

JOHN CHRISTMAS

Latvian narratives and the EBRD

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Perhaps 2018 will be the year when the actual activities of the Latvian government and the European Bank for Reconstruction and Development will replace the feel-good narratives spread by the international Media for a decade.

I am knowledgeable about this because since 2005 I have been the exiled whistleblower from Parex Bank, a Kremlin-linked offshore specialist which was the largest bank in Latvia. My whistleblowing, mostly about loans to secretly related companies which effectively meant the bank's equity was fake, wasn't investigated and wasn't reported in the Media.

What Latvian officials decided to do instead of investigating was promote Parex at government events so that the bank could borrow more money. Then suddenly in 2008 the government made a bailout loan to Parex and nationalized the shares which was a complete surprise to the public who thought Parex was always profitable.

This unnecessary bailout was the start of an economic and demographic collapse. And it was also the start of a series of false narratives from a government desperate to tell anything but the truth to the people. First came Prime Minister Ivars Godmanis' explanation that the government bailed out Parex to rescue Latvia from a crisis caused by the United States, and the assets of Parex were good and the bailout loan would be paid back with interest. The Media went along with this.

In 2009, since the public was sceptical, the government invited the EBRD to conduct due diligence on Parex. The EBRD announced that Parex was valuable and purchased a quarter of Parex shares, thus supporting the narrative. I was in exile, with former Parex colleagues threatening me to shut up about their pyramid fraud, amazed that the EBRD could be so clueless. Meanwhile, many shell-company deposits and key employees moved from Parex to ABLV Bank a few blocks away.

Then in 2010, the government announced that actually half of Parex assets were bad, including the same ones listed in my 2005 whistleblowing although the whistleblowing still wasn't acknowledged. Of course this directly contradicted the 2009 story that the assets were good. The bailout loan would not be fully repaid, however the public still didn't know how much was lost, whether it was lost a long time ago or just now, and who got the money.

The government, now led by Prime Minister Valdis Dombrovskis, had to create a new narrative because the old narrative about the United States didn't fit anymore. The new narrative was that Sweden caused an economic bubble in Latvia which had burst, and that's why assets became bad and the government had to bail out Parex to rescue Latvia. The Media went along with this. Dombrovskis received praise from the international community for rescuing Latvia from Sweden despite more leaks undermining this story. For example it was discovered that Parex had transferred 100 million dollars without collateral to a sanctioned oligarch linked to Vladimir Putin and the Tambovskaya Mafia.

Also in 2010, I discovered what was really going on because a dissident website published a report by government consultant Nomura. The report was 'confidential' which meant people leaking the report could be prosecuted. It was quickly taken offline, however parts still appear on the 'LatviaEBRD' videos on YouTube. According to this report, the government already knew earlier that Parex was

worthless and convinced the EBRD to buy the shares by secretly agreeing to buy back the shares at a higher price later. The EBRD due diligence had been fake.

I was furious that the EBRD had done this. I messaged many foreign journalists assuming that they would jump on this discovery. The implication was that the Latvian government was rogue, secretly supporting the Kremlin while publicly professing loyalty to the European Union and NATO. And, the EBRD was rogue as well, promoting fraud instead of promoting transparency. The censored Nomura report evidenced one of the largest rackets in Europe.

Unfortunately most journalists aren't accountants and didn't understand the cover-up. And, some journalists seemed intimidated or corrupt. However I did find two journalists, Mauro Caterina of Italy and Arno Wellens of the Netherlands, who made efforts to enlighten European voters. They both deserve awards for their efforts. Wellens introduced me to Pieter Omtzigt of the Dutch Parliament who was able to get confirmation in 2014 that the cover-up had in fact occurred.

In a sense, I was vindicated because my allegations were confirmed true. However most of the Media was still going along with the Sweden story. And the only law enforcement action was a cooperation between Czech and Latvian police to imprison a Latvian folk singer who protested against the cover-up. It was surreal. Was Europe completely hopeless?

Three things happened in the beginning of 2018 which give me hope: (1) two Latvian banks made allegations that the central bank governor is running a protection racket, and this governor is the same person who received my whistleblowing information in 2005, (2) FinCEN blacklisted ABLV for massive international money laundering, this is the same bank which received accounts and people from Parex, and (3) the Tambovskaya Mafia trial began, with Parex-linked Michael Rebo agreeing to cooperate with Spanish prosecutors.

Let's not waste this opportunity. Latvian officials are already building a new narrative, claiming a fake news conspiracy. Don't listen to them. Instead let's demand answers from the EBRD. Who received the billions of dollars and euros that disappeared through Parex and ABLV? Let's end the narratives which have hurt many people in many countries for many years. ■



JOHN CHRISTMAS
Former Head of International
Relationships Group
Parex Bank in Latvia