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David CASA MEP

Head of Delegation (EPP-MT)

24th November 2017

Danièle Nouy
Chair of the Supervisory Board
European Central Bank
60314 Frankfurt am Main
Germany

Dear Ms Nouy,

The Malta-based Pilatus Bank, owned by Seyed Ali Sadr Hasheminejad, the Iranian-born holder of a St Kitts and Nevis passport purchased from Henley & Partners in 2009, who is in turn the son of Iranian banker Seyed Mohammad Sadr Hasheminejad, was given a license to operate in Malta in January 2014, after an alarmingly short review process by the Malta Financial Services Authority, and only months before FinCEN in advisory notice FIN-2014-A004 warned of Iranian nationals using St Kitts and Nevis passports to facilitate financial crime and circumvent international sanctions. The CEO of Pilatus Bank, Hamidreza Ghanbari, is also Iranian and holds a Dominican passport. Dominican passports are openly available for sale from a variety of agents.

Pilatus Bank is central to the revelations that emerged from the 'Panama Papers' and was extensively investigated by journalist Daphne Caruana Galizia.

Investigations into Pilatus Bank in 2016 by Malta's anti-money laundering agency, the FIAU, found evidence that the bank was set up for the express purpose of laundering money for the Azerbaijani ruling family and senior Maltese government officials. The official classified reports of the FIAU investigations were leaked to the press in 2017 after the Malta Police Force failed to act on them. You will find the relevant leaked FIAU reports enclosed with this letter.

Revelations by Pilatus Bank whistleblower Maria Efimova, who has since fled Malta, and investigative reporting by Daphne Caruana Galizia, who was assassinated on 16 October 2017, showed that the bank's clients are predominantly politically exposed persons from Azerbaijan, including President Aliyev's two children and his Minister for Emergency Situations. Former EU Commissioner John Dalli and Prime Minister Muscat's wife, Michelle, and Chief of Staff, Keith Schembri, were also revealed to be clients of Pilatus Bank by Daphne Caruana Galizia's sources.

The enclosed FIAU reports provide conclusive evidence that the bank was used in two instances by the Prime Minister's Chief of Staff, Keith Schembri, and his associates to launder the proceeds of corruption, namely from the sale of Maltese passports, as well as to corrupt certain individuals, such as the former Managing Director of Allied Newspapers, owners of the Times of Malta.

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In another egregious case, Chen Cheng, an Accenture Strategy employee who negotiated on behalf of China's state-owned Shanghai Electric to buy Malta's power station and a large stake in Malta's state electricity company, Enemalta, was also revealed by Daphne Caruana Galizia's 'Panama Papers' reporting to have an offshore company with an account at Pilatus Bank. The offshore set up was engineered by Nexia BT, the same financial advisers that opened Panama companies for Keith Schembri and then Energy Minister Konrad Mizzi. Extracts of a detailed 128-page FIAU investigation report shown to the Malta Independent newspaper later revealed Chen Cheng expected to receive a EUR 1 million payoff from the deal into his Pilatus Bank account. The relevant extracts are attached.

Remarkably, and despite public outrage and public statements by key industry stakeholder organisations, the bank continues to hold a license to operate in Malta.

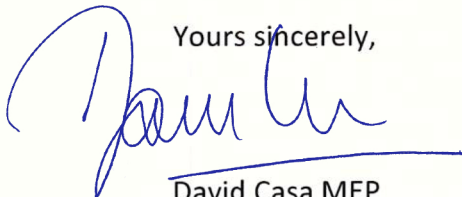
As you will note from the attached FIAU reports the evidence is overwhelming and in many cases conclusive. The anti-money laundering violations by the bank, as uncovered by the FIAU, are shown to be so extensive that they likely form the basis of the bank's business model.

The fact that the evidence directly links the Office of the Prime Minister of Malta to Pilatus Bank suggests this money-laundering outfit will continue to operate within the European Union with impunity unless the ECB uses the legal powers it has at its disposal to intervene.

I have already outlined these concerns to the chairman of Malta's national competent authority, the Malta Financial Services Authority, who is himself implicated in 'Paradise Papers'. I have also notified the MFSA's Supervisory Council of my concerns. Despite the evident severity and urgency of the matter at hand, at the time of writing, no action has been taken.

I therefore call on you in the strongest possible terms to exercise the powers vested in you under Regulation 1024/2013 and assume direct supervision of Pilatus Bank and, based on the evidence available to you, proceed to suspend and withdraw its authorisation to operate.

Yours sincerely,



David Casa MEP