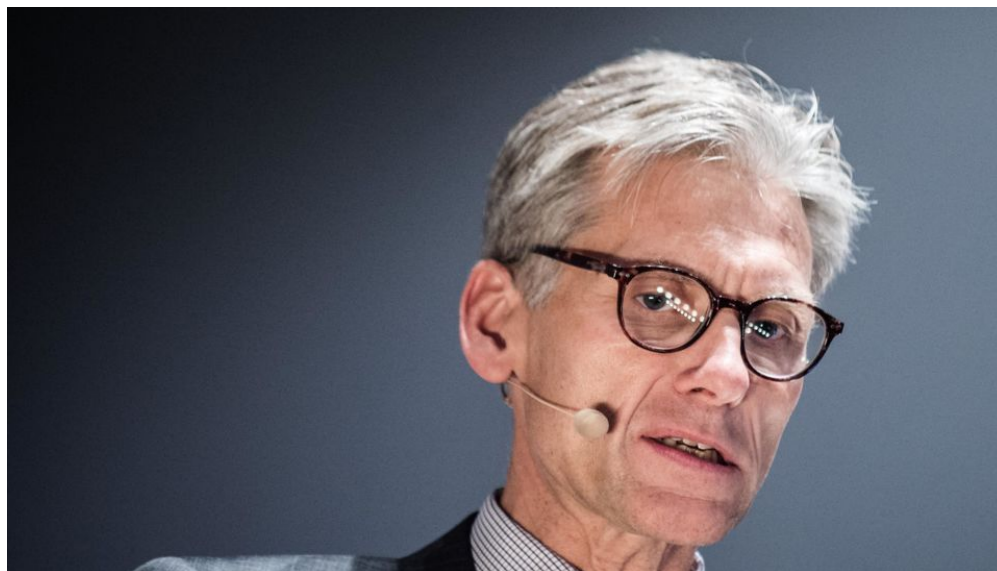


FINANCE

For subscribers

Internal mail spokes: When did Danske Bank discover money laundering?

Thursday, September 14, 2017, at. 20:00



📷 Danske Bank's chief executive, Thomas Borgen, had direct responsibility for the bank's Baltic market in the years 2009-2012. Photo: Ida Marie Odgaard

Already in 2013, the top of Danske Bank was warned that it might not have been possible to control the money laundering rules in the Estonian branch. Concerns turned out to be justified: since then, two billion scandals related to Moldova and Azerbaijan hit the bank.



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After the last weeks of money laundering for billions in Danske Bank's Estonian branch, a number of years old internal mail now again explains the bank management's explanation problems.

Danske Bank has publicly announced that they discovered the problems of laundering in Estonia in 2014 and regretted that it took them a year and a half to clean up. But that explanation saves an email from spring 2013 doubt.

The mail, as Berlingske has quoted from, but today shows in full, shows that in April 2013 the bank's executive management was warned that there could be challenges with problematic Russian customers and breach of the money laundering rules in the Estonian branch.

"It is vital for the bank that we do not get any problems with this issue. We can not risk new injunctions in the white-water area," wrote Niels Thor Mikkelsen, head of the bank's money laundering, in the mail.



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A statement that "neither he nor the bank was in charge of the problem," said L. Burke Files, partner of the American Financial Examinations and Evaluations, and financial investigator who has read the mail.

The mail was sent to, among other things, Executive Vice President and Chairman of the Board of the Baltic Divisions of Danske Bank, Mads Jacobsen, as well as the chief executive of Danske Bank's Estonian branch, Aivar Rehe. Thus, the mail ended in the top layers of the Group in Copenhagen and in the Estonian branch.

"If the management of the bank has been aware of the problems for a longer period than previously assumed, it just underlines the severity of the management failure in this case," says Brian Mikkelsen (K), Minister of Business and Growth, in an email.

To: Aivar Rehe/AREHEH/intranet/DDB@DKDD804
Cc: Mads Jacobsen/MAJAC/intranet/DDB@DKDD804, [REDACTED]/intranet/DDB@DKDD804, [REDACTED]/intranet/DDB@DKDD804, 4074 AML and terror alerts/R4074AML/intranet/DDB@DKDD804
Date: 07.04.2013 18:35
Subject: Blacklisted Russian customers

Hi Aivar

We have been contacted by the Danish FSA that has been contacted by the Estonian FSA again. They express concern about our blacklisted Russian customers. They have informed the Danish FSA that they have contacted the Bank twice lately, but they have the impression that we do not take the issue very seriously. As I understand we have expressed that if a Russian bank themselves release funds then it is not our problem.

Nevertheless the Danish FSA is now very worried because they have confirmed to the US authorities that we comply with Danish FSA's requirements on AML. The Danish FSA has helped the Bank in a critical situation. They are now very worried that any situation may arise.

I am sorry that the contacts have only been on phone so I do not have any documentation. Why it is difficult for me to assess the scope of the issue

In order to handle a response to the Danish FSA I need your comments and feedback.

- What are the content and the purpose of the blacklist from the Russian Central Bank?
- How many blacklisted customers do we have?
- How do we handle their relationship?
- How do we screen to detect that we identify the same sanctioned persons/companies as the Estonian FSA?
- How can we demonstrate that we take the issue seriously (should I participate in a meeting with Estonia FSA)?

It is critical for the Bank that we do not get any problems based on this issue. We cannot risk any new orders in the AML area.

PS: We have already made reference to the letter we send to the Danish FSA at the same time last year.

Best Regards

Niels Thor Mikkelsen
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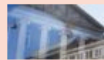
Oppressive letters

He spoke already last week in capital letters to the bank management. He emphasizes that he can not comment on the specific mail, but writes:

"It is my expectation that the information that has now arrived will be included in the Danish FSA's further work and I have asked the supervisory authority to keep me informed."

According to the mail, the Bank received more requests from Estonian Financial Supervisory Authority on problematic Russian customers in 2013. According to the mail, Estonian supervision did not think that Danske Bank took the topic seriously. In addition, according to the mail, the esters had already contacted the Danish Financial Supervisory Authority on the subject at this time.

The Danish Financial Supervisory Authority was "very worried", wrote Niels Thor Mikkelsen because the audit had previously declared to the US authorities that Danske Bank "complied with the Danish Financial Supervisory Authority's requirements for money laundering rules". According to the mail, the Danish Financial Supervisory Authority feared that the case would have consequences.



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In addition, Niels Thor Mikkelsen wrote in the mail a reference to an even earlier letter to the Danish Financial Supervisory Authority, which suggests that the bank had already addressed the agenda before 2013: "We have already referred to the letter we send to the Danish Financial Supervisory Authority at the same time last year , "It appeared.

Berlingske has previously mentioned the content of the mail after a disclosure in the spring of suspicious billion flows from Moldova through accounts in Danske Bank. But Berlingske's latest detection of even greater cash flows through Danske Bank - this time from the dictatorship in Azerbaijan - brings the mail to focus again:

It shows that in 2013, the bank knows well that there are things in the Estonian branch that you do not control at the headquarters in Copenhagen. It emphasizes the need for the bank to put the cards on the table once and tell what has happened in the Estonian branch, "says business rapporteur Lisbeth Beck Poulsen (SF).

In the mail, Niels Thor Mikkelsen also asks Aivar Rehe and Mads Jacobsen how many "blacklisted customers" the bank had and how the bank could identify the same sanctioned persons as the audit.



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The head of department also writes that he is having difficulty assessing the extent of the problem.

The uncertainty shows how little the bank knew about the challenges of money laundering. It believes L. Burke Files, expert in financial research.

"It is clear that the anti-whitewash manager is not familiar with the bank's anti-whitewash procedures. When he has the title, it is unforgivable, "he says.

Berlingske Business has shown how large amounts of dictatorship in Azerbaijan flowed through Danske Bank for several years and ended at senior politicians throughout Europe who spoke the case of the regime. Experts estimate that, by failing to intervene against the most suspicious transactions, the bank has grossly violated money laundering rules to counter international crime and corruption. The article series The Danske Bank's Danske Bank is the result of an extensive leak of data that Berlingske has gained access to and shared with the OCCRP journalist organization. Berlingske has subsequently initiated a collaboration with 15 media around the world.

After the first article on 4 September there have been a number of things:

- The Bulgarian Prosecutor's Office has initiated an investigation into the cash flows of the Bulgarians Kalin Mitrev, who is also married to UNESCO chief executive Irina Bokova.
- The party leader of the Slovenian National Party, Zmago Jelincic Plemeniti, who also receives money, was a candidate for the country's presidential election until last week. He has withdrawn his candidacy.
- Nine minutes after the first article was published, the British-Azerbaijani businessman Jovdat Gulijev resigned from the board of the Anglo-Azerbaijani Society, a British lobbying organization. aims to strengthen relations between the two countries. Gulijev also received money.
- British Prime Minister Theresa Mays spokesman has said that the Baghdad Police, the National Crime Agency, are considering an investigation.
- A majority in the European Parliament has also decided to conduct an investigation based on the articles.

CLOSE FACT BOX



Sorry, slow down

Aivar Rehe and Mads Jacobsen no longer work at the bank and have not wanted to answer Berlingske's questions. Niels Thor Mikkelsen, who has also left the bank, writes in an email that, due to his confidentiality, he must not comment.

Danske Bank's CEO since 2013, Thomas Borgen, had direct responsibility for the Baltic market in the years 2009-2012. Borgen has not wanted to interview for the case.

Danske Bank's chief lawyer, Flemming Pristed, does not believe that the mail is in doubt about the bank's explanation that they first discovered the problems in 2014.

and procedures were in place in Estonia. As soon as we discovered that this was not correct at the beginning of 2014, we took the initiative to rectify the situation, "he said in a written reply.



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Last week, Danske Bank acknowledged and regretted that it ended up taking a year and a half to throw the suspicious customers out of the bank's Estonian branch. The cleanup was completed until 2015.

Flemming Pristed will not comment on the dialogue with the authorities, but points out that the bank was already issued an injunction regarding the bank's "general money laundering" policy in 2012.

"These orders began to rectify, but as Finanstilsynet noted in 2016, at that time we were still out of reach with all expectations. We're sorry, of course, today. "

Neither the Danish or Estonian Financial Supervisory Authority will comment on the matter.

Danish bank

Money laundering

Danske Bank's Danske Bank