

Luxembourg bank to pay €25 million fine in 1MDB money laundering case

Judges approve deal between bank and Luxembourg prosecutors, although other probes remain ongoing into conduct of former staff and clients

A Luxembourg court has ordered Edmond de Rothschild Europe to pay a €25 million fine to settle criminal money laundering and concealment charges related to Malaysia's 1MDB sovereign wealth fund.

The funds to be paid by the bank will go to the Luxembourg state, although the money had already been seized, according to a court press release issued on Thursday.

"This is the first time that a Luxembourg banking institution has been convicted of money laundering," the court stated.

International investigators have estimated that at least $4.5 billion - roughly €3.3 billion at the time - was misappropriated from the 1MDB Malaysian government investment fund between 2009 and 2013.

Some $472.5 million (€433.7 million) of that money was then deposited at Edmond de Rothschild Europe, a private bank in Luxembourg.

Prosecutors said the bank did not carry out sufficient checks on the provenance of those funds.

Luxembourg's judicial investigation started in 2016 and involved authorities in the Grand Duchy and in the British Virgin Islands, France, Isle of Man, Netherlands, Malaysia, Singapore, Switzerland, UAE and US.

Settlement deal

Earlier this year, the bank negotiated a settlement agreement, called a jugement sur accord, with the Luxembourg public prosecutor's office. Under the deal, Edmond de Rothschild Europe acknowledged money laundering and concealment offences and agreed to pay the €25 million penalty.

That agreement was presented to the 7th Criminal Chamber of the District Court of Luxembourg on 2 April.

In its ruling on Thursday, approving the agreement, the court ruled that "the guilt of the accused party was established and that the penalties set out in the settlement agreement were legal and appropriate."

Following the ruling, the bank told the Luxembourg Times in a statement: "Edmond de Rothschild Europe takes note of the decision issued today by the District Court of and in Luxembourg in connection with the criminal proceedings related to the 1MDB case, which stems from events that occurred around fifteen years ago".

The bank said the decision was "part of a judgment by mutual agreement covering all allegations made against the bank".

"Edmond de Rothschild Europe recalls that these historical events led to the implementation of a comprehensive remediation plan, launched in 2016 and completed in 2019. The employees involved are no longer part of the organisation.

"The bank fully and transparently cooperated with the authorities throughout the proceedings and welcomes the opportunity to definitively close this chapter," Edmond de Rothschild said in a statement.

Other cases continue

Thursday’s ruling closes the Luxembourg case against Edmond de Rothschild Europe. However, the agreement only applies to the criminal charges against the bank.

An investigation into four of the bank’s directors and employees has been completed and prosecutors are preparing an indictment in that case, the court statement said.

A separate probe into the bank’s clients and affiliated companies “is actively continuing.”

Fuente: https://www.luxtimes.lu/

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