

Member of the European Parliament

Lynne Owens CBE QPM MA
Director General
National Crime Agency
Citadel Place
Tinworth Street
London, SE11 5EF

Cc. UKFIU

16 March 2018

Dear Director General,

I wish to bring to your attention evidence of systemic money laundering by an entity operating within the United Kingdom and therefore subject to the UK's jurisdiction. Pilatus Bank is based in Malta and has passported its Maltese license, enabling it to set up a branch in the UK. The bank now operates a branch in London.

Pilatus Bank's clients are predominantly Azeri politically exposed persons. In addition, the bank has been shown to launder money derived from corruption for top Maltese government officials. The bank's AML violation have been described as 'glaring' and 'deliberate' in documents leaked from Malta's anti-money laundering agency (the 'FIAU').

Pilatus Bank applied for a banking licence with the Malta Financial Services Authority in December 2013. The licence was issued less than one month later, on 2 January 2014. A few months after the licence was issued, in May 2014, the United States Treasury Department issued a FinCEN advisory [FIN-2014-A004](#). The notice alerted financial institutions worldwide to a pattern of Iranian nationals purchasing St Kitts & Nevis passports 'in order to facilitate financial crime'. The owner of Pilatus Bank, Seyed Ali Sadr Hasheminejad, is an Iranian national who purchased a St Kitts & Nevis passport through Henley & Partners in 2009. The CEO of the bank, Hamidreza Ghanbari, is an Iranian national with a Dominican passport.

The mother company of Pilatus Bank in Malta is Pilatus Capital Ltd, a UK company opened in 2008 by Mehdi Shamszadeh (a.k.a. Shams), an Iranian national who acquired British citizenship in 2011. Shamszadeh was sentenced to death in Iran following a conviction on charges of embezzlement of billions of dollars of public revenue while he was a director of the Islamic Republic of Iran Shipping Line, and while tasked with circumventing sanctions for his country's Ministry of Oil.

Pilatus Bank is central to the revelations in the Panama Papers. Investigative journalist Daphne Caruana Galizia reported extensively on Pilatus Bank and its links to corruption and money laundering. Daphne Caruana Galizia was assassinated on 16 October 2017.

There is a growing body of evidence concerning the bank's involvement in corruption and money laundering most of which originates from leaked analytical reports from Malta's FIAU.

It is noted in one of the leaked FIAU reports that Seyed Ali Sadr Hasheminejad was being investigated for money laundering in another jurisdiction. FinCEN in the United States should be able to provide more information on this statement.

Leaked FIAU reports have also shown that Pilatus Bank was used on a number of occasions to launder money for persons at the highest levels of the Maltese government. In one instance involving Brian Tonna, then representative of Mossack Fonseca in Malta. The document shows that Pilatus Bank accounts were used to transfer illegal kickbacks from the sale of Maltese passports through the controversial citizenship-for-cash scheme. Kickbacks were transferred from Brian Tonna to Keith Schembri, the Prime Minister's Chief of Staff.

Brian Tonna is the architect of the money laundering structures created for Keith Schembri and Tourism Minister Konrad Mizzi that were exposed in the Panama Papers. Brian Tonna also set up similar money laundering structures for Mr Chen Cheng who was responsible for negotiating the sale of a stake in Malta's energy company, Enemalta to Shanghai Electric together with Konrad Mizzi. A Pilatus Bank account was opened for the structure together with the indication that deposits would total €1 million at the end of a six month period that coincided with the time of the sale of the stake in Enemalta to Shanghai Electric for the sum of €320 million.

The use of Pilatus Bank by top Maltese government officials for the purpose of money laundering and the fact that no action has been taken so far by Maltese authorities despite the overwhelming evidence in the public domain is indicative of the political capture of the institutions tasked with regulating and supervising the bank. The political capture of the institutions and their consequent inability to take the required action against Pilatus Bank is described in detail in a correspondence with MONEYVAL attached to this letter.

The European Parliament's concern with regard to the continued operation of Pilatus Bank is made clear in the Resolution on the rule of law in Malta on 15 November 2017. In addition, following an ad-hoc delegation visit to Malta to investigate the rule of law, representatives from all political groups in the European Parliament, in a report published 11 January 2018, requested the intervention of the ECB and the EBA in view of the fact that Pilatus Bank continues to hold a license to provide services in the European Union.

At present, the EBA is conducting an investigation into Malta's national supervisory authority (the 'MFSA') in view of that fact that Pilatus Bank continues to hold a license, while the ECB is assessing whether the situation is grave enough to warrant its direct intervention.

It is clear that Malta is not the final destination of funds connected to the Azeri regime and that the Malta-based bank is a step in the layering process and a gateway to EU financial markets and assets.

Therefore, I call on the National Crime Agency to investigate:

- Purchases of assets in the UK with funds originating from Pilatus Bank;
- The possible use of Pilatus Bank in the UK as part of the layering process;
- The criminal liability of the ultimate beneficial owners and legal representatives of Pilatus Bank;
- The criminal liability of clients of Pilatus Bank; and,
- To make use of the recently introduced Unexplained Wealth Orders to seize corrupt property purchased with funds derived from criminal activity.

Sincerely,



David Casa MEP

Please find below a table containing the documents in attachment that substantiate the statements made in this letter:

Document Number	Document Contents
1	European Parliament Resolution on the Rule of Law, 15 November 2017
2	Report of the European Parliament's ad-hoc delegation to Malta investigating the rule of law, 11 January 2018
3	Letter to the ECB, David Casa
4	Letter to the ECB, David Casa
5	Letter to Moneyval, David Casa
6	MEP Letter to the EBA (Cross-political group initiative)
7	Leaked FIAU Report: Kickbacks from Brian Tonna to Keith Schembri using Pilatus Bank accounts
8	Leaked FIAU Report: Illegal transfers between Keith Schembri and Adrian Hillman using Pilatus Bank accounts
9	Leaked FIAU compliance report: Glaring and deliberate AML violations involving Azeri PEPs
10	FIAU correspondence clearing Pilatus Bank following the political capture of this institution
11	Information on Pilatus Bank's internal processes including fabrication of documents
12	Leaked Extract of FIAU Report: Showing police action is necessary against Konrad Mizzi including for the possibility of kickbacks from the sale of Enemalta to the Shanghai Electric negotiator into an account at Pilatus Bank – The entirety of this report will be forwarded to the UK authorities following a judicial process currently underway in Malta