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What a Latvian Bank Collapse Allegedly Reveals About Who Gets Protected

Sankar Madhavan, CFE
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Do you know **Ansis Ataols Berzins**?

He is a folk singer who became the only person imprisoned in the fallout of the Parex Bank collapse. In 2009, public riots broke out outside the Parex headquarters because many citizens suspected the government was lying about the bank's bailout and covering up corruption. During these protests, Berzins threw a stone at the Latvian Parliament. For this act, he was prosecuted and forced to serve "hard time in prison," despite the fact that he did not steal anything or hurt anyone.

Why are we discussing this now?

The above incident is the only outcome of a larger event which is as follows:

It's a story about an alleged bank fraud that has happened in Latvia from a Whistleblowers account. **Mr.** John Christmas the exiled whistleblower from the collapse of the largest bank in Latvia. He was employed with the Parex Bank in 2004. He learned of large insider loans made to notorious oligarchs which had been booked in fraudulent ways. He gave the information to the auditors and ratings agencies, and they chose to ignore it. Then in 2005, he gave the information to Latvian officials and got warnings from various sources that he would be prosecuted or killed, so he left Latvia and never returned.

Act I — The bank that collapsed

Parex was Latvia's biggest bank. When it fell apart in 2008 during the global financial crisis, the government took it over and told the public the bailout would eventually pay for itself. When a riot broke out outside Parex's headquarters in 2009, Christmas says state media described it only as "hooliganism" outside parliament — without ever naming the bank the crowd was actually protesting. This is as per his account. (Sources are not currently available)

Act II — The "clean" rescue To reassure everyone the bank was being handled properly, Latvia brought in the European Bank for Reconstruction and Development (EBRD) — an international institution set up to support market economies and good governance — to review Parex and buy a stake in it. Christmas says he offered the EBRD his evidence that some assets were fabricated, and that it was turned down. The EBRD went on to buy roughly a quarter of the bank, reportedly for around €84 million (I'd treat that figure as approximate, not confirmed), and publicly described the deal as one that restored confidence in Latvia's banking system.

Act III — The part that reads like a twist Five years later, in 2014, it reportedly came out that there was more to the deal than anyone had been told. Latvia had allegedly also agreed — quietly, at the time of the original sale — to buy the EBRD's stake back later at a guaranteed, higher price. If that's true, the two payments should have been disclosed together as one linked transaction; only one half reportedly was. A Dutch politician, **Pieter Omtzigt**, is said to have raised this with the EU's statistics agency, Eurostat, after Christmas contacted him — and Eurostat allegedly agreed to keep the second half "confidential" at Latvia's request instead of correcting the public numbers. I have not verified this Eurostat exchange directly myself; it comes from a letter Christmas has published, which I've linked below so you can read it yourself.

Act IV — Who the money reportedly reached By Christmas's account, some of the people who ultimately benefited from Parex's bad loans were later named on a 2018 US Treasury list of people connected to the Kremlin, and Spanish investigators looking into an organized crime network reportedly found Parex accounts linked to convicted money launderers. One named borrower, Eduard Khudainatov, later turned up as the registered owner of a superyacht Italy seized in 2022 — a yacht widely reported to be linked to **Vladimir Putin**, though Khudainatov's side has disputed that connection, so I'd call that specific link contested rather than settled.

As per Mr. Christmas, the only person actually prosecuted over the whole collapse was a protester who threw a stone at parliament during the 2009 riot — not any banker, borrower, or auditor. I can't independently confirm that was truly the only prosecution to come out of this.

Act V — Where it stands today?

The Prime Minister who approved the original 2009 deal, **Valdis Dombrovskis**, later became a senior European Commission official, reportedly with some role in shaping the EU's newer anti-money-laundering rules starting around 2020 — I'd double-check the exact scope of that role before repeating it as precise fact. Separately, Christmas's account cites Spanish press reports alleging Dombrovskis received payment tied to comments he made about Catalan independence. I want to be clear that this is a disputed claim from secondary press reporting, not something he's been convicted of.

I'm sharing this as one man's documented allegation — not a court-confirmed account. But it's the kind of story that resonates because the pattern feels familiar: something gets hidden in the fine print, the people meant to catch it don't, and by the time it surfaces, the people who arguably benefited most have moved on untouched — while someone much smaller pays the actual price.

If even part of this holds up, it's a reminder that these stories aren't really about one bank in one small country. They're about how easily a complicated, boring-looking financial arrangement can quietly become the biggest untold story in a scandal.

Primary source: John Christmas, "Cover-Up #1: Parex Bank, Latvia, and the EBRD," published on Fincrime Central — a first-person account on the author's own site, which states it reflects only his personal views. I have not independently verified most of the specific claims above.

#TrueCrime #Whistleblower #FinancialCrime #Corruption #Investigation #EuropeanUnion #Banking

Sources

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whistleblower against the EBRD-Putin fraud, documentary producer, spy t...

Thanks for posting. This story is still relevant today because the Latvian prime minister who signed the fraud wasn't prosecuted. Instead he rose to the top of the European Commission and launched the AMLA. Was the AMLA set up by Russian Intelligence? That's a serious possibility. ...more

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