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Date: 21 July 2011

Dear Mr Christmas

Thank you for your letter of 31 March 2011 about the Parex Bank in Latvia and the EBRD.

I am sorry that it has taken me some time to reply but, as I am sure you will appreciate, the nature of the allegations you have made required careful consideration.

We have reviewed the material you gave us, done some further research of our own and liaised with other agencies and regulators. In particular, we have discussed the issues with the FSA and also with the EBRD. We also commissioned a translation into English of the passages in Latvian in the document you sent to us so that we have a full picture of what was contained in that document.

I am sorry to tell you that we have not uncovered anything to suggest that the EBRD has committed any fraud in its dealings with the Latvian government or the bank itself. Even if we had uncovered evidence of fraud there would have been a limit to the action we could have taken. This is because we do not have jurisdiction to investigate the actions relating to the Parex Bank in Latvia. You might though want to consider approaching those to whom the EBRD is accountable so that they are aware of your concerns.

I know that you will be disappointed with this decision but I hope that you will appreciate the reasons behind it.

*Yours sincerely,
Richard Alderman*

RICHARD ALDERMAN
Director