

This article is currently being revised following a complaint from a well resourced bank and a powerful global lobbying firm as regards the descriptions of Citadele it contains.

A subsidiary of the Latvian Citadele bank, which is part owned by Paul Volcker, ex director of the US Federal reserve, is partnering with a firm which specialises in providing offshore shelters for oligarchs in Russia and Ukraine. The links between Citadele and the company are embarrassing for the EBRD, which supported the creation of the Latvian bank in 2010. Citadele was meant to be a good bank, by contrast with the Mafia linked Parex bank which it succeeded. Part of the bank was sold to the Ripplewood Investment Group, which includes Volcker, in 2015, and it is part owned by the EBRD. The sale was both a financial transaction and a political gesture. The association with a wholesome sounding American investment group and Volcker was meant to exorcise the ghosts of the past. Citadele, by contrast with Parex, would not be associated with Spanish police bundling Russian Mafiosi into cars in dawn raids. The EBRD is committed to tackling corruption in Ukraine, so it would be awkward if any institution it part owned was supporting shadowy oligarchic money. Indeed its president, Sumi Chakrabarti, said to President Poroshenko on 26 January 2018 "The assault on vested interests must continue. ..We will support you in this endeavour... progress [has] been made but corruption [is] still a barrier to foreign direct investment,".

Yet Citadele, like Scrooge, is haunted by the ghosts of its past. Valērijs Hudorožkovs is the deputy managing director of Citadele's Swiss subsidiary AP Anlage and Privatbank. The Swiss entity began as a subsidiary of Parex and was transferred to Citadele along with Hudorožkovs himself. The former president of Parex, Valērijs Kargins, reputedly stated that he wanted Parex to open a Swiss subsidiary so that depositors' accounts would not appear on computers in the EU. When AP Anlage and Privatbank was under Parex's Aegis it acted as a repository for oligarchic funds. The bank offered "on its own name but on behalf of the clients... [to] place clients' funds on deposits with foreign banks with outstanding credit ratings to enjoy both favourable interest rates and tax relief on interest earned." Were they in effect offering to hide money for oligarchs via a mechanism of questionable legality?

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