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COVER-UP #3: ABLV BANK, THE LATVIAN GOVERNMENT, FINCEN AND THE EBRD



An exclusive story by John Christmas

ABLV Bank was rumored to be part of the galaxy of banks in the Kremlin money laundering group called the "Latvian Proxy Network" which, legend says, sprang from the KGB. The KGB officially stopped operating in Latvia and Russia in 1991, and this shell company and bank network is whispered to be the successor.
My name is John Christmas. I am an exiled whistleblower against Parex and gave details of insider loans to auditor EY in 2004 and Latvian officials in 2005.

Like the stories from Cover-Up #1 about Parex Bank Latvia and Cover-Up #2 about Ukio Bank Lithuania, the ABLV saga is about everyone turning. blind eye, and the destruction of entire economies leading up to the current war.

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PAREX BANK, ABLV BANK, INTERNATIONAL OVERSEAS SERVICES

The Wikipedia article about ABLV Bank has useful information about this institution established in the town of Aizkraukle as 'Aizkraukles banka' in 1993 (Wikipedia, 2025). In 1995, Ernests Bernis and Olegs Fils became the bank's shareholders and executives. I didn't write the Wikipedia article and I didn't make any contribution to it. Someone else put an article I wrote into the references.

The best article about the early days of Parex Bank and ABLV Bank is 'A Farm of Directors' (Springe, 2012). This was the first big investigation when Inga Springe founded 'Re:Baltica' news service. I understand that in 2012 it was Springe's intention to expose and smash the Latvian Proxy Network of Kremlin money-launderers. She was messaging with me when she wrote the article, asking whether I knew certain people from Parex.

Parex and ABLV had thousands of shell company depositors. These shell companies were often set up by a company called International Overseas Services or 'IOS.' I don't know what percentage of shell companies used by Parex and ABLV were formed by IOS which was very secretive.

IOS began making shell companies in 1993 and registering these companies in many jurisdictions around the world. The office of IOS in Latvia, registered in 1998, was just across the street from my former office at the old Parex headquarters on Smilsu Street in Riga. The IOS Latvian office was subsidiary of a company with a US address represented by a Latvian person with US residency. Although IOS had offices in multiple countries the banking relationships seemed to be mainly in Latvia. IOS even recommended on its webpage that clients should use banks in Latvia.

Re:Baltica believed that the key people at IOS were a Latvian named Gints Poiss and an Irishman named Phillip Burwell, both close associates of Parex president Valery Kargin. Poiss was a Parex employee beginning in 1992 and for years was Chairman of the Council for Parex. Latvian banks have a two-tiered governance structure which includes a Council with a supervisory role and a Board with a management role. Poiss denies he had a role with IOS and Burwell admits he

was with IOS however claims he left in 2003. Clues indicate that Poiss was working with Burwell and Burwell was still involved after 2003.

Stanislavs Gorins, Daniels Bangers, Eriks Vanagels, and Juris Vitmanis, all Latvian citizens, were board directors for many of the shell companies. They were nominee directors and most of the time didn't know anything about the

companies. Still now in 2025 thousands of these companies exist which means their names are still all over company registries in many countries.

For many years, Parex Bank and ABLV Bank solicited clients at representative offices in Russia and Ukraine by offering a package service. The client could open a bank account in Latvia and the named holder of the bank account could be a shell company. I remember that Parex had 80,000 shell company depositors when I was a Parex employee in 2004. I don't know how many ABLV had at that time, however presumably fewer since Parex was the largest bank in Latvia.

Re:Baltica uncovered a detail which connected the banks and company formation agents known as the Latvian Proxy Network. The office for IOS in Kyiv was a five-minute walk from the Ukrainian Parliament and IOS shared the same phone number with the nearby ABLV representative office.

IN 2008, ABLV REPLACED PAREX AS THE CENTER OF THIS NETWORK

In 2008, Latvia nationalized and bailed out Parex in a fraudulent way, which was the subject of Cover-Up #1. The bailout, which was a loan from the government to Parex which didn't get repaid, funded the movement of many deposits from Parex to ABLV. Also many Parex employees moved to ABLV. I've never seen precise numbers published about these movements.

The Latvian government then launched a campaign to protect ABLV. Note that this wasn't for the benefit of the Latvian people, who keep losing more money, but rather for the ABLV owners and managers and their cronies in the Latvian government. The bankers and cronies were afraid ABLV could get sanctioned by the US Treasury's FinCen. So they had to convince the international community and especially the US government and FinCen that Latvia generally and ABLV specifically were clean.

In 2011, Latvian Prime Minister Valdis Dombrovskis, who two years earlier signed the fake deal whereby Latvian taxpayers unknowingly paid the EBRD to pretend to invest in Parex, co-authored 'How Latvia Came Through the Financial Crisis' (Aslund, 2011). The other co-author was Swedish citizen Anders Aslund, who still is a fellow at the Washington think-tank 'Atlantic Council' which is

supposedly pro-NATO. The book presents a reversal and revision of what happened when Parex and the Latvian economy collapsed in 2008-2009. The new story was that the Latvian economy collapsed first, because of external factors. Then, innocent Parex collapsed also because of these external factors. Then, Dombrovskis rescued Latvia. The book does not mention that the assets of Parex were embezzled by oligarchs connected with Putin and does not

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mention that the deal Dombrovskis signed with the EBRD caused Latvia to lose more money. This book made Dombrovskis famous and he went on an international speaking tour. I saw him speak at a financial conference in Monaco where he explained Sweden caused Latvia's economy to collapse. Then, Parex collapsed. Then, he rescued Latvia from Sweden with his austerity program.

Washington lobbyist and Atlantic Council fellow Sally Painter, who I know since originally she was lobbyist for Parex and fought to discredit my whistleblowing, became lobbyist for ABLV. The Latvian government under the leadership of Dombrovskis gave her a high state award at the same time billions of euros were being stolen and I was hiding in exile.

Another problem for me, and really for all Latvians and all international people as well, is that Re:Baltica switched objectives. After 'A Farm for Directors' was published in 2012, Re:Baltica blocked communication with me. I wish they would publish the Eurostat evidence which shows the EBRD-Parex and EBRD-Citadele privatizations were both fake with secret reversions. I have written many articles about this on many websites and blogs. And, I've done many podcast interviews and talks at events, even explaining the frauds at the US Senate and UK House of Commons. Nobody ever disputed the evidence. Latvian officials and the EBRD just pretend to be unaware of the evidence.

A rival media group in Latvia, Nemelo.lv, produced two documentary films which include interviews with me and the evidence against the EBRD. These were televised repeatedly in Latvia. However, Re:Baltica still blocks the story. Since Re:Baltica is the Latvian affiliate of the largest international anti-corruption media groups OCCRP and ICIJ, those groups also block the story. As a result, the Latvian Proxy Network still continues to operate. All the research that went into the article 'A Farm for Directors' was for nothing.

Furthermore, in 2015, the Latvian government sent Arnis Lagzdins to Washington with a diplomatic passport to convince the US government that Latvia was cleaned up. I'm still amazed that he was able to fool anyone in Washington. Since he was previously Head of Compliance at Parex Bank (see Cover-Up #1) and Head of Compliance at Ukio Bank (see Cover-Up #2), and both of those were top Putin Regime money launderers, I don't think the US should have allowed him to enter the country at all. Yet he was there in Washington with Painter and they managed to fool many people for years.

The apex of the pro-ABLV propaganda campaign was a 2017 report written by Aslund and presented at an Atlantic Council event explaining that ABLV was clean and was not a money launderer. Only later was is discovered that ABLV had secretly paid him to write that report in a transaction intermediated by Painter (Jemberga, S., 2018).

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During all these years, 2008 through 2017, ABLV grew larger and larger, bringing in more shell company deposits and moving greater volumes of money around the world in euros, pounds, dollars, and other currencies.



2018 FINCEN SANCTIONS: ABLV'S ROLE IN LAUNDERING FOR NORTH KOREA, ILAN SHOR (MOLDOVA), AND SERHIY KURCHENKO (UKRAINE)

In February 2018, FinCEN sanctioned ABLV (FinCEN, 2018). Reasons given were that 'ABLV executives, shareholders, and employees have institutionalized money laundering as a pillar of the bank's business practices. ABLV management orchestrates, and permits the bank and its employees to engage in, money laundering schemes. Management solicits the high-risk shell company activity that enables the bank and its customers to launder funds, maintains inadequate controls over high-risk shell company accounts, and is complicit in the circumvention of AML/CFT controls at the bank.' Then the report went on to specify that ABLV was doing transactions for US and UN designated entities including ones involved in North Korea's procurement or export of ballistic missiles. And, this one is interesting since nobody got named or punished and presumably they kept their jobs, 'ABLV executives and management have used bribery to influence Latvian officials.'

In 2014, oligarch Ilan Shor collapsed the national economy of Moldova by looting three banks. According to the FinCen announcement, this looting was

carried out together with ABLV. There were many connections with Russia in this scam.

The FinCEN announcement also specified that through 2014, oligarch Serhiy Kurchenko had run billions of dollars through his shell company accounts at ABLV. Kurchenko had been money man for pro-Putin Ukrainian President Viktor

Yanukovich. Again there were many connections with Russia.

I was hoping the blacklisting of ABLV would mean vindication for me and the end of the EBRD cover-up. However the EBRD racket was somehow an off-limits topic for most of the media so the racket continued.

ADMINISTRATOR KILLED, LATVIA ALLOWS ABLV TO SELF-LIQUIDATE—BUT IT DOESN'T

Hopes for transparency and justice in Latvia following FinCEN's action soon evaporated. The blacklisting of ABLV was in February 2018. The proposed independent administrator for winding up ABLV, Martins Bunkus, was assassinated in May 2018 (LSM.lv, 2018). In June 2018, the Latvian government announced the decision to allow ABLV to 'self-liquidate' (LSM.lv, 2018). It's my opinion that the Latvian government, once again, surrendered to the Mafia. And, the story keeps getting worse.

ABLV claimed in 2018 that it had 20,000 depositors. The FinCEN announcement indicated that 90% of these were shell companies. And, ABLV claimed its assets were worth 2.4 billion euros, as compared with 4.9 billion euros claimed by Parex when it collapsed in 2008. A large part of the Parex assets were later revealed to be fake however the government never disclosed what happened there. ABLV announced the self-liquidation would be overseen by auditors EY, the same auditors who had signed off on all of the Parex annual reports between 1998 and 2008 and all the ABLV annual reports thereafer.

Latvia had a general election in 2018. Based on the results of the election, it seemed clear that Aldis Gobzems of Kam Pieder Valsts Party would become the new prime minister instead of the Vienotiba Party candidate Krisjanis Karins. Since Vienotiba's Dombrovskis was heading to Brussels, the party was pushing for Karins as PM. Although Gobzems previously worked for Parex and wasn't an ideal candidate, he was far more popular with voters than Karins. Gobzems wanted to end Latvia's O.I.K. system where intermediary companies, some from the Latvian Proxy Network, skimmed money from everyone's utility payments. After a series of undemocratic tricks, the less popular candidate Karins became prime minister and the O.I.K. system continued.

Angry about this, Gobzems released documents in 2019 showing that Karins' wife Dr Anda Karina received nine-million-euros in 2014 in a series of complicated transactions with a Cyprus-registered company 'Blackmerc' with the money running through ABLV and the Danske Bank branch in Estonia (this one was also part of the Latvian Proxy Network and will feature in Cover-Up #5). Blackmerc was controlled by a Russian man who was son of a known Putin

associate.

I know both Karins and Karina, and one of the reasons I decided to give Parex fraud information to the Latvian government in 2005 is because I thought for certain Karins was opposed to Putin's money laundering. He was Minister of the Economy back then and he replied to an email from me, confirming he was aware of my whistleblowing. Then he chose to go along with the EBRD-Parex fraud, the EBRD-Citadele fraud, and the O.I.K. scam. And his wife, who was my doctor, got nine-million-euros from a Putin-linked company through ABLV. Again I expected there should be some kind of crackdown. However nothing happened. The Blackmerc information was in the media during 2019 (TV3/LETA, 2019). But by the next election in 2022 it seemed everyone forgot about Blackmerc. Karins became PM again, on a campaign that he was tough against Putin.

In 2021, Citadele announced the acquisition of a loan portfolio from ABLV with 'total exposure' over 170 million euros (Citadele Bank, 2021). Something interesting about this transaction is that it was three years after ABLV was supposed to start liquidating. The 'self-liquidation' was moving very slowly. Also ABLV paid a large fee to an intermediary called Superia when selling to Citadele which was completely unnecessary making me wonder who is behind Superia. After part of the purchase price went to Superia, did the rest of the money go to legitimate creditors of ABLV or did it get siphoned off somewhere else?

Something else interesting is that the buyer, Citadele, is essentially a state-owned bank. Citadele is the successor bank created in 2010 when Parex was being liquidated. Between 2008 and 2010, depositors from Parex were mostly moved either to ABLV or to Citadele. The original assets of Citadele came from Parex. And now Citadele had more assets, which came from ABLV. Citadele claims to be partly owned by the EBRD and partly owned by an investor group led by American billionaire Tim Collins however the terms of those deals are protected as state secrets. The EBRD is secretly being paid to act as owner according to Eurostat which means its possible Collins is also acting as a front. More details including references will be in my next article in this series, Cover-Up #4.

Also in 2021, the US Justice Department began a probe into Painter's Blue Star Strategies lobbying firm, the same firm that lobbied for Parex and ABLV (Lippman, 2021). Blue Star was involved in Burisma hiring Hunter Biden, son of Joe Biden, to be a board director for $83,000 per month. Burisma of Ukraine is an energy company created by a former government minister with government assets he transferred to himself. In my opinion, Blue Star should have registered itself as lobbyist for the government of Russia since Parex and ABLV were Kremlin money-laundering banks. It's a serious crime to be secretly lobbying in

Washington for Russia.

In 2022, Garrett Ziegler sent me the Morgan Stanley bank statements for Hunter Biden's company Rosemont Seneca. Many of the payments coming into Rosemont's accounts were from Latvian banks including ABLV. Ziegler runs 'Marco Polo' in the US with a mission to expose the corruption of Hunter Biden. What was going on between Painter, Blue Star, Biden, Rosemont, Burisma, and ABLV?

IN 2024, FINCEN DROPPED THE SANCTIONS—HOPE REMAINS FOR THE EBRD EVIDENCE TO BE FINALLY EXAMINED

In September 2024, FinCen dropped the sanctions on ABLV (FinCEN, 2024). Since ABLV didn't liquidate, as it promised to do in 2018, this leaves open a possibility that its banking license will be restored and it will be back in business.

ABLV client North Korea is still a rogue state, now providing troops to help the Russian government kill innocent Ukrainians.

ABLV client Shor, now based in Russia instead of Moldova, bribed Moldovan voters in an unsuccessful attempt to swing their recent election to favor Putin (Rainsford, 2024). In October 2024, the Moldovan Chief of Police estimated that Shor had bribed 130,000 voters and later estimates from government sources reached 200,000 or 300,000. This could have been prevented if Shor and ABLV had been stopped sooner. Moldova is a likely next target for the Russian military if Russia succeeds in conquering Ukraine. Russia already has up to 2,000 troops stationed in a breakaway region in Moldova which is right next to Ukraine.

ABLV client Kurchenko, now based in Russia instead of Ukraine, is operating businesses in occupied Donbas and Crimea in cooperation with the FSB (The Insider, 2017 and 2023). Possibly this also could have been prevented if Kurchenko and ABLV had been stopped sooner.

FinCen cited the 'notable progress made by the Government of Latvia to substantially strengthen its AML/CFT regime' without mentioning that nobody went to jail, no stolen money was required, all of the criminals are still free and rich.

Which brings up the last-but-not-least sordid detail in this saga. The lawyer for ABLV who successfully got the sanctions lifted came from FinCen. His name is David Cohen. He was a CIA deputy director and he was comptroller at FinCen. Now he is a partner at law firm WilmerHale. He signed the letter asking FinCen to drop the sanctions against ABLV.

An indestructible many-tentacled monster? Thousands of criminals committing thousands of crimes while Western officials do nothing to stop them even though national economies are collapsing and over a thousand people are dying every day in the war? It doesn't have to be this way. There is a silver bullet to stop the Latvian Proxy Network. I get contacted by investigative journalists regularly for years regarding small aspects of this mountain of crime. For example, an investigator will be spending a month studying a scam involving a couple million dollars and one of the 100,000+ shell companies. The crime will be something complex and unprovable, where even if the investigator puts together all available information, still no result will be achieved. My advice is that there is no point carefully studying the small details. Why not spend two minutes reading the two sentences from two Eurostat reports which confirm that the EBRD-Parex deal was fake and the EBRD-Citadele deal was fake, and publish that information? The evidence comes from the best source possible since the European Commission's Eurostat is the official information directorate. And nobody disputes the evidence. They just won't look at it and won't talk about it.

That evidence shows that the EBRD's accounting is false which means the EBRD's bonds are in default and the EBRD must restate its accounts. That evidence also shows that the EBRD is helping countries, including Latvia and other countries, to falsify their national debts. Therefore the bonds issued by these counterparty countries are also in default and these countries must restate their national debts. Plus they have grounds to sue the EBRD for damages.

Since Latvia is falsifying its national debt to secretly pay money to the EBRD to protect the Latvian Proxy Network, this means Latvia is not fighting the Kremlin's money launderers. Instead, Latvia is paying to protect the Kremlin's money launderers. Let's focus on this and slay the monster.

This article exclusively reflects the views of its author.

More to come in 'Cover-Up' series: Citadele Bank Latvia, Danske Bank Estonia, and Bank of Cyprus

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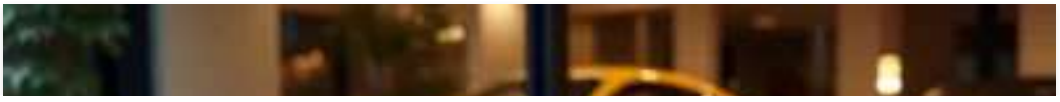

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