

COVER-UP #4: CITADELE BANK LATVIA, PAREX BANK'S SUCCESSOR, AND THE EBRD'S INVOLVEMENT



An exclusive story by John Christmas

The Latvian government's bailout of Parex Bank in 2008 was secretive and later exposed as fraudulent. Officials initially blamed the US for the collapse while hiding that Parex had been drained by oligarchs linked to Vladimir Putin. In 2009, the government claimed to privatize 25% of Parex by selling it to the EBRD, but later it was revealed that the EBRD was secretly paid 190 million euros to stage an 80-million-euro investment in a worthless stake. That same year, the blame shifted from the US to Sweden.

My name is John Christmas. I was the whistleblower when Parex was looted in 2004/2005, providing details of insider fraud to auditors and authorities who in 2009 worked to discredit and censor my revelations.

Like the stories from Cover-Up #1 about Parex Bank Latvia, Cover-Up #2 about Ukio Bank Lithuania, and Cover-Up #3 about ABLV, this chapter exposes a network of corruption, misinformation, and financial destruction. This article, Cover-Up #4, focuses on what happened next—Parex's successor, Citadele Bank.

A useful source of information is the Citadele article on Wikipedia (Wikipedia, 2025). This article isn't completely accurate however it lists key dates and people.

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still going now in 2025

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2010: THE CREATION OF CITADELE BANK, 25% GOES TO EBRD

Citadele Bank was a new bank created and capitalized by the Latvian government in 2010. Using terminology popular at the time, Citadele was referred to as the 'good bank' and Parex Bank, which was renamed Reverta, was referred to as the 'bad bank.'

Roughly half of the assets from the old Parex were considered 'good' and moved to Citadele while half were considered 'bad' and stayed at Reverta. At least one large asset which moved from Parex to Citadele was not 'good' and was clearly 'bad.' This was the loan to Riga City (Riga Transportation) for the purchase of buses from Solaris Bus of Poland, which I will explain below. Therefore the 'good' and 'bad' categorizations cannot be trusted.

From the tens of thousands of shell company deposit accounts at Parex, some were moved to ABLV Bank however most were matched with Citadele. Exact numbers aren't available. Something interesting is that these accounts weren't closed even though many or most could have been set up for money laundering purposes. There was no attempt to get rid of these accounts by closing them and asking depositors to go elsewhere. Instead there was a program to pressure depositors to change their accounts from 'demand' to 'term' to delay when the money might be withdrawn.

Parex had minority shareholders. All of them with one exception lost their investments. The exception was the EBRD which somehow became 25% owner of Citadele even though the government had paid to capitalize Citadele. Still now in 2025, the government hasn't explained how that arrangement worked.

Key managers from Parex who had covered-up my whistleblowing thus causing national economic collapse received new high-level jobs at Citadele. These included Uldis Upenieks and Guntis Belavskis. Also, Valery Hudorozhkovs remained at Swiss bank AP Anlage & Privatbank. This had been a Parex subsidiary and was now a Citadele subsidiary. I worked with all three of these people and they seemed unconcerned that I had been chased out of the

country with death threats.

Citadele started making announcements about how it was cleaned up and had a high level of integrity. However this did not include any admission that the assets of Parex had been embezzled.

2013-2014 PRIVATIZATION OF 75% TO TIM COLLINS GROUP

The founders of Parex Bank had an opportunity to sell the bank to Alfa Bank of Russia in 2007 (Petrova, 2008) however declined the offer, said to have been 600 million euros. Parex (oligarchs Valery Kargin and Viktor Krasovitsky) had a close relationship with Alfa (oligarchs Mihail Fridman and Piotr Aven) for years and hosted events together. I attended one of these events in Riga when I was a Parex employee.

The European Commission requires European Union member states to privatize any commercial banks which are owned by the governments for whatever reason. An EU government is not allowed to be a long-term owner of a commercial bank. When Latvia created Citadele in 2010, 25% was immediately privatized to the EBRD however later this was learned to be a false transaction.

In 2013, Latvia was under pressure to privatize the other 75% of Citadele. Latvia received an offer from Russian oligarch Yuri Shefler. Shefler had close business relationships with both Kargin and Aven. Offers by and between these oligarchs had to be looked at with suspicion. Accounting tricks could be used to make a sale price to appear higher than it really was, for example if a sale could be secretly funded by the target bank itself.

Latvia also received an offer from an investor group led by American billionaire Tim Collins of Ripplewood Holdings. This offer was lower, however the government and EBRD preferred to have an American owner so the lower offer was accepted.

This deal was completed in 2014 when the Collins group paid 75 million euros for 75% of Citadele. Then came the announcement of the people who were in Collins' investor group. They included former US Federal Reserve chairman Paul Volcker, former World Bank head James Wolfensohn, the richest man in Egypt

Nassef Sawiris, and Edmond Safra of EMS Capital (The Baltic Course, 2014). To me this investor list seemed highly suspicious. Citadele was an insignificant bank by international standards. If you believed that its business was really collecting deposits from and making loans to local individuals and businesses, then why would famous international investors be interested in it?

Also disturbingly, Citadele was spun off from a bank that had been closely connected to the Putin Regime and most of the clients and employees came from that old bank. Citadele maintained a representative office network in Russia and other CIS countries and solicited deposits from there, with its website promoting services not only in Latvian and English languages but also in Russian language. Why would Volcker, Wofensohn, Sawiris, and Safra risk their reputations to get involved with Putin's money launderers? Many conspiracy theories could spring from this.

Then comes an interesting connection with a person who I will explain more about later in this article. It turns out that originally the Collins/Ripplewood group was planning to bid on Citadele together with 'local sponsor of politicians' Maris Martinsons (BNN, 2014). Martinsons was known for donating money to the Vienotiba Party and getting rich by receiving lucrative state construction contracts. Collins/Ripplewood later decided not to partner with Martinsons which resulted in a court case in the United States where Martinsons argued he was entitled to Citadele shares.

Collins sent former US Secretary of State John Kerry to Latvia three times to talk with the prime minister about this. Latvian filmmaker Ansis Pupols asked Kerry questions in the documentary 'Jumts 2' (Pupols, 2022). Suspicious again? How could an investment in a small local retail bank in Eastern Europe be so important that one of the most powerful politicians in the US was so concerned about it?

2018 EUROSTAT REPORT: AGAIN LATVIA SECRETLY PAID THE EBRD TO INVEST, AND THIS IS STILL GOING NOW IN 2025

In 2018, Eurostat published a report on Latvia based on a visit Eurostat did to Latvia together with representatives of the European Central Bank 'ECB' (Eurostat, 2018). This report revealed something that the Latvian government, EBRD, and Citadele had been keeping secret. Again, the EBRD 'investment' is secretly guaranteed and will eventually be reversed. The secret reversion of the EBRD-Citadele deal must be a designated 'state secret' enforced by the State Security Service like the earlier reversion of the EBRD-Parex deal discussed in Cover-Up #1.

The EBRD is again a straw investor. And this time it's even worse. With Parex, information which has leaked out indicated that the EBRD paid 80 million euros to invest and Latvia had a secret obligation to reverse that for 190 million euros. With Citadele, the EBRD invested zero and has the right to reverse that for an unknown amount of millions of euros at an unknown future date.

Since the Latvian government loses money by doing this, I can think of two reasons which might motivate this action. It's possible, again, that the bank has fake assets and the government is paying to temporarily cover-up holes in the balance sheet.

Also, it's possible Latvia is paying the EBRD to pretend to be an investor because the EBRD, undeservedly, has a good reputation which helps Citadele to have a USD correspondent account. Interestingly, this USD correspondent account is at Citibank and until last year Collins was on the board of Citigroup. Maybe that's the reason Latvia and the EBRD wanted Collins to become owner even though the price he offered was lower?

During the privatization process, Ripplewood hired a person from the EBRD who was an expert in what they call 'complex equity.' Presumably this person, or someone from the Latvian government or EBRD, would have informed Collins that the EBRD investment wasn't real because of the secret reversion. This makes me wonder if Collins also negotiated a secret reversion for his investment. The terms of his investment in Citadele are a 'state secret' like usual so it's not publicly known whether his investment was really another high-interest loan to the government. He should have informed Citibank however apparently he did not since Citadele still now in 2025 has its USD correspondent account at Citibank. I have tried multiple times for years to contact Collins however he has always refused all communication.

2018 DANSKE ESTONIA WHISTLEBLOWING, HUDOROZHKOVS CONNECTION

While opaque dealings were going on between the Latvian government, Citadele Bank, the EBRD, Tim Collins, Maris Martinsons, and John Kerry, a new connection to money laundering was discovered. And this is about the record-breaking largest money laundering case in world history, connected to Putin.

I mentioned that former Parex subsidiary AP Anlage & Privatbank in Switzerland had been transferred to Citadele. The key person there was Hudorozhkovs, my former work colleague from Parex.

In the early years after the creation of Citadele, AP Bank was openly advertizing an illegal money laundering service on its website (Komarnyckyj, 2018). AP Bank

was offering to open accounts at Western banks in its own name where it would be secretly acting as nominee for AP Bank clients whose names would be secret from the Western banks. I wrote to the Swiss regular when I learned of this. After several years the website was amended. It's possible they continued this service but just decided to keep it off of their website.

Now something larger had been discovered. In 2018, a story broke in the media that 230 billion dollars had moved through shell company accounts at Danske Estonia, and there were links with Putin. Later according to Wikipedia the amount was revised upward to 800 billion euros. At the center of this was an offshore company controlled by Hudorozhkovs who was an employee of AP Bank which was a subsidiary of Citadele which was a subsidiary of the EBRD. Details will be in Cover-Up #5 which will focus on Danske Estonia.

Citadele didn't react at all for a few years but then in 2021, Hudorozhkovs moved to a different Swiss bank. Citadele's management re-named AP Bank to Kaleido Privatbank then sold it in 2022. There was never any admission from Citadele, or any coverage in the Latvian media besides the documentary 'Jumts 2' (Pupols, 2022), about how a person at AP Bank was at the center of the largest money laundering racket in history. 'Jumts 2' was televized multiple times in Latvia. It seems impossible that nobody from Citadele or from the media saw it.



2002 TO 2025 SOLARIS BUS, RIGA CITY, CITADELE, EUROPEAN INVESTMENT BANK CORRUPTION

In 2010 when Citadele was new, it received an asset from Parex which was a large loan to Riga City (Riga Transportation) for buying buses from Solaris Bus of Poland.

That loan had been part of my 2004 and 2005 whistleblowing to EY and Latvian authorities because Parex booked it fraudulently. The fraud was easily confirmable by comparing Parex and Riga Transportation annual reports. This Solaris fraud was only about 5% of my whistleblowing however it was the only part that got mentioned in the mainstream media in Latvia. An article in Dienas Bizness in 2008 (Petrane, 2007) gave the verifiable explanation of the fraud. People wrote in the article comments that I would probably get murdered. In fact I was living in hiding outside of Latvia because I was told directly by Latvians

including former Parex colleagues that I would get murdered. Latvian prosecutors did nothing. Dienas Bizness never communicated with me or mentioned me or my whistleblowing ever again.

In 2010, at the same time Parex assets including the Solaris loan were moving to Citadele, the FBI and US Department of Justice made an announcement about both Daimler Bus (Germany) and Solaris Bus (Poland) paying bribes to sell buses to Riga City (US Department of Justice, 2010). The announcement included a detail that the bribes were going to the Vienotiba Party which is the party of former prime ministers Valdis Dombrovskis and Krisjanis Karins who have been mentioned in the earlier Cover-Up articles.

There were media articles about the US DoJ announcement, however none of the journalists thought to mention that this was the same thing I already blew the whistle on in 2004/2005.

By 2017, the loan to Riga City to buy buses from Solaris had been moved from Citadele to the Eurpean Investment Bank 'EIB' (EIB, 2017). I guess the EIB didn't do any due diligence? Technically it was fraud for Citadele to sell that loan to the EIB without informing the EIB that it funded bribery. I've tried to alert people at the EIB many times however so far they are the same as the EBRD, ignoring all information about crime while they are busy making posts about their support for sustainability, democracy, transparency, development, etc.

Then came a bombshell in 2018. Solaris Bus was still bribing Riga City. Polish authorites discovered an 800,000 euro bribe (BNN, 2018). The bribe was related to bus sales between 2013 and 2016. According to BNN and the Riga Transportation website, a related deal was a 2016 agreement between Riga Transportation and Maris Martinsons' company Velve for a 16-millon-euro hydrogen fuel station in a project connected with Solaris. Half of that money was from the European Union. That project was never implemented. Several people were briefly arrested including most notably Martinsons plus Igors Volkinsteins from Riga Transportation. This is the same Martinsons who was the political fixer when Collins bought the Citadele stake.

The mainstream media in Latvia covered the 2018 Polish story, however not a single journalist mentioned that this racket had already been discovered by the US DoJ in 2010 and a whistleblower in 2004. Latvia is required to have a free media as a condition of EU membership, however important corruption information is sometimes blocked out of the media.

Martinsons was in the media in 2018 for another thing also. Grigory Guselnikov, owner of Norvik Bank in Latvia, went public with an accusation that he had a meeting with Bank of Latvia Governor Ilmars Rimsevics and Martinsons and they

demanded protection money in exchange for allowing money laundering at Norvik (Piovano, 2018). As this saga continued, it was revealed that Latvian police had been recording conversations between Rimsevics and Martinsons since 2013 and therefore had known already for at least five years that they were corrupt. Two other banks also accused Rimsevics of demanding protection money for allowing money laundering, ABLV Bank and Trasta Komercbanka.

Conveniently for the police, prosecutors, and the Vienotiba Party, Volkinsteins suddenly died in 2020 (Apollo/LETA, 2020). Of natural causes? I don't know. The Solaris corruption now seems to be forgotten as Solaris continues its relationship with Riga City as if nothing happened. Although the police have known about Rimsevics and Martinsons since at least 2013, and there have been some cases against them, they are still living freely in Latvia now in 2025. So nothing really happened with them, either.

Solaris Bus made a post in 2022 celebrating the 20th anniversity of the relationship with Riga City (Solaris Bus, 2022). The article is about reducing carbon emissions which is a nice thing. But couldn't this have been done without killing or threatening to kill anyone and without corrupting the whole government? The size of this relationship went from tens of millions of euros in the beginning up to hundreds of millions of euros now. How much of that money was for buses and how much was for bribes? And did Riga City really need all the buses it purchased?

2023 TO 2025 TRYING BUT FAILING TO SELL CITADELE

Something I already explained in Cover-Up #3 about ABLV is that ABLV, which was supposed to be liquidating after it got sanctioned by the US Treasury's FinCen, sold a portfolio of loans to Citadele. Right now in 2025, I don't know what percentage of Citadele's assets came from Parex and ABLV. However all of those assets should be viewed as suspicious since both of those banks were money launderers for the Putin Regime. Presumably also Citadele has been originating new loan assets between 2010 and 2025. Not sure what the quality of those could be however since the Vienotiba Party appears to have heavy influence over Citadele, the integrity of these new assets is also in doubt.

Three parties would like Citadele to be sold. These include the named shareholders the EBRD and the Collins group. Also, the Latvian government would like Citadele to be sold for a price higher than what it is otherwise obligated to pay the EBRD to reverse that investment. Whether there is a secret government obligation to reverse the Collins group investment also isn't publicly known.

To assist in efforts to give a good reputation to Citadele and to sell Citadele for a high price to new investors, Citadele hired a Swedish citizen named Johan Akerblom to be CEO. According to insiders, in 2023 Citadele made an agreement to be sold to a new investor. However the new investor backed out while conducting due diligence. In 2024, Akerblom unexpectedly resigned. I suspect he didn't have the stomach to attempt to sell Citadele again. Therefore Citadele hired a new CEO, a Lithuanian named Ruta Ezerskiene (Gapsys, 2024). She is supposed to be trying to sell Citadele now.

In 2009 when the EBRD-Parex cover-up began, Latvia reported national debt of 2 billion euros even though it was really at least 4 billion euros. At that time, this was considered far too much debt and the ratings agencies were worried. Now in 2025, Latvia reports national debt of 20 billion euros and has been upgraded by the ratings agencies. Don't the ratings agencies understand that when the national debt climbs higher, the ratings are supposed to go down? This should be especially true in Latvia's case because since the Parex bailout started about 30% of the population left the country.

I informed the ratings agencies when I turned whistleblower. I knew those people because one of my functions at Parex was to help the teams from Fitch and Moodys meet Parex management to make the ratings for the bank. It's amazing how fast people stop being your friends and cut off communication when you stop giving them false information which they want to believe and start giving them true information which they don't want to know.

Citadele claims to have 5 billion euros of assets and Latvia is on the hook for that amount, not just because deposits are guaranteed but also because of at least one secret reversion obligation and possibly two. In the worst case scenario where all of the 5 billion is fake you could say that the national debt is really 25 billion euros not 20.

Either way, I don't see any path for Latvia to pay back its debts. Easier would be for Latvia to repudiate all debts owed to the EBRD and Collins, and also to repudiate the Latvian bonds owned by the ECB, since all of them are aware that Latvia is falsifying its accounts. Latvia could also sue the EBRD, ECB, EY, and the ratings agencies for additional damages. That's what I'd really like to see and

obviously the Vienotiba Party will have to be voted out of power for this to happen.

This article exclusively reflects the views of its author.

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

Cyprus

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Selling Citadele for a lower price may result in millions worth of losses in EU court

In 2008, European Commission's competition supervisors ordered Austria to pay EUR 54.7 million or the difference between the price for which Burgenland province's bank was sold and the price prepared by the second potential buyer that was excluded from fair competition.

Baltic News Network 0

BNN (2018) *Court arrests Skoda commercial director, CPCB request arrests for two more people*. Riga: BNN.





Court arrests Škoda commercial director; CPCB request arrests for two more people

Latvian court has arrested Škoda commercial director Vladislav Kozak following a request from Corruption Prevention and Combating Bureau in relation to the criminal case regarding procurements performed by Rīgas satiksme.

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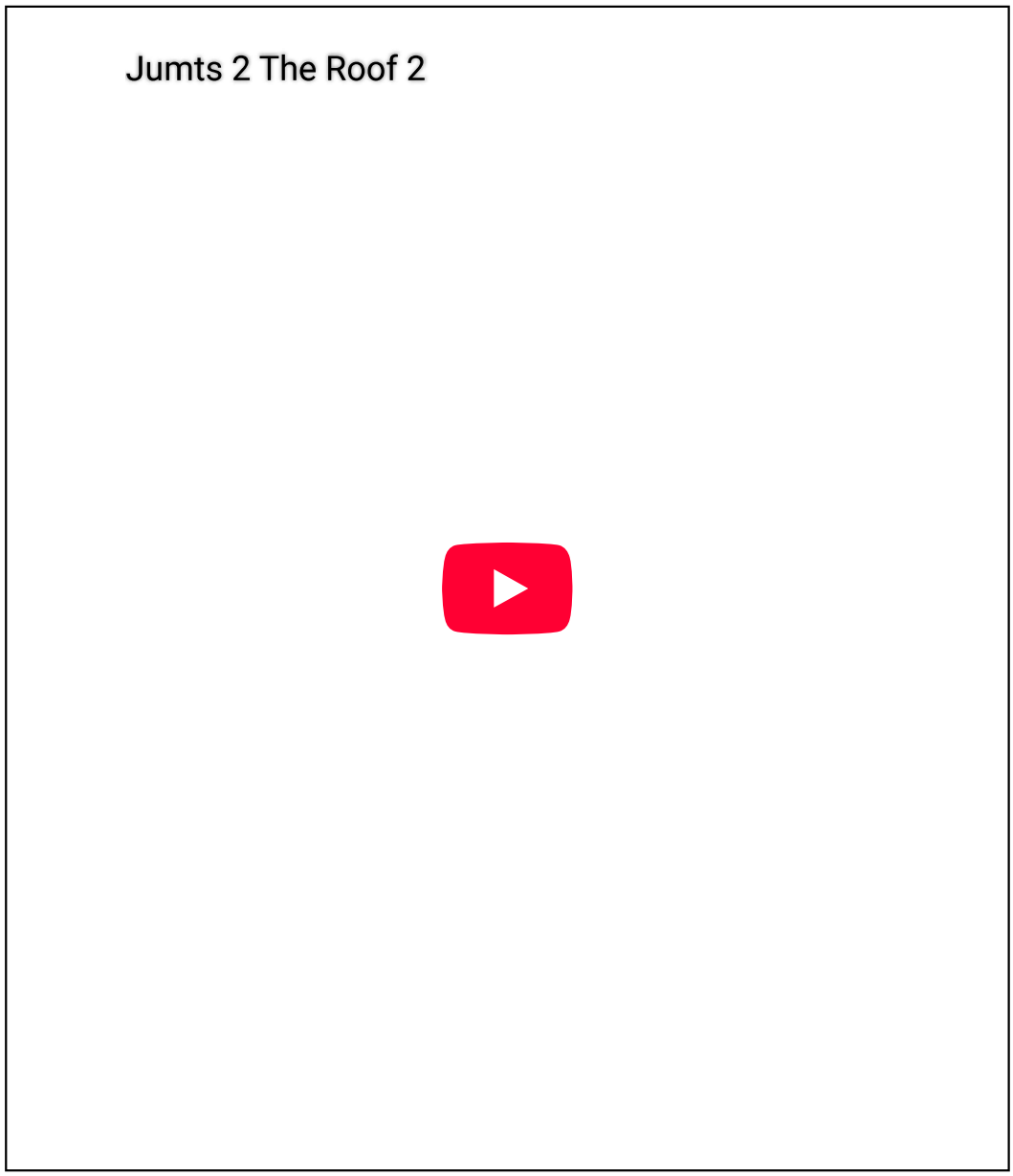
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