

Russian Banks Probed Over \$18 Billion Capital Flight

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Police are investigating a range of Russian banks suspected of illegally moving nearly 700 billion rubles (about \$18 billion) out of the country into offshore accounts through a massive "money-laundering" scheme that involved citizens and courts of Moldova, Vedomosti reported Monday.

Suspects in the joint investigation by Russia's Interior Ministry and Moldova's Federal Financial Monitoring Service and National Anti-Corruption Center include about 100 Russian firms and 21 banks, some of which have already been stripped of their licenses, Vedomosti said, citing correspondence between the investigative agencies.

The arrangement, which the Russian Interior Ministry dubbed the "Moldova transit scheme," involved foreign creditors supposedly issuing loans ranging in the hundreds of millions of dollars, with Russian firms and Moldovan citizens acting as co-signers, the report said.

Many of the supposed Moldovan co-signers were low-income citizens, whose signatures of loan agreements were falsified and who were unaware of their participation in the scheme,

according to a letter sent to the Russian Interior Ministry, Vedomosti reported. But Moldovan names on the agreements allowed lawsuits to be filed in Moldovan courts for the return of the supposed loans, according to the report.

In a series of winning cases, 13 Moldovan courts ordered Russian loan guarantors listed on the agreements to pay up, leading Russian firms and banks to transfer money into the accounts of 19 companies registered in Britain, New Zealand or Belize, the report said.

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