

News

'Russian Laundromat' Scheme Frequently Involved Italian Banks

April 12, 2017

By [Valentina Pasquali](#)

Email    

More than 50 Italian financial institutions processed tens of millions of dollars on behalf of Russian politicians, oligarchs and criminals accused of misappropriating and laundering nearly \$21 billion in state funds from 2011 to 2014.

The global scheme, which has since been dubbed the "Russian Laundromat," consisted of some 740 shell companies and 112 bank accounts in Russia and Eastern Europe, according to records obtained by the *Organized Crime and Corruption Reporting Project* and *Novaya Gazeta*.

The money was first wired from Russian banks such as VTB, Rosevobank and East European Trust Bank to two institutions in Moldova and Latvia, Moldindconbank and Trasta Komercbanka, respectively, under the false pretense of court-ordered debt payments between legal entities ostensibly controlled by the suspects.

The funds were then spread throughout the world by way of 75,000 wire transfers initiated or received by 732 banks, including 55 banks in Italy, which ranked second only to China in the number of lenders involved in handling the assets.

Italian lenders processed approximately 500 transactions worth more than \$32 million from the 3-year scheme, according to the records. Deutsche Bank and French lender BNP Paribas conducted another 300 transfers worth more than \$35 million, some of which flowed through their Italian branches.

UniCredit and Intesa Sanpaolo, Italy's two largest financial institutions, funneled \$17 million and \$8 million respectively. Both lenders are or have been under scrutiny in the United States for anti-money laundering and sanctions-related violations.

In December, Intesa Sanpaolo was fined \$235 million by the New York State Department of Financial Services for concealing Iran's illegal involvement in at least \$11 billion-worth of transactions from 2002 to 2006.

UniCredit disclosed in its most recent annual statement that it was planning to settle its own U.S. investigation by the end of 2017.

While it is not immediately clear what the lenders knew or should have known about the apparently illicit origin of the funds, disclosure of the scheme data comes amid several years of efforts by the European Union to overhaul its rules against money laundering and terrorist financing.

Member states' implementation of the bloc's so-called directives into national rules remains uneven, raising questions over their willingness to tackle money launderers and providing large financial institutions with international operations a degree of "regulatory arbitrage," according to Ranieri Razzante, president of the Italian Association of Anti-Money Laundering Professionals, or AIRA.

"Italian and generally European banks have become very good at setting up operations in jurisdictions where the controls are looser," Razzante said.

In addition to their branches in Italy, substantial sums of the Russian Laundromat money were apparently transferred through Unicredit's branches in Austria, Czech Republic, Germany, Serbia and Slovakia, and Intesa Sanpaolo's branches in Romania .

The *OCCRP* and *Novaya Gazeta* records also feature other large Italian banking groups, including Monte dei Paschi, UBI and BPM, though for lower overall amounts ranging from \$1 million to \$2 million.

The funds were otherwise funneled through lesser-known community banks and credit unions, including ICCREA, Cassa Di Risparmio Di Cento and BCC Prealpi, the records show.

Smaller lenders typically have fewer resources to defend themselves from financial crime, perhaps rendering

Related News

China Top Destination for 'Russian Laundromat' Funds, Raising AML Concerns

Chinese financial institutions feature prominently among more than a hundred banks recently revealed to have knowingly or unknowingly processed billions of dollars-worth of illicit payments originating from Russia.

[More...](#)

March 31, 2017

them more likely to "turn a blind eye" towards a wealthy client who could provide them with the liquidity they require, according to Razzante, who teaches AML law at the University of Bologna in Forli, Italy.

Italian regulators since 2015 have imposed their own fines on two of the banks mentioned in connection with the Russian Laundromat scheme, Banca Popolare Dell'Etruria e Del Lazio and Cassa Di Risparmio Della Provincia Di Chieti, for AML failures and other compliance-related deficiencies.

Italy's central bank last week imposed an industry ban on the top management of a cooperative bank in the southern region of Calabria, Banca di Credito cooperativo di Cittanova, for repeated AML violations.

Guglielmo Muntoni, presiding judge of a Rome-based tribunal responsible for asset forfeitures, recently told *La Repubblica* that Italy's smallest banks often file suspicious activity reports with "irregularities"—including incomplete and unclear descriptions—"precisely to render" a more difficult investigation.

April 12, 2017

By [Valentina Pasquali](#)

Email 



[Contact Us](#)

[About Us](#)

[Advertise](#)

[Home](#)

[Terms of Use](#)

[Privacy](#)

[Legal](#)

Copyright © 2017 Alert Global Media. All Rights Reserved.

[Financial Compliance Regulations](#) | [Anti Money Laundering](#) | [Money Laundering Cases](#) | [Money Laundering Training](#) | [Banking Regulations](#) | [Changes in Bank Regulations](#)