

BEFORE YOU INVEST IN A GREEN BOND



MARK CAMILLERI

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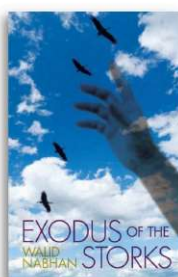
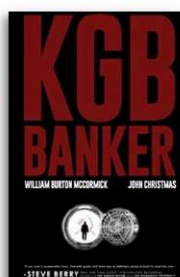
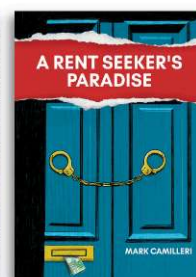
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By John Christmas. How Maltese taxpayers lose money because of the EBRD (Part 2 of 2)

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John Christmas

The continued popularity of the European Bank for Reconstruction and Development (EBRD) is difficult to explain. It seems that year-after-year, everyone is listening to the propaganda about the EBRD fostering transparency and democracy and nobody is looking at the evidence showing deceptive accounting practices which promote looting and money laundering. The EBRD is funded by 73 countries including Malta and all other European Union member states.

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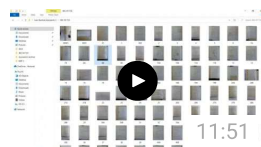
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As discussed in **Part 1 of this series**, the EBRD has been using fraudulent accounting for years to rip off poor countries in Eastern Europe while protecting and funding Vladimir Putin's money launderers. The evidence isn't disputed and comes from three sources (Dutch Parliament, Eurostat, Latvian Parliament). The EBRD got secretly paid by the Latvian government to pretend to invest in two Putin-linked banks (Parex and Citadele) with an apparent purpose of covering-up embezzlement and giving false respectability, for example helping these banks to obtain correspondent accounts to transact in different currencies. These EBRD deals caused Latvia's national debt to skyrocket however the government used the 'state secret' law to under-report the national debt while selling billions of Euros in bonds to the European Central Bank. I was the whistleblower of this case.

Now for Part 2, I've researched a similar situation happening now in Ukraine. Hopefully the action by the EBRD to rip off Ukrainians while they are fighting a war of self-defence will be enough to finally convince Malta and the other EBRD investor countries to demand their money back.

My whistleblowing in Latvia was partly about Ukraine, because the circle of banks I exposed were laundering money looted from Ukraine. And now, the situation has gotten even worse because the EBRD has been supporting a bank inside Ukraine: Megabank. Information below is from Ukraine Business News, UkraNews, Interfax-Ukraine, Kosatka Media, and other sources with links provided below. Megabank's website with annual reports is in Ukrainian and therefore I could not use this as a source.

In June 2022, the National Bank of Ukraine (the Ukrainian central bank) declared that Megabank was insolvent and cancelled its banking license. In July 2022, the Deposit Guarantee Fund of Ukraine began accepting applications from depositors who wanted their money back. This is bad for Malta because Malta is an investor in the EBRD

and the World Bank's International Finance Corporation 'IFC' which both own shares in Megabank that logically have become worthless if Megabank is insolvent. I'm going to focus on the EBRD because that's where I'm most knowledgeable.

It could be expected that Megabank, located in Kharkiv near the Russian border, collapsed because of the Russian military assault against Ukraine. However, the war was not mentioned by the National Bank of Ukraine, and instead said Megabank was insolvent because of "insider lending" or "systematic lending to related persons" which is the polite term for getting looted by its owners. An implication is that the EBRD failed completely at a basic objective of ensuring its bank had proper corporate governance.

I saw a similar scenario at Latvia's Parex Bank where the EBRD bought a stake after the bank was already insolvent but before the government admitted it was insolvent. Then I saw this again when the EBRD bought a stake in Parex spin-off Citadele Bank and the EBRD blindly stood by as the whistleblower (me) remained in exile receiving slander and threat attacks for years. Bribes from Solaris Bus of Poland to Latvian officials which had been processed through Parex kept flowing through Citadele for years even though the bribery was confirmed by American and Polish officials. Also, a Citadele employee from Parex, already known to be a top offshore banker serving oligarchs, controlled the Marshall Islands company which organised the largest money laundering scam in history (800 million euros run through the Danske Bank branch in Estonia). Now in Ukraine, it turns out that the EBRD was blindly standing by again while obvious looting was taking place.

The main Megabank shareholders are Victor Subotin (61%), the EBRD (15%), German state bank KfW (15%), and the World Bank's IFC (6%) (percentages from UkraNews). I'm mostly concerned about the EBRD since they are battling me already in Latvia. However, it's interesting to note that KfW and IFC partnered with the EBRD in

fraudulent bank investments which were already reversed in Slovenia (NLB Group) and Serbia (Kombank) causing large losses to Slovenians and Serbians. This means that KfW and IFC are systematically doing the same thing the EBRD is doing.

Subotin is a General Director of state-owned JSC Ukrainian Energy Machines (formerly called JSC TurboAtom) which manufactures turbines for thermal, nuclear, and hydraulic power plants. Some turbine contracts are funded by the EBRD and there were big problems where clients failed to pay, even before the war.

Subotin is accused of having this state-owned company deposit money into his own bank, Megabank, and then embezzling the money by making insider loans to himself. This was a normal practice in all of the former Soviet states in the 1990s. Heads of state-owned companies were transferring state money to themselves. For larger companies where more money could be embezzled, the head would need to control his own bank for this purpose. Subotin says he did not do this (his 2023 letter is in a link below) however he does (or did) control Megabank which is suspicious because he must have gotten millions of Euros from somewhere in order to buy the bank. If the purpose of the bank wasn't to make transactions with the state-owned company he controlled then it would be unclear what its purpose was. Also, normally doing something like this in the former Soviet states wasn't possible without protection from a mafia, or "roof" as they say in Russia, so it would have been necessary to pay members of the authorities or even politicians to pull off this insider lending activity.

Efforts by Subotin to deny any wrongdoing were undermined in March 2023 when the National Bank of Ukraine announced another embezzlement attempt, whereby properties that were supposed to be under the management of the Deposit Guarantee Fund and used for the purpose of repayment of Megabank creditors were

being quietly re-registered to foreign companies which have Russian citizens as their ultimate beneficial owners.

When Subotin convinced the EBRD to buy a stake in Megabank in 2009, presumably the motivation was to give the appearance of legitimacy to Megabank. For example, involvement of the EBRD at Megabank made deposits from JSC Ukrainian Energy Machines into Megabank look less like transfers from the state company to Subotin himself.

There are also some mysterious companies which own shares in Megabank. "Melvi Agri" and "Melvi AM" of Cyprus are directed by Christodoulos Vassiliades and owned by the wife of Subotin, indirectly through companies in Belize. There are more mysterious companies also, for example Melvi Agri and Melvi AM own company 'M-Invest' in Ukraine which also owns shares in Megabank.

Vassiliades was sanctioned by the United States and United Kingdom in 2023 and is known for providing services to oligarchs close to the Kremlin.

Ok, so this is the commercial bank in Ukraine which is supported by the EBRD which all people of 73 countries including Malta and all of the other European Union member states have been supporting with tax money.

But then comes the final piece of the mystery: did the EBRD really invest in Megabank or is it acting as a front owner as I observed in Latvia where the EBRD investments in Putin's Parex Bank and Citadele Bank were confirmed fake from Eurostat documents? In Latvia, the secret reversions of the public investments are designated "state secrets" which means that journalists cannot write about them or else they would go to prison (even though the secret reversions do appear on the Eurostat website and even in the Latvian Parliament archives if you look carefully).

The secret reversions for Parex and Citadele were not mentioned in the annual reports for those banks or on

the EBRD website. Therefore, the fact that there is no mention on the EBRD website of a secret reversion protecting the huge investment the EBRD supposedly made into Megabank doesn't mean there is no secret reversion.

Also suspicious, since Megabank was declared insolvent in June 2022, there has been no mention of this insolvency on the EBRD website which is filled with claims that the EBRD is fostering democracy and transparency while championing whistleblowers. For example there was no mention that because of the insolvency of Megabank, the EBRD had lost 100% of its investment.

Insiders at Megabank have messaged me saying that they believe the Ukrainian government has a secret obligation to to the EBRD to reverse the Megabank investment thus reverting the huge losses onto Ukraine. However it's been pointed out to me that although this information should be on government website www.smida.gov.ua, this website is currently "closed" so the public cannot see what the government is doing on this issue.

In conclusion, the Ukraine-EBRD deal is similar to the Latvia-EBRD deals where the EBRD pretended to invest in an oligarch bank to protect looters and launderers, and then unknowing taxpayers got hit with a huge expense because they were obligated to reverse the privatisation at huge profit to the EBRD.

It makes no sense that Malta, or any other EU member-state is fudning the EBRD which is robbing Ukrainians. I wrote to two people from the Malta Labour Party: Dr Edward Scicluna (Central Bank President) who used to be Malta's representative on the EBRD Board of Governors and Clyde Caruana (Minister for Finance) who is currently Malta's representative on that board. Neither of them responded. To be fair, I also wrote to two people from the Malta Nationalist Party: Roberta Metsola (President of the European Parliament) and David Casa (EPP MEP). They didn't respond either. Hopefully, 2024 will be the year

when Malta will stop pouring public money into the black hole of corruption which is the EBRD.

John Christmas is the exiled whistleblower of the EBRD-Latvia fraud, and co-author of award-winning book 'KGB Banker'

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CITADELE

EBRD

EU

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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