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## Project Tenor II – Detailed Report

Report Prepared for

The National Bank of Moldova



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# 1. Introduction to Detailed Report

This report Section – the “Detailed Report” provide more detailed analysis of the findings detailed in the Summary Report, including specific examples of fund flows, details of methodology and analysis of the specific nature of the events and processes which allowed the Three Moldovan Banks to increase lending to Shor Group companies, to disguise these fund flows through the Core Laundering Mechanism and other peripheral laundering mechanisms, and to transfer the funds to a number of accounts in multiple jurisdictions.

The following Sections do not contain specific details of the recipients of the fraud funds, which will be presented in a separate working paper to this report to the Moldovan Prosecutor.

The Detailed Report contains the following Sections:

- Glossary of definitions
- Shor Group companies
- Process of approval of loans at BEM
- Details of loans granted by the Three Moldovan Banks
- Detailed fund flows of the Switch of funds from BEM to BS in November 2014
- Fund flow analysis of Shareholding of the Three Moldovan Banks
- The Core Laundering Mechanism
- The forensic funds flow methodology
- Other laundering mechanisms
- The involvement of accounts at Russian Banks
- Detailed analysis of the destination of funds
- Inventory of electronic data collected and reviewed



## 2. Glossary of definitions

Table 1 – Glossary of definitions

Definition	Meaning
The Scoping Phase	Kroll's Scoping Phase Investigation, reported on 2 April 2015
BEM	Banca de Economii SA
BS	Banca Sociala SA
UB	Unibank SA
The Three Moldovan Banks	BEM, BS and UB
The Shor Group	Ilan Shor and companies and individuals affiliated with him (as detailed in Section 2)
CBC	Central Bank of Cyprus
The November Meeting	The meeting held between the NBM, senior members of the Moldovan government, Moldovan prosecutorial authorities, Kroll and Steptoe and Johnson in November 2017
The Consortium	Kroll and Steptoe and Johnson
The Review Period	The period under review – 1 January 2012 to 31 December 2014
The Laundering Mechanisms	The transferring of funds through a number of bank accounts which appeared to have no commercial purpose other than to disguise the flow of funds
The Board	The Board of directors of the Three Moldovan Banks
The Switch	The transfer of the entire loan portfolio from BEM to BS at the end of November 2014
The Roseau Transaction	The cession agreement entered into in 2013 whereby the shareholders of BEM agreed that as part of the terms of increasing the shareholding by the minority shareholder Systeme Informationale Integre, that approximately USD 80 million of existing loans would be ceded to a company called Roseau Alliance LLP

Roseau	Roseau Alliance LLP, the company to which the non-performing loans from BEM were ceded in 2013.
The Core Laundering Mechanism	A group of interconnected accounts held at two Latvian banks which displayed signs of being centrally controlled and which laundered the loan proceeds of loans granted to Shor Group companies by the Three Moldovan Banks.
The Core Laundering Accounts	A series of accounts which made up the Core Laundering Mechanism

### 3. The Shor Group

Throughout the Summary Report and the Detailed Report, we refer to a group of related parties as the "Shor Group. This Section provides details of the companies that make up the Shor Group, and the rationale for the classification as such.

The Scoping Phase report defined the Shor Group as "a list of companies identified by the NBM as being owned or controlled by Ilan Shor, either directly, or as a result of information identified through investigation indicating a likely affiliation." When the NBM began to monitor the loan exposure of the Shor Group in September 2010, ten companies were considered part of the group. The number of companies considered by the NBM to be part of the Shor Group grew to 39 by the end of October 2014.

Since the Scoping Phase report, Kroll has verified a sample of connections made by NBM between the Shor Group companies in the Scoping Phase to account opening documentation, public record databases and to transaction flows.

The 39 Shor Group companies originally identified by NBM, and the reason for their affiliation, are listed in Table 2 below. Kroll has conducted a sample review of the account opening records at the three banks for these companies, and reviewed bank terminal installation notices and IP access logs, which support the conclusions reached by NBM. Among the most obvious of the links between the companies and Mr. Shor is that many of them at some point reported, in account opening KYC records, str. Tighina 12 as their registered address and "022 22 80 27" as a contact telephone number. Kroll has verified that this address and number was also reported in the account opening records for SC Dufremol S.R.L and CA Klassika Asigurari SA, two companies that are publicly associated with Mr. Shor.

Kroll's further analysis of the relevant fund flows from the Three Moldovan Banks in November 2014, additional independent research from NBM, and a review of companies either currently or formerly<sup>1</sup> associated with Mr. Shor or his close associates Illona Shor<sup>2</sup>, Tudor Negru<sup>3</sup>, and Mester Moisei<sup>4</sup>, as well as additional companies that received loan funds and transferred them to the Core Laundering Mechanism has expanded our definition of the Shor Group to 77 Moldovan companies.

<sup>1</sup> A search of historical records was conducted by the Moldovan corporate registry at the request of the NBM as this information is not publicly accessible.

<sup>2</sup> According to conflicting media reports she is either Ilan Shor's sister or step-mother. She is also the current shareholder and administrator of SC Dufremol S.R.L.

<sup>3</sup> A former minority shareholder of Unibank and described in some media sources as Shor's head of security.

<sup>4</sup> The shareholder and administrator of Moldclassica International, a company affiliated with Shor in the press, and well as the administrator of two further Moldovan companies involved in the November 2014 transactions (Asigromex SRL and Finprofilux SRL).

These 77 companies, and the rationale for their classification as related parties, are detailed in Table 3.

### 3.1 Moldovan Shor Group Companies identified by NBM in the Scoping Phase (39 Companies)

The table below lists the 39 Moldovan companies considered to be part of the Shor Group by NBM in October 2014, and the reason for their association with the group (Y=Yes).

Table 2 – Shor Group companies originally defined by NBM at the time of the Scoping Phase report

#	Company name	Internet banking client installed at Tighina 12	Banking system accessed through IP addresses 178.168.82.200 or 178.168.82.169	Described as part of Shor Group in BEM email correspondence	Account opening shows registered address as Tighina 12	Contact number in account opening provided as 022 22 80 27	Loan documentation lost in "Klassika Force" fire or transported by the security company.
1	Agercom Grup SRL			Y		Y	Y
2	Air Handling SRL	Y				Y	
3	Alreda-Pro SRL	Y	Y	Y		Y	Y
4	Alulus Com SRL	Y	Y	Y	Y	Y	Y
5	Alvaro Grup SRL	Y	Y	Y		Y	Y
6	Apropo-com SRL	Y	Y		Y	Y	
7	Asigromex SRL	Y	Y	Y	Y	Y	Y
8	Avantage SRL				Y	Y	Y
9	Biro Media SRL			Y			Y
10	CA Classica Air SRL (Previously Nobil Air SRL)	Y	Y	Y		Y	Y

#	Company name	Internet banking client installed at Tighina 12	Banking system accessed through IP addresses 178.168.82.200 or 178.168.82.169	Described as part of Shor Group in BEM email correspondence	Account opening shows registered address as Tighina 12	Contact number in account opening provided as 022 22 80 27	Loan documentation lost in "Klassika Force" fire or transported by the security company.
11	CA Klassika Asigurari SA	Y			Y	Y	Y
12	Caritas Group SRL						Y
13	Citadina-Mob SRL			Y			Y
14	Contrade SRL				Y		Y
15	Danmira SRL						Y
16	Dasler Con SRL	Y	Y	Y	Y	Y	Y
17	Davema-com SRL	Y	Y	Y	Y	Y	Y
18	Demicor SRL			Y			Y
19	Dracard SRL	Y	Y	Y		Y	Y
20	Eicomet-Prim SRL	Y	Y	Y		Y	Y
21	Ghermivall SRL	Y	Y	Y	Y	Y	Y
22	ICS Air Clasica S.R.L	Y	Y	Y	Y	Y	Y
23	ICS Grand Imobiliare SRL	Y			Y		
24	ICS Grand Petrol SRL	Y	Y		Y	Y	
25	ICS Metal Trade Group SRL	Y	Y		Y	Y	
26	Infoton-com SRL	Y	Y	Y	Y		Y
27	Lavima-Impex SRL	Y	Y	Y		Y	Y
28	Megasoft International SRL	Y	Y		Y	Y	





#	Company name	Internet banking client installed at Tighina 12	Banking system accessed through IP addresses 178.168.82.200 or 178.168.82.169	Described as part of Shor Group in BEM email correspondence	Account opening shows registered address as Tighina 12	Contact number in account opening provided as 022 22 80 27	Loan documentation lost in "Klassika Force" fire or transported by the security company.
29	Moldclassica International SRL	Y	Y	Y	Y	Y	Y
30	Prosperarea Moldovei	Y	Y				
31	Provolirom SRL	Y	Y	Y	Y	Y	Y
32	SC Duffremol S R L	Y	Y	Y	Y	Y	Y
33	SC Molint Grup S R L	Y	Y	Y			Y
34	Storad Group SRL	Y	Y	Y	Y	Y	Y
35	Talnes SRL			Y		Y	Y
36	Timol Impex SRL					Y	Y
37	Univet Invest SRL	Y	Y	Y		Y	Y
38	Vascovprod SRL		Y	Y		Y	Y
39	Voximar-Com SRL	Y	Y	Y		Y	Y

### 3.2 Moldovan Shor Group Companies identified to date (77 Companies)

The table below lists the 77 Moldovan companies currently considered to be part of the Shor Group and the reason for their association with the Shor Group

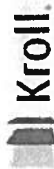
**Table 3 – Shor Group companies based on Kroll's additional analysis**

#	Company Name	Defined by NBM as "Shor Group" in October 2014	Defined by NBM as "Shor Group" in December 2015	Recipient of funds from the November 2014 Transactions / recipient of funds also passed through Latvian accounts	Administrator or shareholder also administrator or shareholder of another Shor Group company or has another public record link with Shor
1	AA Activ Broker SRL				Y
2	Agentia De Ştiri Новости-Молдова (Novosti Moldova) S R L		Y		
3	Agercom Grup SRL	Y	Y	Y	
4	Air Handling SRL	Y	Y		
5	Alreda-Pro SRL	Y	Y	Y	
6	Alutus Com SRL	Y	Y	Y	Y
7	Alvaro Grup SRL	Y	Y	Y	
8	Ancor Lux SRL		Y		
9	Apropo-com SRL	Y	Y	Y	Y
10	Asigromex SRL	Y	Y	Y	
11	Avantage SRL	Y	Y		Y
12	Avia Invest SRL				Y
13	Biro Media SRL	Y	Y	Y	
14	CA Classica Air SRL (Previously Nobil Air SRL)	Y	Y	Y	

#	Company Name	Defined by NBM as "Shor Group" in October 2014	Defined by NBM as "Shor Group" in December 2015	Recipient of funds from the November 2014 Transactions / recipient of funds also passed through Latvian accounts	Administrator or shareholder also administrator or shareholder of another Shor Group company or has another public record link with Shor
15	CA Klassika Asigurari SA	Y	Y		
16	Caravita Co SRL			Y	
17	Caritas Group SRL	Y	Y	Y	
18	Citadina-Mob SRL	Y	Y	Y	Y
19	CJSCB Ipotechniy Moldova			Y	
20	Contrade SRL	Y	Y	Y	
21	CPJ989-PRIM SRL			Y	
22	D.F.I SRL		Y		
23	Daliano-S SRL		Y		
24	Danmira SRL	Y	Y	Y	Y
25	Dasler Con SRL	Y	Y	Y	
26	Davema-com SRL	Y	Y	Y	
27	Decfin Grup SRL		Y	Y	
28	Demicor SRL	Y	Y	Y	
29	DFM Prim SRL				Y
30	Dracard SRL	Y	Y	Y	
31	Elcomet-Prim SRL	Y	Y	Y	
32	Finprofilux SRL		Y	Y	Y
33	Firma BAS-Clasic S.R.L		Y	Y	
34	Firma Diagras S.R.L		Y		
35	Ghermivali SRL	Y	Y	Y	
36	ICS Air Clasica S.R.L	Y	Y	Y	

#	Company Name	Defined by NBM as "Shor Group" in October 2014	Defined by NBM as "Shor Group" in December 2015	Recipient of funds from the November 2014 Transactions / recipient of funds also passed through Latvian accounts	Administrator or shareholder also administrator or shareholder of another Shor Group company or has another public record link with Shor
37	ICS Bogdan & Co SRL			Y	
38	ICS Delmos-Grup S.R.L		Y		
39	ICS Grand Imobiliare SRL	Y	Y	Y	
40	ICS Grand Petrol SRL	Y	Y		
41	ICS Kotinvest SRL			Y	
42	ICS Metal Trade Group SRL	Y	Y		
43	ICS Semgroup-Systems SRL			Y	
44	ICS Splot-BI SRL		Y		
45	IM Airklassika Group SRL		Y		
46	Impact Imobil SRL		Y	Y	
47	Infoton-com SRL	Y	Y	Y	
48	Interprimcolect SRL				Y
49	Lavima-Impex SRL	Y	Y	Y	
50	Liceul Logica S.R.L				Y
51	Liramex-Com SRL		Y	Y	
52	Maxiprof Consulting SRL		Y		
53	Megasoft International SRL	Y	Y	Y	
54	Meldava Grup			Y	

#	Company Name	Defined by NBM as "Shor Group" in October 2014	Defined by NBM as "Shor Group" in December 2015	Recipient of funds from the November 2014 Transactions / recipient of funds also passed through Latvian accounts	Administrator or shareholder also administrator or shareholder of another Shor Group company or has another public record link with Shor
	Moldclassica				
55	International SRL	Y	Y	Y	
56	OP Klassica Force SRL		Y		
57	Prosperarea Moldovei	Y	Y		
58	Provolrom SRL	Y	Y	Y	
59	Renastere SRL				Y
60	Ridit Sistem SRL		Y		
61	Saagton			Y	
62	Samit Plus SRL		Y		
	SC Aeronord - Grup				Y
63	S R L				
	SC Classica Tracing				Y
64	International S R L				
65	SC Dufremol S R L	Y	Y	Y	Y
66	SC IDS Grup S R L		Y		Y
67	SC Molint Grup S R L	Y	Y	Y	
68	Stal Petrol ICS			Y	
69	SC Nander-Grup S R L		Y		
70	Storad Grup SRL	Y	Y	Y	
71	Talnes SRL	Y	Y	Y	
72	Timol Impex SRL	Y	Y		
73	Toast De Lux SRL		Y		
74	Tradeway SRL		Y		
75	Univet Invest SRL	Y	Y	Y	



#	Company Name	Defined by NBM as "Shor Group" in October 2014	Defined by NBM as "Shor Group" in December 2015	Recipient of funds from the November 2014 Transactions / recipient of funds also passed through Latvian accounts	Administrator or shareholder also administrator or shareholder of another Shor Group company or has another public record link with Shor
76	Vascovprod SRL	Y	Y	Y	
77	Voximar-Com SRL	Y	Y	Y	



## 4. Approval of loans at BEM

As summarised in Section 4 of the Summary Report, Kroll conducted a detailed analysis of the loans issued between 1 and 24 November 2014 by the Three Moldovan Banks (mainly BEM during this period). In interviews with employees at BEM, Kroll was informed that a large amount of the relevant documentation relating to these loans was suspiciously destroyed in a fire at the end of November 2014. Kroll conducted a focused review of electronic documents to clarify the processes which allowed such a high volume of high value loans to be issued by BEM in such a short period of time and to identify any potential wrongdoing. Documents reviewed demonstrated that BEM employees challenged the documentation submitted and raised concerns to the Board, which were ultimately ignored. Specifically, this Section provides details of the following:

- The loan approval process – including that the instruction to process loans was communicated orally by the senior management of BEM to the loan application administrators. Senior administrators were required to produce written analysis to the Board for each large loan applied for, but it appears that this was an administrative task and that the decision to lend had already been made;
- The members of the Board who were responsible for approving the loans;
- Examples of Board meetings where such loans were approved, and the schedule that demonstrates that Board meetings occurred on an almost daily basis in November 2014;
- Evidence that senior administrators repeatedly raised concerns to the Board (through their written reports) regarding the creditworthiness of the loan applicant, the inter-connected nature of loan applicants, the risk to the capital of the bank and the authenticity and validity of documentation, which was provided to support the loan application.
- That administrators appeared to challenge documentation submitted by representatives of the Shor Group, through a "shorholding com" email address
- Evidence that the two Moldovan Government representatives of the Board were not in attendance at the meetings, and were not aware of the high volume of loans being issued in November 2014;

## 4.1 Process for issuing loans at BEM

From interviews with BEM employees, Kroll documented the process for approval of loans in November 2014 as follows:<sup>5</sup>

1. BEM employees were verbally informed about the intention to grant a customer loan by members of BEM's management. The BEM employees specifically named Mr. Viorel Birca and Mr. Constantin Paladi as the two managers from whom they received these verbal instructions.
2. There were four departments (Credit, Treasury, Foreign Operations and Accounting) that were involved in the granting of new loans.
3. In order for a loan to be approved by BEM's Board, it was necessary that both the Credit and Treasury departments produced written memorandums with their recommendations. These recommendations included remarks about the viability of the loan issued, the risks involved in such an operation and information about the customer requesting the loan. Memorandums with such recommendations were also on occasion produced by the Foreign Operations Department.
4. Once BEM employees were made aware of the instruction to grant a loan, the four departments communicated the relevant details to each other to process such a loan. For example, if the Credit department notified the Foreign Operations Department that the management had decided to grant a loan for a given sum and that an equivalent sum was expected to be placed on deposit (as a foreign currency) from a Russian bank (with which BEM had previous agreements), the Foreign Operations Department was responsible for drafting the necessary legal contract between BEM and the relevant bank for the provision of the loan, which was then posted to Russia, signed by relevant representatives of the bank providing the collateral and returned within a few days.
5. The departments produced a series of memoranda with their recommendations related to the particular loan being granted. Kroll identified drafts of these documents during the electronic data review.
6. The memoranda, together with additional relevant information produced and gathered by the four main departments, were subsequently gathered in a package file and submitted to

<sup>5</sup> No formal loan procedure was obtained – this information was obtained through discussions with relevant BEM employees.

Angela Osoianu, the secretary of the BEM Board, who passed it on to the Board. BEM employees have confirmed that the Board secretary was their main point of contact through which all documentation was conveyed to the Board. The Board secretary acted as an intermediary in communications and messages from BEM employees to and from the Board and the senior administrators did not present directly to the Board

7. After all the necessary paperwork was passed on to the Board, the Board granted the loan (apparently having considered the recommendations provided by the various departments). According to BEM employees, all the documentation was subsequently signed and approved by all Board members.

## 4.2 Composition of BEM's Board during November 2014

Draft minutes identified from the electronic document review list the following participants as the attendees for the meetings during the month of November 2014:

- Mr Shor (President of the Board);
- Ivan Ursu (Bank Advisor to the President on security issues);
- S. Budza (Member of the Board);
- Viorel Birca (BEM Interim President);
- Constantin Paladi (BEM Vice President) ; and
- Angela Osoianu (Board secretary).

The heads of the Credit Department and the Treasury Department respectively were not, according to the Board minutes reviewed, present at the Board meetings. However, their names were mentioned in the relevant Sections of the minutes related to their specific items of competence (for example, in some instances the head of the Credit Department was listed as the "reporter" for items related to loans). The members of management interviewed confirmed that they did not attend the Board meetings. No other members of BEM management were listed as in attendance.

## 4.3 Regulator participants of the Board not in attendance

Kroll, in participation with the NBM, contacted the BEM Board members Elena Matveeva ("Ms. Matveeva") and Octavian Calmic ("Mr. Calmic") who were appointed by the Moldovan government as part of the supervision of BEM. The NBM received responses on 17 February 2016 and 29

February 2016 from Ms. Matveeva and Mr. Calmic, respectively.<sup>6</sup> Both Board members stated that they had not been invited to any Board meetings in November 2014. Both Ms Matveeva and Mr Calmic were listed as “absent” in the Board meeting minutes reviewed by Kroll.

In addition, they both stated that they were aware of several loans being issued during their tenure as a BEM Board member, but were not aware of any loans being granted in November 2014. These letters indicate that the remaining Board representatives deliberately bypassed the Government Board representatives who were responsible for the supervision of BEM at that time.

## 4.4 Log of Board meetings of BEM in November 2014

Kroll's electronic document review identified a number of minutes of BEM Board meetings held in November 2014 that related to the approval of loans to Shor group companies. A number of these Board meetings also covered approval of operations to facilitate BEM's lending ability at the time (such as interbank placements and deposits).

The original documents have been provided as Exhibit 4.2.

**Table 4 - November 2014 BEM Board Meetings**

Board Meeting Date	Loans granted to/other items approved
03/11/2014	Agroindbank (Interbank deposit)
04/11/2014	Banca Sociala (interbank deposit)
05/11/2014	Voximar SRL / Russian Bank 1 / Interprombank (interbank deposits)
06/11/2014	Voximar SRL/Dracard SRL
07/11/2014	Provolirom SRL / Unibank (interbank deposit)
10/11/2014	Provolirom SRL / Unibank SRL (interbank deposit)
11/11/2014	Voximar SRL
12/11/2014	Voximar SRL
17/11/2014	Provolirom SRL / Interprombank (interbank deposit)
17/11/2014	Provolirom SRL / Interprombank (interbank deposit)
19/11/2014	Provolirom SRL / Caritas SRL / Russian Bank 1 / Interprombank (interbank deposits)
21/11/2014	Caritas SRL <sup>7</sup>
24/11/2014	Caritas SRL / Provolirom SRL <sup>8</sup>

<sup>6</sup> See Exhibit 4.1 - Response from Ms. Matveeva and Mr Calmic relating to Board attendance in November 2014

<sup>7</sup> Minutes for this Board Meeting are missing. The loan contract is mentioned in an e-mail dated 26 November 2014 (see Exhibit 4.2)

<sup>8</sup> Minutes for this Board Meeting are missing. The loan contract is mentioned in an e-mail dated 26 November 2014 (see Exhibit 4.2)

24/11/2014

Caritas SRL<sup>9</sup>

## 4.5 Example minutes of a BEM Board meeting

Kroll's review of electronic documentation identified minutes of a BEM Board meeting dated 7 November 2014.<sup>10</sup> According to this document, the meeting was attended by the following participants: Mr. Shor (President of the Board), Ivan Ursu (Bank Advisor to the President on security issues), S. Budza (member of the Board), Mr. Birca (BEM Interim President), Constantin Paladi (BEM Vice President) and Angela Osoianu (Board secretary).

Figure 1 – Extract from BEM Board meeting minutes dated 7 November 2014

<b>BANCA DE ECONOMII S.A.</b> Procesul-verbal nr. 148 al Ședinței Consiliului Băncii	
07 noiembrie 2014	mun. Chișinău
Ora 10.00	
Au fost prezenți membrii Consiliului: I. Șor, I. Ursu, S. Budza A prezidat: I. Șor, Președintele Consiliului Secretarul Consiliului: A. Osoianu Au lipsit: E. Matveeva, O. Colmic, membrii Consiliului	
Invitați: V. Birca, Președinte interimar al Comitetului de Conducere C. Paladi, vicepreședintele Comitetului de Conducere	
<b>ORDINEA DE ZI:</b> I. Cu privire la atragerea depozitului interbancar la termen de la Акционерный Коммерческий Банк «ИНТЕРПРОМБАНК» (акционерное коммерческое общество). Raportor: P. Țipa, șef Direcția Trezorerie. II. Cu privire la examinarea și hotărârea referitor la acordarea companiei ██████████ SRL a unui credit în tranșe în sumă de 828,395,000 (opt sute douăzeci și opt milioane trei sute nouăzeci și cinci mii) MDL, pe termen de 36 luni pentru completarea mijloacelor circulante (procurarea mărfurilor). Raportor: O. Botnaru, șef interimar Direcția Credite.	

According to the minutes, the following resolutions were approved unanimously by the Board:

1. To secure an interbank deposit with Interprombank for the value of EUR 47 million;
2. To grant a loan valued at MDL 828,395,000 to Provolirom SRL;
3. To amend BEM risk management policies in order to increase the limits of correspondent accounts balances, short-term placements and liabilities with counterparties in Russia;

<sup>9</sup> Ibid

<sup>10</sup> See Exhibit 4.3 – Example of Board minute – 7 November 2014



4. To accept the request of BS to place MDL 140 million in overnight deposit at BEM for three days (07.11.2014-10.11.2014);
5. To accept the request of UB to place MDL 740 million in overnight deposit at BEM for three days (07.11.2014-10.11.2014);
6. To accept certain real estate properties belonging to Decfin Grup SRL, Elcomet Prim SRL, Liramex-Com SRL and Univet Invest SRL as collateral for BEM loans.

The topics above were presented based on information produced by Ms. Botnaru (Head of Credit), Ms. Juk (Head of Foreign Operations) and Mr. Tipa (Head of Treasury). An email containing the minutes was sent by Angela Osoianu (Board secretary) to all Board meeting participants on 17 November 2014. This email also contains all the relevant attachments and internal reports discussed at the aforementioned meeting.<sup>11</sup>

## 4.6 Examples of risks identified by senior employees

Kroll identified a number of communications between senior administrators and the Board, where specific risks were highlighted to the Board. Despite these risks being highlighted, loans to the companies were approved. Examples are given below:

### Example 1 – identification of related parties and risk to BEM's capital

On 7 November 2014, Ms Botnaru prepared a note on Provolirom SRL in relation to its request to borrow MDL 828,395,000 (Credit Agreement № 06-06/1/58 dated 7 November 2014). This note was discussed at the 7 November 2014 Board meeting described above.<sup>12</sup> In the memorandum, Ms. Botnaru provided a brief summary of the company, which included items such as the company's incorporation details, stated business purpose and tax identification number. The document also listed BEM's net exposure to Provolirom, amounting to EUR 3,250,000 at the time. The memorandum stated that Provolirom, Danmira and Biro Media were companies acting in concert and all had loans with BEM at the time. These loans were all guaranteed by deposits from Interprombank. A summary table of the loans discussed in this note is provided in Figure 2.

<sup>11</sup> See Exhibit 4.4 - Email sent by Angela Osoianu (Board secretary) related to BEM Board meeting dated 7 November 2014 (plus attachments)

<sup>12</sup> See Exhibit 4.5 - Memorandum by Ms. Botnaru on the company Provolirom SRL in relation to a loan request (November 2014)



**Figure 2 - Extract from a memorandum on the company Provolirom SRL prepared by Olga Botnaru in November 2014**

Compania [redacted] SRL, Biro Media SRL și [redacted] SRL sunt companii ce activează concertat având în vedere că ЗАО АКБ «ИНТЕРПРОМБАНК» figurează în calitate de debitor gajist și garant pentru creditele contractate de companiile respective la Banca de Economii SA, după cum urmează:

Compania	C de credit	Suma	Debitor gajist	Obiectul gajului	Suma garanției	Expunerea netă a băncii
[redacted] SRL	06-06/1/16 din 11.06.14	188.200.000 MDL	ЗАО АКБ «ИНТЕРПРОМБАНК»	Depozit banesc	10.300.000 EUR	0.00 MDL
[redacted] SRL	06-06-1/13 din 15.05.14	3.200.000 EUR	ЗАО АКБ «ИНТЕРПРОМБАНК»	Garantie bancara	3.250.000 EUR	3.200.000 EUR
Biro Media SRL	06-06/1/23 din 02.07.14	170.000.000 MDL	ЗАО АКБ «ИНТЕРПРОМБАНК»	Depozit banesc	13.000.000 EUR	0.00 MDL
	06-06/1/26 din 07.07.14	65.440.000 MDL				0.00 MDL
Biro Media SRL	06-06/1/39 din 19.08.14	1.000.000 USD	ЗАО АКБ «ИНТЕРПРОМБАНК»	Depozit banesc	1.015.000 USD	0.00 MDL

The memorandum also stated that in the event of the loan to Provolirom being approved, the total net exposure of BEM to these companies would be 12.31% of BEM's Total Normative Capital (in Romanian "CNT") as per the latest financial information available at the time dated 30 September 2014. It was also noted that the total being borrowed would exceed BEM's Total Normative Capital by 1.71 times.

Further remarks were made in relation to the viability of the loan to Provolirom SRL. In particular it was noted that the company had failed to provide a business plan and financial forecasts for the loan period: as such, it was not possible to assess the viability of the lending operation and whether Provolirom SRL would be able to repay. In addition, the company had not provided commercial contracts or other indicators that could explain how the repayment of the loan would be made, its turnovers and account balances at other banks or any documents related to Provolirom SRL's commercial activities.

#### **Example 2 – Earlier identification (pre-November 2014) of companies acting as a group related to Shor**

A memorandum from A. Misov (the then Head of Credit at BEM) in November 2012 to BEM's Board of directors highlighted that a number of companies were acting together as a group (Ghermivali SRL, IM Moldclassica International SRL, SC Molint Grup SRL, ICS Metal Trade Grup SRL, Asigromex SRL, Storad Grup SRL, SC Dufremol SRL and Alutus-Com SRL). This document, titled "Nota consiliu Sor.docx" was found on Ms. Botnaru's computer and contains a detailed summary of BEM's exposure to the Shor Group companies at the time, together with details of guarantees for the loans.<sup>13</sup> This document shows that the Credit Department was informing the Board of BEM's Shor Group exposure from at least 2012 onwards.

<sup>13</sup> See Exhibit 4.10 - Memorandum from A. Misov in November 2012

**Example 3 – Identification of late payment of loans by Shor Group companies**

On 13 November 2014, Iulian Sarivan ("Mr. Sarivan") (Credit Department – BEM Chisinau Branch) sent an email to Ms. Golovcenco and Ms. Botnaru, informing them that certain Shor Group companies were late in the repayment of their loans. On 20 November 2014, Mr. Sarivan re-sent the warning with a table showing at least seven loans as being late for repayment. On the same day, both Ms. Botnaru and Ms. Golovcenco independently forwarded the email to Mr. Birca.<sup>14</sup> The email was also forwarded to Serghei Pinzari (Chief Economist, Credit Department) Diana Alea (Chief Economist, Credit Department) and Ms. Mihalas (Deputy Head of Credit) on the following days (21 and 24 November).<sup>15</sup>

**Example 4 – Lack of documentation for loan approval**

On 19 May 2014, Ms. Botnaru (BEM Head of Credit) wrote a note to Mr. Birca informing him that the Shor Group companies Voximar, Dasler Con, Dracard and Provolirom had failed to provide several documents in relation to loans of EUR 3.1 million, EUR 2.9 million, EUR 2.8 million and EUR 3.2 million respectively, received by these companies from BEM on 15 May 2014.<sup>16</sup>

In particular, Ms. Botnaru noted that the companies had failed to produce the following documents:

- Business plans;
- Forecasts of revenue and cash flow for the entire duration of the loan;
- Financial reports for the year 2014;
- Certificates from other banks on existing loan facilities;
- Certificates from other banks regarding turnovers on current accounts;
- Copies of pledge agreements from other banks; and
- Performance contracts for the period of validity of the credit.

<sup>14</sup> See Exhibit 4.8 - Emails dated 20 November 2014 to Viorel Birca from Ms. Golovcenco and Ms. Botnaru

<sup>15</sup> See Exhibit 4.9 - Email dated 13 November 2014 from Mr. Sarivan

<sup>16</sup> See Exhibit 4.5 - Memorandum from Ms. Botnaru to Mr. Birca dated 19 May 2014

## 4.7 Communication between Shor Group and senior employees relating to loan documentation

Kroll identified during a review of electronic documents examples of communications between employees at BEM and BS and individuals using an "@shorholding.com" e-mail address, which demonstrates the Shor Group coordination of the loans being issued by BEM and BS and that employees of the bank appeared to be challenging the documentation presented.

Correspondence from the Shor Group came mainly from the following two individuals:

- Rodica Diaconu ("Mr. Diaconu") – [finance.r@shorholding.com](mailto:finance.r@shorholding.com)
- Andrei Cojocari ("Mr. Cojocari") – [acojocari@shorholding.com](mailto:acojocari@shorholding.com)

The website [www.shorholding.com](http://www.shorholding.com) redirects to the website of the duty-free reseller company Dufremol, one of Mr. Shor's principal businesses.

Individuals using "@shorholding.com" email addresses provided BEM and BS's Credit Departments with loan application documentation and paperwork including documents such as business plans, accounts, financial information, bank and personal guarantees, directors' information and corporate extracts related to the borrowing companies, indicating that such companies were directly managed by the Shor Group. The messages contained file attachments with little written instruction or accompanying explanation. Kroll identified around 40 email exchanges with the "@shorholding.com" email accounts.

Administrators at BEM / BS responded to the emails mainly to request amendments to documentation or to challenge the information provided. The broad timeline of the exchanges indicate that this process was on-going during 2014 period. Examples of email exchanges are given below:

- 1) In an email dated 4 June 2014 to Mr. Cojocari ([acojocari@shorholding.com](mailto:acojocari@shorholding.com)), Ms. Botnaru (BEM) asked to make a number of amendments to a business plan for Voximar.SRL;
- 2) On 27 May 2014 Ms. Botnaru commented on a previous business plan submitted by Mr. Cojocari for the Shor Group company Dasler Con. Ms. Botnaru noted that although the loan discussed had been granted for the purchasing of furniture, it was listed in the corresponding underlying business plan, as for the purchase of building materials<sup>17</sup> submitted by the Shor Group

<sup>17</sup> See Exhibit 4.11 – Amendments to Voximar business plan suggested by Ms. Botnaru

company Voximar. Ms. Botnaru suggested amendments in relation to certain costs that were not correctly reflected in the business plan.<sup>18</sup>

3) On 26 March 2013 Ecaterina Turcanu (BS Credit) sent to Mr. Cojocari<sup>19</sup> suggested edits for a business plan presented by the company Molint Group SRL, a Shor Group company. In the document, Turcanu points out that the business plan stated the name of Unibank, rather than Banca Sociala, as the lender for the transaction.

<sup>18</sup> See Exhibit 4.12 - Emails dated May 2014 related to Voximar

<sup>19</sup> See Exhibit 4.13 - Email sent by Ecaterina Turcanu (BS Credit) to Mr. Cojocari (Shor Holdings) in March 2013

## 5. Analysis of loans

As summarised in Section 4.1 of the Summary Report, Kroll conducted an analysis of loans granted by the Three Moldovan Banks to Shor Group companies between 1 January 2012 and 26 November 2014. This Section provides details of this analysis as follows.

- Methodology for loan analysis (Section 5.1);
- Details of loans granted to Shor Group (Section 5.2);
- Loans transferred to the Core Laundering Mechanism (Section 5.4);
- Loans paid to other accounts at ABLV and Privatbank (Section 5.5);
- Loans paid to other jurisdictions (Section 5.7); and
- Loans paid to Moldovan companies (Section 5.6).

### 5.1 Methodology for loan analysis

#### 5.1.1 Creating a log of all loans issued by the Three Moldovan Banks

Kroll combined the loans statements into a log of all loans, which formed the basis of this analysis. New loans issued by BEM were identified from loan statements received from NBM, which referred to a "contract de credit". Each loan was identified by a "contract de credit" reference number in the bank statements and loan statements. Loan statements provided were combined into a log of all loans. New loans issued by BS and UB were identified from the bank statements provided by NBM. The release of a loan into the current account was identified with a description "Eliberarea creditului" (Issuing of credit). In most cases, a loan reference number was also included in the transaction description.

#### 5.1.2 Initial traces

The loan funds were traced in order to establish the jurisdiction to which funds were initially dissipated (Latvia, Moldova, or other). Funds were traced on in the case of an exact match (where the onward trace matched the initial loan amount) or conversion (initial loan amount was converted to a different currency and transferred on), and classified according to the categories below. For the purposes of this initial trace analysis, once an amount was traced to a jurisdiction outside Moldova, no further trace was conducted. Where funds were mixed in the Moldovan accounts and could not be traced further by exact matches, they were classified as "Remained in Moldova". First-in-first-out ("FIFO") tracing (as detailed in Section 9) was not conducted for the initial traces

The results of these initial traces are detailed in Sections 5.4 to 5.6.

## 5.2 Details of loans granted

The Three Moldovan Banks issued new loans of approximately USD 2.9 billion between 1 January 2012 and 26 November 2014 to Shor Group companies, as shown in Table 5 below:

**Table 5: Loans issued to Shor Group companies by the Three Moldovan Banks**

	BEM	BS	UB	Total
2012 (Jan to Dec)	24.7	37.1	76.3	138.1
2013 (Jan to Dec)	8.2	106.6	258.0	372.7
2014 (Jan to Oct)	164.7	163.5	175.5	503.7
2014 (Nov)	838.5	978.8	91.9	1,909.2
<b>TOTAL<sup>20</sup></b>	<b>1,036.0</b>	<b>1,286.0</b>	<b>601.7</b>	<b>2,923.7</b>

**Table 6: BEM - Loans Issued to Shor Group companies (USD million)**

SHOR GROUP ENTITY	2012	2013	Jan to Oct 2014	Nov 2014	BEM Total <sup>21</sup>
Agentia De Stiri	-	-	-	-	0
Agercom Grup SRL	-	-	-	-	0
Air Clasica ICS Srl	0.3	-	-	-	0.3
Alreda-Pro SRL	-	-	-	-	0
Alutus Com SRL	2.8	-	-	-	2.8
Alvaro Grup SRL	-	-	4.0	-	4
Apropro-Com SRL	-	-	-	-	0
Asigromex SRL	2.6	-	-	-	2.6
BAS Clasic SRL	-	-	-	-	0
Biro Media SRL	-	-	17.5	-	17.5
CA Classica Air SRL	-	-	-	-	0
Caravita Co SRL	-	-	1.6	-	1.6
Caritas Group ICS SRL	-	-	25.0	230.8	255.8
Citadina-Mob SRL	-	0.4	-	-	0.4
Contrade	-	-	-	-	-

<sup>20</sup> Differences are due to rounding

<sup>21</sup> Differences are due to rounding



SHOR GROUP ENTITY	2012	2013	Jan to Oct 2014	Nov 2014	BEM Total <sup>21</sup>
Daliano-S SRL	-	-	-	-	-
Danmira SRL	-	-	13.2	-	13.2
Dasler-Con SRL	-	-	17.6	-	17.6
Davema-Com SRL	-	-	-	-	-
Decfin Grup SRL	-	3.6	-	-	3.6
Demicor	-	-	-	-	-
Diagaras	-	-	-	-	-
Dracard	-	-	24.3	182.7	207
Dufremol SRL	1.3	-	6.5	-	7.8
Elcomet-Prim SRL	-	0.8	2.5	-	3.3
Finprofilux SRL	-	0.4	-	-	0.4
Ghermivali SRL	1.7	-	-	-	1.7
Grand Imobiliare ICS SRL	-	-	-	-	-
ICS Kotinvest SRL	-	-	-	-	-
Infoton-Com SRL	1.1	-	-	-	1.1
Lavima Impex SRL	-	-	-	-	-
Liramex-Com SRL	-	2.8	1.0	-	3.8
Megasoft International SRL	5.2	-	-	-	5.2
Metal Trade Group ICS SRL	2.3	-	-	-	2.3
Moldclassica International SRL	3.8	-	-	-	3.8
Molint Grup SRL	1.3	-	-	-	1.3
Nobil Air	-	-	-	-	-
Provolirom SRL	-	-	4.3	222.9	227.2
Riolit Sistem SRL	-	-	-	-	-
SRL Impact Imobil	-	-	-	-	-
Saagton	-	-	-	-	-
Meldava Grup	-	-	-	-	-
Stal Petrol ICS SRL	-	-	-	-	-
Storad Grup SRL	2.3	-	-	-	2.3
Talnes SRL	-	-	27.7	-	27.7
Timol Impex SRL	-	-	-	-	-
Toast de Lux SRL	-	-	-	-	0
Tradeway SRL	-	-	0.9	-	0.9
Univest Invest SRL	-	-	3.5	-	3.5

SHOR GROUP ENTITY	2012	2013	Jan to Oct 2014	Nov 2014	BEM Total <sup>21</sup>
Vascovprod SRL	-	-	-	-	0
Voximar-Com SRL	-	-	15.2	203.1	218.3
TOTAL	24.7	8.2	164.7	838.5	1,036.0

Table 7: BS - Loans issued to Shor Group companies (USD millions)

	2012	2013	Jan to Oct 2014	Nov 2014	BS Total <sup>22</sup>
Agentia De Stiri	-	-	-	-	-
Agercom Grup SRL		9.0	-	-	9
Air Clasica ICS Srl	2.4	-	2.0	-	4.4
Alreda-Pro SRL	-	2.6	1.0	-	3.6
Alutus Com SRL	3.8	-	32.3	4.5	40.6
Alvaro Grup SRL	-	8.0	-	-	-
Apropro-Com SRL	-	-	-	-	-
Asigromex SRL	0.3	2.5	2.6	0.1	5.5
BAS Clasic SRL	-	-	-	-	-
Biro Media SRL	-	8.7	8.9	-	17.6
CA Classica Air SRL	-	-	-	-	-
Caravita Co SRL	-	-	-	-	-
Caritas Group ICS SRL	-	-	-	182.4	182.4
Citadina-Mob SRL	-	3.1	2.3	-	5.4
Contrade	-	-	7.0	169.1	176.1
Daliano-S SRL	4.9	-	-	-	4.9
Danmira SRL	-	-	-	214.9	214.9
Dasler-Con SRL	-	1.8	3.8	-	5.6
Davema-Com SRL	-	5.0	2.1	223.8	230.9
Decfin Grup SRL	-	-	-	-	-
Demicor	-	11.2	-	-	11.2
Diagaras	3.1	-	-	-	3.1
Dracard	-	4.7	0.5	-	5.2

<sup>22</sup> Differences due to rounding

	2012	2013	Jan to Oct 2014	Nov 2014	BS Total <sup>22</sup>
Dufremol SRL	5.0	5.9	8.3	-	19.2
Elcomet-Prim SRL	-	-	4.4	-	4.4
Finprofilux SRL	-	-	-	-	-
Ghermivali SRL	0.6	0.9	0.9	-	2.4
Grand Imobiliare ICS SRL	-	-	-	-	-
ICS Kotinvest SRL	-	-	-	-	-
Infoton-Com SRL	3.8	-	3.2	-	7
Lavima Impex SRL	-	6.4	0.4	-	6.8
Liramex-Com SRL	-	-	-	-	-
Megasoft International SRL	2.4	-	-	-	2.4
Metal Trade Group ICS SRL	2.0	-	-	-	2
Moldclassica International SRL	1.6	3.5	4.2	-	9.3
Molint Grup SRL	4.8	-	35.6	15.3	55.7
Nobil Air	-	2.2	2.7	-	4.9
Provolirom SRL	-	9.6	2.7	-	12.3
Riolit Sistem SRL	-	-	-	-	-
SRL Impact Imobil	-	-	-	-	-
Saagton	-	-	-	-	-
Meldava Grup	-	-	-	-	-
Stal Petrol ICS SRL	-	-	-	-	-
Storad Grup SRL	2.3	-	8	4.6	7.7
Talnes SRL	-	4.2	3.8	-	8
Timol Impex SRL	-	-	16.4	-	16.4
Toast de Lux SRL	-	-	-	-	-
Tradeway SRL	-	-	-	-	-
Univest Invest SRL	-	6.5	7.0	-	13.5
Vasovprod SRL	-	2.8	0.9	-	3.7
Voximar-Com SRL	-	7.9	1.7	164.0	173.6
<b>TOTAL</b>	<b>37.1</b>	<b>106.6</b>	<b>163.5</b>	<b>978.8</b>	<b>1,286.0</b>

Table 8: UB - Loans issued to Shor Group companies (USD million)

	2012	2013	Jan to Oct 2014	Nov 2014	UB Total <sup>23</sup>
Agentia De Stiri	-	1.9	-	-	1.9
Agercom Grup SRL	-	2.3	-	-	2.3
Air Clasica ICS Srl	0.7	1.4	15.3	-	17.4
Alreda-Pro SRL	-	2.3	0.4	-	2.8
Alutus Com SRL	6.4	2.6	1.3	-	10.3
Alvaro Grup SRL	-	2.4	-	-	2.4
Apropro-Com SRL	-	15.9	4.2	69.1	89.2
Asigromex SRL	5.9	10.3	-	-	16.2
BAS Clasic SRL	-	20.3	-	-	20.3
Biro Media SRL	-	2.4	0.3	-	2.7
CA Classica Air SRL	-	3.9	0.5	-	4.5
Caravita Co SRL	-	-	-	-	-
Caritas Group ICS SRL	-	2.7	1.4	-	4.1
Citadina-Mob SRL	-	2.4	-	-	2.4
Contrade	-	1.4	42.8	9.5	53.1
Daliano-S SRL	0.7	2.1	-	-	2.8
Danmira SRL	-	-	-	-	-
Dasler-Con SRL	-	2.4	-	-	2.4
Davema-Com SRL	-	2.4	-	-	2.4
Decfin Grup SRL	-	8.0	4.5	-	12.5
Demicor	-	2.2	-	-	2.2
Diagaras	-	-	-	-	-
Dracard	-	2.3	-	-	2.3
Dufremol SRL	14.0	30.6	11.8	-	56.3
Elcomet-Prim SRL	-	2.4	-	-	2.4
Finprofilux SRL	-	5.5	9.8	-	15.3
Ghermivali SRL	3.4	10.2	0.3	-	14.0
Grand Imobiliare ICS SRL	1.5	4.8	-	-	6.3
ICS Kotinvest SRL	-	2.2	-	-	2.2
Infoton-Com SRL	12.6	4.6	0.9	-	18.1
Lavima Impex SRL	-	4.0	-	-	4.0

<sup>23</sup> Differences due to rounding

	2012	2013	Jan to Oct 2014	Nov 2014	UB Total <sup>23</sup>
Liramex-Com SRL	-	3.4	-	-	3.4
Megasoft International SRL	5.2	1.2	-	-	6.4
Metal Trade Group ICS SRL	2.1	2.4	-	-	4.5
Moldclassica International SRL	4.5	31.8	4.9	-	41.2
Molint Grup SRL	5.7	4.2	-	-	9.9
Nobil Air	-	-	-	-	-
Provolirom SRL	-	4.8	-	-	4.8
Riolit Sistem SRL	1.4	-	-	-	1.4
SRL Impact Imobil	-	23.0	-	-	23.0
Saagton	-	2.2	-	-	2.2
Meldava Grup	1.8	-	-	-	1.8
Stal Petrol ICS SRL	1.4	-	-	-	1.4
Storad Grup SRL	8.6	3.2	36.0	12.4	60.2
Talnes SRL	-	1.9	-	-	1.9
Timol Impex SRL	-	16.0	40.5	-	56.5
Toast de Lux SRL	0.3	0.4	-	-	0.7
Tradeway SRL	-	-	-	0.9	0.9
Univest Invest SRL	0.3	0.4	-	-	0.7
Vascovprod SRL	-	2.4	1.1	-	3.5
Voximar-Com SRL	-	2.3	-	-	2.3
<b>TOTAL<sup>24</sup></b>	<b>76.3</b>	<b>258.0</b>	<b>175.5</b>	<b>91.9</b>	<b>601.7</b>

<sup>24</sup> Differences are due to rounding

## 5.3 Initial destination of loan funds

A summary of the initial destination of the loan funds is set out in below:

Table 9: Summary of the initial destination of loan funds

Initial destination	Amount traced directly from loans <sup>25</sup>	Amounts related to loans <sup>26</sup>	Total (USD million)	Section reference
Core Laundering Accounts – ABLV	425.0	22.5	447.5	Table 10
Core Laundering Accounts – Privatbank	2,134.8		2,134.8	Table 11
Other accounts – ABLV	30.0		30.0	Table 12
Other accounts – Privatbank	5.6		5.6	Section 5.5
Amounts paid to Moldovan accounts – Three Moldovan Banks	104.2		104.2	Section 5.6.1
Amounts paid to Moldovan accounts – accounts at other Moldovan banks	114.5		114.5	Section 5.6.2
Amounts paid to accounts held at Russian banks	97.8		97.8	Section 5.7
Amounts paid to accounts in other jurisdictions	8.4		8.4	Section 5.7
<b>TOTAL</b>	<b>2,920.3</b>	<b>22.5</b>	<b>2,942.8</b>	

## 5.4 Loan proceeds transferred to Core Laundering Mechanism

The table below shows the totals of loan proceeds transferred to Core Laundering Accounts at ABLV and Privatbank, according to the initial traces analysis described in Section 5.1.2

Table 10: Amounts transferred to ABLV Core Laundering Accounts

ABLV Core Laundering Account	Amount received (USD million)
	12.5
	11.3

<sup>25</sup> Initial traces of loans resulted in a leakage of USD 3.4 million compared to loans issued as detailed in Section 5.2. This difference was mainly as a result of the difference in foreign exchange rates used by the Three Moldovan Banks and the rate used by Kroll.

<sup>26</sup> Analysis conducted by Kroll indicated a number of transfers that were made into ABLV and Privatbank accounts were linked to loans issued by the Three Moldovan Banks. These amounts were included in the tables in Section 5.4.



ABLV Core Laundering Account	Amount received (USD million)
	10.7
	57.2
	15.8
	13.6
	13.1
	23.3
	11.1
	55.7
	56.6
	0.7
	1
	46.9
	5.5
	8.4
	2.1
	23.1
	9.4
	21.9
	25.8
	21.5
	447.5

## ng Accounts

Amount received (USD million)
26.9
28.6
164.6
65.8
356.8
59.2
29.3
54
183.8
40.3
20.6
4.3
200
227.4
228.8

<sup>27</sup> Difference of USD 0.3 million as a result of rounding

Privatbank Core Laundering Account	Amount received (USD million)
	215.7
	184.6
	44
<b>TOTAL</b>	<b>2,134.8</b>

## 5.5 Loan proceeds transferred to other ABLV / Privatbank accounts

Table 12: Amounts transferred to ABLV Non-Core Laundering Accounts

ABLV Non-Core Laundering Account	Amount received (USD million)
	5.7
	3.5
	18.1
	2.7
<b>Total</b>	<b>30.0</b>

In addition to the transfers made to the Non-Core Laundering Accounts at ABLV, two Non-Core Laundering accounts at Privatbank also received loan funds:

- received USD 1.6 million, and,
- LP received USD 4 million.<sup>28</sup>

## 5.6 Loan proceeds transferred to Moldovan companies

A proportion of the loan funds that were issued to Shor Group companies by the Three Moldovan Banks remained in Moldova. Tracing of the initial destination of funds has shown that amounts remained at accounts held at the Three Moldovan Banks or were transferred to other Moldovan banks, to pay down existing loan exposure or to fund what appears from the transaction description to be trading activity. A proportion of the funds was mixed with other funds and was not traced further.

Table 6 in Section 6.1 of the Summary Report shows that USD 218.7 million (or 7%) of loan funds issued by the Three Moldovan Banks was transferred to accounts at Moldovan banks. USD 104.2 million of the USD 218.7 million was then transferred to accounts held at the Three Moldovan Banks and was used to repay loans or fund other business activities. A portion of these funds was mixed and could not be traced further (see Section 5.6.1). USD 114.6 million of the USD 218.7 million was then transferred to accounts at other Moldovan banks (see Section 5.6.2).

<sup>28</sup> These figures are included in the "Paid to Latvian Bank 2" figure in Table 5 in the report

### 5.6.1 Proceeds of loans used to repay earlier loans at the Three Moldovan Banks

Kroll's analysis identified a pattern of transactions that occurred during 2012 and 2013 whereby loan funds issued to one of the Three Moldovan Banks were transferred to another of the Three Moldovan Banks.

In the example below, proceeds from a number of smaller loans from UB were combined with MDL 10 million (approximately USD 800,000) received from the UB account of Milsami Football Club<sup>29</sup> and used to pay off two larger loans at BS (see below). In some instances, the loans were reissued to the same company. For example, loan 502/2011 (Daliano-S) in the table below was repaid on 2 January 2012 (using the proceeds of the nine loans below) and on 23 January 2012 a new loan for the same sum was issued to Daliano-S SRL.

<sup>29</sup> Mr. Shor is reportedly the president of Milsami FC - <http://moldova24.info/2015/05/ilan-shor-a-facut-din-milsami-campiona-a-moldovei/>



### 5.6.2 Proceeds of loans transferred to other Moldovan Banks

Transfers of loan funds to other Moldovan Banks were made mainly to accounts at Victoriabank and Moldindconbank. Kroll also identified transfers to accounts at Agriindbank, Comertbank, Exima Banca, Mobias Banca and ProCredit Bank. It is currently not clear whether these transfers made up part of further laundering activity, or whether they represent an end destination of funds. It appears however from analysis to date that Moldindconbank and Victoriabank also issued loans to Shor Group companies which have been serviced and/or repaid by loans issued by the Three Moldovan Banks. To date, Kroll has not reviewed any evidence which indicates complicity or involvement of the management of these banks in any fraudulent activity. Further work is required to clarify the nature of the potential involvement of these banks.

The involvement of accounts at Victoriabank and Moldindconbank in secondary laundering mechanisms is detailed in Section 10.

Loan funds were transferred to accounts at seven Moldovan banks as detailed in Table 13:

**Table 13: Amounts paid to other Moldovan banks**

Moldovan Bank	Amount received
Comertbank	3.2
Energbank	1.1
Mobiasbanka	0.1
Moldindconbank	39.8
Moldova Agroindbank	28.4
ProCredit Bank	0.2
Victoriabank	40.7
Not identified	1.1
<b>TOTAL<sup>30</sup></b>	<b>114.6</b>

#### 5.6.2.1 Loan proceeds used to repay loans at other Moldovan banks

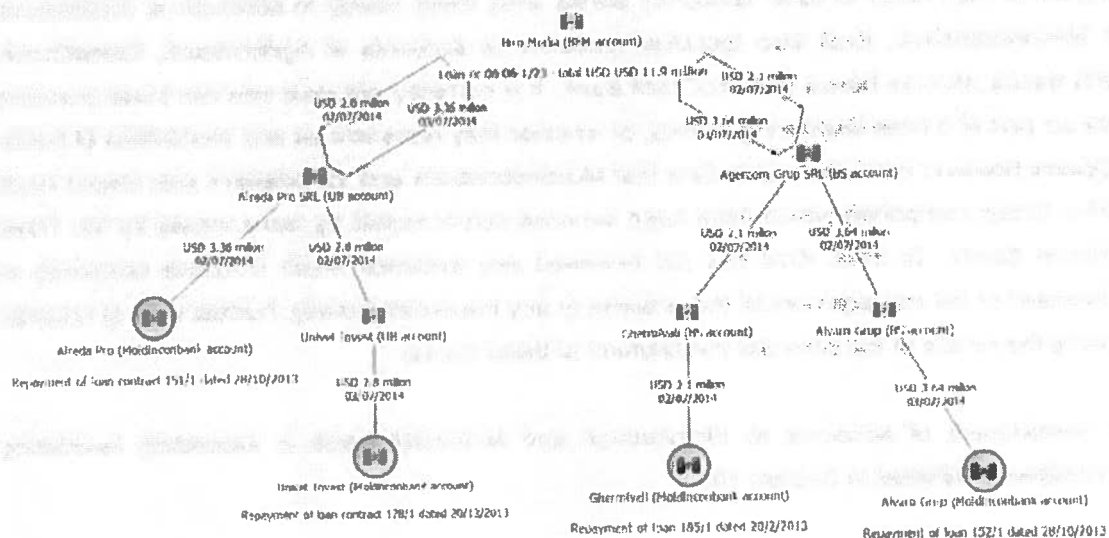
It appears from analysis to date that loans issued by Moldindconbank and Victoriabank to Shor Group companies were repaid using loan funds issued by the Three Moldovan Banks.

An example of funds from loans issued by BEM being used to repay a loan at Moldindconbank is shown in the diagram below:

<sup>30</sup> Difference of USD 0.1 million due to rounding



Figure 4: Loan funds used to pay off loans at other Moldovan banks



In this example, a loan of USD 11.9 million was issued by BEM to Biro Media in July 2014. This loan was paid in four tranches, and the purpose of the loan according to the bank account description was for the purchase of construction and technological equipment. The loan proceeds were transferred to two other related companies (Alreda Pro at UB and Agercom Grup at BS). The amounts were traced to accounts at Moldindconbank, where they were used to repay loans amounting to approximately USD 12 million:<sup>31</sup>

- Univet Invest – USD 2.8 million used to repay loan cc 178/1 dated 20/12/2013;
- Ghermivali – USD 2.1 million used to repay loan cc 185/1 dated 20/02/2013;
- Alreda-Pro – USD 3.36 million used to repay loan cc 151/1 dated 28/10/2013; and
- Alvaro Grup – USD 3.64 million used to repay loan cc 152/1 dated 28/10/2013.

Kroll does not yet have full visibility over how much of the transfers of loan proceeds from BEM, BS and UB were used to repay loans at Victoriabank and Moldindconbank, and are thus also connected to the fraud. However, this example suggests that the proceeds of the loans and the resultant loss may have resulted from loans issued by Victoriabank and Moldindconbank as well as by the Three Moldovan Banks. This also indicates that a proportion of the loss to the Three Moldovan Banks arose from repaying loans at other Moldovan banks in an earlier period. Whether these funds were used to fund legitimate business, or whether they represent an earlier theft of funds that was disguised by these later loans, is unclear.

<sup>31</sup> According to the payment description



## 5.7 Loan proceeds transferred to other jurisdictions

In addition to the transfers made to accounts at ABLV, Privatbank and Moldovan companies, a total of USD 106.2 million in loan funds was transferred to other jurisdictions as detailed below:

- USD 97.8 was transferred to accounts at Russian banks (predominantly accounts held at Metrobank). An analysis of amounts transferred to Russian accounts is included in Section 11;
- USD 8.4 million was transferred to accounts in other jurisdictions. These payments are summarised in Table 14.

Table 14: Loan funds transferred to other jurisdictions

Company receiving loan funds	Transaction detail	Analysis
Denison Limited (Belize) (Trasta Komerbanka, Latvia)	USD 1.7 million originating from a loan to Provolirom SRL at UB was transferred on 2 July 2013.	Denison Limited (Belize) (Trasta Komerbanka, Latvia) received USD 1.7 million from Provolirom SRL at UB on 2 July 2013. This company has been linked in the media to an ongoing large scale money laundering operation which was used to launder money from Russia to purchase shares in MAIB.
PR-Vert Systems Limited (UK) (Trasta Komerbanka, Latvia)	USD 1.8 million originating from a loan to Dracard SRL at UB was transferred to PR-Vert System Ltd on 2 July 2013.	PR-Vert Systems Limited has also been linked to the same large scale money laundering operation as Denison Limited. <sup>32</sup> PR-Vert Systems Limited (UK) received USD 1.8 million from Dracard SRL at UB on 2 July 2013.

<sup>32</sup> <https://www.reportingproject.net/therussianlaundromat/documents/russian-banks/P1.pdf>

Company receiving loan funds	Transaction detail	Analysis
Dufremol KG LLC (Unknown Jurisdiction)	USD 1.0 million originating from a loan to Talnes SRL at BS was transferred to Dufremol KG LLC on 11 October 2013.	This appears to be related to the expansion of Dufremol to Kyrgyzstan. No other transactions were identified in relation to this entity.
North Scale Enterprises Ltd (Seychelles) (Amsterdam Trade Bank)	USD 1.3 million originating from a loan to Apropo-Com at UB was transferred on 13 November 2014.	No other transactions identified relating to this company.
GEBR Heineman (Germany) (Berenberg Bank Hamburg)	Two amounts totalling USD 985,530 originating from loans to Dufremol from Unibank and Banca Sociala were paid to GEHR Heineman	Gebr Heinemann is a German duty-free retailer and logistics manager. It is listed on the Dufremol website as a partner of Dufremol and has numerous trading transactions with Dufremol in Moldova <sup>33</sup> . It has also transacted with [REDACTED] accounts in 2013 and 2014.
Cosmo Max Limited (Shanghai Pudong Development Bank)	Three amounts totalling USD 0.9 were paid to Cosmo Max at Shanghai Pudong Bank. The amounts originated from loans granted to Tradeway Srl (BEM)	No other transactions identified relating to this company
Other transactions	Five transactions totalling USD 0.7 million were paid to accounts in other jurisdictions outside Moldova.	

<sup>33</sup> It appears that Dufremol has in part used the loan funds as a "treasury account" for ordinary business activity.

## 6. Switch of the entire loan portfolio on 25-26 November 2014 from BEM to BS

The Scoping Phase report identified that the entire loan portfolio that had been issued by BEM during November 2014, which itself had been used to redistribute the majority of Shor Group exposure from BEM, BS and UB so that it was concentrated in BEM, was transferred to BS between 25 and 26 November 2014 ("the Switch").

This Section provides further details of the fund flows relating to the Switch that have been traced through multiple Latvian bank accounts. Loans were issued by BS totalling USD 956 million on the 25 and 26 November 2014 to the following Shor Group companies Contrade SRL, Danmira SRL, Davema SRL, Caritas Group and Voximar SRL. These loan funds were then transferred to the Privatbank company accounts of Danley Impex LP, United Technologies LP, Royalport Ltd, Vercell Solutions LP and Expovision Logistics LP.

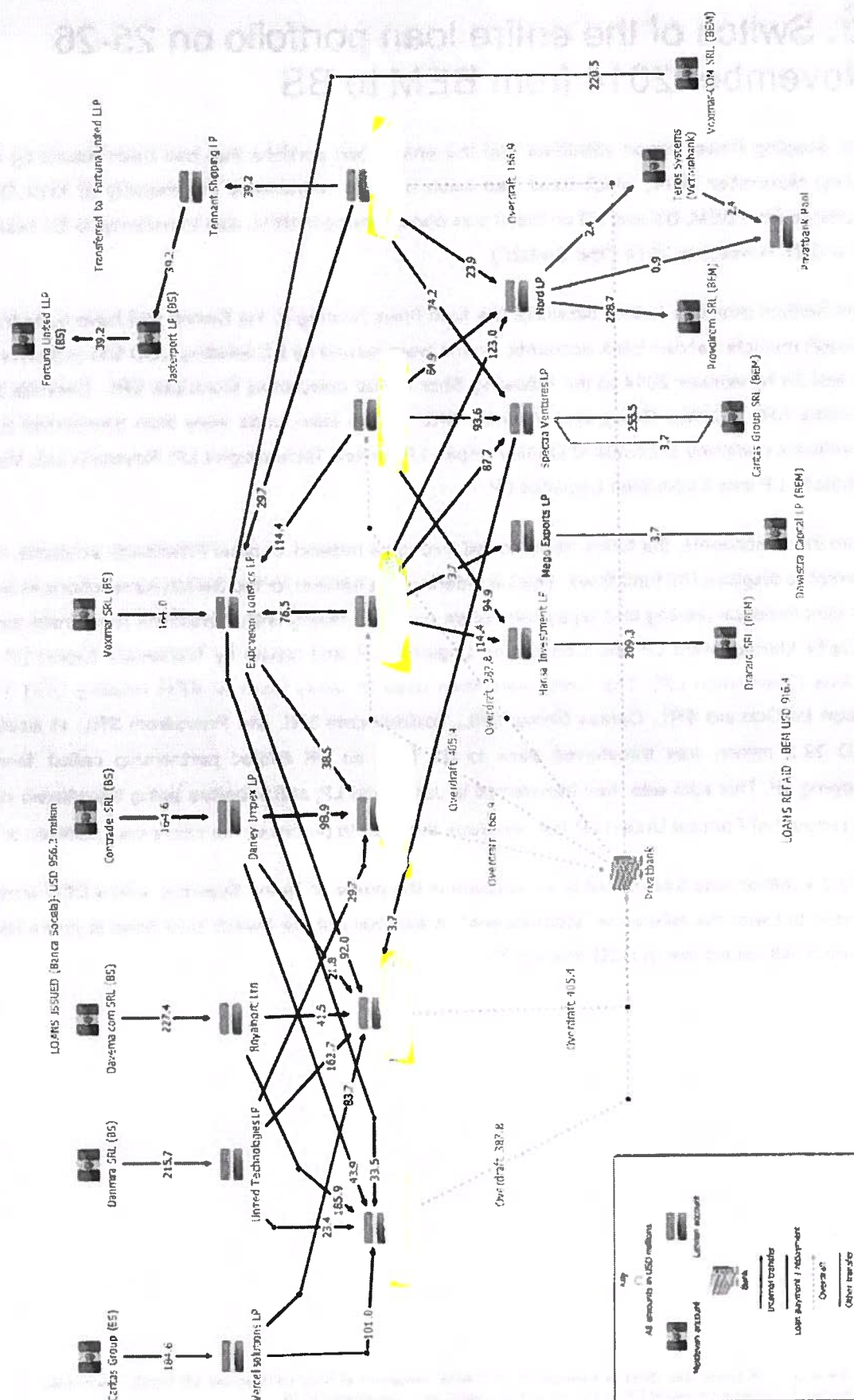
From these accounts, the funds were moved through a network of other Privatbank accounts, in an attempt to disguise the fund flows. The Laundering Mechanism for the Switch transactions included the simultaneous issuing and repayment of an overdraft facility with Privatbank (overdrafts issued to Delta Management LP and Conversum Logistics LP, and repaid by Transmark Export LP and Globus Corporation LP). The funds were then used to repay loans at BEM totalling USD 916.4 million for Dracard SRL, Caritas Group SRL, Voximar-com SRL and Provolirom SRL. In addition, USD 39.2 million was transferred back to BS from an UK limited partnership called Tennant Shipping LP. This sum was then transferred to Jasterport LP, at BS, before being transferred to the BS account of Fortuna United LP, the company that was to purchase the entire loan portfolio of BS.

USD 2.4 million was transferred to an account in the name of Terios Systems, with a BEM account number but with the reference "Victoriabank". A summary of the Switch fund flows is presented in Figure 5. All values are in USD millions.<sup>34</sup>

<sup>34</sup> At the end of 26 November 2014, a balance of USD 800k remained at Nord LP from the BS loans, which was transferred to Jacklond Experts LP (a Privatbank account) on 1 December 2014.



Figure 5: Fund flows to switch the loan portfolio from BEM to BS on 25 - 26 November 2014



## 6.1 Fake Overdraft

The issuing of the loans in BS, that allowed the Switch to take place, was only made possible by the manipulation of the accounting system within BS and the creation of a fake overdraft facility on the BS correspondent bank account at Privatbank. This appears to have been carried out solely within the books of BS. This was only possible because the fund flows all passed through the correspondent account within a business day and did not therefore require a balance on the correspondent bank account overnight, which would have been subject to daily clearing by Privatbank.

Kroll reviewed a letter, originally addressed to the Special Administrator at BS, dated 24 March 2015, from Tatiana Seremet,<sup>35</sup> an employee of BS who was responsible for processing the accounting entries relating to the loans issued by BS between 24 and 25 November 2014, which were used to pay down the BEM loans through the Latvian accounts. The letter reveals that a fake overdraft was opened with Privatbank in the accounting ledgers at BS, in order to create liquidity in BS to issue new loans. According to communication from Privatbank to NBM, this was done without the knowledge of Privatbank.

The letter states that Ms. Seremet, following instructions of the BS interim President Natalia Rahuba, assisted with the creation of a false overdraft on the correspondent accounts held by BS at Privatbank. This false overdraft was used to allow a series of loans to be issued to BS Shor Group customers, who in turn could transfer funds to Latvian accounts and back to BEM. It appears that once each loan had travelled through the cycle and paid down existing BEM loan exposure, BEM could then place funds on deposit with BS, which allowed the bank to close the overdraft. It appears that BS repeated this cycle several times within a two day period in order to redistribute the entire loan portfolio from BEM to BS.

Kroll reviewed a confirmation received by NBM from Privatbank that there was no overdraft facility on the correspondent account with BS.<sup>36</sup> It would appear, therefore, that this exercise was a fraudulent accounting entry in order to allow the movement of funds out of BS that would not otherwise have been possible or permitted. This has not to date been confirmed through review of the entries made on the BS accounting system or with the individuals involved. We have not met with Ms. Rahuba, to understand the basis on which she requested such fraudulent transactions to be processed.

<sup>35</sup> See Exhibit 6.2– Letter from Tatiana Seremet

<sup>36</sup> See Exhibit 6.3– Letter from Privatbank regarding overdraft on the correspondent account at BS

## 6.2 Reallocation of interbank deposits

The interbank lending between BEM and BS was also reversed as part of the switch. Between 24 and 25 November 2014, the deposits that BS held with BEM were reduced from USD 173 million to USD 19 million, then to nil on 26 November 2014. As the BEM loans were repaid by BS loans through the network of Latvian accounts detailed in Figure 5, BEM simultaneously placed funds on deposit at BS, to fund the next loan it issued. On 25 November 2014, BEM placed USD 285 million on deposit at BS, which then increased to USD 742 million on 26 November 2014. On 25 November 2014, UB and BEM also deposited USD 50 million and USD 16 million respectively on the Nostro account at BS. The table below summarises these movements:

**Table 15 : Summary of interbank deposits to support the switch of the loan portfolios**

Date	BS cash (nostro) at BEM	BEM term deposits at BS	BEM cash (nostro) at BS	UB cash (nostro) at BS
	USD million	USD million	USD million	USD million
24 November	173			
25 November	19	285		50
26 November		742	16	50
27 November		744	29	37



## 7. Fund flows relating to acquisition of shares in the Three Moldovan Banks

This Section provides details of Kroll's analysis of fund flows relating to the acquisition of shares in UB, BS and BEM in 2012 and 2013, and the further links which have been identified with respect of the Roseau Agreement, which was part of the agreement to increase the shareholding of minority shareholders in BEM. The examples demonstrate that the funds that were used to acquire shares in the Three Moldovan Banks and to settle the cession agreement at BEM originated in part from loans issued by the Three Moldovan Banks themselves. Analysis has also shown that in addition, a proportion of the funds that were used to purchase the shares for apparently unrelated parties can be linked to Shor Group accounts at other Moldovan banks, to accounts in the name of individuals linked to the Shor Group in Russia, and to other Latvian Banks.

### 7.1 UB share acquisition

The Scoping Phase report identified that starting in August 2012, a group of 21 shareholders each purchased between 4.5% and 4.99% stakes in UB from Vienna Capital Partners. The fact that each of the stakes purchased was less than 5% was not a coincidence as, according to Moldovan legislation at the time, a shareholder who held a stake in a bank of at least 5% was classified as a significant shareholder, and therefore none of these new shareholders met this criteria, and were able to avoid enhanced regulatory scrutiny by the NBM. The analysis in the Scoping Phase report also identified that there were strong indications that the individuals and entities that acquired the UB shares were related and potentially acting in concert, and that the acquisitions were financed through loans from corporate entities, largely from Latvian Banks.

Further analysis has confirmed that the shareholders were not acting independently, as a number of them funded their acquisition from the same source. The source of the funds, in all the examples provided in this Section, was disguised through the movement of funds through a number of Latvian bank accounts, many of them handling transfers for multiple shareholders, before being transferred to the beneficiary. Kroll has also identified that the source of the funds for USD 16.3 million used to acquire the shares could be traced to Shor Group accounts at UB, to accounts held at Russian banks connected to the Shor Group, and to Shor Group companies at other Moldovan banks. Many of the shareholders received funds from multiple sources, further demonstrating the coordination of the fund flows. The Section below provides a summary of the fund flows from the three sources. Following that, details of specific fund flows are presented in Figure 6 to Figure 12.

### 7.1.1 Funds from accounts at the Three Moldovan Banks

Table 16 provides a summary of USD 11.1 million used to purchase shares in UB in 2012, the source of which was traced to Shor Group company accounts at UB. For example, nine of the transactions used to fund the acquisition of shares were traced to a loan for MDL 30.8 million (USD 2.5 million) from UB to Shor Group company Dufremol on 29 November 2012. This loan was then repaid through the issuing of new loans at a later date. Similarly, funds from the account of Airklassika Group at UB were traced to funds transferred to the shareholders Nani Abashidze and Lilya Pleskachevskaya.

**Table 16: Table of UB Shareholders funded by Shor Group company accounts at UB**

Source of funds	Bank	Shareholder funded	Amount linked to share acquisition (USD equivalent – million)	Figure
Dufremol	UB	Jet - Tech Industries	0.2	Figure 6
Dufremol	UB	Pace Global Energy Ltd	0.2	Figure 6
Dufremol	UB	Reynosa Management Ltd	0.2	Figure 6
Dufremol	UB	Dixon Corporation	0.2	Figure 6
Dufremol	UB	Veaceslav Lupov	0.2	Figure 6
Dufremol	UB	Lerson Ltd	0.2	Figure 6
Dufremol	UB	Tudor Negru	0.2	Figure 6
Dufremol	UB	Lilya Pleskachevskaya	0.2	Figure 6
Dufremol	UB	Marina Tauber	0.2	Figure 6
Roseau Alliance	UB	Rita Tvic	0.4	Figure 7
Roseau Alliance	UB	Nani Abashidze	0.4	Figure 7
Moldclassica International	UB	Pace Global Energy Limited	0.4	Figure 7
Moldclassica International	UB	Lilya Pleskachevskaya	0.3	Figure 7
Infoton-Com	UB	Veaceslav Lupov	0.5	Figure 8
Airklassika Group	UB	Nani Abashidze	0.9	Figure 8
Airklassika Group	UB	Vladimir Novosadiuc	0.9	Figure 8
Airklassika Group	UB	Lilya Pleskachevskaya	0.9	Figure 8
Airklassika Group	UB	Reynosa Management Ltd	0.9	Figure 8
Meldava Group	UB	Petru Lucinschi	0.9	Figure 9
Meldava Group	UB	Pace Global Energy Limited	0.9	Figure 9
Storad Group	UB	Reghina Apostolova	0.6	Figure 9

Source of funds	Bank	Shareholder funded	Amount linked to share acquisition (USD equivalent – million)	Figure
Megasoft International	UB	Reghina Apostolova	0.3	Figure 9
Storad Group	UB	Tudor Negru	1.0	Figure 9
<b>TOTAL</b>			<b>11.1</b>	

### 7.1.2 Funds from Russian accounts

Funds used to fund share purchases at UB totalling USD 3.1 million which originated from accounts in Russia are detailed in Table 17. The accounts held at these two Russian banks were held in the names of entities or individuals connected to the Shor Group. Analysis has also shown that these funds appear to have been repaid through the issuing of loans from the Three Moldovan Banks, and therefore are part of the fraudulent funds. Further details are provided in Section 11. A summary of the UB shareholders funded from accounts at the Russian banks are provided in the table below.

Table 17: Table of UB Shareholders funded from companies / individuals linked to Shor with accounts at [redacted]

Source of funds	Bank	Shareholder funded	Amount linked to share acquisition (USD equivalent - million)	Figure
Maria Gutuleac	[redacted]	Veaceslav Lupov	0.4	Figure 8
Alexandr Maclovici	[redacted]	Viorel Melnic	0.9	Figure 10
Alexandr Maclovici	[redacted]	Marina Tauber	0.9	Figure 10
Mester Moisei	[redacted]	Olga Bondarciuc	0.6	Figure 11
Eagle Industry	[redacted]	Rita Tvic	0.2	Figure 12
ICS Caritas Group SRL	[redacted]	Marina Tauber	0.1	Figure 6
<b>TOTAL</b>			<b>3.1</b>	

### 7.1.3 Funds from Shor Group accounts at other Moldovan banks

Kroll has identified USD 2.1 million of funds that originated from Shor Group accounts at other Moldovan banks and used to acquire shares in UB, summarised in Table 18.

Table 18 UB Shareholders funded from Shor Group company accounts at other Moldovan banks

Source of funds	Bank	Shareholder funded	Amount linked to share acquisition (USD equivalent - million)	Figure
Dufremol	Moldindconbank	Apostolova Reghina	0.2	Figure 6
Dufremol	Moldindconbank	Nani Abashidze	0.2	Figure 6
Dufremol	Moldindconbank	Roman Grinco	0.2	Figure 6
Dufremol	Moldindconbank	Viorel Melnic	0.2	Figure 6
Dufremol	Moldindconbank	Aurel Marinescu	0.2	Figure 6
Dufremol	Moldindconbank	Olga Bondarciuc	0.2	Figure 6
Dufremol	Moldindconbank	Vladimir Novosadiuc	0.3	Figure 6
Dufremol	Moldindconbank	Rita Tvic	0.2	Figure 6
Dufremol	Moldindconbank	Petru Lucinschi	0.2	Figure 6
Moldclassica International	Comertbank	Olga Bondarciuc	0.2	Figure 8
<b>TOTAL</b>			<b>2.1</b>	



#### 7.1.4 Fund flows to fund shareholdings in UB

Figure 6: Fund flow for share purchase by Reghina, Abashidze, Grinco, Melnic, Marinsecu, Bondarciuc, Novosadluc, Tvic, Lucinschi, Jet-Tech Industries, Pace Global Energy Limited, Reynosa Management Limited, Dixon Corporation, Veaceslav, Lerson Limited, Negru, Pleskachevskaya and Tauber in UB.

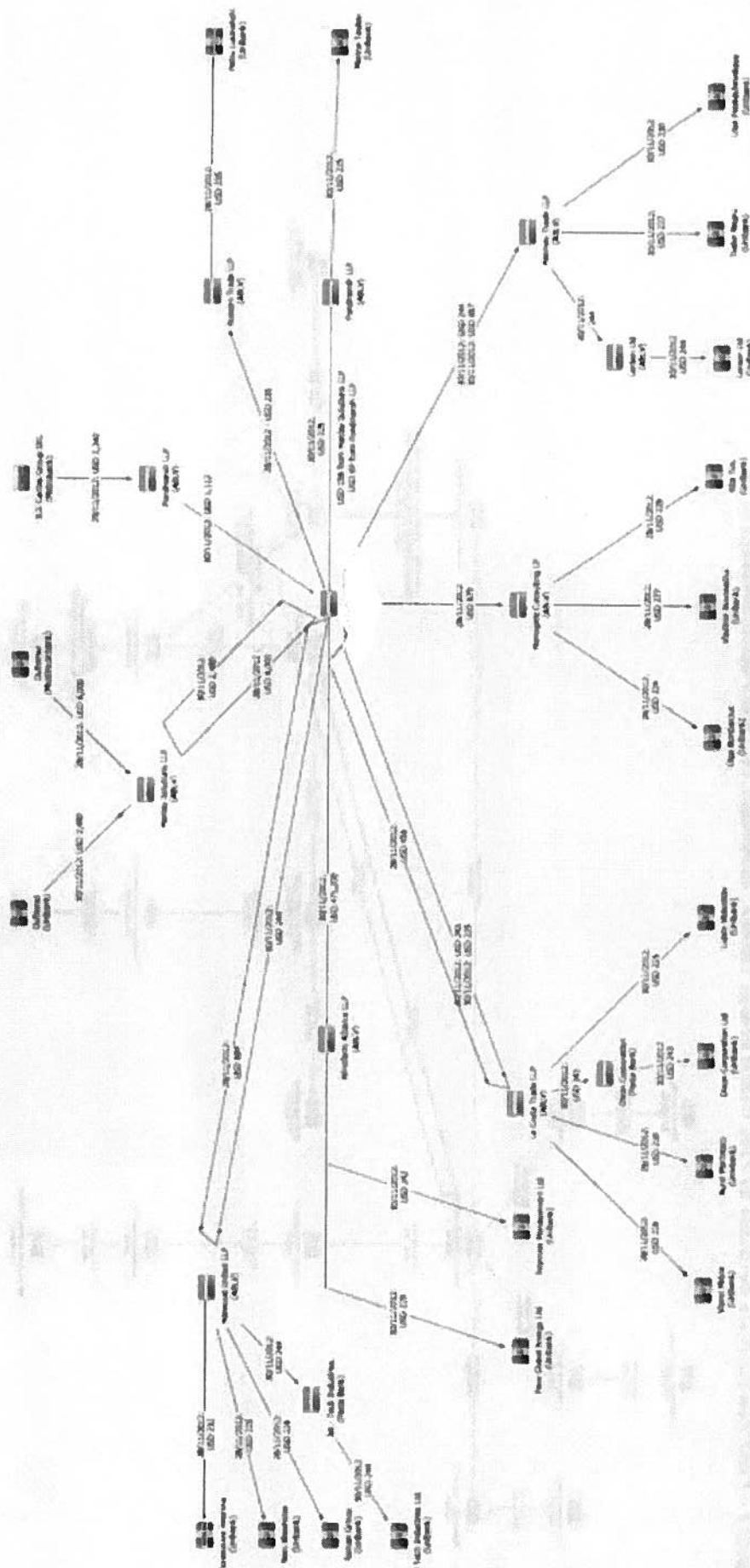


Figure 7 – Fund flow for share purchase by Pace Global Energy Limited, Abashidza, Tvic and Pleskachevskaya in UB

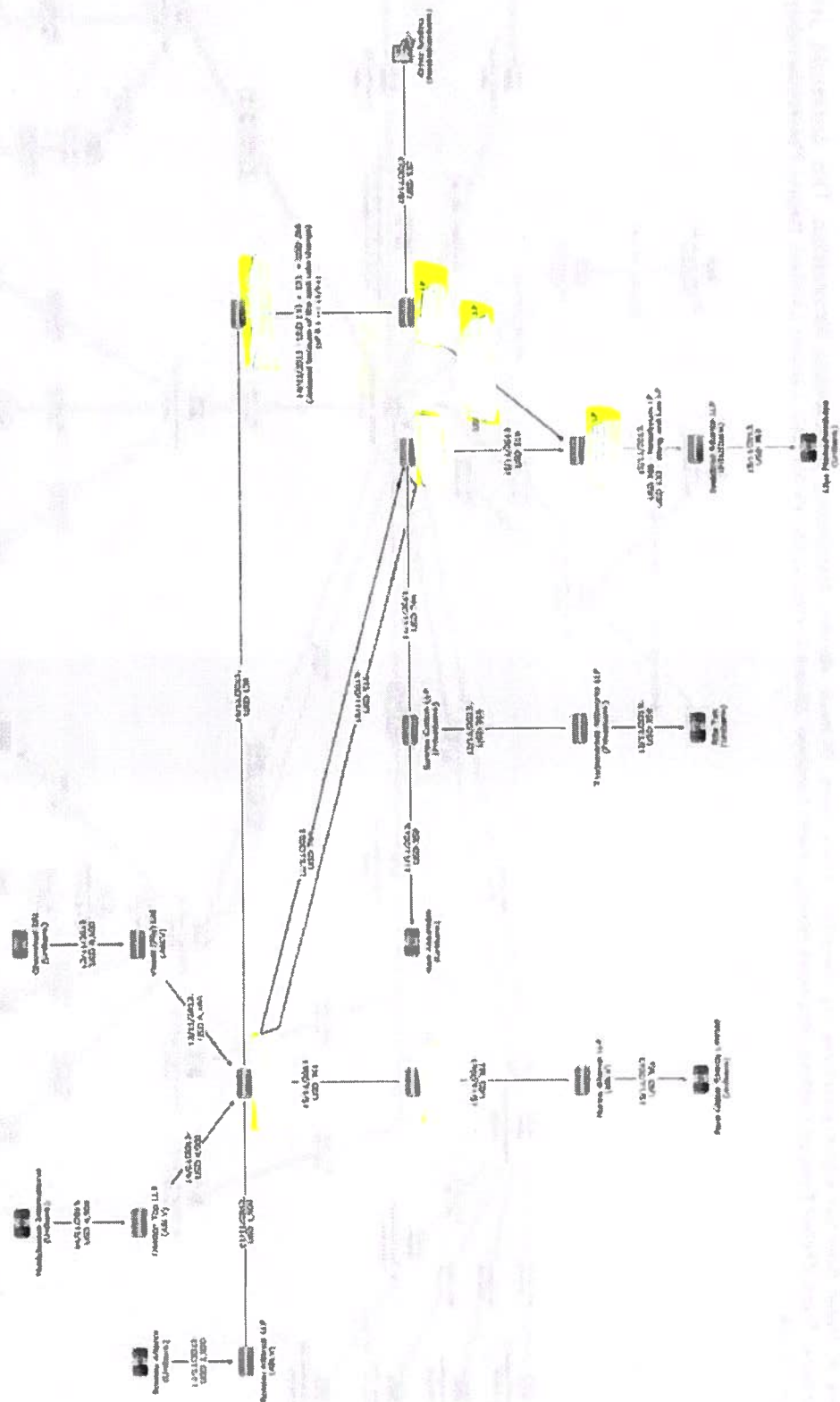




Figure 8 – Fund flow for share purchase by Veaceslav, Abashidze, Novosadiuc, Pleskachevskaya and Reynosa Management Limited in UB

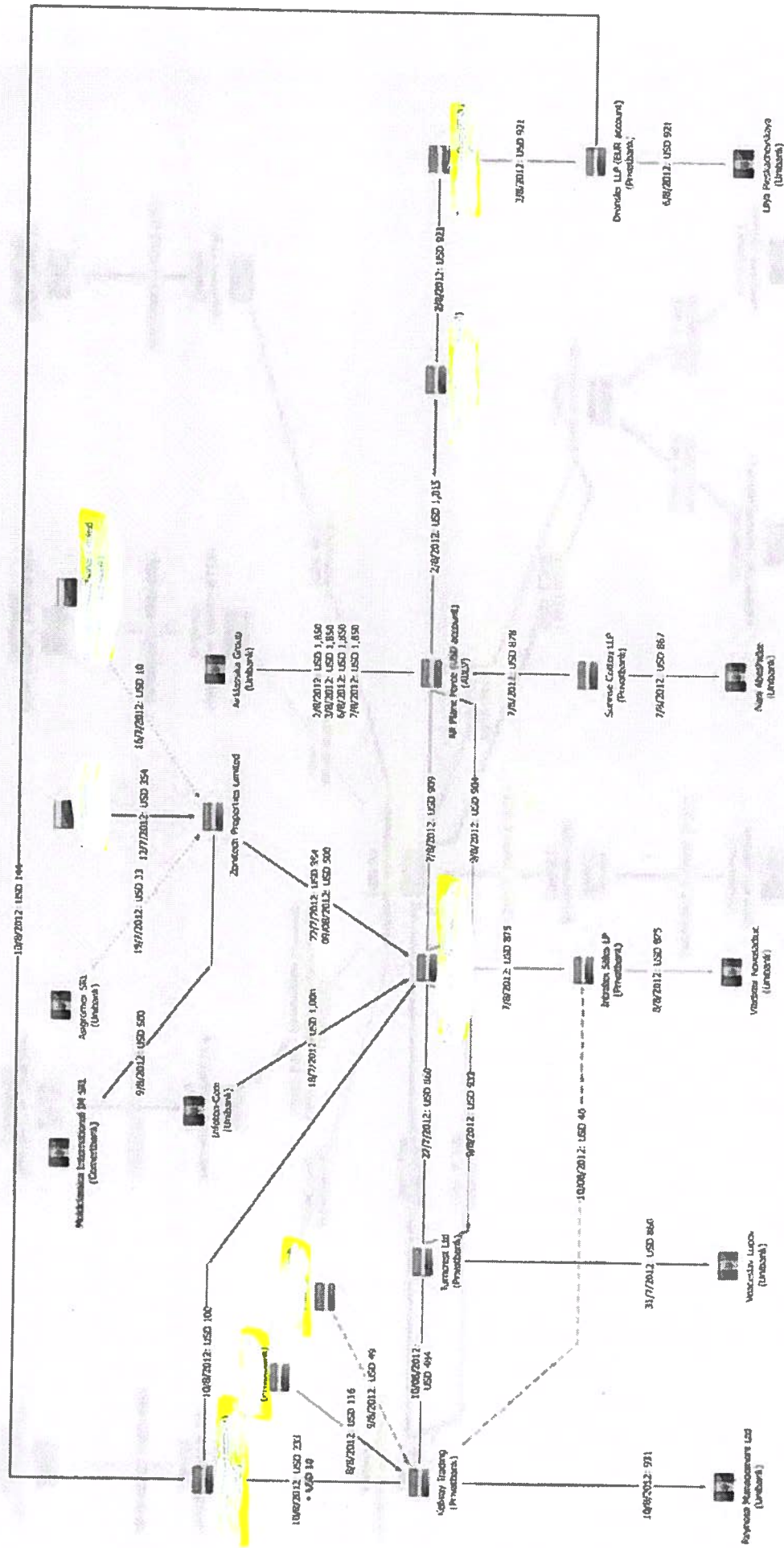




Figure 9 – Fund flow for share purchase by Luchinschi, Pace Global Energy Limited, Reghina and Negru in UB

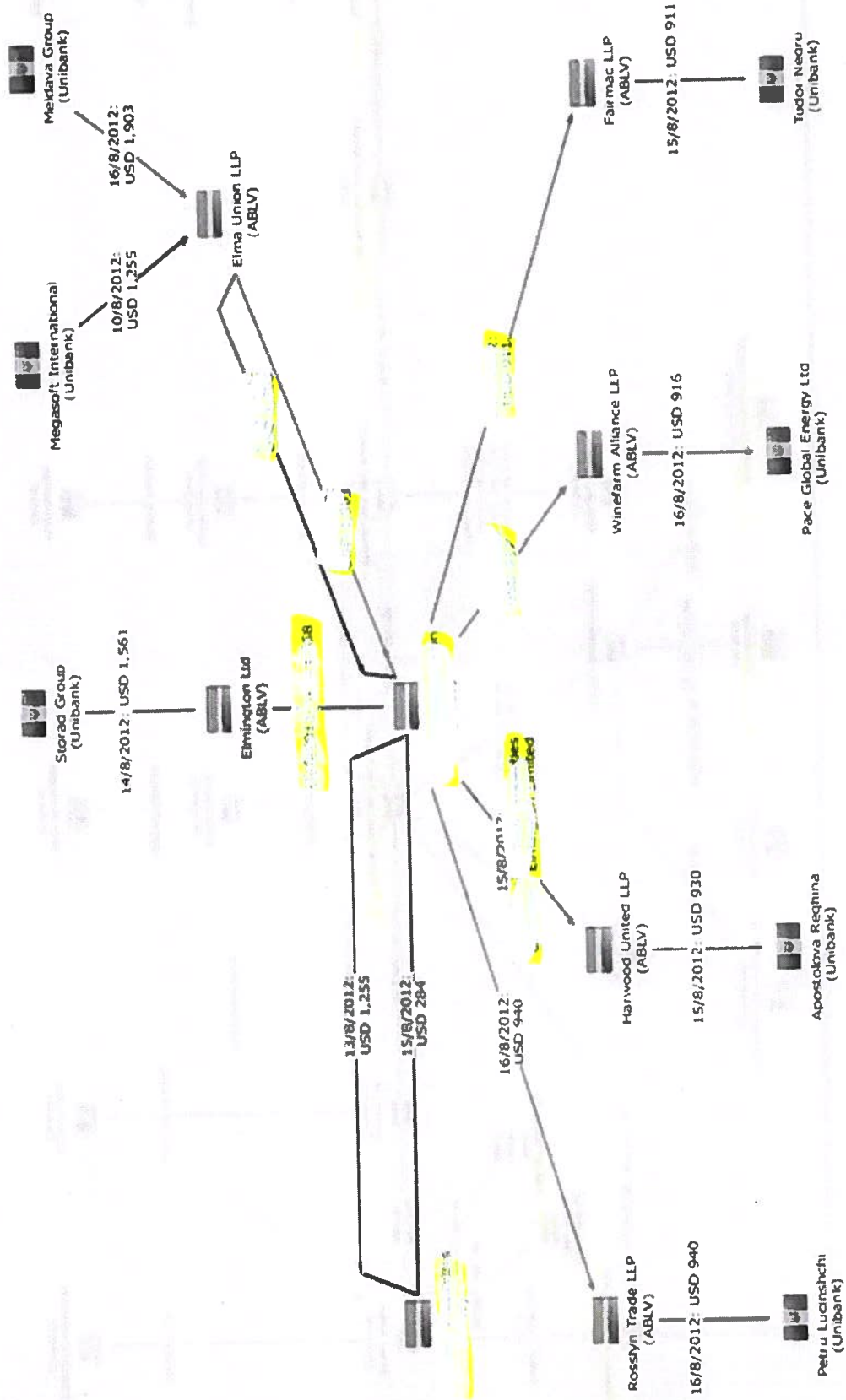


Figure 10 – Fund flow for share purchase by Tauber, Melnic in UB

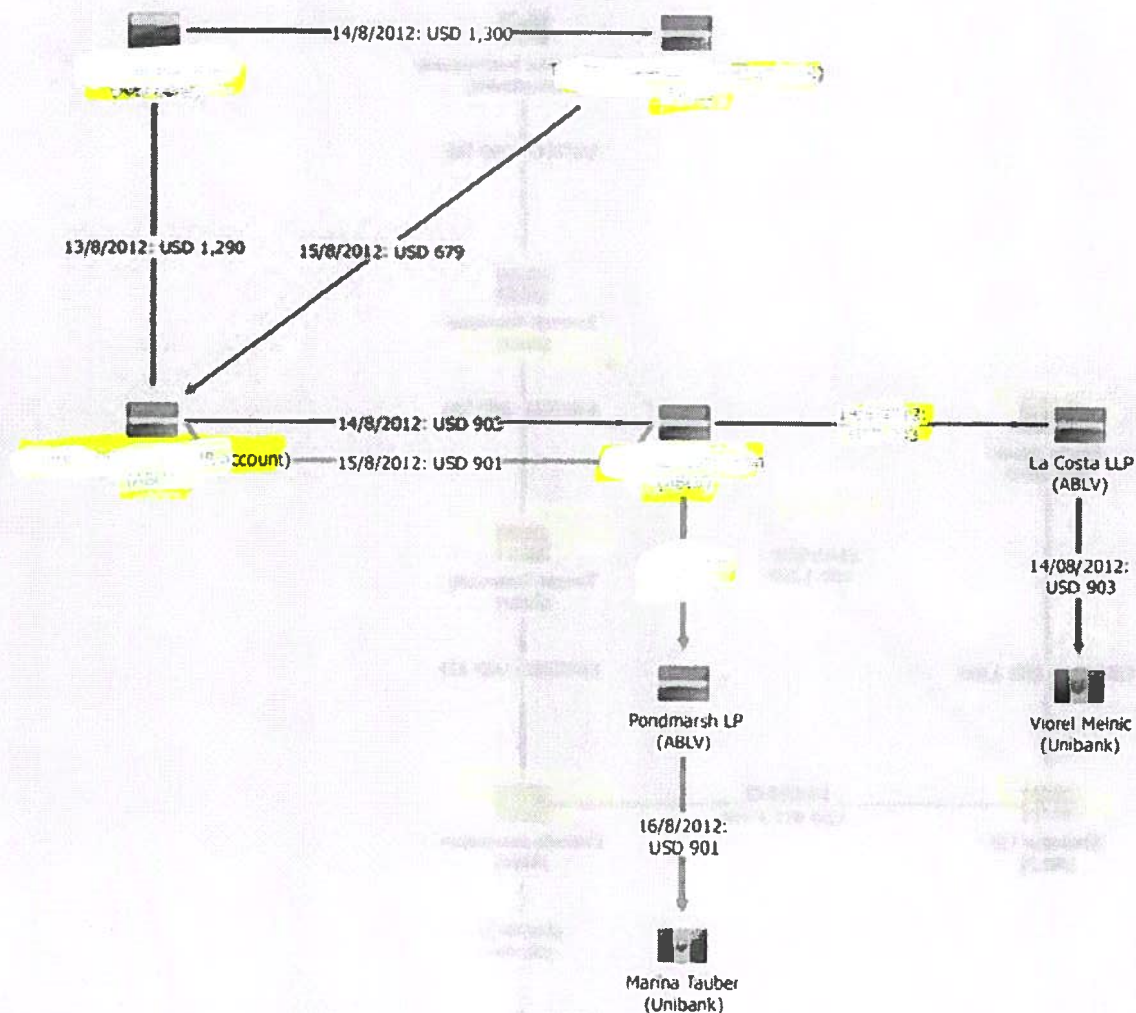


Figure 11 – Fund flow for share purchase by Bondarciuc in UB

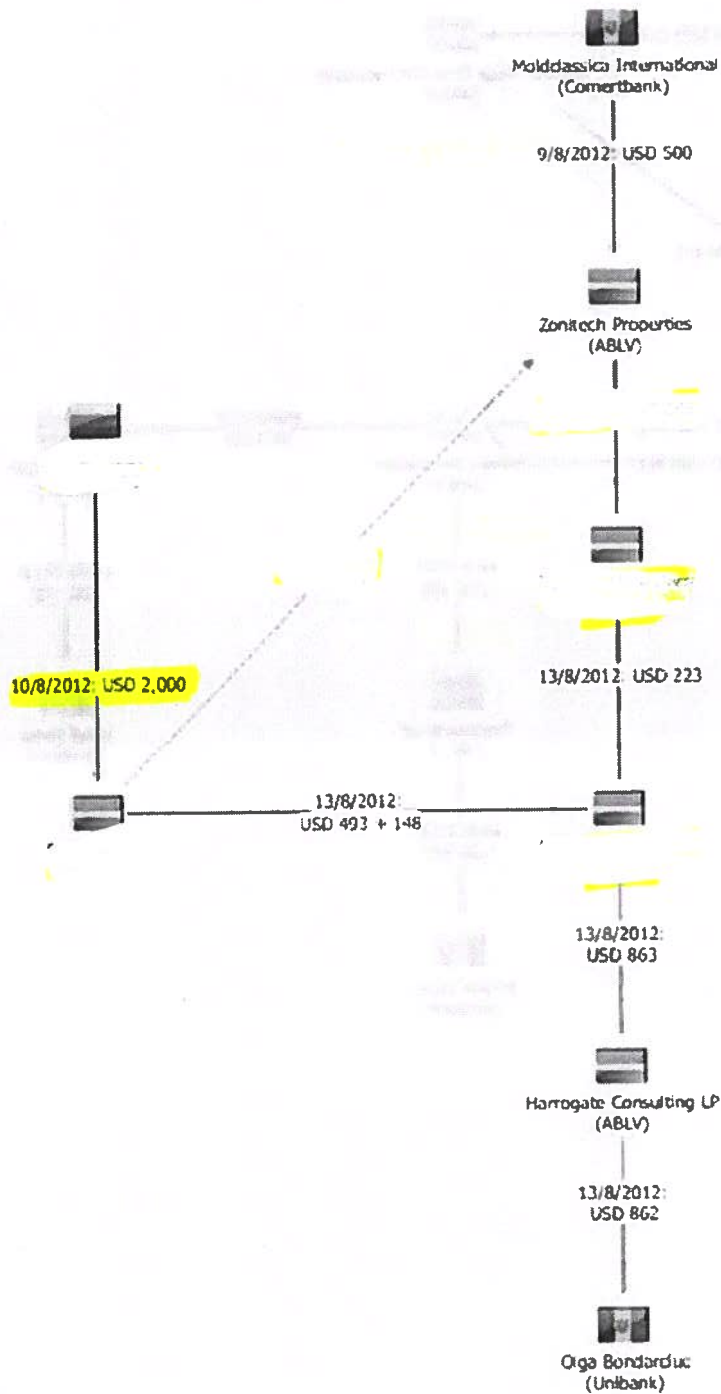
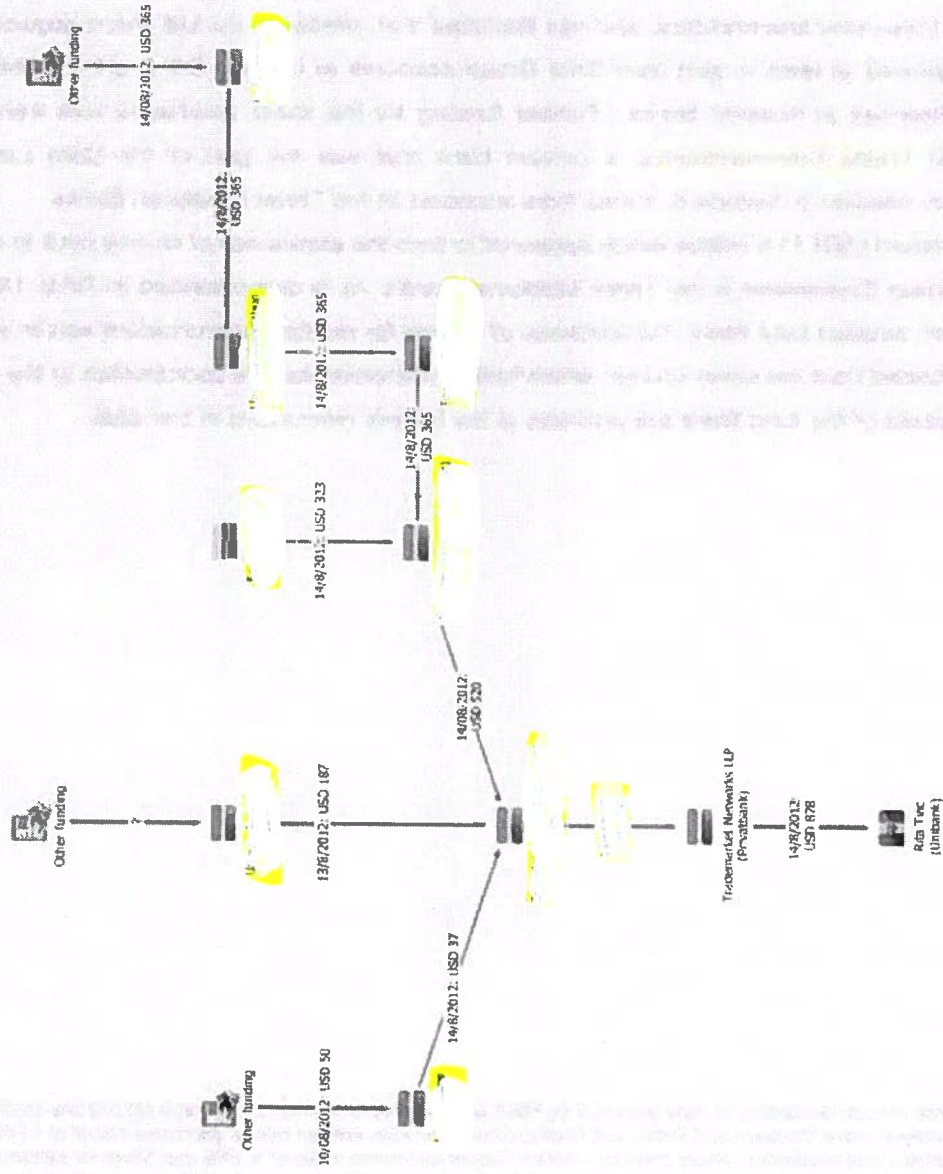




Figure 12 – Fund flow for share purchase by Rita Tvic in UB



## 7.2BS share acquisition

Before May 2013, BS was principally controlled by three groups,<sup>37</sup> with a large number of minority shareholders making up the remainder of the ownership. The Scoping Phase report identified that between 8 and 15 May 2013, a group of nine individuals (with Moldovan, Russian or Ukrainian nationalities) acquired more than 50% of the bank's capital, in stakes of between 4.12% and 4.98%,

which allowed them to avoid further regulatory scrutiny, as with the UB share purchases. In addition, five Moldovan corporates acquired stakes in the bank of between 3.11% and 4.96% on 20 May 2013. A further two Moldovan entities acquired stakes of 4% and 4.75% on 1 November 2013.

Kroll has traced a total of USD 17.7 million that was used to purchase the shares in BS in the names of these new shareholders, and has identified that, similar to the UB share acquisition, the funds originated at least in part from Shor Group accounts at UB and BS and from Shor Group linked companies at Russian banks. Further funding for the share purchases was traced to an account at [redacted], a Latvian bank that was not part of the Core Laundering

Mechanism detailed in Section 8. Funds from accounts at the Three Moldovan Banks

Kroll has traced USD 11.6 million which appeared to fund the acquisition of shares back to accounts of Shor Group Companies at the Three Moldovan Banks. As is demonstrated in Table 19 and the subsequent detailed fund flows, the purchase of shares for multiple shareholders was in a number of cases funded from the same source, which further demonstrates the coordination of the process. Further details of the fund flows are provided in the figures referenced in the table.

<sup>37</sup> These three groups (according to data provided by NBM and detailed in the Scoping Phase report) are detailed as follows: members of the Crivceanschi family and their related corporate entities held a combined stake of 43.45%, Vladimir Suetnov and connected family members held a further combined stake of 6.35% and Vladimir Jordan and his related corporate entities held a combined stake of 5.28%. According to Bloomberg, an individual by the name of Ivan Crivceanschi is the president of BEM.



**Table 19: Table of BS Shareholders funded from Shor Group companies at BS and UB**

Source of funds	Bank	Shareholder funded	Amount linked to share acquisition (USD equivalent – million)	Figure
Moldclassica International Srl	UB	Veaceslav Jardan (Ancor Lux)	1.1	Figure 13
Dufremol SRL <sup>38</sup>	BS	Veaceslav Jardan (Ancor Lux)	0.6	Figure 13
Dufremol SRL	UB	Samit Plus Srl - Natalia Gojina	1.1	Figure 14
Saagton Srl	UB	Diafan Srl – Arina Corsicova	1.9	Figure 15
Saagton Srl	UB	Rominserv Srl - Veronica Gorgos	0.2	Figure 15
Kotvinvest Srl	UB	Rominserv Srl - Veronica Gorgos	1.0	Figure 15
Kotvinvest Srl	UB	Trivetpro – Elena Marinova	0.4	Figure 15
Alvaro Grup Srl	UB	Trivetpro – Elena Marinova	1.3	Figure 15
Alvaro Grup Srl	UB	Tonimar Srl – Cazac Alla	0.9	Figure 15
Voximar Com Srl	UB	Tonimar Srl – Cazac Alla	1.0	Figure 15
Voximar Com Srl	UB	Velcris-Plus Srl - Anton Hariton	1.2	Figure 15
Infoton-Com Srl	UB	Ivan Kostianko	0.9	Figure 16
<b>TOTAL</b>			<b>11.6</b>	

### 7.2.1 Funds from accounts at Russian banks

Kroll has traced USD 0.9 million used to fund BS shareholder Sergey Merkulov and USD 0.2 million that was used to fund BS shareholder Sergii Andriichuk

**Table 20: Table of BS shareholders funded from accounts held at Russian banks**

Source of funds	Bank	Shareholder funded	Amount linked to share acquisition (USD equivalent – million)	Figure
Liramex-Com SRL		Sergii Andriichuk	0.2	Figure 17
Liramex-Com SRL		Sergey Merkulov	0.9	Figure 17
<b>TOTAL</b>			<b>1.1</b>	

<sup>38</sup> Dufremol SC SRL according to the BS bank statements



## 7.2.2 Funds from account at

Kroll has traced amounts paid to the UB accounts of six BS shareholders (totalling USD 5 million) through a series of transfers through accounts at ABLV and Latvijas Pasta Banka, to a transfer from an account at Latvijas Pasta Banka in the name of [REDACTED], a company with [REDACTED] which is the same registered address of a number of the companies that held Core Laundering Accounts. As detailed in Figure 17, the funds that could be traced back to [REDACTED] were transferred through a series of companies that were part of the Core Laundering Mechanism that demonstrates that these shareholders were also part of a coordinated share purchase, disguised by nominees, to gain control of BS.

Table 21: Table of BS shareholders funded from accounts at Trasta Komercbanka

Source of funds	Bank	Shareholder funded	Amount linked to share acquisition (USD equivalent million) <sup>39</sup>	Figure
		Tetiana Boiko	0.9	Figure 17
		Olga Nikitaeva	0.9	Figure 17
		Alexandr Zavarzin	0.9	Figure 17
		Oleh Stepanets	0.9	Figure 17
		Sergii Andriichuk	0.7	Figure 17
		Svetlana Petrenko	0.9	Figure 17
			5	

<sup>39</sup> Amounts are rounded to the nearest million. Total funded by Caldon Holdings Limited is USD 5,027,400.

Figure 13 – Fund flow for share purchase by Jordan in BS

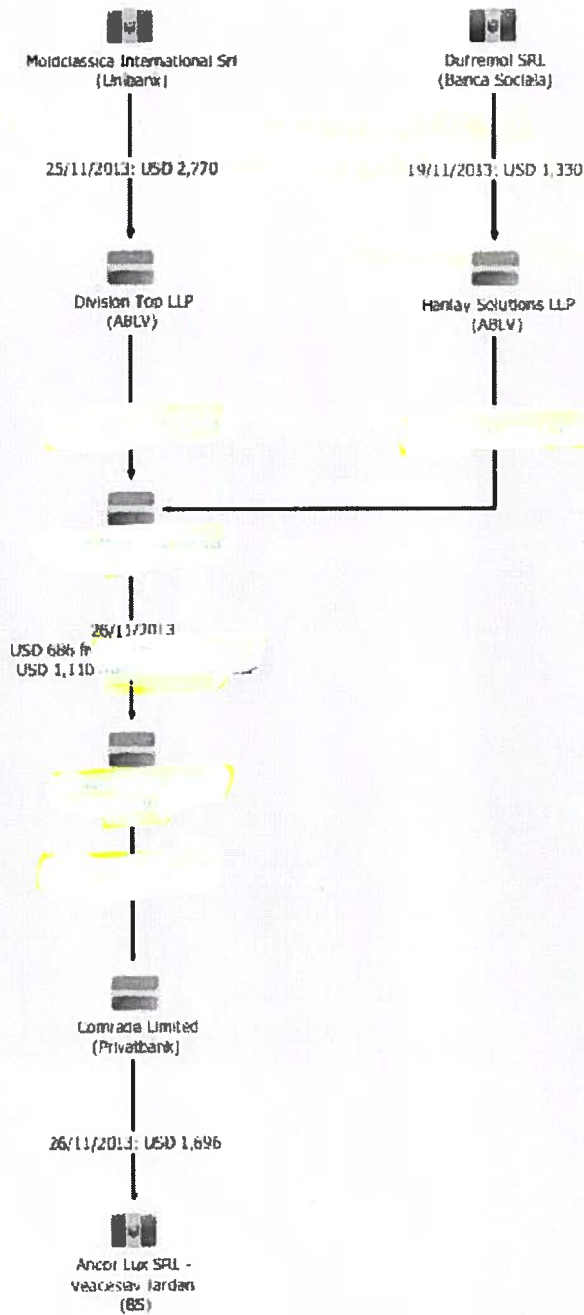
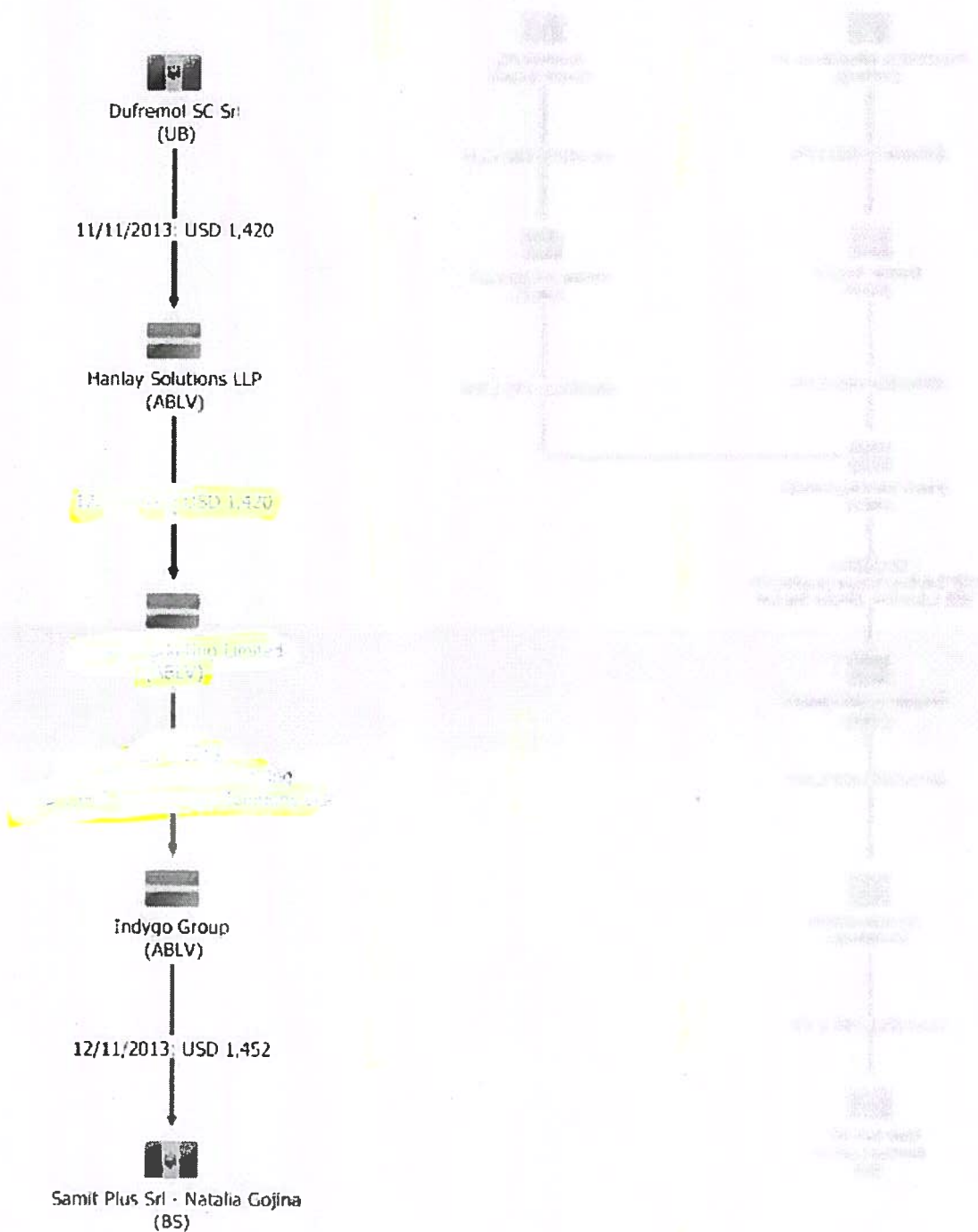


Figure 14 – Fund flow for share purchase by Gojina in BS



**Figure 15 – Fund flow for share purchase by Corsicova, Gorgos, Marinova, Alta and Hariton in BS**

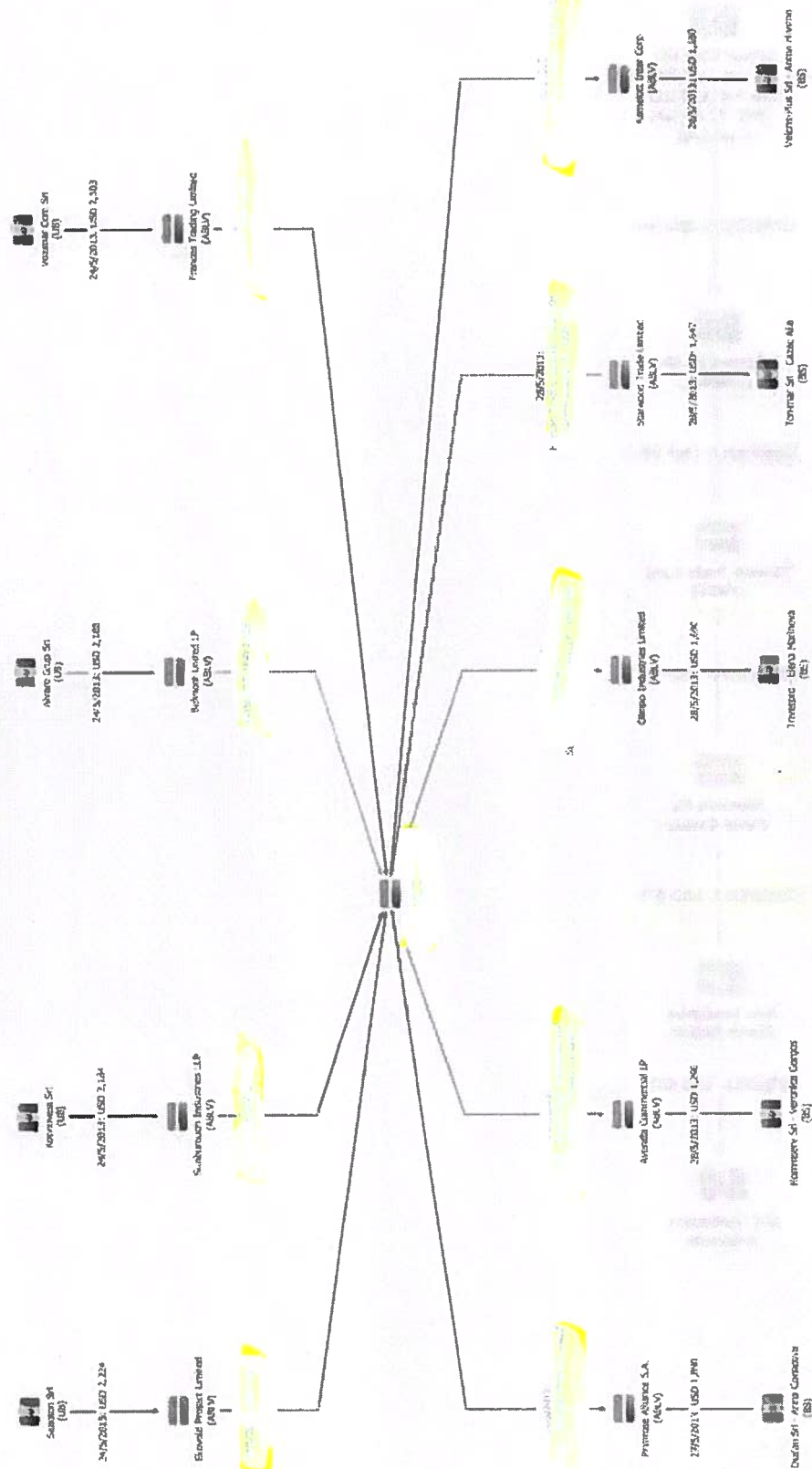




Figure 16: Fund flow for share purchase Kostianko

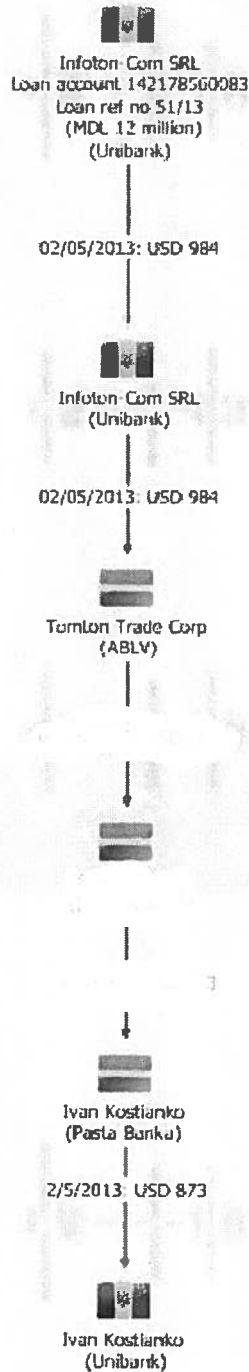
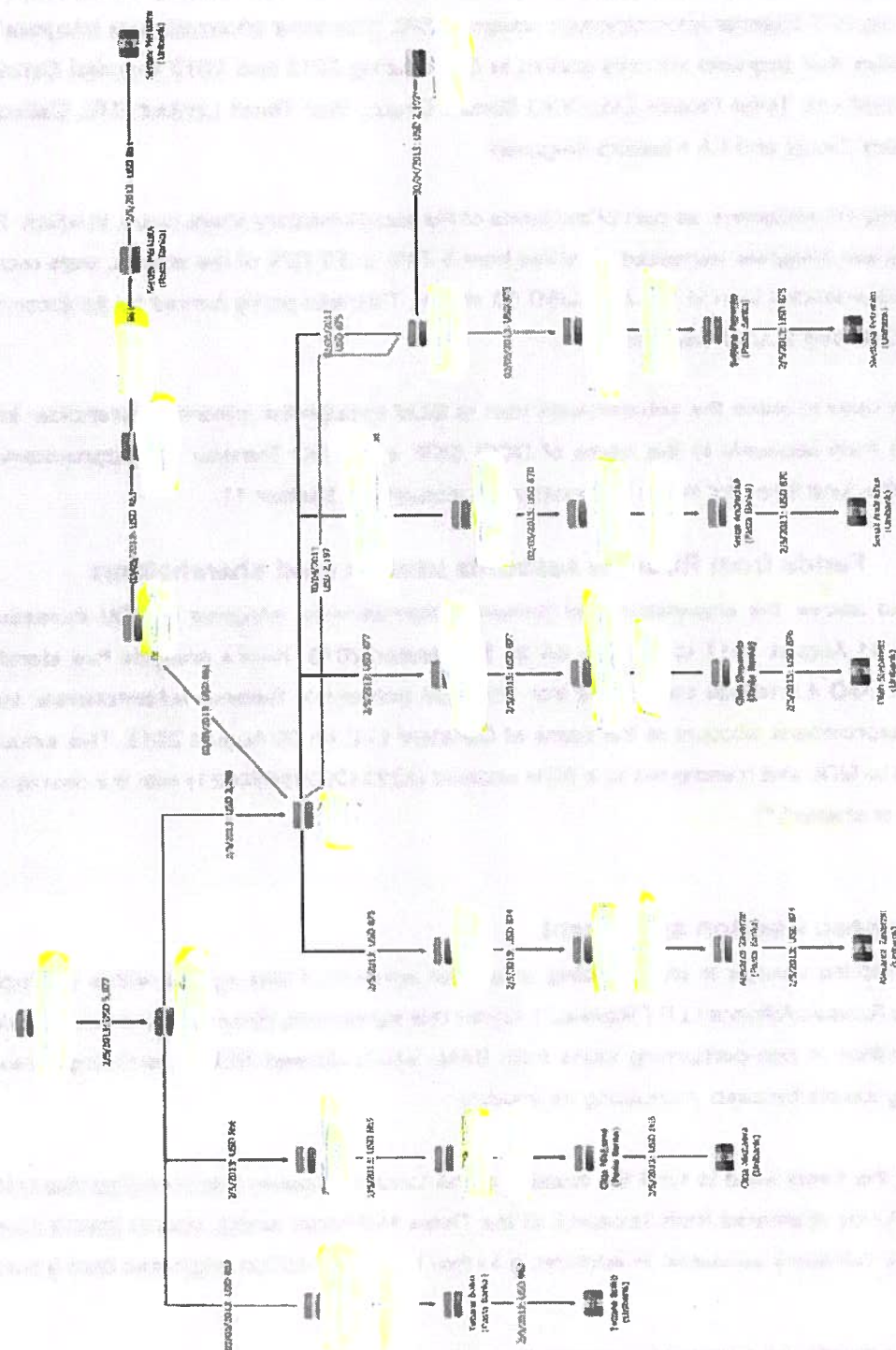


Figure 17 – Fund flow for share purchase by Nikitaeva, Zavarzin, Stepanets, Kostianko, Merkulov, Andiichuk, Petranko and Bolko in BS



## 7.3 BEM fund flows

As set out in the Scoping Phase report, BEM was also subjected to a share restructure in 2013. Between December 2012 and June 2013, seven new shareholders were registered. On 2 August 2013 BEM underwent a closed supplementary share issue which was taken up wholly by an existing shareholder, ICS Systeme Informationale Integrate SRL ("Sisteme Informationale Integrate"). Other shareholders that acquired minority stakes in BEM during 2012 and 2013 included Carmondean Development Ltd; Tintel Project Ltd; OOO Garant-Grupp; Wall Trend Limited; SRL Calteco Prim; SRO Vladox Group and CA Klassika Asigurari.

The minority shareholders, as part of the terms of the supplementary share issue, in which Sisteme Informationale Integrate increased its stake from 9.78% to 33.73% of the shares, were required to issue a subordinated loan to BEM for USD 50 million. This was partly funded by an account in the name of Constant LLC at Gazprombank.

The funds used to make the subordinated loan to BEM through the minority shareholder accounts originated from accounts in the name of OOO SKIF and OOO Transtur at Gazprombank. More detail on the fund flows for these transactions is included in Section 11.

### 7.3.1 Funds from Russian accounts used to fund shareholders

As detailed above, the shareholding of Sisteme Informationale Integrate in BEM increased from 9.78% on 31 August 2013 to 33.73% on 30 September 2013. Kroll's analysis has identified an amount of USD 4.5 million transferred into the BEM account of Sisteme Informationale Integrate from a Gazprombank account in the name of Constant LLC on 20 August 2013. This amount was converted to MDL and transferred to a BEM account (#223420049880001) with the description "for purchase of shares".<sup>40</sup>

### 7.3.2 Roseau Cession agreement

In addition to the change in shareholding, a cession agreement was agreed with a UK registered LLP called Roseau Alliance LLP ("Roseau"). Under this agreement, Roseau acquired approximately USD 80 million in non-performing loans from BEM, which allowed BEM to exchange these non-performing assets for cash, increasing its liquidity.

Tracing of the funds used to fund the cession of the loans to Roseau has identified that USD 21.1 million of funds originated from accounts at the Three Moldovan banks, mainly from a number of Shor Group company accounts. In addition, a further USD 58.5 million originated from a number of

<sup>40</sup> This is the translated and summarised transaction description.

accounts held at Alef Bank, Russia, in the names of individuals linked to the Shor Group. These accounts also provided funding for the share acquisition at UB and BS. As detailed in Section 11, it appears that the transfers that originated from the Russian banks were later repaid through the issuing of loans by the Three Moldovan Banks, and therefore were integral to the fraud. The funds were transferred through a series of bank accounts at ABLV bank in Latvia, before being transferred to an account in the name of BEM at the Bank of New York Melon (USA), Raiffeisen Bank (Austria), or through Roseau's account at UB to BEM.

**Table 22: Table of fund flows from the Three Moldovan Banks that were used for the Roseau transaction**

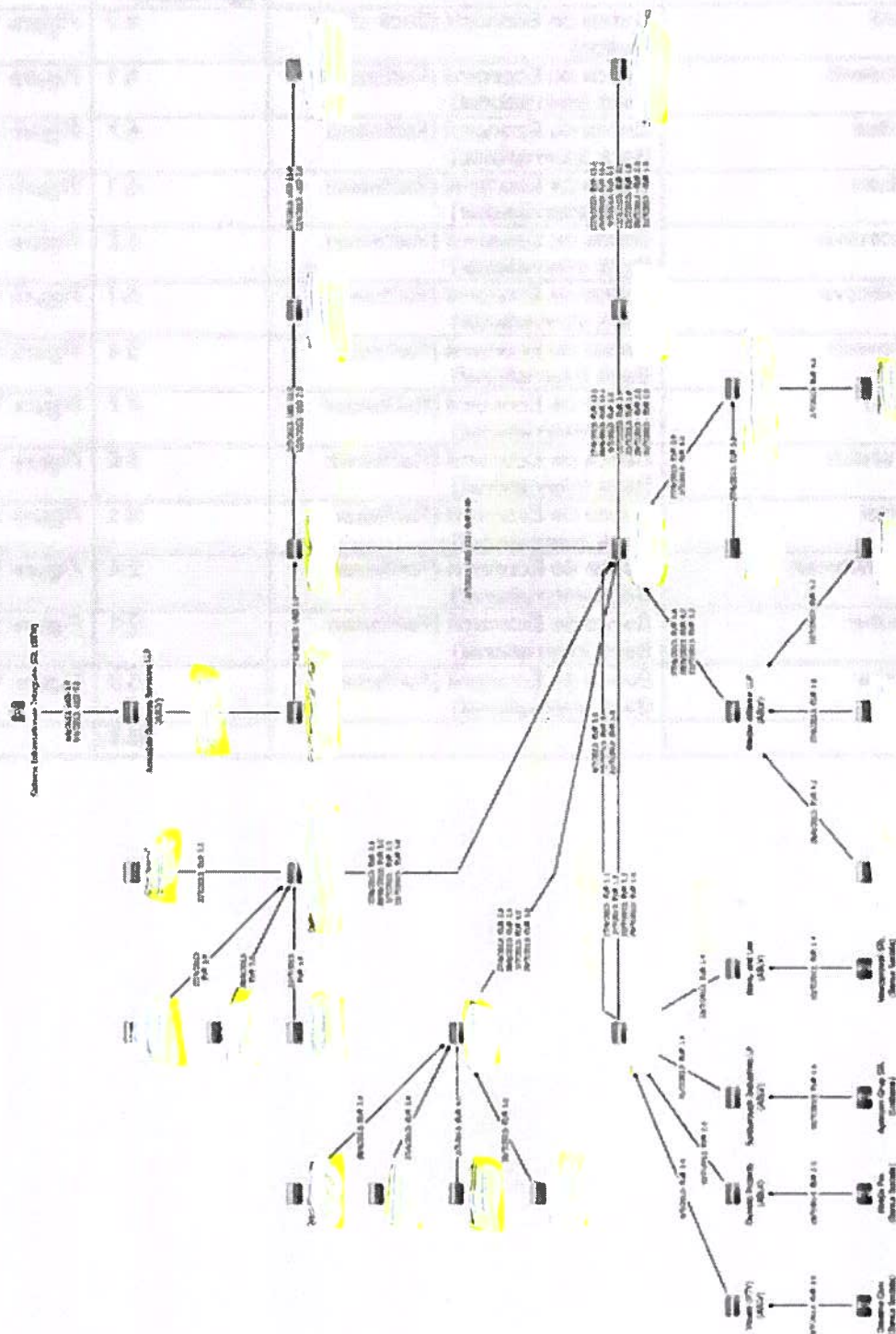
Source of funds	Bank	Shareholder funded	Amount linked to cession agreement	Figure
Sisteme Informationale Integrate SRL	BEM	Banca de Economii (Bank of NY Mellon)	2.1	Figure 18
Davema Com	BS	Banca de Economii (Raiffeisen Bank International)	4.6	Figure 18
Alreda Pro	BS	Banca de Economii (Raiffeisen Bank International)	2.6	Figure 18
Vascoprovod SRL	BS	Banca de Economii (Raiffeisen Bank International)	0.5	Figure 18
Agercom Grup SRL	UB	Banca de Economii (Raiffeisen Bank International)	1.3	Figure 18
Grand Immobiliare SRL	UB	Roseau Alliance	0.9	Figure 19
Storad Group SRL	UB	Roseau Alliance	2.7	Figure 19
Infoton-Com SRL	UB	Roseau Alliance	0.3	Figure 19
Dufremol SRL	BS	Roseau Alliance	1.2	Figure 19
Agenti De Stiri Novosti Moldova SRL	UB	Roseau Alliance	0.9	Figure 19
Moda Prestij	UB	Roseau Alliance	0.9	Figure 19
Toast de Lux SRL	UB	Roseau Alliance	0.4	Figure 19
Metal Trade Group ICS	UB	Roseau Alliance	0.9	Figure 19
ICS Clasica	UB	Roseau Alliance	0.9	Figure 19
Daliano SRL	UB	Roseau Alliance	0.9	Figure 19
<b>TOTAL</b>			<b>21.1</b>	



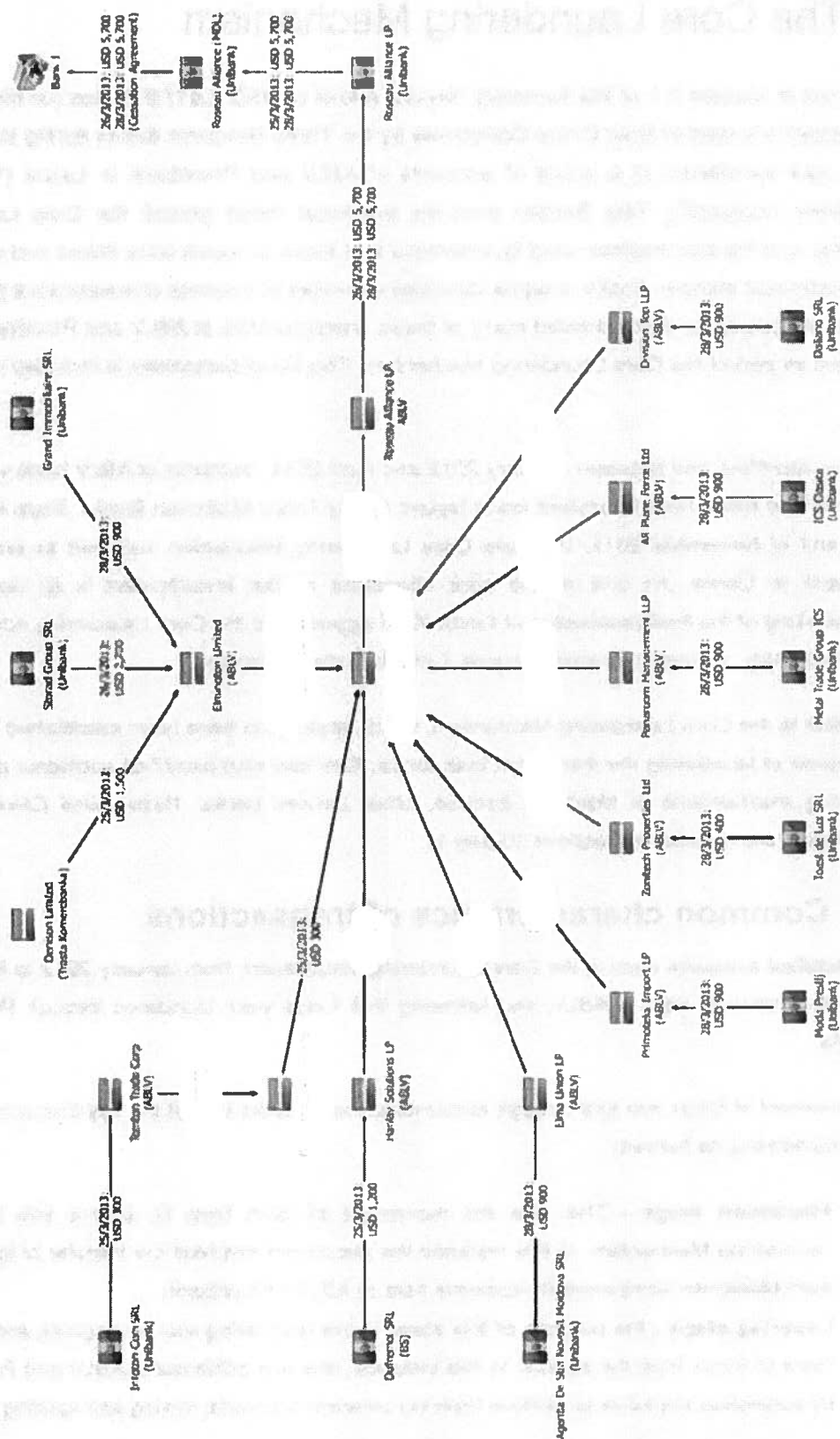
Table 23: Table of fund flows from Alef Bank which were used for the Roseau transaction

Source of funds	Account funded	Amount linked to cession agreement	Figure
Olga Nosaci	Banca de Economii (Bank of NY Mellon)	4.7	Figure 18
Nino Ciubinasvili	Banca de Economii (Raiffeisen Bank International)	5.1	Figure 18
Aliona Steflea	Banca de Economii (Raiffeisen Bank International)	6.7	Figure 18
Eugeniu Rusu	Banca de Economii (Raiffeisen Bank International)	5.1	Figure 18
Irinia Ciasceavava	Banca de Economii (Raiffeisen Bank International)	5.2	Figure 18
Svetlana Silicova	Banca de Economii (Raiffeisen Bank International)	5.1	Figure 18
Anatolie Severin	Banca de Economii (Raiffeisen Bank International)	3.4	Figure 18
Iurie Fotescu	Banca de Economii (Raiffeisen Bank International)	2.7	Figure 18
Vladimir Pahiliuk	Banca de Economii (Raiffeisen Bank International)	5.6	Figure 18
Elena Smolei	Banca de Economii (Raiffeisen Bank International)	5.1	Figure 18
Haceatur Ambarean	Banca de Economii (Raiffeisen Bank International)	2.4	Figure 18
Marina Tauber	Banca de Economii (Raiffeisen Bank International)	2.1	Figure 18
Kristina Halter	Banca de Economii (Raiffeisen Bank International)	5.3	Figure 18
<b>TOTAL</b>		<b>58.5</b>	

**Figure 18 – Fund flows used to fund Roseau transaction – illustration 1 (all values in millions)**



**Figure 19 – Fund flows used to fund Roseau ransomaction – illustration 2 (all values in thousands)**



## 8. The Core Laundering Mechanism

As set out in Section 6.1 of the Summary Report, a total of USD 2,617.9 million (or 89%) of the loan proceeds issued to Shor Group Companies by the Three Moldovan Banks during the Review Period was transferred to a group of accounts at ABLV and Privatbank in Latvia ("the Core Laundering Accounts"). This Section provides additional detail around the Core Laundering Accounts, and the assumptions used to determine that these accounts were linked and controlled in a coordinated manner. Kroll's analysis identified a number of common characteristics that led to a group of companies that exhibited many of these characteristics in ABLV and Privatbank being classified as part of the Core Laundering Mechanism. This list of companies is included in Section 8.2.

Kroll has identified that between January 2012 and April 2014, accounts at ABLV bank were used to launder the funds from fraudulent loans issued by the Three Moldovan Banks. From May 2014 to the end of November 2014, the main Core Laundering Mechanism switched to accounts at Privatbank in Latvia. As one of the core objectives of the investigation is to develop an understanding of the final destination of funds, Kroll approached the Core Laundering Accounts as one linked entity, as demonstrated in Figure 7 of the Summary Report.

In addition to the Core Laundering Mechanism, which appears to have been established solely for the purpose of laundering the fraudulent loan funds, Kroll has also identified additional peripheral laundering mechanisms in Moldova, Estonia, other Latvian banks, Russia and China. These mechanisms are detailed in Sections 10 and 11.

### 8.1 Common characteristics of transactions

Kroll identified accounts used in the Core Laundering Mechanism: from January 2012 to April 2014 funds were primarily held at ABLV, and following that funds were laundered through accounts.

The movement of funds into and through accounts at these banks exhibit the key characteristics of money laundering as follows:

- **Placement stage** - This was the movement of cash from its source into the Core Laundering Mechanism. In this instance the placement involved the transfer of loan funds from Moldovan companies to accounts held at ABLV / Privatbank.
- **Layering stage** - the purpose of this stage in the laundering was to disguise and blur the flows of funds from the source. In this instance, this was achieved by subjecting the funds to multiple layering between accounts, mixing and splitting of funds.



rapid transfers of funds between multiple accounts and apparently arbitrary foreign exchange conversions. This had the result of obscuring the onward destination and severing the link with the original source of the funds (a fraudulent loan).

- **Integration stage** – the integration stage gathered the funds from the layering stage, and transferred them back to give the impression that they have been obtained through legitimate business activity. In this case, it was represented by both the repaying of earlier loans at the Three Moldovan Banks (and other Moldovan banks), to give the impression that the loans were valid and functioning, as well as the dissipation of funds to other jurisdictions to purchase goods, services and assets.

Common characteristics of transactions leading to the classification of a group of company accounts being included as Core Laundering Accounts:

- Multiple internal transfers to linked accounts - The funds received from the Three Moldovan Banks were transferred, usually on the same day, to multiple accounts held at Privatbank / ABLV, with no apparent business rationale. The descriptions of the transactions in the statements were lacking in detail and were altered during a transaction flow. For example, on 13 November 2014, the proceeds of a loan of EUR 2.5 million to Apropos-COM SRL were transferred to Fidan Properties LP at Privatbank in Latvia with the description "Prepayment for Accessories".  
The funds were then transferred to the Shor Group company account Air Classica SRL at Unibank, with the description "Payment for Computers". All of these transactions occurred on the same day and were identical in value. This demonstrates that the various transaction descriptions had no link to the stated business purpose and that the original loan issue by BEM to Apropos-COM SRL was misrepresented as to its purpose;
- Splitting of funds between multiple accounts, then later merging together with sums from other loans;
- Multiple foreign exchange transactions – the funds were often transferred into different currencies without any obvious rationale;
- The use of an overdraft facility – Kroll noted frequent instances whereby one shell company with a Latvian account was granted an overdraft from [redacted] for an amount that was simultaneously repaid by another shell company account with the description "repayment of overdraft". There was no indication prior to this that the company repaying the overdraft either had any agreement for this or had incurred any previous liability.



## 8.2 Accounts classified as Core Laundering Accounts

The 54 accounts at [REDACTED] in the below table were classified as Core Laundering Accounts according to the criteria detailed in Section 8.1.

In addition to the [REDACTED] accounts listed above, Kroll identified a number of ancillary accounts [REDACTED] that transacted frequently with Core Laundering Accounts. This list of ancillary accounts includes:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

The 27 companies in the below tables were classified as Core Laundering Accounts at Latvia, according to the criteria detailed in Section 8 1.

Table 25: Table of Core Laundering Accounts

### 8.3 Shor Group links to Core Laundering Accounts

In addition to the links between Mr Shor and the Moldovan companies detailed in Section 3, Kroll obtained bank account opening records for a sample of the companies with accounts at Privatbank that received the proceeds of the loans issued to the Three Moldovan Banks, and identified that they also had links with Mr Shor and his associates. Limited account opening documentation has been obtained for the ABLV accounts, so it was not possible to conclude on the full extent of the Shor Group's involvement in the establishment and running of those accounts.

As detailed in Table 25, Kroll identified 27 companies with accounts at [redacted] Latvia, whose accounts appear to have been opened for the sole purpose of receiving the loans issued to the Moldovan Shor Group companies; to disguise the source of funds; to remit funds back to repay loans for other Moldovan companies; and to channel funds to other destinations [redacted] Core Laundering Accounts").

Kroll has reviewed [redacted] account opening records for 24 of the 27 of the [redacted] k Core Laundering Accounts. Of these, 23 directly mention Mr Shor in records kept by the bank, in a document detailing links between the Shor related companies. [redacted] training company [redacted] was [redacted] used beneficiary.

Many of the bank accounts held by UK LLPs were also found to be associated with the Shor Group. Account opening records state that Mr. Shor introduced the ultimate beneficiaries of these companies as his “business partners” to the Corporate Clients department of the bank. Mr. Shor was identified in account opening records as the beneficiary of one of the companies that received funds from the Three Moldovan Banks, Wester Alliance LLP.<sup>41</sup>

<sup>41</sup> See Exhibit 8.1 – PB account opening

<sup>42</sup> See Exhibit 8.2 for a copy of this meeting note

Although the companies that were transiting funds through the Latvian accounts were registered in the UK, their commercial addresses were all stated in the account opening documentation as being at various locations in Moscow, Russia. Further, almost all the beneficial owners and representatives of the companies are Russian citizens. A small number of the companies have Ukrainian nationals listed as beneficial owners.

<sup>41</sup> See Exhibit 8.3 – Example of Information memo referencing Mr. Shor

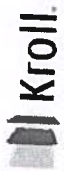


Table 26 : Details of corporate information for Core Laundering Accounts at Privatbank





Project Tenor Phase II Report – Detailed Report – The Core Laundering Mechanism

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## 8.4 Credits received into the Core Laundering Accounts

Total Credits received on the Core Laundering Accounts are shown in Table 27:

**Table 27: Total credits to Core Laundering Accounts**

Source of credit	ABLV (USD millions)	Privatbank – (USD millions)	Total – (USD millions)	Note – Section reference
Credits from new loans issued	447.5	2,134.8	2,582.3	8.4.1
Credits from Shor group companies that could not be directly linked to loans	88.6	8.9	97.5	8.4.2
Less amounts on Moldovan statements that did not appear on the Latvian Bank 2 accounts	-	(101.0)	(101.0)	8.4.3
<b>TOTAL CREDITS to ABLV / Privatbank from BEM / UB / BS from Shor companies</b>	<b>536.1</b>	<b>2,042.7</b>	<b>2,578.8</b>	
Alef Bank (Russia)	108.2	-	108.2	8.4.4 11
Metrobank (Russia)	84.8	5.4	90.2	8.4.4 11
Other credits	174.9	126.5	301.4	8.4.4
<b>TOTAL OTHER CREDITS (not from BEM / BS / UB)</b>	<b>367.9</b>	<b>131.9</b>	<b>499.8</b>	
<b>Less credits traced out</b>	<b>(89.5)</b>	<b>(81.9)</b>	<b>(171.4)</b>	8.4.4
<b>TOTAL CREDITS TO TRACE OUT OF THE CORE LAUNDERING MECHANISM</b>	<b>814.5</b>	<b>2,092.7</b>	<b>2,907.2</b>	

#### 8.4.1 Credits received into Core Laundering Accounts from new loans issued

As shown in Section 6.1 and Table 8 of the Summary Report, Kroll traced a total of USD 2,617.9 million that were transferred direct from Shor Group accounts at the Three Moldovan Banks that received loans, to accounts at ABLV and Privatbank. Of this, USD 2,582.2 million (99%) was transferred to accounts held by the group of companies classified as the Core Laundering Accounts, as detailed in Table 27.

The amounts transferred to other accounts at ABLV and Privatbank are detailed further in Section 5, which summarises the first destination of the loan funds issued to Shor Group companies.

#### 8.4.2 Credits received from the Three Moldovan Banks not arising directly from loans

As noted in Section 6.2 of the Summary Report, a proportion of the funds that was transferred from Shor Group companies to accounts held at Privatbank / ABLV could not be directly linked to new loans issued.

As the analysis in Table 28 below demonstrates, the source of these funds is predominantly from Russian accounts and accounts in the name of entities linked to the Shor Group. As the majority of these came through the Three Moldovan Banks into the Latvian accounts and were mixed with funds that could be directly traced to the fraud these values were treated as being linked to the fraud.

Details of this is provided in the table below:

**Table 28 : Credits received into the Core Laundering Accounts from the Three Moldovan Banks which was not traced to loans**

Bank	Funds from Shor Group companies that could not be linked directly to loans (USD millions)	Analysis
BEM	53.5	The amount comes from an account in the name of Sisteme Informatiionale Integrate, which was linked to the acquisition of shares of BEM in 2013, and the subordinated loans granted by the shareholders. The funds originate predominantly from a company called "REGIONALNAYA FINANSOVAYA COMPANIYA" in Yaroslav Region, Uglich City, Russia. (Total USD 50 million). A further USD 3.5 million originates from a



Bank	Funds from Shor Group companies that could not be linked directly to loans (USD millions)	Analysis
		company called Constant OOO from a Russian account. No further information is currently available about the rationale of this financing or source of these funds.
BS	3.6	This amount comes from two Shor Group companies, Dufremol and Infoton-com. The origins of the proceeds is not currently clear but has been treated as linked to the fraud.
UB	31.9	This comes from Shor Group companies including Roseau (USD 6.3 million), Dufremol (USD 4.1 million), Moldclassica International (5.5 million), Airklassika (USD 7.6 million), Avantage SRL (USD 1.5 million) and Moda Prestij (USD 2.2 million)
TOTAL <sup>46</sup>	88.6	

Amounts transferred to Privatbank Core Laundering Accounts from the Three Moldovan Banks that could not be tied to loans amounted to USD 8.9 million (or approximately 0.4% of the total received from accounts at the Three Moldovan Banks by Privatbank Core Laundering Accounts). The amount comprised of 11 transfers, mainly from non Shor Group accounts at BEM and UB.

### 8.4.3 Discrepancies between Moldovan and Latvian statements

Three transfers totalling USD 101.0 million were shown as being transferred to Privatbank accounts from Moldovan bank accounts but did not appear on the Privatbank statements. As all of these transactions occurred at the end of November 2014, it appears that these amounts may have been falsified on Moldovan statements in order to disguise the transfer of the funds to another destination. Two transfers of USD 50 million each made to Spectra Ventures LLP and Nord LP were connected with the funds transfers to Gazprombank. As detailed further in Section 11, these transactions appear to have been in the internal records of BEM made to balance BEM's Nostro account with Gazprombank. The destination of the USD 1 million transfer made from Apropro-com SRL was not clear.

These amounts are summarised below:

<sup>46</sup> Difference is due to rounding



- 24 November 2014 – USD 50.0 million from a loan issued to Caritas Group SRL (BEM) was shown on the current account statements as being transferred to a Core Laundering Account in the name of Spectra Ventures LLP with an account at Privatbank Latvia. This did not appear on the statements of Spectra Ventures LLP.
- 24 November 2014 – USD 50.0 million was shown on the statements of Provolirom SRL's account at BEM as being transferred to Core Laundering Account Nord LP at Privatbank, Latvia. This transaction did not appear on the statements of Nord LP that were reviewed by Kroll.
- 18 November 2014 – USD 1 million from Apropro-com SRL (UB) to Core Laundering Account Fidan Properties LLP.

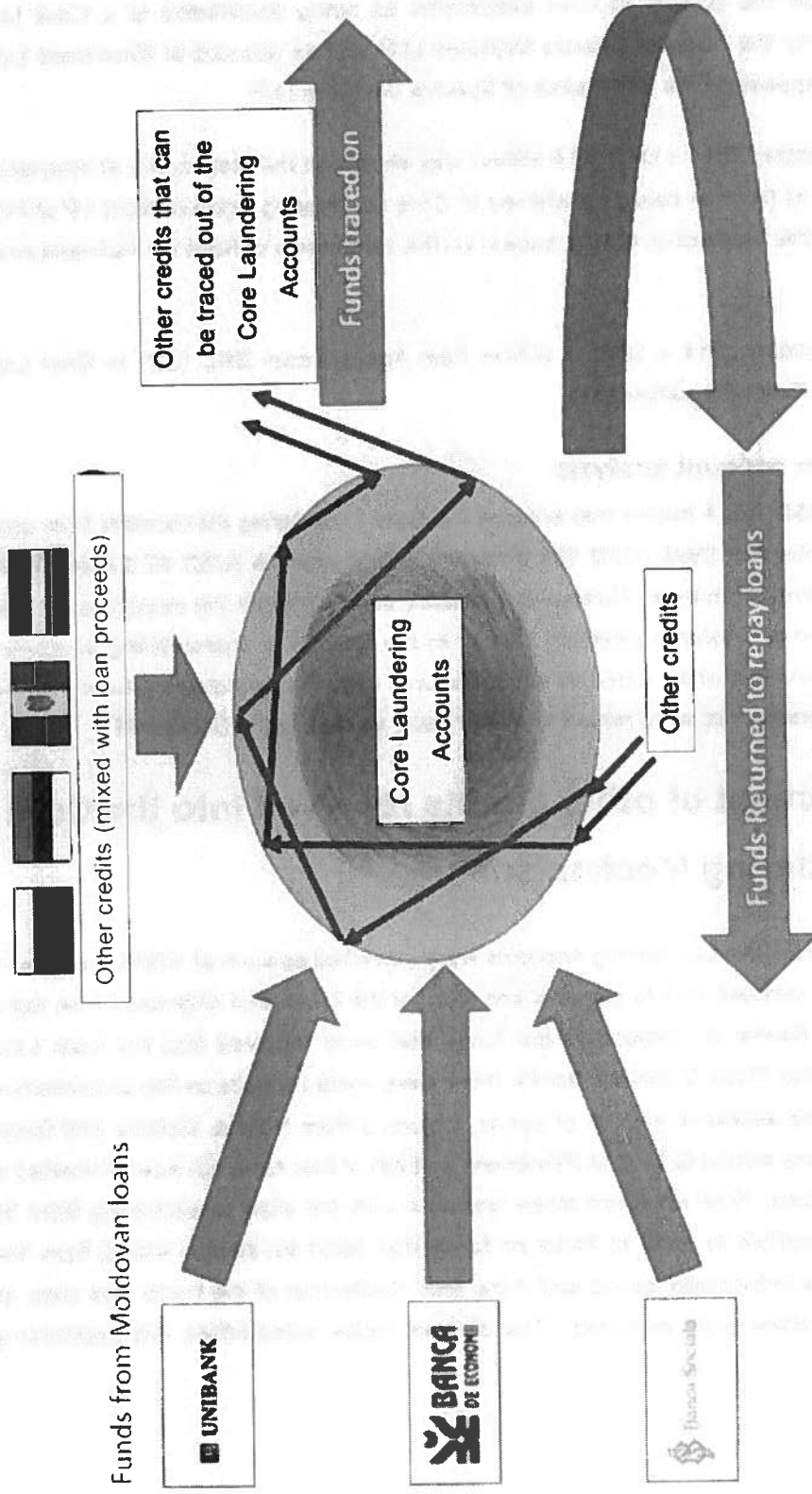
#### 8.4.4 Russian account analysis

Kroll identified USD 198.4 million that entered the Core Laundering Mechanism from accounts at two Russian banks, Alef Bank (USD 108.2 million) and Metrobank (USD 90.2 million). The funds that were transferred from these Russian banks were used partly for the acquisition of UB and BS and the settling of a cession agreement related to the change in shareholding structure of BEM (see Section 7). Analysis of the amounts and the source of the funds indicates that the funds appear to be a series of loans that were repaid at a later date, as detailed in Section 11.

### 8.5 Treatment of other credits received into the Core Laundering Mechanism

As noted above, the Core Laundering Accounts were classified as such as Kroll's analysis indicates that their primary purpose was to disguise and launder the funds that originated from loans at the Three Moldovan Banks. In addition to the funds that were received into the Core Laundering Mechanism from the Three Moldovan Banks, there were some receipts on the accounts from other sources, from bank accounts outside of Latvia, including from Russia, Estonia and Cyprus, and from other company accounts ' / that have not been classified as Core Laundering Accounts. Kroll analysed these amounts with the view to excluding them from the analysis where possible in order to focus on funds that could be directly traced from fraudulent loans. These were individually traced and if the final destination of the funds was clear, both the receipt and the outflow were excluded. The diagram below summarises this treatment of other credits:

Figure 20: Diagram of treatment of other proceeds into the Core Laundering Mechanism



In a number of cases, funds that were received on the accounts were mixed with funds that originated from Moldovan Banks, and transferred through the same laundering mechanism, inseparable from funds obtained from loans issued by the Three Moldovan Banks. For these items, the funds were not excluded as they could not be differentiated from loan funds. Furthermore, many of the receipts derived from companies that were part of the Shor Group, or were linked to Shor Group companies, which indicates that they were part of the same highly coordinated fraud. Therefore, the mixed funds have been treated in this analysis as funds relevant to the fraud.

The assumptions used in treating these sums as mixed funds, are detailed in Section 9. The amounts of other sums received and traced and excluded are detailed below:

**Table 29: Sources of other credits received into the Core Laundering Accounts**

Source of funds	ABLV - (USD millions)	Privatbank - (USD millions)	Total - (USD millions)
Russia)	108.2	-	108.2
'Russia)	84.8	5.4	90.2
Moldova Other	81.3	71.4	152.7
Latvia other <sup>47</sup>	62.1	38.0	100.1
Other credits	31.5	17.1	48.6
<b>TOTAL OTHER CREDITS (not from BEM / BS / UB)</b>	<b>367.9</b>	<b>131.9</b>	<b>499.8</b>
<b>TOTAL OTHER CREDITS (excluding amounts received from Russian banks)</b>	<b>174.9</b>	<b>126.5</b>	<b>301.4</b>
<b>Less sums traced out and excluded (not mixed) – (excluding amounts received from Russia)</b>	<b>(75.9)</b>	<b>(81.9)</b>	<b>(157.8)</b>
<b>Other sums mixed</b>	<b>99</b>	<b>44.6</b>	<b>143.6</b>

<sup>47</sup> Includes amounts paid from non- Core Laundering Accounts at ABLV / Privatbank



## 8.5.1 Summary of other credits received into the Core Laundering Mechanism

### 8.5.1.1 Analysis of funds received into the Core Laundering Mechanism from other Moldovan banks

The majority of other funds that came into the Core Laundering Mechanism from other Moldovan banks originated predominantly from Moldindconbank and Victoriabank. This indicates that accounts at these two banks were significantly used in the fraud, particularly in the earlier periods. Loans issued to companies with accounts at these banks were also paid off with funds originating from the Three Moldovan Banks, which indicates that the actual dissipation of these funds may have been earlier than 2012. For further examples see Section 6.1.2 in the Summary Report, and Section 5. The funds received from other Moldovan Banks are detailed in the table below:

**Table 30 Funds from accounts at other Moldovan banks into the Core Laundering Mechanism**

Bank	ABLV (USD millions)	Privatbank (USD millions)	Details
Moldindconbank	51.7	-	USD 49.5 million originates from Shor Group companies – Agercom (2.5), Alreda Pro (3.6), Alvaro Grup (3.9), Dufremol (7.0), Ghermivali (9.8), Moldclassica (4.2), Molint Group (8.4) and Splot - BI (10.2). The remainder originates from a company called Valemont Properties Ltd, which has been linked to a previous large scale Russian money laundering case. <sup>48</sup>
Victoriabank	28.7	71.4	For both ABLV and Privatbank, the majority of these funds arise from Shor Group companies. Shor Group Victoriabank accounts have been used as deposit accounts as part of the Moldovan element of the laundering mechanism.
Comertbank	0.8	-	The entirety of these amounts originate from Ghermivali, a Shor Group company.
<b>TOTAL</b>	<b>81.3</b>	<b>71.4</b>	

Kroll has not to date been able to assess the involvement and possible complicity of these banks, but for the purposes of developing a clear asset recovery strategy, the amounts from other Moldovan banks which can be linked to other aspects of the fraud were treated as fraudulent funds.

<sup>48</sup> <https://www.reportingproject.net/therussianlaundromat/russian-laundromat.php>

#### 8.5.1.2 Analysis of other funds received from Latvia

USD 100.1 million of other funds came from Latvian accounts outside of the Core Laundering Accounts. These accounts included accounts at ABLV and Privatbank, as well as accounts at other Latvian banks.

The other funds that originated from accounts held at ABLV / Privatbank, which were not included in the Core Laundering Accounts as they did not meet all of the criteria in Section 8.1 amounted to USD 75.6 million. As these accounts transacted frequently with the Core Laundering Accounts that were laundering the loan funds, it is likely that a proportion of the funds originated from the loan funds themselves.

#### 8.5.2 Other funds traced out

All of the other funds received into the Core Laundering Mechanism, with the exception of the Russian funds,<sup>49</sup> was analysed in detail and was excluded from further tracing analysis where possible.<sup>50</sup> In total Kroll excluded USD 157.8 million of the USD 301.4 million of receipts that could not be linked directly to loan funds from the Three Moldovan Banks.

#### 8.5.3 Other funds mixed

Other sums that could not be excluded from the Core Laundering Mechanism were mixed with fraud funds and treated as such. As detailed above, the mixed funds amounts to approximately 5% of total receipts into the Core Laundering Mechanism. In addition, as detailed above in Sections 8.5.1, a large proportion of this sum (although not traced directly from proceeds of loan funds) is connected to the fraud at the Three Moldovan Banks. The combined mixed funds were traced in order to identify the ultimate end destination of all of the funds that were at least in part derived from fraudulent loans from the Three Moldovan Banks.

<sup>49</sup> Amounts received from Russian accounts are detailed in Section 11.

<sup>50</sup> For detailed methodology for the exclusion of Other Receipts see Section 8.5.

## 9. Detailed methodology for tracing funds

### 9.1 Overview

This Section provides detail of the methodology applied by Kroll to identify the end destination of the proceeds of fraudulent funds from the Three Moldovan Banks. The methodology was devised in order to allow for a consistent and transparent approach for tracing and to facilitate the formation and initiation of a priority asset recovery strategy.

Analysis of the transfers of loan proceeds to the Core Laundering Mechanisms and beyond has shown that the funds were frequently blended with funds which were not directly linked to the fraud. To the extent possible, these amounts were excluded from further analysis. However, in cases when transfers not originating from funds originating from the fraud were blended with those linked to the fraud, the whole amount of onward transfer was treated as tainted by fraud funds as it was not possible to separate between fraud and other funds not directly linked to the fraud.

### 9.2 Other funds paid into Core Laundering Accounts

As highlighted in Section 6.1 of the Summary Report, and detailed further in Section 5.3, the analysis of the initial dissipation of loans from the Three Moldovan Banks identified that the majority of the loan funds were transferred to a group of connected accounts at ABLV and Privatbank (the "Core Laundering Accounts"). The mechanism of the laundering process through these Core Laundering Accounts, and the list of accounts included in the analysis are detailed further in Section 8.

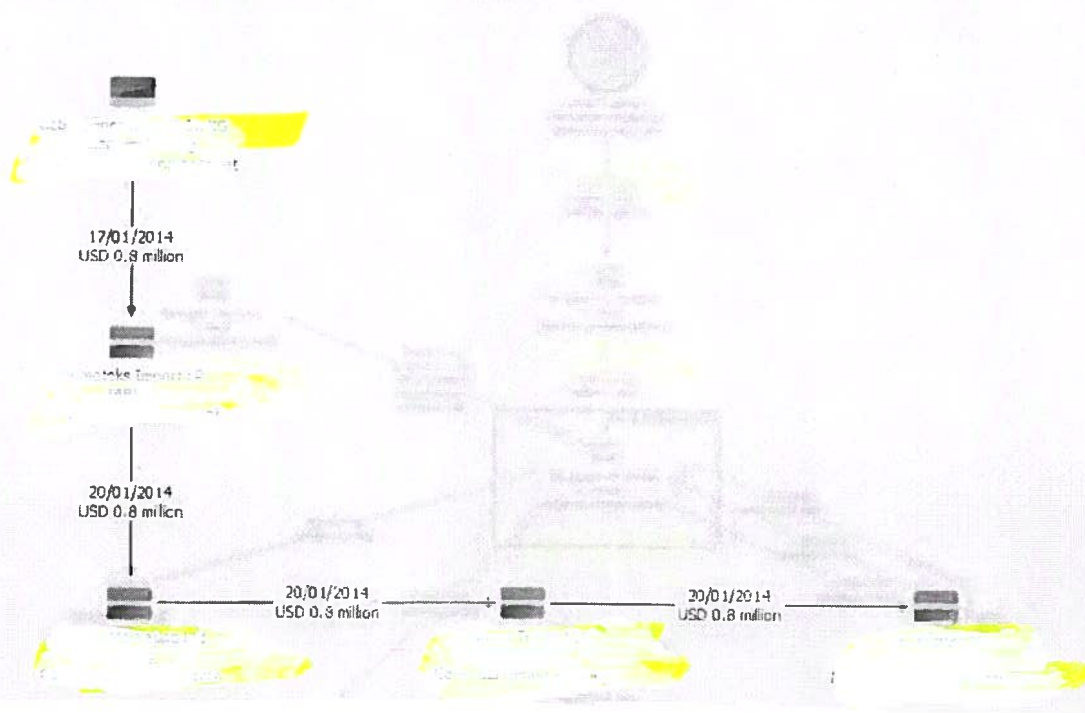
However, analysis also identified USD 301.4 million (approximately 12 % of the total funds received into the Core Laundering Accounts) was received into Core Laundering Accounts from sources that could not directly be linked to the fraud at the Three Moldovan Banks ("Other Receipts"). This Section details the treatment which Kroll applied in the case of these Other Receipts.

Kroll analysed these amounts from other sources with the view to excluding them from the analysis, where possible, in order to focus the attention on funds originating from fraudulent loans. These were individually traced and if the final destination of the funds was clear, both the transfers in and out were excluded from further analysis.

#### 9.2.1 Exact match trace

In certain instances, the Other Receipts that were received into the Core Laundering Accounts were transferred directly out of the Core Laundering Accounts. An example of this is given below.

Figure 21: Example of match and exclusion of other receipts

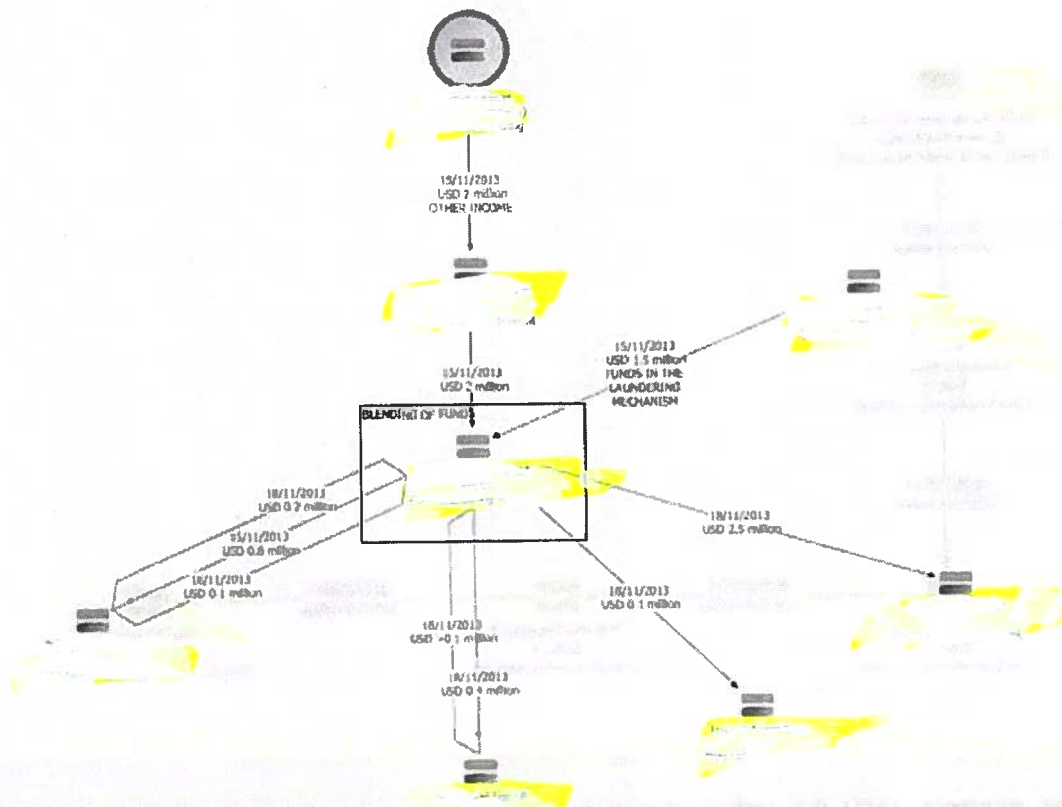


### 9.2.2 Blended funds

In cases when the funds which were not linked to the fraud could not be directly traced out and were blended with those funds which could be traced to the fraud, the entire amount of the onward movement of funds was traced on, as it was not possible to differentiate which funds were from the fraud and which were not. An example of receipts from another source being blended with funds from the Three Moldovan Banks is shown below.



Figure 22: Example of Other Receipts entering the Core Laundering Mechanism



### 9.3 Tracing of funds paid out of Core Laundering Accounts – further traces

Funds originating from the fraud, combined with Other Receipts which was inseparable from these funds were laundered through the Core Laundering Accounts, before being transferred to bank accounts in a number of different jurisdictions, as detailed below. A large proportion of these funds were transferred to other accounts in Latvia, Estonia and Moldova, and were subjected to additional laundering mechanisms to further blur the destination of funds (see Section 10). Through analysis of documents obtained with the assistance regulatory bodies in Moldova, Estonia and Latvia, Kroll



has to the maximum extent possible traced these funds onwards to accounts in jurisdictions outside of these three countries. As the fraud funds were laundered through these accounts, they were in a number of cases mixed at each stage with other funds which were not directly linked to the fraud (see example in Section 9.4.1 below). In order to prioritise the large transfers, fund flows onwards out of the Core Laundering Accounts which were less than USD 200,000 or equivalent were excluded from onward tracing. This allowed for tracing onwards of approximately 90% of the funds out of the Core Laundering Accounts.

## 9.4 First in, first out (“FIFO”)

As detailed above, transfers from Core Laundering Accounts that were linked to fraud funds were frequently blended with other funds. As shown in Figure 22, it was frequently not possible to separate the fraud funds from these other funds. Kroll has applied the FIFO principle to further traces, which works on the assumption that the first amounts paid in to a bank account are the first amounts paid out. This means that amounts paid out are made firstly from the earliest funds received and then from subsequent payments into the bank account.

Application of the FIFO principle determines that in the absence of an exact match being found (see assumptions around exact matches in Section 9.4.2.1 below), the account balance immediately prior to the inflow of funds must be taken into account. Debits immediately after the credit were used to deplete the balance already in the account. After the pre-credit account balance was depleted, debits were attributed to the first credit coming into the account and were traced on accordingly.



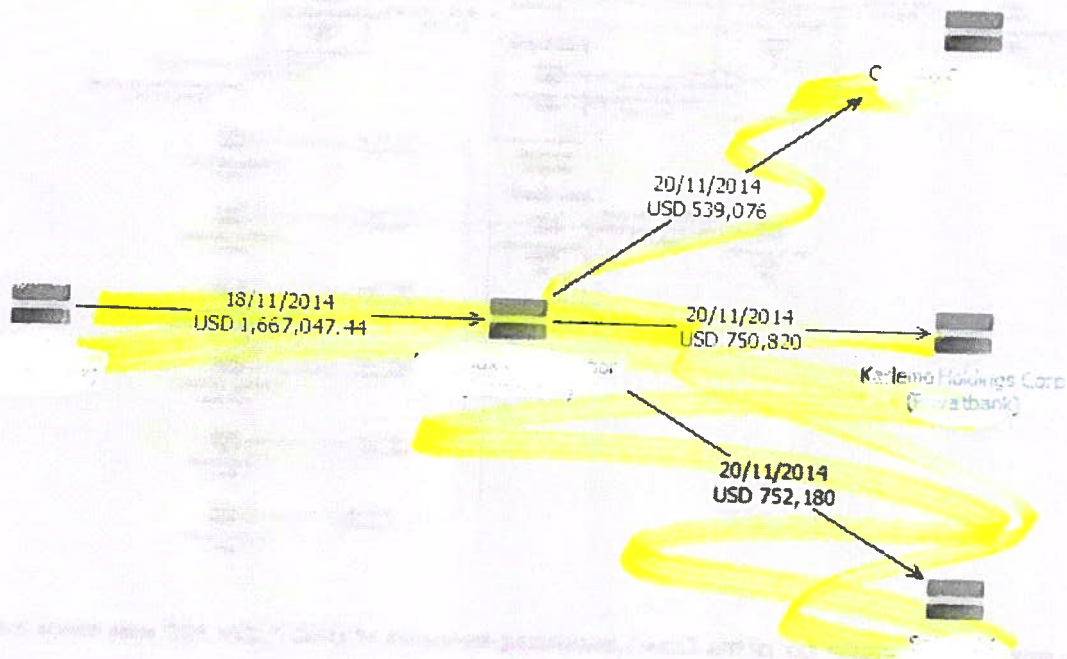
<sup>51</sup> Calculated as  $743\,071.37 - 40\,000 - 500\,750 - 20\,000$

<sup>52</sup> Calculated as  $539\,076 - 182\,321.37$

- Debit of USD 750,820 was attributable to the payment from [redacted] and traced on (see (c)); and
- Debit of USD 752,180 was partially attributable (USD 559,471.11, of which) to the payment from [redacted] and traced on (see (c)).

The total amount traced on from the USD 1.7 million transfer from [redacted] SA amounts to USD 2.04 million, as the funds attributable to the USD 1.7 million could not be separated from those which are not attributed. This is summarised in the following figure:

**Figure 24: Example of FIFO principle**



#### 9.4.1 Mixed funds - mixing of fraud transfers out of the Core Laundering Accounts with Other Receipts

As detailed in Section 9.2.2 above, funds that were transferred from Core Laundering Accounts through secondary laundering processes in Latvian and Estonian banks were frequently mixed with other funds. As a result, it was not possible to apportion an amount of a transfer traced to an end jurisdiction to fraud funds. Kroll therefore accounted for the full amount as being tainted with fraud funds in onward tracing. An example of this, as funds were transferred through the secondary laundering mechanism, is shown in Figure 25:



Figure 25: Example of onward tracing where funds were blended

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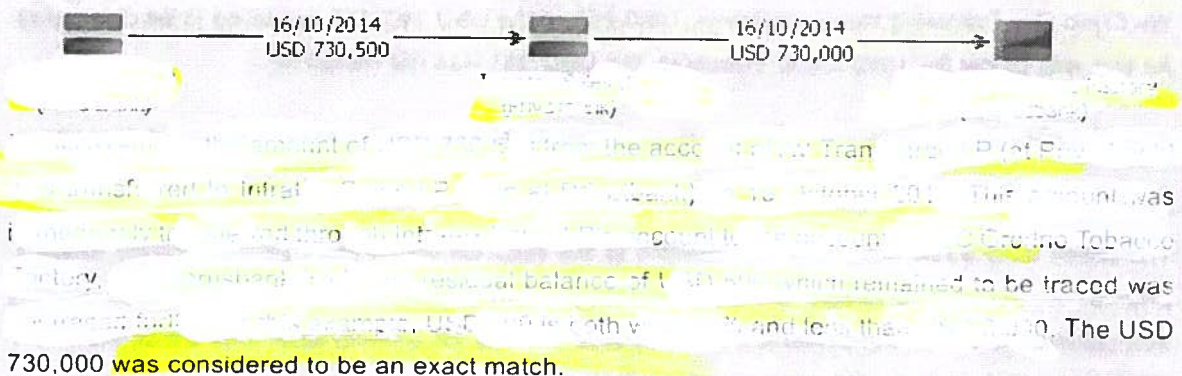
As detailed in Figure 25, funds transferred out of the Core Laundering Mechanism were initially blended with other funds in the account of Tomton Trade Corp. Once transferred onwards, these funds were again blended with other funds in the accounts of [REDACTED] before they were transferred on. Due to the blending of funds at multiple stages of the transaction, it was not possible to identify the proportion of the amount traced to the end that relates to the initial transfer out of the Core Laundering Mechanism.

## 9.4.2 Assumptions

### 9.4.2.1 Exact match criteria

As detailed in Section 9.2.2, fraud funds were frequently blended with other funds and traced onwards. In certain instances, review of the bank statements identified transfers which appear to be related; inward and outward transfers were exact or near exact amounts, and were transferred onwards within a few days of the receipt of funds. As these amounts appear to be related, there is a rationale for tracing the exact match rather than using the FIFO methodology. Kroll has treated any onward transfer where the value of an onward debit was +/-1% or +/- USD 3,000 of the crediting amount (whichever the greater), as an exact match, as demonstrated in the example below:

Figure 26: Example of exact match trace



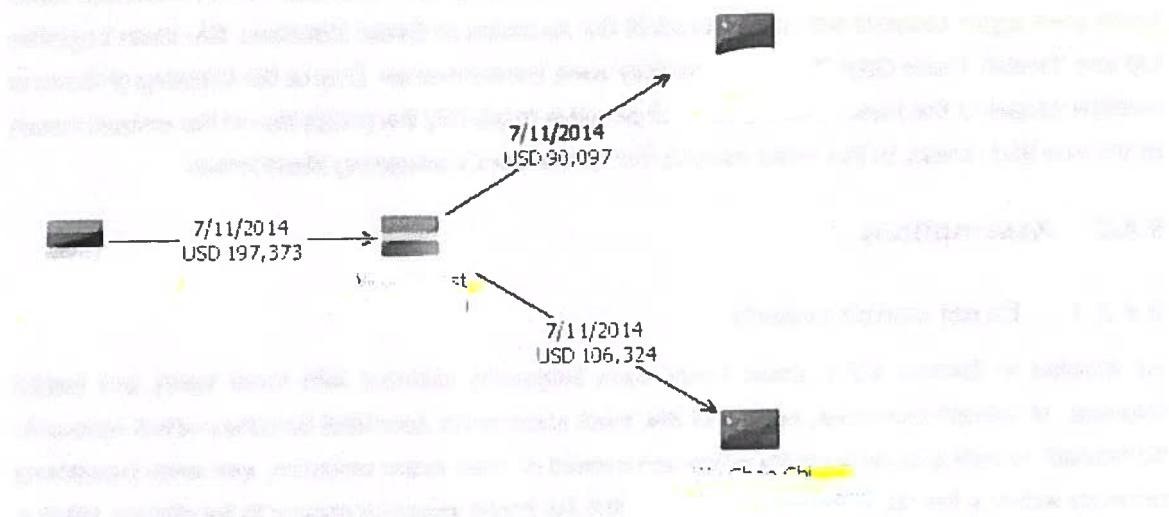
### 9.4.2.2 Nil balances for residual funds of less than USD 3,000

As detailed in Section 9.4, the FIFO principle required use of a running statement balance in the apportionment of transfers to be selected for onward tracing. However, a threshold was applied to traces of funds where i) having traced the substantive amount of funds onwards, the remaining amount to be traced was less than USD 3,000 or ii) where the balance in the bank account was less than USD 3,000.

An example of this in application is given below:



**Figure 27: Example of onward dissipation where the remaining amount to trace was less than USD 3,000**

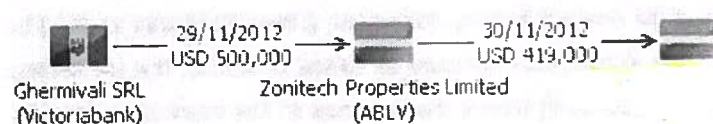


ii. Following these payments, USD 951 of the USD 197,373 remained to be dissipated. As this was below the USD 3,000 threshold, the USD 951 was not traced on.

### Bank account balances of less than USD 3,000 prior to the inflow of fraud funds

The same USD 3,000 threshold was applied in the instance where the balance brought forward, prior to the credits of fraudulent or tainted funds, was less than USD 3,000. In such a case, tracing was commenced as if the statement balance was nil. The full onward debit was attributed to the credit of fraudulent funds. An example of this is given below:

**Figure 28: Example trace of where account balance was less than USD 3,000 prior to the inflow of fraud funds**



In this example, Ghermivali SRL's Victoriabank account (Moldova) had a balance brought forward before the credit of USD 500,000 of USD 91.43. As this amount was less than USD 3,000, the

balance brought forward was not considered and the full onward debit of USD 419,000 to (Latvia) was attributed to the credit of USD 500,000.

#### 9.4.2.3 USD 50,000 threshold for onward traces

Kroll prioritised larger sums for the further tracing exercise and applied a secondary threshold of USD 50,000 to all further traces. Onward traces were discontinued if the value of the onward trace was less than or equal to USD 50,000 or equivalent. Debits below this amount were documented but not traced on. An example of this is given below:

Figure 29: Example of discontinued trace falling below USD 50,000



In this example, the USD 510,000 transfer was traced further. USD 27,570 of the USD 510,000 transfer from [redacted] could be traced to an account in the name of Accent Tehno, at Moldindconbank. As this onward transfer was below the USD 50,000 threshold, no further tracing was performed.

## 10. Other laundering mechanisms identified

The Core Laundering Mechanism which is described in the Summary Report and in Section 8 of this Detailed Report provided the initial layer of laundering of funds which originated from fraudulent loans issued to Shor Group companies by the Three Moldovan Banks. In addition, Kroll has identified the following mechanisms which appear to also be part of a further coordinated money laundering process:

- Laundering of funds through other Moldovan banks (detailed in Section 10.1 of this Detailed Report): Analysis has identified multiple transfers between accounts at the Three Moldovan Banks, Core Laundering Accounts, and accounts at other Moldovan banks, which had no obvious business rationale and appeared to serve no purpose other than to add a further layer between the source and the destination of the funds.
- Laundering of funds through accounts at Estonian and Latvian banks (detailed in Section 10.2 of this Detailed Report): Further tracing of fraud funds revealed a large number of transfers to accounts at Latvian and Estonian banks. The Latvian banks which contained the accounts that made up the Core Laundering Mechanism also appeared to have further large scale laundering mechanisms which absorbed a large proportion of the funds. Similarly, following the Core Laundering Mechanism, accounts at banks in Estonia were also used as part of what appeared to be a coordinated money laundering scheme. In many cases, the funds which were transferred into these accounts were blended with funds which did not originate from the fraud. According to the tracing methodology (detailed further in Section 9), the blended funds were treated as being tainted with fraud funds and included in amounts traced onwards;
- In addition, although currently unconfirmed, Kroll identified significant fund flows to other destinations which indicate further organised money laundering schemes. The fund flows identified appear to indicate layering of funds in accounts at banks in China, Hong Kong and Cyprus.

In addition to the mechanisms detailed above, Kroll also identified the involvement of accounts at a number of Russian banks which were used to disguise fraud funds, although these did not appear to be part of such a complex coordinated money laundering scheme. The involvement of these accounts in the fraud is detailed in Section 11.

## 10.1 Laundering of funds through accounts at other Moldovan banks

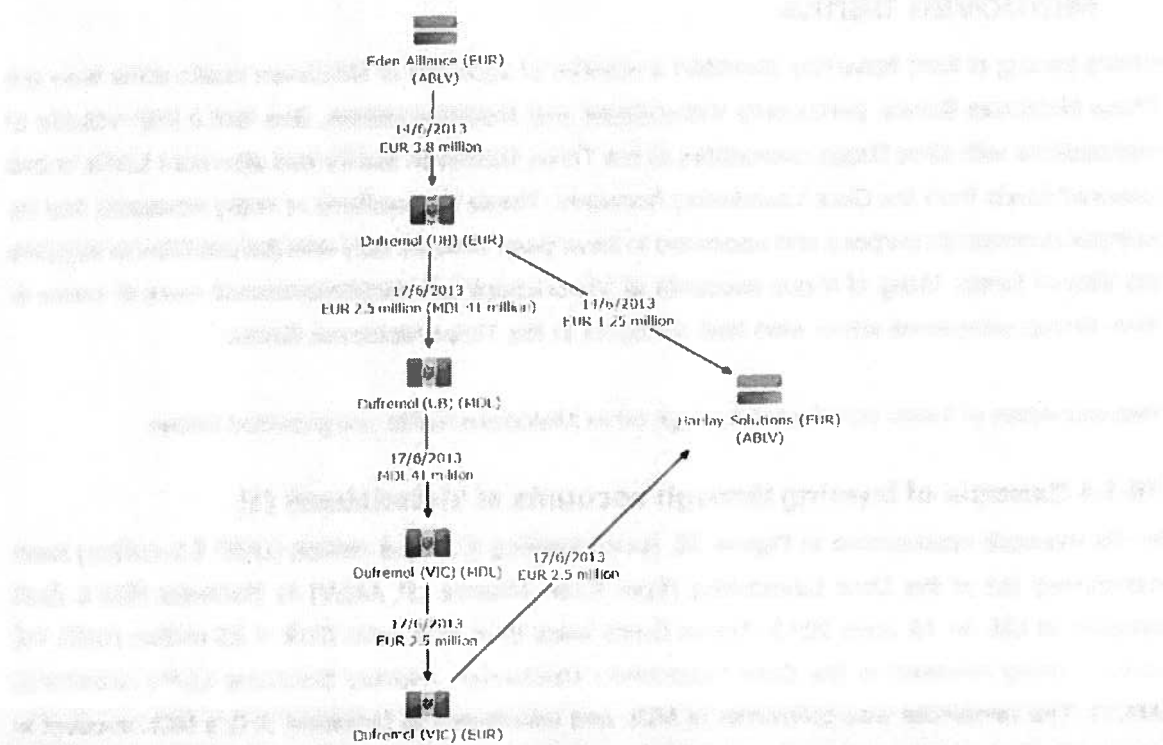
Kroll's tracing of fund flows has identified a number of accounts at Moldovan banks other than the Three Moldovan Banks, particularly Victoriabank and Moldindconbank, that had a high volume of transactions with Shor Group companies at the Three Moldovan Banks and also sent funds to and received funds from the Core Laundering Accounts. These transactions in many instances had no obvious commercial purpose and appeared to have been initiated only with the intention to disguise the flow of funds. Many of these accounts at Victoriabank and Moldindconbank were in name of Shor Group companies which also held accounts at the Three Moldovan Banks.

Two examples of funds transferred through other Moldovan banks are provided below:

### 10.1.1 Example of layering through accounts at Victoriabank (1)

In the example represented in Figure 30, funds totalling EUR 3.8 million (USD 5.0 million) were transferred out of the Core Laundering (from Eden Alliance LP, ABLV) to Dufremol SRL's EUR account at UB on 14 June 2013. These funds were then split, with EUR 1.25 million (USD 1.6 million) being returned to the Core Laundering Mechanism (Hanlay Solutions LLP's account at ABLV). The remainder was converted to MDL and transferred to Dufremol SRL's MDL account at Victoriabank. From here, it was re-converted to EUR and transferred back to the Core Laundering Mechanism (Hanlay Solutions LLP at ABLV). This succession of transfers was made in a matter of four days. There is no obvious rationale for these transactions other than to further disguise the onward flow of funds.

Figure 30: Example of laundering through other Moldovan banks (1)



### 10.1.2 Example of layering through accounts at Victoriabank (2)

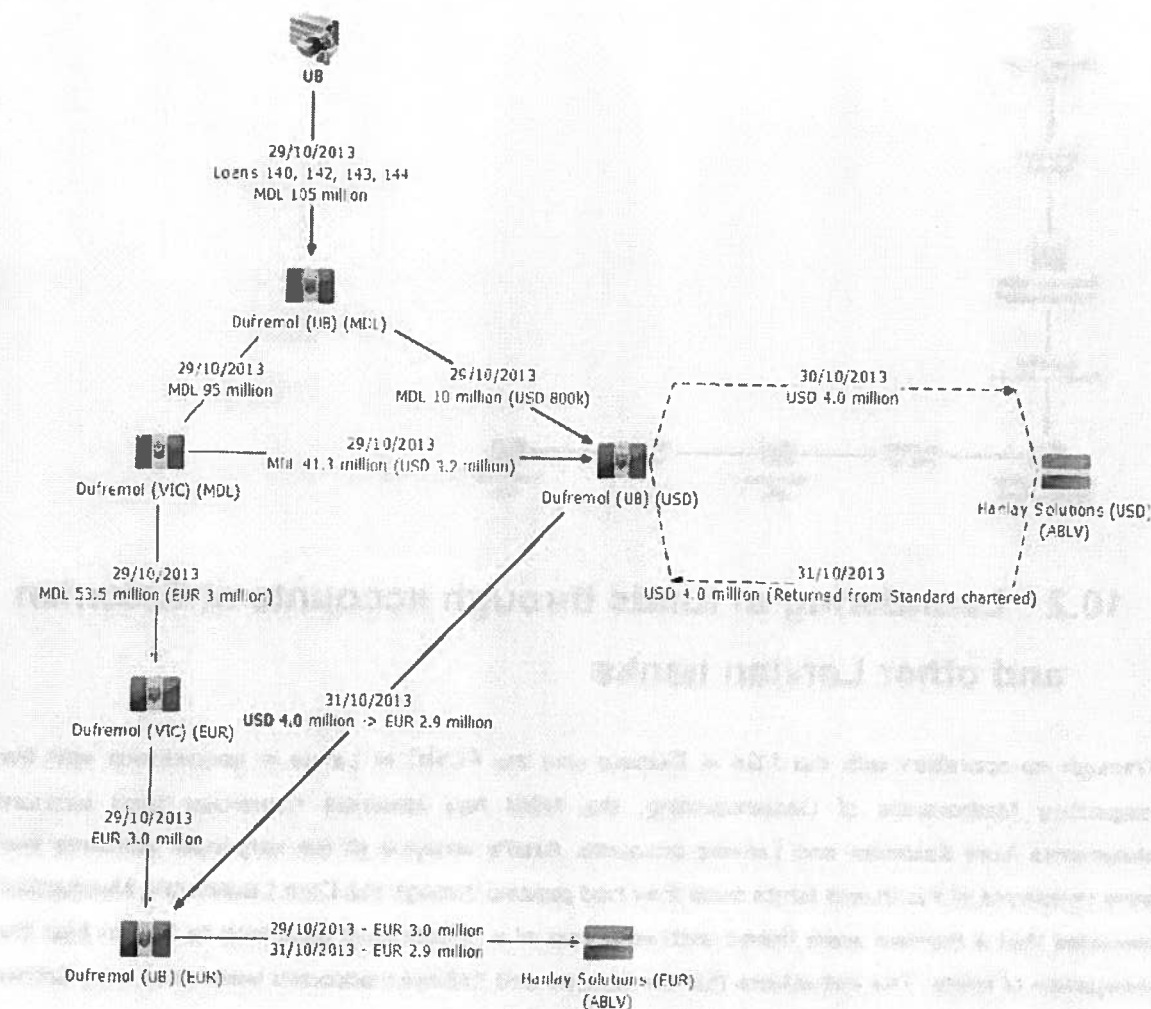
In this example, illustrated in Figure 31, the laundering through Moldovan accounts occurred prior to the entry into the Core Laundering Mechanism. On 29 October 2013, four loans totalling MDL 105 million (USD 8.4 million) were issued to SC Dufremol by UB. This amount was then split, with MDL 95 million (USD 7.6 million) being transferred to SC Dufremol's account at Victoriabank, and the remainder being transferred to Dufremol's USD account at UB. Part of this MDL 95 million was then converted to USD and transferred to Dufremol's USD account at UB.

On 30 October 2013, there was a debit on the Dufremol USD account at UB for the amount of USD 4.0 million to the Core Laundering Mechanism (to Hanlay Solutions LLP, ABLV), but this appears to have been returned, as it never appeared on the ABLV account statement of Hanlay Solutions LLP. There is a corresponding credit (from Standard Chartered Bank) for the same amount on the same day. This amount was then converted to EUR and combined with the remainder of the MDL 95 million which had been transferred back to Dufremol's EUR account at UB. The final stage in this mechanism was the transfer of the total amount to the Core Laundering Mechanism (Hanlay Solutions LLP at ABLV).



This succession of transfers was made in a matter of days (between 29 October 2013 and 31 October 2013). These transfers (particularly the transfer to SC Dufremol's Victoriabank account) served to disguise the source of the transfer from SC Dufremol (UB) to the Core Laundering Mechanism as having originated from a UB loan.

Figure 31: Example of laundering through other Moldovan banks (2)

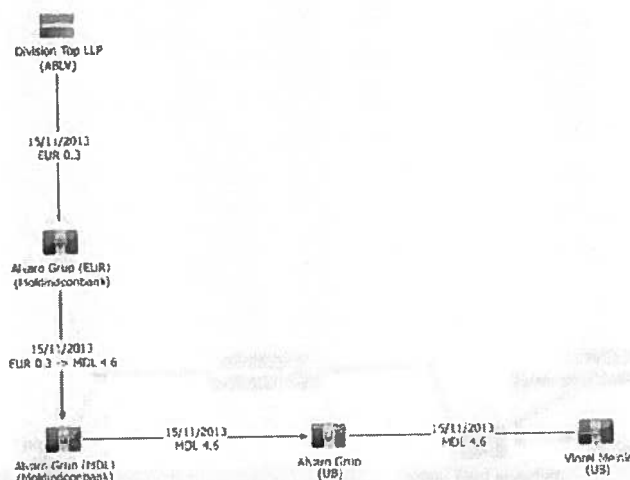


### 10.1.3 Example of loan recycling through accounts at Moldindconbank

In the example detailed in Figure 32, funds are transferred from the Core Laundering Accounts, through a Moldindconbank account and finally transferred to the UB account of Viorel Melnic (a shareholder of UB).

An amount of EUR 0.3 million was transferred from the Core Laundering Mechanism (Division Top LLP at ABLV) to the Moldindconbank account of Alvaro Grup, where it was converted to MDL 4.6 million. From here the amount was transferred to the Alvaro Grup account at UB, before it was finally transferred to the UB account of UB shareholder Viorel Melnic. All the transfers were made on the same day.

Figure 32: Example of laundering through other Moldovan banks (3)



## 10.2 Laundering of funds through accounts at Estonian and other Latvian banks

Through co-operation with the FSA in Estonia and the FCMC in Latvia in accordance with the respective Memoranda of Understanding, the NBM has obtained numerous bank account statements from Estonian and Latvian accounts. Kroll's analysis of the corporate accounts that were recipients of fraudulent funds once they had passed through the Core Laundering Mechanism indicates that a number were linked and were part of a coordinated approach to further blur the dissipation of funds. The indications that the Latvian and Estonian accounts were used as a further layer of laundering of the fraudulent funds include:

- the splitting of funds between multiple accounts (layering);
- vague and inconsistent descriptions for goods;
- control of multiple accounts by one person, or nominee;
- multiple changes in currency without any apparent rationale; and.

- large volumes of interrelated transactions often netting to zero at the end of each day

### 10.2.1 Laundering of funds through Latvian accounts

Analysis of the account statements for Latvian accounts obtained to date indicate that fraud funds transferred to Latvian accounts were frequently blended with funds that were not be directly derived from the fraud funds. In addition, transfers between accounts at Latvian banks frequently exhibited characteristics of laundering of funds detailed in Section 8.1, including splitting of funds, frequent exchange rate conversions for no apparent reason, and transaction descriptions that did not appear to be consistent throughout a transfer.

A number of examples of funds laundered through Latvian accounts are detailed below:

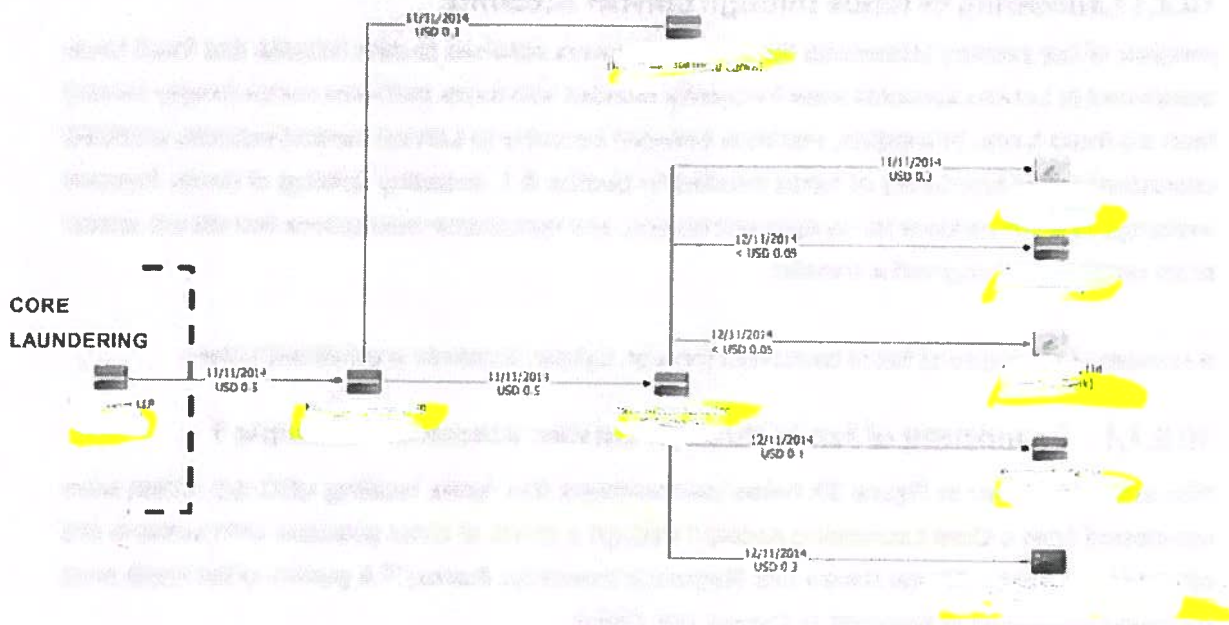
#### 10.2.1.1 Laundering of funds through Latvian accounts - Example 1

The example shown in Figure 33 below demonstrates that funds totalling USD 0.5 million were transferred from a Core Laundering Account through a series of other accounts at Privatbank and other Latvian banks .<sup>53</sup> A portion of the funds were ultimately dissipated to accounts in Cyprus and China

These transfers took place within two days.

<sup>53</sup> As detailed in Section 3.2 of the Report, due to the large volume of statements requested and received, we have not received all the statements that were requested to date. The funds in the Latvian accounts were not traced further at date of writing as these statements were not yet received by Kroll.

Figure 33: Laundering of funds through Latvian banks (1)



#### 10.2.1.2 Laundering of funds through Latvian accounts – Example 2

The example shown in Figure 34 shows that funds that were transferred to accounts at Latvian banks other than ABLV and Privatbank were transferred back to accounts at Privatbank, blended with other funds and then dissipated onwards. The additional layers of laundering and the blending of funds disguised the link between the outflow from the Core Laundering Mechanism and the subsequent dissipation.

<sup>54</sup> As the amount was below the threshold for onward tracing the bank statements for this account have not been requested.

**Figure 34: Laundering of funds through Latvian accounts (2)**





### 10.2.2 Laundering of funds through Estonian banks

Analysis of the account statements for the Estonian accounts obtained to date indicate that a proportion of the funds which were transferred to Estonia were transferred back to other Latvian accounts, before being further laundered and then dissipated.

- The examples below (illustrated in Figure 35 and Figure 36) indicate that accounts at [redacted] were used as a secondary laundering mechanism of funds in Estonia. Additional analysis also shows that accounts at [redacted] bank, and [redacted] bank, have been used as a secondary laundering mechanism/receiver of funds within Estonia. These examples are detailed further in Sections 10.2.2.1 and 10.2.2.2; and,
- Through analysis of account data for these Estonian accounts Kroll has identified a number of links between these accounts which indicate that they may have been controlled centrally. This analysis is documented in Section 10.2.2.3.

#### 10.2.2.1 Example of layering through accounts at Versobank (1)

The example illustrated in Figure 35 shows fraud funds transferred through Core Laundering Accounts, and subsequently transferred to several accounts [redacted] in Estonia. From here, a portion of the funds was transferred to accounts [redacted] in Latvia (to accounts other than Core Laundering Accounts) before they were transferred to accounts in Turkey and China. Additional detailed descriptions follow below. The descriptions on the bank statements are shown in brackets beneath the transfer details

Figure 35: Example of Estonian bank accounts used to dissipate funds to China, Turkey and back to Latvia



On 27 and 28 October 2014, loans were issued to Storad Group SRL from UB totalling USD 5 million.<sup>55</sup> According to loan documentation obtained through forensic analysis of electronic data captured from UB, the purpose of the loans was to purchase clothing for trade. From the USD 5 million, EUR 3.1 million (USD 4.1 million) was transferred to an account held by a UK limited partnership, Formisold LLP. A contract identified in the electronic data which has been forensically imaged from the Three Moldovan Banks was, according to the contract between Storad Group SRL and Formisold LLP, for the purchase of goods, to be delivered to Bremerhaven in Germany. The contract contained a breakdown of the goods apparently being ordered, which were approximately 320 luxury fur coats, ranging in price from EUR 8,059 to EUR 63,080.

Review of electronic data which was recovered from the Three Moldovan Banks also revealed a Business Plan for Storad Group SRL, which was submitted in support of the loan application. This included a header of "Molint Group SRL,"<sup>56</sup> another Shor Group company which was also involved in the fraud. The business plan states that the company was established to trade in goods, mainly

<sup>55</sup> See Exhibit 10.1 – Loan agreement and sale and purchase contract between Storad Group and Formisold LLP. The loans to Storad on the 27 October 2014 were issued in MDL and totalled MDL 72 million. This amounted to approximately USD 5 million at that time.

<sup>56</sup> See Exhibit 10.2 – Business plan for Storad Group (extract)

shoes and construction materials. It also states that the company plans to attract funding through loans from UB totalling USD 16.2 million, and 24 million MDL. During 2014, UB in fact provided loans to Storad of USD 17 million, EUR 4.1 million and MDL 369 million.

The funds from Storad Group SRL were in quick succession transferred through four Latvian bank accounts, with a proportion being transferred to another linked company, Dufremol SRL. From the initial loan funds transferred to Formisold LLP and Welentas LP, USD 2.3 million was transferred on the same day to the account [redacted] (UK) at [redacted], Estonia. The description for this transfer was "for household appliances", which is inconsistent with the original documentation which was provided for the issuing of the loan.

The funds were immediately transferred on to the account of [redacted] Holdings Ltd, before being split between three bank accounts. Of the USD 2.3 million which was transferred to Estonia, USD 1.0 million was returned to another Latvian account [redacted] Products Ltd. From here, the funds were again split, with a proportion going to another [redacted] account in the name of [redacted] LP. The remainder was transferred to accounts in China and Turkey, purportedly for the purchase of "shoes."

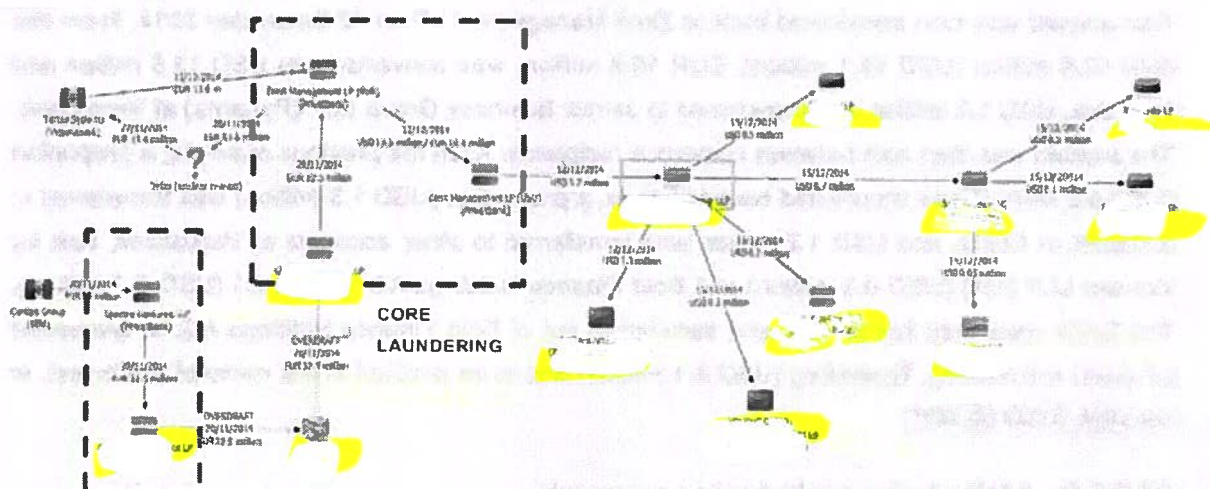
The inconsistencies in description, the transferring of fund through multiple accounts without any apparent business rationale and the implausible descriptions of the goods initially being purchased suggests that the main purpose of this account activity in both the Latvian and Estonian accounts was to dissipate the funds originating from UB and to disguise the onward trace of funds.

#### 10.2.2.2 Example of layering through accounts at Versobank (2)

In the example illustrated in Figure 36, a loan issued to Caritas Group at BEM of EUR 55 million (USD 73.1 million) was transferred through a series of Core Laundering Accounts and accounts at Victoriabank, before the funds were transferred through a series of accounts at [redacted], Estonia. The funds were then transferred to accounts in a number of other jurisdictions including accounts in China, USA and Latvia.



**Figure 36: Example of laundering through Estonian accounts (2)**



In this example, loan funds totalling USD 85 million were transferred by BEM to Caritas SRL on 20 November 2014. Of this, EUR 55 million (USD 73.1 million) was transferred to an account at Privatbank in Latvia in the name of Spectra Ventures LLP. The descriptions on the transfer were for "Furniture" (EUR 27 million – USD 35.2 million) and for "Building Materials" (EUR 28 million – USD 37.2 million).

Forensic review of electronic data identified pro forma contracts between Caritas Group and Spectra Ventures LLP amounting to EUR 45 million (USD 59.8 million), dated 19 and 20 November 2014.<sup>57</sup> The contracts provide no detail regarding the proposed market for the apparent purchases. As with the previous example, the prices appear to be inflated, and the volumes appear to have been calculated solely in order to get to a round number of the total contract value. For example the furniture order includes approximately 2,500 three piece suites from various manufacturers and 2,200 bookcases. The building material order includes 3.1 million kilos of cement, 48 tonnes of "Instant Repair" for rooves and 65,000 square meters of paving slabs.

Of the EUR 55 million (USD 73.1 million) that was transferred to Spectra Ventures LLP, EUR 32.5 million (USD 43.2 million) was transferred onwards to another account in the name of Spectra Ventures LLP. This was then used to repay an "overdraft", which was then simultaneously issued to another company, Spectra Ventures LLP. Spectra Ventures LLP then transferred the EUR 32.5 million (USD 43.2 million) to Spectra Ventures LLP. According to the Zenit Management account statement, of this EUR 32.5 million (USD 43.2 million), EUR 13.6 million (USD 18.1 million) was transferred back to Moldova, to Terios Holdings at Victoriabank, also on 20 November 2014. The account statement of Terios Holdings at Victoriabank indicates that this

<sup>57</sup> See Exhibit 10.3 – contract between Carilas Group and Spectra Ventures LLP

transfer actually arrived in the account on 27 November 2014. The reason for this delay is unclear. This amount was then transferred back to Zenit Management LP on 12 December 2014. From this EUR 13.6 million (USD 18.1 million), EUR 10.8 million was converted into USD 13.5 million and from this, USD 3.2 million was transferred to Jerdor Business Group LLP (Panama) at Versobank. The amount was then split between numerous recipients. As in the previous example, a proportion (USD 0.2 million) was transferred back to Latvia, a proportion (USD 1.5 million) was transferred to accounts in China, and USD 1.2 million was transferred to other accounts: [redacted] (UK) (USD 0.5 million) and [redacted] (Panama) (USD 0.7 million). The funds were then further split and transferred out of [redacted] AG, to [redacted] LP (USD 0.5 million), [redacted] (USD 0.1 million) and to an account in the name of [redacted] st, in the USA (USD 50,000).

### 10.2.2.3 Links between Estonian accounts

Preliminary analysis of the accounts at [redacted] and [redacted] bank which received funds originating from the Moldovan fraud has revealed numerous connections and similarities between them, which indicate that they are working in concert in a coordinated money laundering operation.

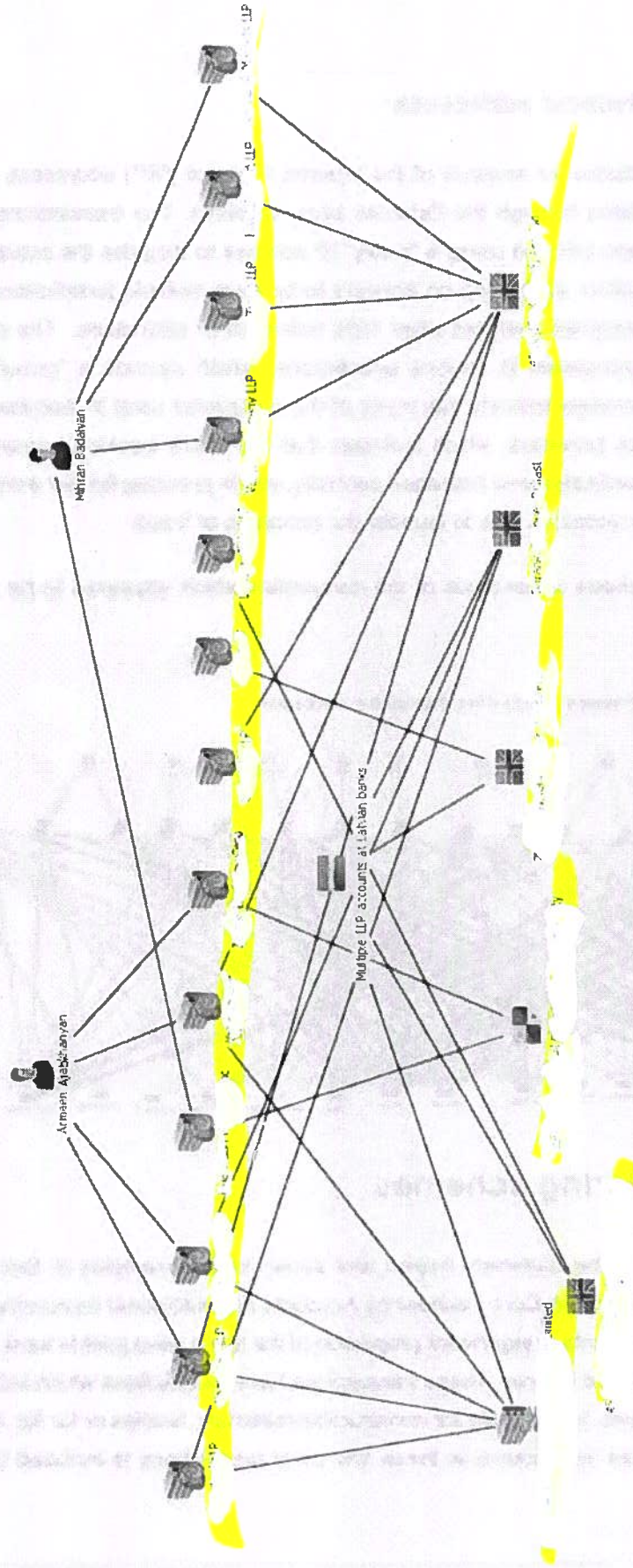
#### Addresses and UBOs

Many of the UK limited partnerships which held accounts at [redacted] and [redacted] bank and which received fraud funds have the same address, indicating that they have been incorporated by the same company set up agent. Seven companies, which first transacted in August / September 2013, all have the registered address at 43 Bedford Street, London. One of the companies identified [redacted] (P) has the registered address [redacted] Street, Scotland, which is shared with many of the LLPs which held Latvian bank accounts that were designated as Core Laundering Accounts, or that transacted frequently with Core Laundering Accounts. Another [redacted] (P) also shares an address with numerous other LLPs in which had high volumes of transactions in Latvia [redacted].

A number of the companies with accounts at [redacted] bank and [redacted] bank have different registered addresses but share a common UBO. Figure 37 summarises these initial links identified:



Figure 37: Analysis of links between Estonian company accounts

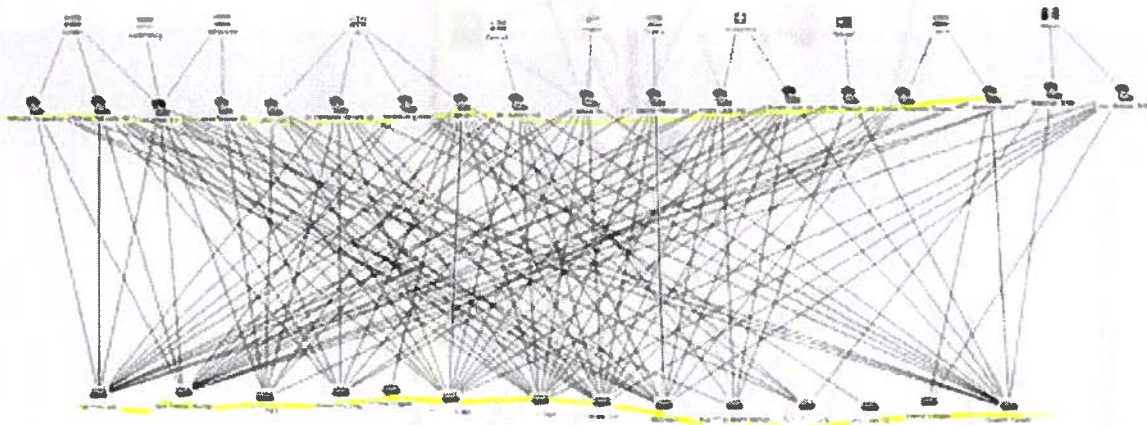


## Analysis of Internet Protocol addresses

Investigations have also included an analysis of the Internet Protocol ("IP") addresses that were used to initiate the transactions through the Estonian bank accounts. The transactions for each company appear to have been initiated using a "proxy" IP address to disguise the actual location of the initiator of the transaction, as the log-on appears to be from multiple jurisdictions in quick succession. In total, the companies analysed used 1950 individual IP addresses. The majority of these could be linked to companies in various jurisdictions, which operate a "proxy" service. Analysis of these service providers indicate that many of the companies used IP addresses linked to a small number of service providers, which indicates that the online banking transactions for various companies were coordinated and managed centrally, which provides further evidence that that the main purpose of the accounts was to launder the proceeds of fraud.

The diagram in Figure 38 shows an analysis of the companies which appeared to be using the same IP "proxy" providers

Figure 38: Analysis of IP addresses - Estonian company accounts



## 10.3 Other laundering schemes

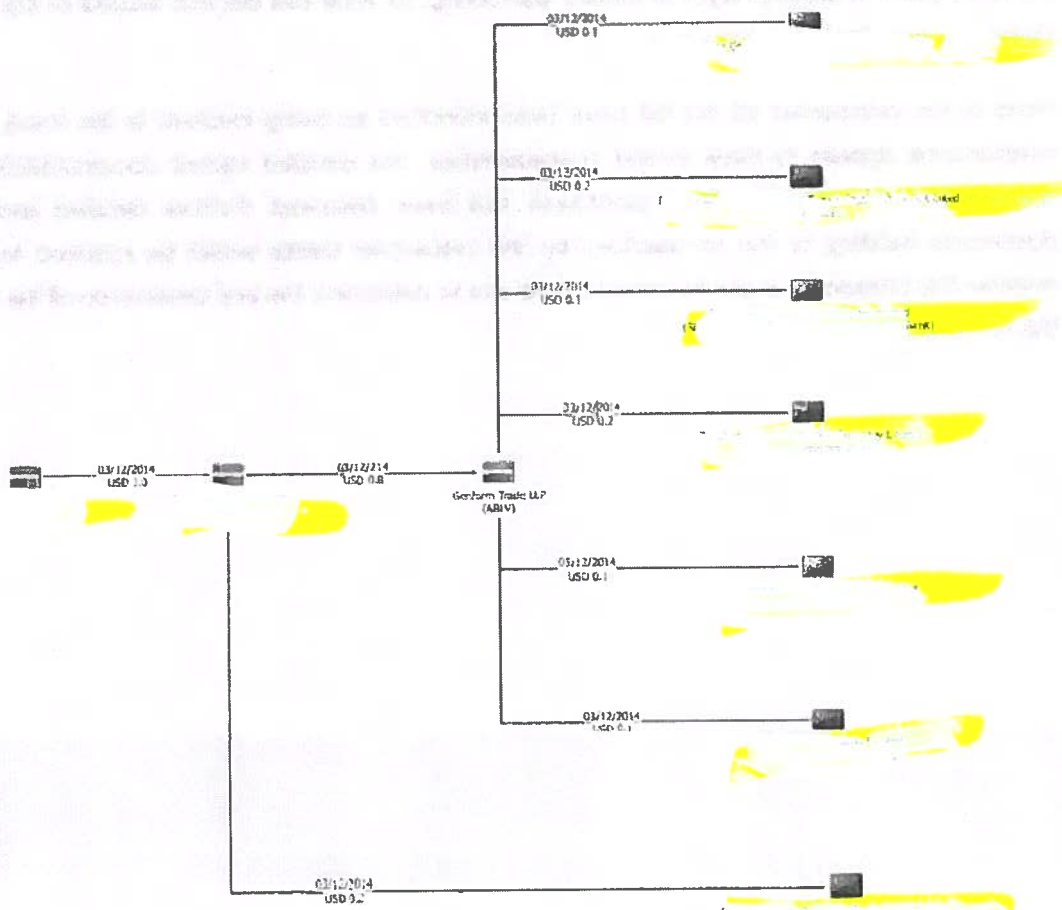
As shown in Section 6.2.4 of the Summary Report and shown in the examples in Section 10.2, following the laundering through the Core Laundering Accounts and additional laundering through Estonia and other Latvian accounts, a significant proportion of the funds were paid to bank accounts in China, Hong Kong, Turkey and Cyprus. These transactions have descriptions which indicate that they related to trade purchases, for example for construction materials, textiles or for fur. Additional details of the funds dissipated to accounts in these and other jurisdictions is included in Section 12.

It is not clear whether these transactions represent actual purchases, or whether they represent the entry point to another layer of money laundering, as Kroll has not had access to the account statement data for these accounts.

None of the companies on the list have been identified as being involved in the fraud, but the mechanisms appear to have similar characteristics. No detailed source documentation which corroborates the validity of the purchases has been reviewed. Further detailed analysis of documents relating to the transactions by the respective banks would be required to assess whether the transactions can be corroborated and to determine the end destination of the goods if the purchases are genuine.



Figure 39: Example of what appears to be entry to further laundering through China



## 11. Involvement of accounts at Russian banks

As demonstrated in a number of Sections in the Summary Report, Kroll's analysis has identified fund flows through accounts held at Russian banks which were linked to the fraud at the Three Moldovan Banks. This Section provides additional detail on these fund flows and other areas which appear to have involved Russian bank accounts. The Section focusses on the following areas:

- Fund flows with Alef Bank and Metrobank accounts linked to the Shor Group;
- Loans from Gazprombank linked to BEM shareholders; and,
- Questionable bank deposits.

### 11.1 Fund flows with accounts at Alef Bank and Metrobank

Kroll's analysis has identified that in addition to the funds which originated from loans given by the Three Moldovan Banks being transferred into the Core Laundering Mechanism, funds were also received from accounts held at Alef Bank and Metrobank, in Russia. Analysis of these fund flows has identified a number of links between the named account holders and Shor Group companies or individuals connected with the Shor Group, or other high profile individuals in Moldova. It appears that the purpose of the fund flows through these accounts was to provide another layer of blurring of the source and destination of the fraudulently obtained funds. It appears from Kroll's analysis that a series of loans were issued by Alef Bank and Metrobank, Russia, to individuals and entities connected to the Shor Group or other Moldovan individuals, which were laundered through the Core Laundering Mechanism and dissipated to repay loans at Moldovan Banks, or as part of the funding for share acquisitions. The funds were then subsequently repaid from funds from the fraudulent loans issued by the Three Moldovan Banks.

Although it has not been possible to corroborate the fund flows through the Russian accounts with source documentation from Russia, as no documentation has been available for review, the fund flows to and from accounts at Alef Bank and Metrobank have been treated as part of the fraud, for the reasons highlighted below.

#### 11.1.1 Loans from Russian banks repaid using loans issued by the Three Moldovan Banks

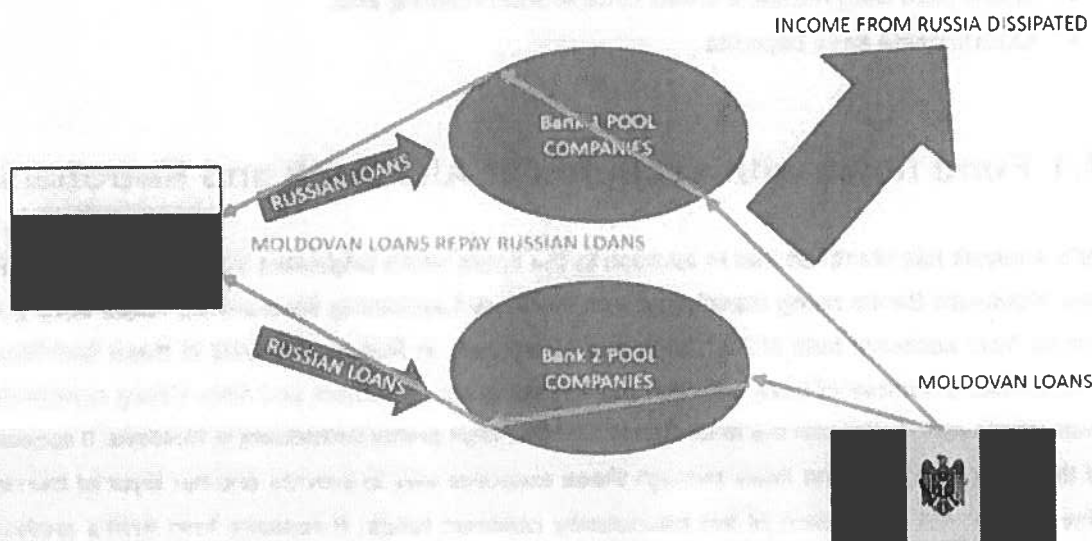
Analysis of the Core Laundering Mechanism identified a series of fund flows from accounts held at Alef Bank and Metrobank, Russia, which were channelled through the Core Laundering Mechanism to other destinations, including to provide finance for the acquisition of shares for new shareholders of UB and BS, to repay existing loans at the Three Moldovan Banks and other Moldovan banks.



and to other destinations. There then followed payments made to accounts at Alef Bank and Metrobank from the Core Laundering Mechanism, from funds which originated from fraudulent loans at the Three Moldovan Banks, which appear to be repayments of the original funds paid into the Core Laundering Mechanism.

This mechanism is summarised in the figure below:

**Figure 40: Alef Bank and Metrobank scheme**



## 11.1.2 Overview of fund flows

### 11.1.2.1 Transactions with accounts at ABLV and Privatbank

#### Transactions with Core Laundering accounts

Table 31 summarises the movements between accounts classified as part of the Core Laundering Mechanism and accounts at the two Russian banks. This table shows that the amounts paid to the Core Laundering accounts from the two Russian banks was to a large extent repaid to these two banks. There was a net inflow of USD 4.7 million (2% of the total) into the Core Laundering Scheme. Given the apparent pattern of the funds received and repaid from the two Russian banks, and the fact that the accounts which were transacting could be linked to the Shor Group, the fund flows have been treated as part of the fraud funds and have been traced onwards – details of end destinations can be found in Section 12.

Account Type	Account Name	Account Number	Account Balance	Account Status
Core Laundering	Account 1	1234567890	1,234,567.89	Active
Core Laundering	Account 2	0987654321	987,654.32	Active
Core Laundering	Account 3	5678901234	567,890.12	Active
Core Laundering	Account 4	4321098765	432,109.87	Active
Core Laundering	Account 5	3210987654	321,098.76	Active
Core Laundering	Account 6	2109876543	210,987.65	Active
Core Laundering	Account 7	1098765432	109,876.54	Active
Core Laundering	Account 8	0987654321	98,765.43	Active
Core Laundering	Account 9	9876543210	87,654.32	Active
Core Laundering	Account 10	8765432109	76,543.21	Active
Core Laundering	Account 11	7654321098	65,432.10	Active
Core Laundering	Account 12	6543210987	54,321.09	Active
Core Laundering	Account 13	5432109876	43,210.98	Active
Core Laundering	Account 14	4321098765	32,109.87	Active
Core Laundering	Account 15	3210987654	21,098.76	Active
Core Laundering	Account 16	2109876543	10,987.65	Active
Core Laundering	Account 17	1098765432	9,876.54	Active
Core Laundering	Account 18	0987654321	8,765.43	Active
Core Laundering	Account 19	9876543210	7,654.32	Active
Core Laundering	Account 20	8765432109	6,543.21	Active
Core Laundering	Account 21	7654321098	5,432.10	Active
Core Laundering	Account 22	6543210987	4,321.09	Active
Core Laundering	Account 23	5432109876	3,210.98	Active
Core Laundering	Account 24	4321098765	2,109.87	Active
Core Laundering	Account 25	3210987654	1,098.76	Active
Core Laundering	Account 26	2109876543	987.65	Active
Core Laundering	Account 27	1098765432	876.54	Active
Core Laundering	Account 28	0987654321	765.43	Active
Core Laundering	Account 29	9876543210	654.32	Active
Core Laundering	Account 30	8765432109	543.21	Active
Core Laundering	Account 31	7654321098	432.10	Active
Core Laundering	Account 32	6543210987	321.09	Active
Core Laundering	Account 33	5432109876	210.98	Active
Core Laundering	Account 34	4321098765	109.87	Active
Core Laundering	Account 35	3210987654	98.76	Active
Core Laundering	Account 36	2109876543	87.65	Active
Core Laundering	Account 37	1098765432	76.54	Active
Core Laundering	Account 38	0987654321	65.43	Active
Core Laundering	Account 39	9876543210	54.32	Active
Core Laundering	Account 40	8765432109	43.21	Active
Core Laundering	Account 41	7654321098	32.10	Active
Core Laundering	Account 42	6543210987	21.09	Active
Core Laundering	Account 43	5432109876	10.98	Active
Core Laundering	Account 44	4321098765	9.87	Active
Core Laundering	Account 45	3210987654	8.76	Active
Core Laundering	Account 46	2109876543	7.65	Active
Core Laundering	Account 47	1098765432	6.54	Active
Core Laundering	Account 48	0987654321	5.43	Active
Core Laundering	Account 49	9876543210	4.32	Active
Core Laundering	Account 50	8765432109	3.21	Active
Core Laundering	Account 51	7654321098	2.10	Active
Core Laundering	Account 52	6543210987	1.09	Active
Core Laundering	Account 53	5432109876	0.98	Active
Core Laundering	Account 54	4321098765	0.87	Active
Core Laundering	Account 55	3210987654	0.76	Active
Core Laundering	Account 56	2109876543	0.65	Active
Core Laundering	Account 57	1098765432	0.54	Active
Core Laundering	Account 58	0987654321	0.43	Active
Core Laundering	Account 59	9876543210	0.32	Active
Core Laundering	Account 60	8765432109	0.21	Active
Core Laundering	Account 61	7654321098	0.10	Active
Core Laundering	Account 62	6543210987	0.09	Active
Core Laundering	Account 63	5432109876	0.08	Active
Core Laundering	Account 64	4321098765	0.07	Active
Core Laundering	Account 65	3210987654	0.06	Active
Core Laundering	Account 66	2109876543	0.05	Active
Core Laundering	Account 67	1098765432	0.04	Active
Core Laundering	Account 68	0987654321	0.03	Active
Core Laundering	Account 69	9876543210	0.02	Active
Core Laundering	Account 70	8765432109	0.01	Active
Core Laundering	Account 71	7654321098	0.00	Active
Core Laundering	Account 72	6543210987	0.00	Active
Core Laundering	Account 73	5432109876	0.00	Active
Core Laundering	Account 74	4321098765	0.00	Active
Core Laundering	Account 75	3210987654	0.00	Active
Core Laundering	Account 76	2109876543	0.00	Active
Core Laundering	Account 77	1098765432	0.00	Active
Core Laundering	Account 78	0987654321	0.00	Active
Core Laundering	Account 79	9876543210	0.00	Active
Core Laundering	Account 80	8765432109	0.00	Active
Core Laundering	Account 81	7654321098	0.00	Active
Core Laundering	Account 82	6543210987	0.00	Active
Core Laundering	Account 83	5432109876	0.00	Active
Core Laundering	Account 84	4321098765	0.00	Active
Core Laundering	Account 85	3210987654	0.00	Active
Core Laundering	Account 86	2109876543	0.00	Active
Core Laundering	Account 87	1098765432	0.00	Active
Core Laundering	Account 88	0987654321	0.00	Active
Core Laundering	Account 89	9876543210	0.00	Active
Core Laundering	Account 90	8765432109	0.00	Active
Core Laundering	Account 91	7654321098	0.00	Active
Core Laundering	Account 92	6543210987	0.00	Active
Core Laundering	Account 93	5432109876	0.00	Active
Core Laundering	Account 94	4321098765	0.00	Active
Core Laundering	Account 95	3210987654	0.00	Active
Core Laundering	Account 96	2109876543	0.00	Active
Core Laundering	Account 97	1098765432	0.00	Active
Core Laundering	Account 98	0987654321	0.00	Active
Core Laundering	Account 99	9876543210	0.00	Active
Core Laundering	Account 100	8765432109	0.00	Active

Table 31: Transactions between Alef Bank, Metrobank and the Core Laundering accounts

	Alef Bank		Metrobank		
Core Laundering accounts	Amount paid to Russia (USD million)	Amount received from Russia (USD million)	Amount paid to Russia (USD million)	Amount received from Russia (USD million)	Net paid to / (received from) Russia
ABLV Core Laundering	5.2	108.2	70.6	84.8	(117.2)
Privatbank Core Laundering	107.4	0	10.5	5.4	112.5
<b>TOTAL</b>	<b>112.6</b>	<b>108.2</b>	<b>81.1</b>	<b>90.2</b>	<b>(4.7)</b>

### Transactions with peripheral accounts at ABLV / Privatbank

In addition to the transactions between Alef Bank and Metrobank accounts and the Core Laundering accounts, Kroll also identified a number of transactions with accounts at ABLV and Privatbank that transacted frequently with Core Laundering accounts, detailed in Table 32. The payments were made from Russian accounts at Alef Bank in the name of Maria Gutuleac and Alexandr Maclovici to ABLV accounts in the name of Zonitech Properties Limited and Tomton Trade Corp. As detailed in Section 8, both Zonitech Properties Limited and Tomton Trade Corp transacted frequently with Core Laundering accounts and are treated as peripheral laundering accounts for the purposes of this analysis.

Table 32: Transactions between Alef Bank, Metrobank and other accounts at ABLV and Privatbank

	Alef Bank		Metrobank		
	Amount paid to Russia (USD million)	Amount received from Russia (USD million)	Amount paid to Russia (USD million)	Amount received from Russia (USD million)	Net paid to / (received from) Russia
ABLV	1.3	7.6	-	-	(6.3)
Privatbank	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>7.6</b>	<b>-</b>	<b>-</b>	<b>(6.3)</b>

### Treatment of transactions with ABLV and Privatbank accounts

The net effect of the transactions with Core Laundering accounts (USD 4.7 million) and peripheral accounts at ABLV and Privatbank (USD 6.3 million) is a net inflow of USD 11 million (which comprises approximately 6% of the total inflow from Russian accounts).

As detailed further below, the majority of the accounts at Alef Bank and Metrobank that were transacting frequently with accounts ABLV and Privatbank were held in the names of individuals or companies connected to the fraud at the Three Moldovan Banks, either through links to shareholders by way of providing funding to shareholder accounts or being held by companies with

the same names as Moldovan registered Shor Group companies. Funds from accounts at Alef Bank with links to Shor Group or other prominent Moldovan individuals comprised 86% of the total funds from Alef Bank accounts into ABLV and Privatbank accounts. Funds from accounts at Metrobank with links to Shor Group comprised 83% of the total funds from Metrobank accounts into ABLV and Privatbank accounts. In addition, the movement of funds through these accounts appears to have been a circular flow of funds, with a net inflow of approximately 6% of the funds from the Russian accounts. Because of the large volumes of transactions and the complexity of the laundering of these funds that took place as they were transferred through the Core Laundering and peripheral accounts, Kroll has treated these accounts as being part of a wider money laundering scheme, the purpose of which was to disguise the source of funds used for the funding of shareholders and other funds.

For these reasons, the amounts paid into the Core Laundering Accounts from these Russian accounts were excluded from the analysis of Other Receipts paid into Core Laundering mechanism, as detailed in Section 8 of this Detailed Report.

#### 11.1.2.2 Other fund flows

##### BS fund flows

Kroll also analysed the flow of funds between Alef Bank and Metrobank accounts<sup>58</sup> and Shor Group accounts at the Three Moldovan Banks. A similar mechanism to that detailed above was identified at BS, where funds paid to and from accounts netted to nil. This is summarised in Table 33

<sup>58</sup> No transactions between Alef Bank accounts and Shor Group accounts were identified. Transactions were identified with accounts at Metrobank, and accounts at a Russian bank that was not identifiable from the bank statement information. Account details for accounts at this Russian bank have similarities with Metrobank accounts.

Table 33: Transactions with BS and the two Russian banks

BS accounts	Metrobank		Russian bank <sup>59</sup>		Net paid to / (received from) Russia
	Amount paid to Russia (USD millions)	Amount received from Russia (USD millions)	Amount paid to Russia (USD millions)	Amount received from Russia (USD millions)	
Timol Impex	4.7	16.4	11.7	0	-

### UB accounts

At UB, amounts were paid from Shor Group companies to a number of accounts at Metrobank. Approximately a third of these funds were then returned, as summarised in Table 34, resulting in a net outflow from UB Shor Group company accounts to the Russian Banks of USD 57.8 million, mainly from loans issued to Timol Impex SRL (net outflow of USD 35.9 million), BAS Clasica SRL (net outflow of USD 17.6 million) and Finprofilux SRL (net outflow of USD 5.5 million).

Table 34: Transactions with UB and the two Russian banks

UB accounts	Metrobank		Net paid to / (received from) Russia (USD millions)
	Amount paid to Russia (USD millions)	Amount received from Russia (USD millions)	
BAS CLASIC SRL	19.3	1.7	17.6
FINPROFILUX SRL	5.5	0	5.5
Klassika International Limited	0	0.7	-0.7
MOLDCLASSICA INTERNATIONAL SRL I.M.	0	0.5	-0.5
TIMOL IMPEX SRL	65.5	29.6	35.9
<b>TOTAL</b>	<b>90.3</b>	<b>32.5</b>	<b>57.8</b>

### Timol Impex SRL

Unibank issued loans<sup>60</sup> to Timol Impex totalling USD 56.5 million between 30 December 2013 and 1 September 2014. These loans were transferred to various companies, registered in Russia, Kazakhstan, Cyprus and USA with accounts at Metrobank, Russia. Of the USD 56.5 million, USD 20.6 million was repaid within a day, which suggests that the purpose of these fund flows may have been to further disguise the source and destination of fund flows.

<sup>59</sup> The name of the Russian bank was not clearly documented, but the account number appeared to be a Russian account number, with similar characteristics to other Metrobank accounts.

<sup>60</sup> Of the USD 65.5 million transferred from Timol Impex SRL to Metrobank accounts, only USD 56.6 million was a direct transfer of loan funds. The source of the remaining USD 8.9 million paid out was from funds returned from Russian accounts at Metrobank. This is detailed further below.



The remainder of the loans issued to Timol Impex (totalling USD 35.9 million) were not repaid at the time of the collapse of UB. The destination of loan funds transferred to corporate accounts that remained outstanding at 31 December 2014 is summarised in Table 35.

**Table 35 : Destination of funds from loans issued to Timol Impex which were not repaid at 31 December 2014**

Company name	Jurisdiction	Amount of loan transferred by Timol Impex which remained outstanding at 31 December 2014 (USD million)
Quantas Consulting	Cyprus	12.2
Prodline	Russia	9.5
Melor	Russia	6.5
Hippernol Construction	Cyprus	4.9
Finnitex Inc	USA	1.5
Stormstroy	Kazakhstan	1.3
<b>TOTAL</b>		<b>35.9</b>

Analysis of the Privatbank, ABLV and other accounts found no other links or fund flows involving the accounts listed in the table above.

#### **BAS Clasic SRL**

BAS Clasic SRL received USD 19.3 million in loan funds from UB during December 2013, which were transferred to the Metrobank account of Elitar Group. Elitar Group also transacted with accounts at ABLV and Privatbank (see 11.1.3 below). Kroll did not identify any links between Elitar Group and the Shor Group apart from the transactional link noted. USD 1.7 million of the BAS Clasic SRL loan was repaid.

#### **Finprofilux SRL**

UB issued a loan to Finprofilux SRL totalling USD 5.5 million on 30 December 2013. This loan was transferred to the Metrobank account of RU-Project LLC. RU Project LLC also received USD 2.2 from the account of Eden Alliance LLP (an ABLV Core Laundering Account).

#### **11.1.2.3 Overall effect of transactions with Alef Bank and Metrobank**

As summarised in Table 36, the overall effect of transactions with Alef Bank and Metrobank accounts involving the Shor Group accounts and the Core Laundering Accounts resulted in a net outflow to accounts at the two Russian banks of USD 46.8 million. This net outflow is included in

the analysis of amounts paid to other jurisdictions in Section 7 of the Summary Report, and in Section 12 of this Detailed Report.

**Table 36: Overall effect of transactions with Alef Bank and Metrobank accounts**

	Alef Bank			Metrobank			TOTAL
	Amount paid to Russia (USD million)	Amount received from Russia (USD million)	Net amount paid to / (received from) Russia	Amount paid to Russia (USD million)	Amount received from Russia (USD million)	Net amount paid to / (received from) Russia	Net paid to / (received from) Russia
Core Laundering accounts	112.6	108.2	4.4	81.1	90.2	(9.1)	(4.7)
Peripheral accounts	1.3	7.6	(6.3)	-	-	-	(6.3)
BS	4.7	16.4	-	11.7	-	-	-
UB	-	-	-	90.3	32.5	57.8	57.8
<b>TOTAL</b>			<b>(1.9)</b>			<b>48.7</b>	<b>46.8</b>

### Reconciliation of funds paid to Metrobank

In total, approximately 92% of the funds paid from accounts at BS and UB were linked to loan funds. Amounts paid from accounts at the Three Moldovan Banks to accounts at Metrobank<sup>61</sup> per the tables above totalled USD 106.7 million during the Review Period. There is a difference between this amount, and the amount of USD 97.8 million that was transferred to Russian accounts from loan funds (detailed in Section 11 of this Detailed Report). This difference of USD 8.9 million is because 2 transactions from Timol Impex to Metrobank accounts totalling USD 8.9 million were not linked directly back to loan funds.

#### 11.1.3 Links to Shor Group companies and other Moldovan individuals

Kroll identified a number of links between the accounts at Alef Bank and Metrobank that were used to transact with the accounts at ABLV and Privatbank. This analysis highlighted the following:

- Alef Bank accounts: 86% of the total funds received by ABLV and Privatbank accounts detailed in Section 11.1.2.1 was received from accounts with links to the Shor Group (detailed in Table 37). The accounts for which no links to the Shor Group could be identified (detailed in Table 38) were used to fund the BEM Non-performing loans cession agreement with Roseau Alliance LP, detailed further in Section 7, which provides a strong indication, given the other fund flow patterns identified relating to the purchase of these loans, that they were part of the same coordinated scheme

<sup>61</sup> Including accounts at Russian Bank that are likely to be accounts held at Metrobank (Table 33)

- Metrobank accounts: 83% of the amounts received by ABLV and Privatbank accounts detailed in Section 11.1.2.1 was received from accounts with links to the Shor Group (detailed in Table 39). The transactions with accounts for which no Shor Group links were identified (see Table 40) resulted in a net outflow to Russia of only USD 2.5 million (approximately 2% of the total outflow to Russia from the ABLV and Privatbank accounts. In addition, a number of transactional links were identified between the companies with no identified links to Shor and other accounts involved in the fraud at the Three Moldovan Banks, indicating that these accounts are also likely part of the same used to disguise flow of funds. These links are summarised in Table 40

The following factors indicate that the beneficial owners or controllers of the Russian accounts were an integral part of the fraud and were working in concert to provide loan funds into the schemes which would later be repaid from loans from the Three Moldovan Banks:

- Many of the accounts were held in the names of individuals who were directors of Shor Group companies which received loans from the Three Moldovan Banks, or were identified as having some other link to Ilan Shor or other senior Moldovan officials;
- Many of the accounts made only a small number of large payments to the Core Laundering Accounts and recorded no receipts, which indicates that these accounts were established to layer a larger transfer of funds which was used to take ownership of the Three Banks (see Section 7 and Section 11.1.2.1).
- The descriptions on the payments into the Core Laundering Accounts do not include any detail and have many similarities – many of them contain the description "payment by agreement" or "purchase of real estate" without any further detail.

Analysis of the links between these accounts and the Shor Group or other high profile Moldovan individuals is summarised as follows:

Table 39: Accounts at Metrobank transacting with ABLV and Privatbank accounts - links to Shor Group

Account name (Metrobank)	Amount paid to Russian account (USD million)	Amount received from Russian account (USD million)	Net amount paid to / (received from) Russian account	Links to Shor Group (Y)	Description
Agercom Grup SRL	2.4	2.3	0.1	Y	Account in same name as Moldovan registered Shor Group company
Caritas Group	13.8	13.0	0.8	Y	Account in same name as Moldovan registered Shor Group company
Dannira	6.6	15.7	(9.1)	Y	Account in same name as Moldovan registered Shor Group company
Elcomet-Prim	2.2	13.0	(10.8)	Y	Account in same name as Moldovan registered Shor Group company
Klassika International Limited	6.3	7	4.6	Y	Account in same name as Moldovan registered Shor Group company
Liramex-Com SRL <sup>63</sup>	14.1	14.1	-	Y	Account in same name as Moldovan registered Shor Group company
RU Project LLC	2.2	-	2.2	Y	This company account also received USD 5.5 million from Finprofilux SRL Shor Group company.
Victoria Trade <sup>64</sup>	12.8	12.3	0.5	Y	Account in same name as Moldovan registered Shor Group company <sup>65</sup>
<b>TOTAL</b>	<b>63.3</b>	<b>75.0</b>	<b>(11.7)</b>		

<sup>63</sup> Liramex-Com SRL received a total of USD 14.1 million from Core Laundering accounts, and it repaid the same amount to Core Laundering accounts. This resulted in a net inflow of USD nil.

<sup>64</sup> Victoria Trade received USD 12.3 million from Core Laundering accounts, and paid USD 12.3 million to the Core Laundering accounts, resulting in a net outflow of USD 0.5 million.

<sup>65</sup> Victoria Trade is 100% owned by Moldclassica International and is operating in the duty free market in Russian according to media sources.

Table 40: Accounts at Metrobank transacting with accounts at ABLV and Privatbank - no links to Shor Group

Account name (Metrobank)	Amount paid to Russian account (USD million)	Amount received from Russian account (USD million)	Net amount paid to / (received from) Russian account	Description
Constant LLC	4.5	-	4.5	A company by the name of Constant LLC was the named counterparty to the subordinated loan agreement between BEM shareholder ICS Sisteme Informationale Integrate and BEM (see Section 11.2.2.1)
Elitar Group <sup>66</sup>	16.1	15.9	0.2	BAS Classic (a Shor Group company) received USD 19.3 million in loans from UB which were also transferred to Elitar Group (see Section 11.1.2.2). USD 1.7 million of these loans were repaid.
"INN7719843490" LLC	-	2.2	(2.2)	
<b>TOTAL</b>	<b>17.7</b>	<b>15.2</b>	<b>2.5</b>	

<sup>66</sup> Elitar Group received a total of USD 16.1 million from Core Laundering accounts, and paid a total of USD 15.9 million to the Core Laundering accounts. This resulted in a net inflow of USD 0.2 million.



## 11.2 Loans from Gazprombank

### 11.2.1 Overview

Documents reviewed by Kroll indicate that fund flows originating from company accounts held at Gazprombank were used by BEM as part of a further scheme to overstate the liquidity at BEM during the latter part of 2014.

Funds were received from Gazprombank accounts in two main tranches. The first related to loans provided by BEM's shareholders to BEM as part of an agreement reached by the shareholders of BEM in August 2013. The second appears to be funding which related to the purchase of shares by Systeme Informationale Integrate, which increased its shareholding in BEM in August 2013.

Documents reviewed by Kroll identified inconsistencies between the dates which these loans were repaid according to SWIFT messages, and the internal entries made in BEM's accounting system and represented to the NBM. The SWIFT messages reviewed show that funds totalling USD 100 million were repaid to Gazprombank accounts on 10 September 2014, whereas in the nostro account, BEM maintained that it held these cash deposits until November 2014. These discrepancies appear to indicate a further example of misrepresentation of the liquidity position of BEM during October and November 2014. Further details are provided below:

Funds were provided by Gazprombank totalling USD 100 million (made in two separate groups of payments of USD 50 million each) in August and September 2013, and were repaid in September 2014 according to SWIFT messages reviewed by Kroll. According to the bank statements of Systeme Informationale Integrate, the funds were transferred to the bank accounts of BEM shareholders, who were required to issue BEM with subordinated loan funding after the change in shareholding (detailed further in Section 7).

These transfers above from accounts at Gazprombank coincided with the placement of an overnight deposit of USD 100 million from BEM at Gazprombank in September 2013, which was then rolled over according to the nostro account / balance sheets of BEM until November 2014. According to SWIFT messages reviewed by Kroll, the loans from Gazprombank to BEM were repaid in September 2014 from the accounts to which the loans were originally issued. However, review of the Systeme Informationale Integrate account showed that USD 50 million of cash received from Gazprombank in August 2013 was transferred out to the Core Laundering Mechanism. USD 6 million of the USD 50 million which appeared to relate to the subordinated loan agreement was transferred to a company called Constant LLC, which was listed as a counterparty to such loan agreements.

The discrepancy between what was recorded in the internal records of BEM and the SWIFT messages suggests a further scheme to overstate the current liquidity of BEM in both September and October 2014. The amount was finally cleared in November 2014.

In addition, USD 840,000 was paid to accounts at Gazprombank linked to shareholders of BEM from ABLV Core Laundering Accounts.

Overall, in addition to the artificial increase in liquidity from the overnight deposits (see Section 11.2.3), this scheme resulted in a net inflow of USD 3.7 million (see 11.2.4) from accounts at Gazprombank.

Table 41: Gazprombank scheme

Description	Payments to Gazprombank (USD millions)	Funds from Gazprombank banks (USD millions)	Section reference
Funding of Subordinated loan agreements	50	50	11.2.2.1
Funding of ICS Systeme Informationale Integrate	50	50	11.2.2.2
Other amounts paid to Gazprombank accounts	0.8		11.2.4
Funding of share purchase		4.5	7
TOTAL	100.8	104.5	
Net (inflow) from accounts at Gazprombank		(3.7)	

## 11.2.2 Loans to BEM shareholder accounts

### 11.2.2.1 BEM shareholders' subordinated loans funded by BEM accounts

The Scoping Phase report stated that in September 2013, BEM's minority shareholders signed agreements with BEM and agreed to provide BEM with funding totalling USD 50 million in the form

of subordinated loans,<sup>67</sup> as detailed in Table 42. The funding was received from two Russian companies (SKIF Ltd and Transtur Ltd) which, according to data provided by NBM, both have the same shareholder: Russian registered ElitStroyInvest.

**Table 42: BEM shareholder financing of subordinated loan agreements**

BEM shareholder	Amount received (USD)	Funds received from	Total of subordinated loan agreement with BEM	Date of signature	Subordinated loan counterparty
ICS Systeme Informationale Integrate	6,600,000	SKIF Ltd	6,000,500	10/09/2013	OOO Konstanta (Shareholder of ICS Systeme Informationale Integrate)
Calleco Prim SRL	9,200,000	SKIF Ltd	9,199,900	10/09/2013	Ayden Management Ltd (Shareholder of Calleco)
Vladox Group SRL	7,800,000	SKIF LT1d	7,799,900	20/09/2013	Owen Trading Ltd (Shareholder of Vladox)
Carmondean Development Ltd	8,200,000	Transtur Ltd	8,199,900	10/09/2013	Carmondean Development Ltd
Wall Trend Ltd	7,100,000	Transtur Ltd	7,099,900	10/09/2013	Wall Trend Ltd
Tintel Project Ltd	11,700,000	Transtur Ltd	11,699,900	10/09/2013	Tintel Project Ltd
<b>TOTAL</b>	<b>50,600,000</b>		<b>50,000,000</b>		

The ICS Systeme Informationale Integrate bank statement shows that the USD 6 million received from SKIF LLC was transferred to the BEM account of Constant LLC (the named subordinated loan counterparty in Table 42). Kroll has not confirmed the onward fund flow from Constant LLC.

According to SWIFT messages reviewed by Kroll, the amounts noted in Table 42 were repaid on 10 September 2014 (approximately a year later) from the same accounts that received the initial transfer of the loan. However, the USD 6 million repayment from ICS Systeme Informationale Integrate to SKIF LLC's account at Gazprombank is not shown on the ICS Systeme Informationale Integrate statements obtained from BEM.

#### 11.2.2.2 Additional shareholder loan

In addition to the USD 50 million subordinated loans detailed in Section 11.2.2.1 above, on 2 August 2013, a transfer of USD 50 million was received into the BEM account of Systeme Informationale Integrate from the Gazprombank account of another Russian company, Regionalnaya Finansovaya

<sup>67</sup> By way of example, Kroll reviewed the signed loan agreement between BEM and Tintel Project Ltd, which was for a six year loan totalling USD 11,699,900.

Companiya, (Regional Finance Company) according to the transaction reference, in Yaroslavl Region, Uglich City. It is unclear to date what the rationale for this transfer was, or the link between Systeme Internationale Integrate and the Russian company, although the dates coincide with the increase of the proportion of shares that Systeme Informationale Integrate held at BEM.

According to further tracing conducted by Kroll, the USD 50 million was transferred to three Core Laundering accounts (Armada Business Services LP, Sunbrough Industries LP and Wang and Lee LP) from where the funds were transferred to a number of other Core Laundering Accounts and blended with other fraud funds and transferred through the laundering mechanism. The fund flows are summarised in Figure 41:

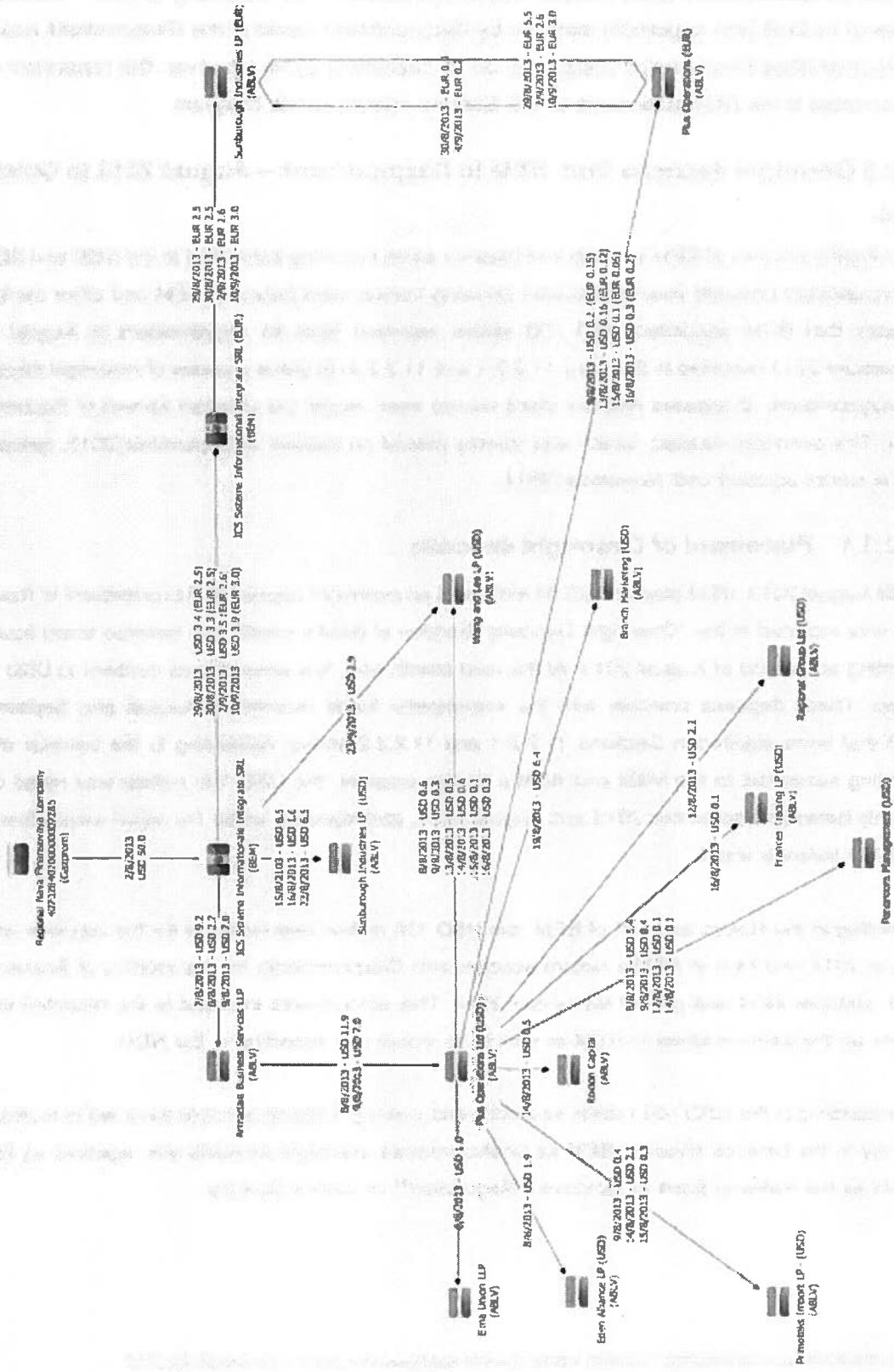
The flowchart illustrates the complex path of the USD 50 million, showing how it was distributed across multiple Core Laundering Accounts before being blended with other funds and transferred through the laundering mechanism.

The flowchart also highlights the involvement of various entities, including Armada Business Services LP, Sunbrough Industries LP, and Wang and Lee LP, in the process of transferring and laundering the funds.

The flowchart provides a detailed overview of the fund flows, showing the specific accounts involved and the direction of the transfers, which is essential for understanding the laundering mechanism.



Figure 41: USD 50 million loan to ICS Systeme Informationale Integrate





As with the subordinated loans detailed above, this amount was, according to SWIFT messages reviewed by Kroll (and apparently stamped by Gazprombank) repaid to the Gazprombank account of Regional Naya Finansovaya Companiya on 10 September 2014. However, this repayment was not recorded in the BEM statements of ICS Systeme Informationale Integrate.

### **11.2.3 Overnight deposits from BEM to Gazprombank – August 2013 to October 2014**

From Kroll's analysis of BEM's month end balance sheet reporting submitted to the NBM and BEM's Nostro account (internal clearing account showing transactions between BEM and other banks) it appears that BEM deposited USD 100 million received from its shareholders in August and September 2013 (detailed in Sections 11.2.2.1 and 11.2.2.2) to place a series of overnight deposits at Gazprombank. It appears that the loans issued were repaid (as detailed above) in September 2014. The overnight deposit, which was initially placed on deposit in September 2013, remained on the nostro account until November 2014.

#### **11.2.3.1 Placement of Overnight deposits**

On 30 August 2013, BEM placed USD 50 million as an overnight deposit at Gazprombank in Russia. This was included in the "Overnight Deposits" Section of BEM's month end balance sheet liquidity reporting at the end of August 2013. At the next month end, this amount was doubled to USD 100 million. These deposits coincide with the shareholder funds received in August and September 2013 that were detailed in Sections 11.2.2.1 and 11.2.2.2 above. According to the balance sheet reporting submitted to the NBM and BEM's Nostro account, the USD 100 million was rolled over monthly between September 2013 and August 2014, and reported under the liquid assets Section of BEM's balance sheet.

According to the Nostro account of BEM, the USD 100 million was returned for the last time on 29 August 2014 and kept in BEM's Nostro account with Gazprombank, for the months of September 2014, October 2014 and part of November 2014. This amount was included in the recorded liquid assets on the balance sheet of BEM as part of its month end reporting to the NBM.

The recording of the USD 100 million as month-end overnight deposits would have led to increased liquidity in the balance sheet of BEM as unencumbered overnight deposits are regarded as liquid assets by the National Bank of Moldova's Regulation<sup>68</sup> on bank's liquidity.

<sup>68</sup> <http://www.bnm.org/en/content/regulation-banks-liquidity-approved-dca-nbm-no28-august-08-1997>

### 11.2.3.2 Clearing of Overnight deposits

Kroll reviewed a BEM internal audit report conducted on these transactions, which stated that the balances recorded in the Gazprombank Nostro account in BEM, and the BEM Nostro account in Gazprombank, did not match for the entire period.

On 24 November 2014, two payments totalling USD 100 million were recorded in the BEM Nostro account as being made to accounts at Privatbank (USD 50 million paid from Caritas Group SRL at BEM to Spectra Ventures LLP and USD 50 million paid from Provolirom SRL at BEM to Nord LP). The corresponding receipts for these payments are not shown in the Privatbank account statements of Spectra Ventures LLP or Nord LP. It appears that these payments were recorded to clear out the overnight deposits returned in 11.2.3.1 above while the actual cash movement was used to repay the loans to the accounts at Gazprombank on 10 September 2014 (see repayment of the loans detailed in Section 11.2.2.1).

This had the effect of artificially increasing the liquidity on the balance sheet of BEM by USD 100 million for the months of September and October 2014 (allowing the bank to make more loans during this time) as the amount in the Nostro account was included in the asset Section 1032, 1034, 1035 in the Annex 2 month end reporting to the NBM for September 2014 and October 2014. In summary, an increase in BEM's liquid assets would have improved BEMS' liquidity ratio and allowed the Bank to increase its lending. The effects of higher liquidity on the balance sheet and the bank's operations are detailed further in Section 4.2 of the Summary Report.

### 11.2.4 Other transactions with Gazprombank accounts

USD 843,507 was paid from two Core Laundering Accounts at ABLV in the name of Primoteks Import and Carmondean Development to two accounts at Gazprombank held by Garant OOO and Transtur LLC. As shown in Section 11.2.2.1, Transtur LLC provided funding for the subordinated loans of BEM shareholders Tintel Project Ltd, Carmondean Development Ltd and Wall Trend Limited. Garant OOO may be related to OOO Garant-Grup, a shareholder of BEM with a 4.62% share in BEM. The rationale for these payments is not clear from the description on the ABLV bank statements. The amounts paid to these companies are shown in Table 43:

**Table 43: Amounts paid to Gazprombank accounts linked to BEM shareholders**

Russian account receiving funds	Funds paid from	Amount paid to Russia (USD Equivalent)	Date	Currency
Garant OOO	Primoteks Import	225,000	24/05/2013	RUB
Garant OOO	Primoteks Import	225,000	17/06/2013	RUB
Garant OOO	Primoteks Import	105,000	11/02/2014	RUB

Garant OOO	Primoteks Import	105 000	19/02/2014	RUB
TRANSTUR LLC	Carmondean Development	24,000	25/09/2013	USD
TRANSTUR LLC	Carmondean Development	159 507	28/02/2014	USD
<b>TOTAL</b>		<b>843,507</b>		

In addition to the above, an amount of USD 4.5 million was received from the account of Constant LLC at Gazprombank. This amount was paid to ICS Systeme Informationale Integrate and, according to the payment description on the bank statement, was used to purchase shares in BEM.

### 11.3 Questionable Russian bank deposits

As set out in Sections 4.1 and 4.2 of the Summary Report, from 1 - 24 November 2014, BEM was able to issue new loans to the value of USD 838.5 million to Shor Group companies, secured by apparent collateral provided by Russian banks of USD 876 million. According to the balance sheet of BEM, this cash was put on deposit at the same Russian bank, which allowed BEM to present the illusion that the Three Moldovan Banks had sufficient liquidity to make new loans and meet the NBM liquidity requirements.

As set out in Section 4.2.2.4 of the Summary Report, there was a lack of evidence to support these recorded Russian bank deposits, which suggests that the collateral provided by the Russian loans from 1 – 24 November 2014 did not exist other than in the internal accounting records of the Three Moldovan Banks. These transactions were subsequently reversed by 28 November 2014 (as detailed in Section 11.3.2.

### 11.3.1 Links between Russian interbank movements and loans granted

As set out in Section 4.2.2.3 of the Summary Report, Kroll's analysis of interbank deposits in November 2014 identified links between these movements and loans granted by the Three Moldovan Banks during the same period. This analysis showed correlation between the Russian deposits and loans originated by BEM

### 11.3.1.1 BEM

Links between collateral provided by the Russian banks, and loans granted by BEM are shown in Table 44:

Table 44: Link between Russian bank deposits and loans issued from BEM to Shor Group

Date	Deposit to increase liquidity, recorded as being provided by	Value of collateral (USD million)	USD million (Loans)	Issued to
5-Nov	Gazprombank	73	71.0	Dracard SRL, Voximar-Com SRL
6-Nov	Gazprombank	68	68.8	Dracard SRL, Voximar-Com SRL
7-Nov	Interprombank	61	58.0	Provolirom SRL
10-Nov	Interprombank	90	84.2	Provolirom SRL
11-Nov	Alef Bank	4	3.6	Voximar-Com SRL
12-Nov	Alef Bank	122	117.2	Voximar-Com SRL
13-Nov	Alef Bank Gazprombank Interprombank	84	80.0	Dracard SRL, Voximar-Com SRL
17-Nov	Interprombank	5	5.3	Provolirom SRL
18-Nov	Alef Bank Gazprombank Interprombank	2	2.1	Provolirom SRL
19-Nov	Alef Bank Gazprombank Interprombank	52	36.6	Provolirom SRL, Caritas Group SRL
20-Nov	Alef Bank	78	85.2	Caritas Group SRL
21-Nov	Alef Bank	75	70.0	Caritas Group SRL
24-Nov	Alef Bank Gazprombank Interprombank	162	156.5	Provolirom SRL, Caritas Group SRL, Dracard SRL
<b>TOTAL Increase in liquidity / loans granted</b>		<b>876</b>	<b>838.5</b>	

### 11.3.1.2 BS and UB

As detailed in Section 4.2.2.3, there was only one increase in liquidity provided by Interprombank to BS amounting to USD 14.4 million on 6 November 2014. Within two days, two separate loans amounting to USD 14 million were issued by BS to SC Molint Grup SRL.

### 11.3.2 Reversal of questionable Russian bank deposits

As the loan balance was transferred from BEM to BS at the end of November 2014, the questionable Russian bank deposits detailed above were removed from the balance sheet of BEM, along with the equivalent cash deposits by BEM at the Russian banks for the same amount. On 28 November 2014, BEM's asset balance of USD 777 million was comprised entirely of a deposit at BS.

## 11.4 Overview of amounts dissipated to Russia

Analysis of the scheme to disguise the flow of funds through Alef Bank and Metrobank indicates that not all funds transferred to Russia are in fact the end dissipation of fraud funds, as many of these funds were in fact repayments of amounts originally received from Russian accounts. However, Kroll's analysis has identified that there was a net outflow of funds paid or received directly from the Core Laundering Accounts and the Three Moldovan Banks of USD 46.8 million.

Analysis of the scheme involving Gazprombank identified a net inflow of USD 3.7 million from accounts in Russia, used for the purchase of shares in BEM (see Section 11.2).

The further tracing exercise, set out in Section 6.3 of the Summary Report revealed an additional USD 37.1 million identified through forensic funds tracing that was paid to banks in Russia.

Further tracing of amounts paid to ABLV non-Core Laundering Accounts (set out in Section 6.1.2.1 of the Summary Report) identified USD 0.4 paid to an account at Sberbank (Russia)

As shown in Table 45, this amounted to a net outflow of USD 80.6 million to accounts held by banks in Russia.

**Table 45: Amounts dissipated to Russia**

Source of funds	Russian Bank(s)	Net amount paid to /(received from) Russian accounts (USD million)
Accounts at ABLV and Privatbank, Three Moldovan Banks	Alef Bank. Metrobank	46.8
BEM	Gazprombank	(3.7)
Further tracing (amounts originally <sup>69</sup> dissipated to Latvia, Estonia and Moldova)	Several Russian banks	37.1
Ends from amounts paid to non- Core Laundering Accounts at ABLV	Sberbank	0.4
<b>Total funds related to the fraud which have been traced to Russian accounts</b>		<b>80.6</b>



## 12. Overview of destination of fund flows

As set out in the Summary Report, loan funds totaling approximately USD 2.6 billion were transferred to the Core Laundering Mechanism which involved two Latvian banks and 81 accounts held in the names of a series of UK based LLPs and other companies registered in offshore jurisdictions. Kroll identified that approximately USD 2.0 billion was returned to the Three Moldovan Banks to repay existing loans. The remaining USD 600 million was traced using the fund flow methodology which is detailed in Section 9. In addition, funds totaling approximately USD 300 million were traced directly from loans issued to Shor Group companies to Moldova and other destinations. The total amount traced to current end destinations is significantly more than this due to the fact that as the funds were traced on, fraud funds were combined in some instances with funds which could not be directly linked to the fraud. In these cases, the entire amount was traced on as the funds originating from the fraud were a small proportion of the total funds transferred to the Core Laundering Mechanism and could not be separated from those other funds.

The tracing has identified that more than 75% of the current ends were traced to only six jurisdictions. As detailed in Section 10, this may indicate that there are further laundering mechanisms in place involving these accounts. However, there are a number of accounts in other jurisdictions which received funds which could indicate the transfer of funds to the benefit of individuals or for the purchase of assets. Further disclosure and investigative work will be required to clarify these. A summary of fund flows to the jurisdictions which received the majority of the funds is provided in Table 46 below. Additional details of specific accounts which received funds of more than USD 0.5 million in aggregate are detailed in the Sections that follow.

Table 46: Overview of bank account jurisdictions that received fraud funds

Jurisdiction	Number of account holders	Number of transactions	Total value (USD million)	Note
Latvia			302.1	See 12.1.1
Moldova (other banks)			169.3	See 12.1.2
Cyprus	93	283	112.4	A number of high value transfers were identified. USD 104.5 was paid to 34 accounts that received more than USD 0.5 million in aggregate.
China	583	816	83.3	Many transfers were made to Chinese trading companies that appeared (from their names) to be acting in the fur, clothing, shoe and textile industry. A total of USD 25.7 million was paid to companies that received more than USD 0.5 million.
Moldova (BEM / UB / BS)			82.9	See 12.1.3
Russia			80.6	See 12.1.4
Austria	24	44	56.1	USD 52.1 million relates to the financing of the acquisition of the non –performing loans portfolio at BEM by Roseau Alliance LLP (detailed in Section 7).
Estonia			51.4	See below
Switzerland	71	120	42.8	USD 37.1 million was paid to 12 entities that received more than USD 0.5 million each.
USA	133	241	25.5	USD 15.2 of the amounts paid to entities with accounts at USA banks related to the purchase of

Jurisdiction	Number of account holders	Number of transactions	Total value (USD million)	Note
				non-performing loans at BEM (detailed in Section 6).
Hong Kong	232	307	22.6	Many transfers were made to Hong Kong trading companies. USD 3.9 million was paid to entities that received more than USD 0.5 million in aggregate.
Italy	173	225	16.8	Approximately USD 8 million of this amount relates to a single payment made to an individual, which, according to the transaction description on the bank statement, relates to the purchase of a property.
Romania	26	68	15.8	USD 12.1 million was paid to one entity in a series of 23 transactions. Accounts in the name of this entity were also identified at banks in Cyprus.
Germany	129	168	11.1	USD 1.8 million was paid to an entity that transacted with the Core Laundering Accounts.
Turkey	101	127	10.4	Similarly to China, a large number of transfers were made to a large number of entities that appeared (from their names) to be trading in the textile, clothing and shoes industry. Payments to entities trading in other industries were also identified.
Netherlands	36	51	8.6	A total of USD 4.6 million was paid to two entities (they received USD 2.3 million each). The remainder was paid to 34 other entities.

Jurisdiction	Number of account holders	Number of transactions	Total value (USD million)	Note
United Arab Emirates ("UAE")	42	66	6.8	Two entities each received more than USD 0.5 million. The remainder was paid to 40 other entities.
Other jurisdictions			46.0	See below
TOTAL <sup>70</sup>			1,144.6	

## 12.1 Additional detail on jurisdictions that received large transfers of funds

Additional details of transfers relating to Latvia, Moldova, Estonia and Russia are detailed below:

### 12.1.1 Latvia (USD 302.1 million)

A significant portion of the amounts traced to Latvia have been ended there as the statement requests are pending at date of writing.

- USD 65.6 million was below the threshold defined for onward traces, according to the tracing methodology, which was formulated with the focus on prioritizing the larger sums for potential asset recovery. Further details can be found in Section 9.
- USD 230 million related to traces to accounts for which statements have been requested but not yet received.

The remainder of the amount related to amounts that could not be traced to transfers out of the Latvian accounts; either as a result of the funds being used for complicated foreign exchange contracts, or as the funds had not left the account as at the latest statement date.

### 12.1.2 Moldova (other Moldovan banks) (USD 169.3 million)

Kroll's analysis has identified that accounts at other Moldovan banks (particularly Victoriabank and Moldindconbank) have some involvement in the transfer of fraud funds. Section 10 detailed the involvement of Victoriabank and Moldindconbank in a secondary laundering mechanism, and

<sup>70</sup> Difference is due to rounding

Section 5 showed that in some cases, fraud funds from loans issued to the Three Moldovan Banks were paid to accounts at Victoriabank and Moldindconbank as loan repayments.

The amounts which were paid to other Moldovan banks were as in the Table below:

**Table 47: Moldovan banks that received fund flows**

Moldovan Bank	Amount received
Victoriabank	107
Moldindconbank	51.1
Comertbank	5.4
CJSC Agroprombank Moldova	2.2
Romanian Commercial Bank Chisinau	0.8
Eximbank	0.3
Energbank	0.2
Moldovan State Treasury (TREZMD2X)	0.3
Other	2
<b>TOTAL</b>	<b>169.3</b>

The involvement of Victoriabank and Moldindconbank and the extent to which payments made to these two banks were for loan repayments cannot be fully quantified to date, as a large number of bank statements are pending request (USD 63.6 million). However, to date, Kroll has been able to classify the following as loan repayments:

- USD 43.7 million paid to accounts at Victoriabank were for loan repayments; and,
- USD 23.9 million paid to accounts at Moldindconbank were for loan repayments.

### 12.1.3 Moldova (Three Moldovan Banks) (USD 82.9 million)

USD 82.9 million was returned to accounts at the Three Moldovan Banks. These transfers were identified from further traces, and do not include any amounts paid from the Core Laundering Mechanism (detailed in Section 7 of the Detailed Report). USD 26.4 million of this could not be traced to completion as the statement request is currently pending. USD 40 million was paid to 17 accounts in the name of Shor Group companies.

### 12.1.4 Russia (USD 80.6 million)

An overview of amounts dissipated to Russia excluding the amounts from further traces detailed below is provided in Section 11. USD 37.1 million dissipated to Russia is from further traces of amounts originally dissipated from the Core Laundering Mechanism to Latvia, Estonia and Moldova.



Many of the transfers were made to accounts at Russian banks that were not involved in the transfer of the circular flow of funds detailed in Section 11 (Alef Bank and Metrobank).

USD 14.2 million was received by one entity, which had accounts at Russian banks. USD 10.9 million was received into an account held by an individual. Apart from two transfers made to this individual, accounts were held at Russian banks other than the Russian banks named in Section 10 of the Detailed Report (Alef Bank, Metrobank and Gazprombank).

### **12.1.5 Estonia (USD 51.4 million)**

As detailed in Section 6.2 of the Summary Report, approximately USD 58 million was transferred to accounts in Estonia directly from the Core Laundering Mechanism. Amounts paid to accounts were traced onwards according to the tracing methodology detailed in Section 9 with the assistance of a Memorandum of Understanding between the NBM and the Estonian regulatory authority.

Section 10 detailed a secondary laundering mechanism that was identified in the Estonian banks. The USD 51.4 million that remains in Estonia is mainly due to two factors:

- Funds transferred to accounts where document requests are pending; and
- Funds transferred to accounts that were blended with other funds in such a way that they could not be traced onwards in accordance with the tracing methodology. By way of example, in a number of cases, funds were traced partially to a rolling foreign exchange contract that was renewed every few days and where it was not possible to determine an onward trace.

### **12.1.6 Payments to accounts in other jurisdictions**

Amounts totaling USD 46 million were paid to 63 other jurisdictions. None of these jurisdictions received more than USD 5 million in total. The following jurisdictions received between USD 1 million and USD 5 million in total: Singapore, Liechtenstein, India, Great Britain, Poland, France, Luxembourg, Czech Republic, Ukraine, Vietnam, Brazil, Ireland, Monaco, Andorra, South Korea, Taiwan and Spain. USD 1.5 million was paid to accounts where the jurisdiction was not clearly identifiable from the bank statement.

## 13. Inventory of electronic data collected and reviewed

The following table lists all the custodians for which laptops were collected and imaged by NBM, and secured forensically by Kroll.

**Table 48: List of all custodians whose laptops were imaged by Kroll**

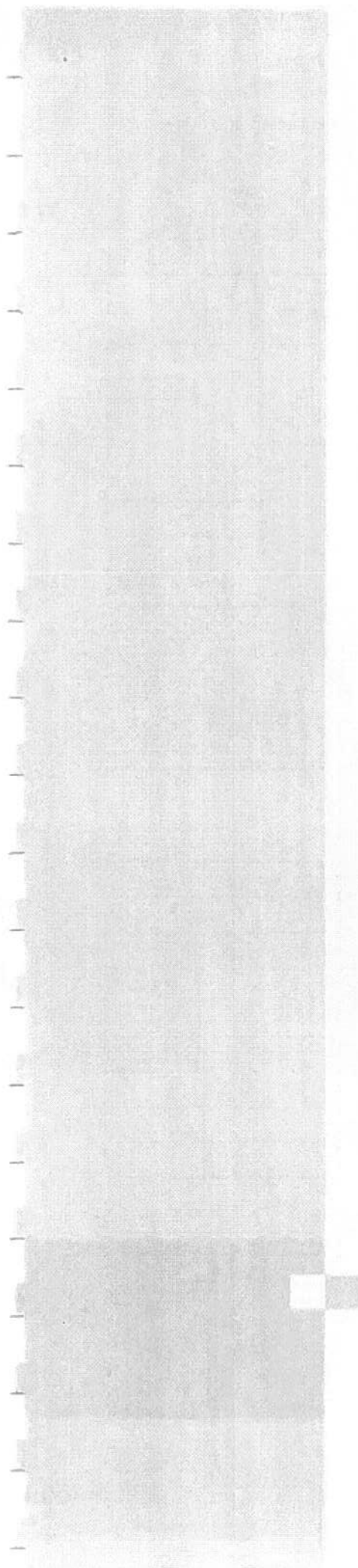
Name of Custodian	Role	Bank
Bargueva Irina	Head Accountant	BEM
Birca Viorel	President	BEM
Botnaru Olga	Deputy-Head Credits	BEM
Burlacu Corina	Vice President	BEM
Buruiana Iurie	Head of Household, receipts and protocol	BEM
Crijeu Vladimir	Deputy-Head Lawyer	BEM
Frunze Lilian	Member of Credit Committee	BEM
Golovcenco Elena	Head Branch n.1	BEM
Gromov Tatiana	Secretary to Viorel Birca	BEM
Juk Tatiana	Head Foreign Operations and External Relations	BEM
Mihalas Tatiana	Deputy-Head Credits	BEM
Osoianu Angela	Head of Secretary & Protocol	BEM
Paladi Constantin	Vice President	BEM
Railean Vlad	Deputy Head Accountant	BEM
Timuş Alexei Ion	Chief of Security	BEM
Bezbabcenko Sfetlana	Economist principal, Risks identification and evaluation	BS
Cflicic (Arnaut) Tatiana	Economist, Credits Section Central Branch nr.1	BS
Jaloba Valeriu	Inspector superior, Economic Security Section	BS
Mocanu Liliana	Member of Credit Committee	BS
Turcanu Ecaterina	Member of Credit Committee	BS

Veselovski Serghei	Member of Credit Committee	BS
Veselovski Serghei	Member of Credit Committee	BS
Hvorostovscaia Victoria	Vice President	UB
Iovv Alexandr	Deputy-head of treasury division	UB
Malai A.	Not identified	UB
Paladean Irina	Head of Liquidity Section	UB
Sevcenco Ala	Head of Monitorisation Section	UB
Sevciuc Dmitrii	Head of Credits Section	UB
Tuguliskii Dumitru	President	UB

Of the ones listed above, Kroll has reviewed and analysed data pertaining to the following custodians:

**Table 49: List of custodians whose data was analysed and reviewed by Kroll**

Name of Custodian	Role	Bank
Birca Viorel	President	BEM
Botnaru Olga	Deputy-Head Credits	BEM
Golovcenco Elena	Head Branch n.1	BEM
Gromov Tatiana	Secretary to Viorel Birca	BEM
Juk Tatiana	Head Foreign Operations and External Relations	BEM
Mihalas Tatiana	Deputy-Head Credits	BEM
Turcanu Ecaterina	Member of Credit Committee	BS
Paladean Irina	Head of Liquidity Section	UB
Tuguliskii Dumitru	President	UB



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