



EUROPEAN COMMISSION
DIRECTORATE-GENERAL JUSTICE and CONSUMERS

The Director General

Brussels,
JUST Ares(2018)xxxxxx

Mr. Andrea ENRIA
Chairman

European Banking Authority
One Canada Square, Canary Wharf
London E14 5AA
United Kingdom

Subject: Request to investigate a possible breach of Union law under Article 17 of Regulation (EU) No 1093/2010

Dear Chairman,

I would like to inform you that the Commission, in its mandate as guardian of the treaties and pursuant to the provisions laid down in the 4th Anti-money laundering Directive (Directive (EU) 2015/849), became aware of measures taken by the Secretary of the Treasury of the United States on February 13 under the terms of the US Patriot Act against the Latvian Bank *ABLV Bank* on grounds that the said bank represents a primary money laundering concern. The Secretary of the Treasury's decision appears to be motivated by the fact that the bank management's allowed the bank and its employees to orchestrate and engage in money laundering schemes, that it maintained inadequate controls over high-risk shell company accounts and sought to obstruct enforcement of anti-money laundering and combating the financing of terrorism (AML/CFT) rules stemming from the 4th Anti-money laundering Directive.

The Commission has already had the opportunity to highlight, in the Country Report on Latvia drawn up in 2017 in the context of the European Semester (which you will find attached) that Latvia is a regional financial centre for non-EU businesses and high net-worth individuals from neighbouring countries. Moreover, *ABLV Bank* has been specifically named in that Country report in the context of involvement of Latvian non-resident banks in several fraud cases linked with illegal withdrawal of funds from three Moldovan banks and money laundering.

I would also like to stress the fact that Latvian authorities informed the Commission that the law fully transposing the 4th Anti-money laundering Directive was adopted on 26 October 2017. The Commission is currently examining the completeness of the notification received. However, irrespective of this assessment, there is an expectation that Latvian authorities effectively enforce the provisions of the Directive.

Against this background, and acknowledging efforts made by Latvian public authorities over to clarify current developments concerning ABLV Bank as well as previous supervisory action taken at national level against the bank, I am writing to inform you that we consider that the alleged deficiencies concerning the bank's activity could, if proven, amount to a serious threat to the integrity of the financial system of the Union.

The European Banking Authority is called to play an important role in promoting convergence of supervisory practices to ensure a harmonised application of prudential rules. In this context, Art. 17 of Regulation (EU) No 1093/2010 mandates it investigating alleged incorrect or insufficient application of EU law by national authorities on issues that, amongst others, pertain to the AML/CFT legislation.

The Commission therefore calls on the European Banking Authority to make full use of its power to ensure that the above-mentioned financial institution satisfies the requirements laid down in the acts referred to in Article 1(2) of Regulation (EU) No 1093/2010 and investigate this possible breach or non-application of Union law.

We remain at your disposal to provide further elements that may guide your analysis into this matter.

Yours sincerely,

(e-signed)
Tiina ASTOLA