

# The case of NLB financial group Slovenia revelations

EU parl. PANA presentation

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# International context

	Violations period	Money (\$) laundered*	US Fine
BNP Paribas	2002-2012	\$190 billion	\$8.9 billion
HSBC	2001-2007	\$19,4 billion	\$1,92 billion
Commerzbank	2002-2008	\$253 billion	\$1.45 billion
Crédit Agricole	2003-2008	\$32 billion	\$787 m
Standard Chartered	2001-2007	\$250 billion	\$674 m
ING Bank	1995-2007	\$1,6 billion	\$619 m
Royal Bank of Scotland	1997-2008	\$3,7 billion	\$580 m
Credit Suisse	2002-2006	\$700 m	\$536m
Lloyds TSB	2003-2006	\$37 m	\$350 m
Barclays	1995-2006	\$500 m	\$298 m
Deutsche Bank	1999-2006	\$10.86 billion	\$258m
Intesa Sanpaolo	2002-2006	\$11 billion	\$235 m

\*Not only Iran, also Sudan, Cuba, Libya, Burma or Mexico

# EU Banks deeply involved

BNP Paribas stripped identifying information from documentation and re-routed payments through a network of satellite banks.

Commerzbank designated a group of employees to amend Iranian payments so that the payments would not be stopped by U.S. sanctions filters. (U-turn Dollar clearances through EU banks).

May 31, 2014: Christian Noyer (French Central Bank) BNP had broken no French or European laws. *"We have indeed verified that all the transactions were in line with EU and French rules, regulations and directives"*.

June 3, 2014: French Foreign Minister Laurent Fabius: "Unreasonable ... unfair and unilateral decision".

European sanctions against Iran are not the same as US, they are milder and targeted at certain sectors only. European banks remain deeply involved in the Middle East.

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## European Banks Are Still Terrified of Working With Iran — And It's a Problem for the US

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# The NLB case

NLB has no US branch. NLB has had since the time of Yugoslavia a broad network of corresponding banks.

Outgoing transactions commissions.

Currency conversions commissions.

Nov. 2008: U-turn forbidden by the US (\$ clearances through EU banks) + New US sanctions policy.

# What happened?

Dec. 2008 the account was opened. Letter of recommendation from Credit Suisse dated 11. 11. 2008.  
In Feb. 2009 first transactions. The client received the highest risk label possible – level 4.

819 mio EUR in different currencies, from all over the world, mainly from Iran, also Dubai, Latvia, Slovakia.  
Mainly to concrete persons. (30 mio from Dubai, Standard Chatered).

After Feb. 2009 ongoing consultations between 3 bank departments (legal, commercial, payment) BUT the Office for Money Laundering Prevention of Slovenia was NOT informed

26. July 2010: New UN resolution & EU Council Decision, followed by an avalanche of events:

France Money Laundering prevent. org., NLB internal (regular) revision, Slovenian Money Laundering procedure, Central Bank inspection, Police investigation & Secret Service. Account closed.

# Consequences

Two illegal transactions from Iran Export Development Bank, in Yen, totaling 360.000 EUR found in August 2010, several weeks after sanctions were imposed.

The Legal sector (NLB commissioner for money laundry) did not inform in time the Office for Money Laundering Prevention of Slovenia. No criminal act found, no threat found from intelligence community.

A year later NLB introduced a new IT System: Siron AML Robot.

The Compliance sector became independent and directly responsible to the board. Suspension of Iran deals.

Compliance sector significantly enlarged, new staff employed.

Central Bank Report: NLB control system is exemplary. In 2014 74 % of all NLB reported cases were confirmed „suspicious“. The bank was not punished.

# Conclusion

It is the result of EU-US international matter, policy & sanction differences towards the Middle East.

It is a case from the past.

It revealed the weaknesses in NLB compliance - fixed.

Slovenia has general elections next year. Voters are sensitive to corruption claims.

Not the most important tax-heaven related issue.