

The Insider who Revealed the Russian Money Nexus in Latvia

15 years ago, John Christmas blew the whistle on fraud at Latvia's Parex bank. But some of the players he exposed are still at the forefront of Putin's destabilisation of the West.

Stephen Komarnyckyj 5 September 2019



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John Christmas still won't reveal his address 15 years after being forced out of his job at Latvia's Parex bank in 2004.

His time there resembled John Grisham's novel *The Firm*, in which the protagonist realises his company is a mafia front.

Christmas secretly tried to expose several frauds before being fired for whistle-blowing. He left Latvia in 2005 because of concerns for his safety.

Then, on 25 January 2006, a former colleague telephoned him. She said that the bank was hunting him down and that he should stay out of Latvia. He had kept swapping addresses after leaving Parex because of concerns for his safety. "I was told that Parex was the mafia, the KGB, and killed anyone who got in their way," he said. Christmas's life may still be in danger because of his allegations.

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Parex collapsed in 2008 due to the frauds Christmas exposed. The bank might have been saved if anyone had listened. He was ignored by Latvia's anti-corruption bureau, prosecutor's office, Europol and Transparency International. After 2008, Latvia covered up the extent of the fraud and the auditor's report outlining suspicious transactions was suppressed. The

country serviced the bank's bad assets at a cost of billions. Parex's owners, Viktors Krasovickis and Valerijs Kargins, remained at liberty.

The Latvian Government and the EBRD (European Bank for Reconstruction and Development), which knew of the frauds at the bank, believed that the problem could be isolated. However, the subsequent career of individuals linked to Parex shows how wrong they were.

The Bridge Between the British Establishment and the Russian Oligarchy

The bank's Russian mafia partner, Grigorijs Rabinovics, remained free after 2008. His colleague Aleksandr Torshin, named as the handler of Maria Butina – currently jailed in the US for activities as a foreign agent – laundered some of the Parex cash. It may have been part of the slush fund he used to finance the activities of Butina. The Mallorcan front used by the Taganskaya mafia for this purpose was closed down by Spain in 2013.

The bank's compliance officer, Arnis Lagzdins, let fraud run riot at Parex. He left in 2008 and became the compliance officer at Lithuania's Ukio bank a year later.

Sergei Rodulgin, a cellist who acts as a portfolio for Putin's assets, laundered money through Ukio. The bank was looted by its owner Sergei Romanov and collapsed in 2013. He fled and was granted asylum in Russia.

Lagzdins returned to Latvia and was placed in charge of restoring western faith in the country's banking. Another Latvian bank, ABLV, collapsed on his watch in March 2018 due to money laundering. Why was Lagzdins so ineffectual in tackling Russian corruption? In 2015, a Latvian journalist traced connections between his son Ivo, a government official controlling access to

state secrets, and Russian offshore structures. Neither Arnis nor Ivo were ever investigated.

Parex was at the centre of a web of companies which survived its demise, including Latvian coffee franchise Double Coffee. The firm's trademark is owned by a UK registered company controlled by Valerijs Hudorozkovs, a manager at Parex's Swiss subsidiary AP Anlage & Privatbank.

The Latvian company registry lists several 'commercial pledges' linked to Double Coffee in 2007 including one 'pledged' by Alastair Tulloch. Tulloch subsequently became Russian oligarch Aleksandr Lebedev's British solicitor. He built a career on setting up offshore structures to hold assets for wealthy Russians, including the family of Vladimir Putin's aide Igor Shuvalov. Ultimately, he became a bridge between the British establishment and the Russian oligarchy. Tulloch is a trustee of the Oxford Russia Fund along with Lord Patten, the chancellor of Oxford University.

AP Anlage & Privatbank survived Parex and was transferred to the bank which inherited Parex's good assets, Citadele. It had offered to place clients'

money in its own name in other banks. It was never investigated, despite this interesting service offer.

The FBI was the sole agency to listen to Christmas' claims. The US subsequently tried the Daimler buses company for paying bribes to Riga Council in 2010. The firm paid a fine without admitting the bribery.

However, one of the beneficiaries of the scheme Nils Ushakovs, the mayor of Riga, evaded arrest. He had been exposed by Latvian journalist Leonids Jakobsons as a Russian intelligence asset in 2009 but was never prosecuted. Latvia's anti-corruption bureau finally raided his office in late 2018 and several arrests were made. Ushakovs was forced out of his mayoral post and was elected to the European Parliament – a Kremlin asset in Brussels.

Christmas' allegations have never been fully explored. If he and others had been heard in 2004 the erosion of democracy by Russian influence operations might have been addressed sooner.

His story is a snapshot of a moment in history when Putin began successfully exporting a social model based on patronage and terror to the West. We now know what happens when no one listens to the canary singing in the coal mine.

Byline Times has contacted Alastair Tulloch for comment.

Main photo: John Christmas. Credit – [Directors Chambers](#)

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