

Cromex Trade LLP

This SAR is linked to other including 68004, 68013, 68105, 68115, 68156, 68190, 68023 and 68303

During the course of recent weeks I have looked at a number of enquires that are related to UK companies being engaged in transactions that originate in Latvia and are paid through Wachovia - US in USD. My initial findings caused me to broaden my investigations to include companies engaged in similar activity but incorporated in New Zealand.

Wachovia Bank N.A. provides USD clearing services to correspondent banks all over the world, including the EU. Presently Wachovia does not offer direct correspondent services to banks in Latvia. One element of the AML program within Wachovia is the monitoring of USD transactions with Banks (both direct and indirect) located in higher risk countries. Through this program Wachovia in the US has identified a series of transactions (115) processed through Wachovia between March 2007 and April 2008, for a value of USD 9,403,862.05. The originating party was a UK registered entity called Cromex Trade LLP. Cromex holds a bank account(s) with Regional Investment Bank ("RIB") in Latvia. In turn RIB has a correspondent bank with Raiffeisen Zentralbank Osterreich Bank ("RZB") and RZB clear USD through its own correspondent banking relationship with Wachovia in the US.

Having been unable to identify a corporate profile for Cromex that substantiated the aggregated value of the funds transferred an enquiry was created and a request was forwarded to RBA for additional information to be obtained from BIB.

There are multiple beneficiaries primarily based in China. To date RAB and BIB have not answered the questions that have been posed.

Connected to the US investigation, as the UK MLRO and Nominated Officer I have conducted enquiries with Companies House of England and Wales and established the following.

Cromex was incorporated in March 2006, the address of the entity is 5, Vulcan House, Calleva Park, Aldermaston, Berkshire RG7 8PA. The partnership number is OC318523.

The members of Cromex are shown as.

Gertex Management Limited and Watford Ventures Limited both of the same address, 1, Mapp Street, Belize City, Belize. Both entities act for other UK incorporated entities, Gertex (159) and Watford (159).

It is evident that these parties are acting in a nominee capacity on behalf of unknown third parties.

The annual financial returns for Cromex, submitted at the end of March 2008 is a total nil return, indicating that the company non-trading or is 'dormant' and has not traded

since it was incorporated. The accounts have applied the exemption under Section 249AA(1) of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulation 2001) which provides provisions for the accounts of dormant companies (as in this instance) or companies with an annual turnover of less than £1million such that the company's accounts do not need to be independently audited.

Wachovia have identified similar groups of transactions originated by other UK and New Zealand companies through Latvian banks and RAB. In a number of instances the Latvian Banks have answered questions and stated that the entity has an operating address in Eastern Europe, more often than not the Ukraine and the transactions are in keeping with the bank's understanding of the customer's trading business buying and selling goods from China to other parts of the world. Such trading is not matched with accounts submitted to Companies House.

In all instances nominees have been used in far flung corners of the globe including, Panama, BVI, New Zealand, the Seychelles, Vanuatu, Belize and more. As a former police officer I have prior experience of investigating Russian money laundering (Bank of New York 1996 – 2001) and all the characteristics of these entities – the use of nominees, the inaccurate, false accounts, USD transactions and lack of transparency are matters that I am familiar with.

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Furthermore there have been reported typologies of Russians and eastern Europeans using New Zealand registered companies to launder money. RZB has previously been connected to money laundering concerns and the bank in London has in the past been fined by the FSA.

All in all I conclude that there are reasonable grounds to suspect that the funds originated by Cromex represent in whole or in part, directly or indirectly the proceeds of crime, namely tax evasion.

There will be a number of other SARs submitted related to the use of UK entities for sums in excess of USD 100million. Additionally it has been established the New Zealand registered companies have transacted funds through similar and identical routes and process to a value in excess of USD 100 million.

It is suspected that this SAR and others to be submitted are part of a wide conspiracy to launder the proceeds of tax evasion.