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Press release

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The National Bank of Moldova ("NBM") has received its first formal progress briefing from Kroll on its continuing investigation of a large scale fraud in the Moldovan banking sector. The fraud resulted in the collapse in late 2014 of Banca Economii SA ("BEM"), Banca Sociala SA ("BS"), and Unibank SA ("UB"), (together, the "Three Moldovan Banks").

This first phase of investigation is part of a proposed two year investigation into transactions of the Three Moldovan Banks during the period 2012 to 2014. It is intended shortly to start to implement an asset recovery plan with the intention of recovering funds worldwide from the wrongdoers. Kroll has confirmed the preliminary findings of NBM that the transactions were part of a co-ordinated fraud and is working towards providing evidence that will meet the high standards of the international court processes required to prove liability and to make financial recoveries. The team has identified, secured and reviewed thousands of documents obtained with the assistance of various Central Banks and third parties, which will form the primary evidence to explain the frauds that caused the banks to collapse.

Kroll has initially focussed on the period between May and November 2014, as it was during this time that so-called lending to connected companies by the Three Moldovan Banks more than doubled, to MDL 13 billion at 24 November 2014. The intention of the longer term investigation is the recovery of stolen funds, as well as the identification of all parties who knowingly participated in and benefitted from the wrongdoing, including parties and financial institutions outside Moldova.

This first phase of investigation has corroborated the initial findings reported in the Scoping phase of work, and uncovered clear evidence of the central involvement in the fraud of Mr. Ilan Shor and companies and individuals connected to him (together "The Shor Group"). Specifically, evidence collated and analysed by Kroll has confirmed that the Shor Group was connected to the acquisition of shares of the Three Moldovan Banks between 2012 and 2014, directly controlled important decision making within the Three Moldovan Banks including decisions on providing "loans" to connected companies that were never intended to be repaid, established the web of companies through which the fraud proceeds were misappropriated and laundered, and appear to have received a significant proportion of the stolen funds. At this stage Kroll has identified more than USD 350 million of payments that can be directly attributed to the fraud that took place within the Three Moldovan Banks.

It is clear that the laundering and dissipation of the fraud proceeds involved a large network of companies and bank accounts in multiple jurisdictions, including bank accounts at other Moldovan banks as well as Latvia, Estonia, Russia and Cyprus. Steps are continuing to trace the fund flows to identify all those that ultimately benefitted from the fraud and to initiate the necessary legal proceedings that will result in the recovery of assets. It is expected that the beneficiaries of the fraud will include a number of other parties in addition to Mr. Ilan Shor.

We are confident that we now have a firm foundation to progress matters speedily. NBM is working closely with Kroll and the international law firm Steptoe and Johnson to formulate a successful investigation plan and asset recovery strategy for the Republic of Moldova.

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