sheet.

Eurostat reviewed the recording of the EBRD put option and the *Citadele* sale. CSB will reduce the capital transfer expenditure (88.24 million euro) recorded in 2014 for the amounts of the proceeds collected in 2015 or, if it interprets the put option as a loan at inception, will eliminate the capital transfer completely. The payable of 88M€ corresponds to the activation of the put option, with the EBRD selling back to Government its equity in *Citadele*. The put call will have a deficit impact or not depending on whether an effective claim is acquired, whose value can be reasonably estimated. In this case, it seems there was an effective claim since the equity was sold within few months to investors, and the value can be considered to be the value sold at that time. Under this condition, the recording of a capital transfer should be reduced from 88.24 MEUR to 13.5MEUR.

Eurostat agreed on the current recording of some lump sum payments related to pensions, but questioned if the 2nd pillar transfers of assets of deceased persons, in certain cases, meet the definition of social contributions. CSB will reflect on the appropriate classification of some of these payments, without B.9 impact (D.7/D.91/D.99).

Concerning the reporting of guarantees granted by government, and regarding questionnaire table 9.4, the CSB will review the current recording in order to have an AF.6 liability position together with the B.9 impact. Eurostat will clarify if the amounts in questionnaire table 9.4, as well as the *Citadele* put option, should be excluded from questionnaire table 9.1.

The discussion about capital injections in public corporations focused on the national airline Air Baltic Company (ABC) and SJSC "Latvijas Dzelzceļš" (LDz). The capital injection in Air Baltic might be considered as a financial transaction in F.5, but the recording is still uncertain. CSB should focus on the second part of the test looking into future expected flows and should confirm that there are no specific arrangements that benefit the private investor, such as a buy-back agreement (like a put option). Based on this, Eurostat will confirm the statistical treatment of the capital injection before the next EDP October 2017 notification.

The Latvian authorities requested an ex-ante advice for the correct statistical treatment of a planned equity increase in SJSC "Latvijas Dzelzceļš" (LDz) by the government, in order to implement the Latvian railway network electrification project. On the basis of the 2016 financial statements/reports of SJSC "Latvijas Dzelzceļš" (LDz), as well as the main financial results since 2007 that the national authorities will submit, Eurostat will provide a letter of advice on the appropriate recording of the planned capital injection.

Referring to the calculation of the super dividend test applied to the Central Bank, CSB will consider taxes on income in the super dividend test and, as a result, will reduce the dividend revenue originating from the Central Bank for some years (e.g. 2013).