

Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance  
The Chair

D 319636 07.12.2018

Daniel Azzopardi  
Ambassador  
Permanent Representative of Malta to the EU  
Rue Archimède 25  
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Your Excellency,

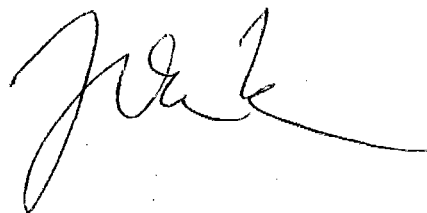
First of all, I would like to thank you for the meeting we held, in which we commented on the benefits of holding mutual contacts and exchange of information in order to better fight against money laundering, tax evasion and tax avoidance.

Within this context, I would like to raise with you the latest revelations on the “17 black” case published by different media. TAX3 Members have considered that its relevance deserved the attention of the committee.

Attached you will find a set of questions regarding the above-mentioned case.

I would appreciate it if you could please give a written answer to these questions by Thursday 20th of December.

Yours sincerely,



Petr Ježek

# ANNEX

## Facts published by press

- Black 17 is a company registered in the United Arab Emirates (UAE) owned by Yorgen Fenech.
- Yorgen Fenech is also the director and shareholder of the ElectroGas power station.
- In 2013 a public procurement project to build and run a power station was launched. Mr Mizzi was the Minister responsible for the selection of the winning bidders. Mr Schembri was also involved in this decision.
- Konrad Mizzi and Keith Schembri are Political Exposed People (PEPs) who own offshore structures (Panama companies settled in New Zealand trusts).
- These companies were created at the same time that the public tender was open with the technical support of Nexia BT, a Malta-based financial advisory firm.
- The decision on the award of the power plant was taken following a report made by Nexia BT, and the winner firm was ElectroGas.
- Nexia BT held an exchange of correspondence which shows that the PEPs above mentioned would receive respectively a monthly payment of 150.000€ from the firm Black 17.

## Questions

1. Despite these revelations, Konrad Mizzi and Keith Schembri continue to hold their posts at the highest levels of the Maltese government. In the Maltese system, the power to prosecute lies with the Commissioner of Police who is directly appointed by the Maltese Prime Minister. May you please indicate why no political decision has been taken given the relevance of the case? Is there a procedural way to investigate and prosecute money laundering and tax evasion supposedly committed by PEPs when they continue in office?

2. Is there any explanation on the purpose of setting up these financial structures and on the respective guaranteed 150.000€ regular payments?

3. Nexia BT is an obliged entity. The Financial Intelligence Analysis Unit (FIAU) is responsible for ensuring Nexia BT complies with AML laws. Has any action been taken and any fine imposed on Nexia BT by the Maltese FIAU?

4. A leaked report from the FIAU on 17 Black shows that Nexia BT's managing partner, Karl Cini, misled the FIAU, withheld information and fabricated a letter of engagement for documentation to appear consistent with public statements made by politicians. Karl Cini is Nexia BT's Money Laundering Reporting Officer. Has any action been taken against Karl Cini by the FIAU? If not, why? Moreover, the Accountancy Board, falling under the responsibility of the Finance Ministry is responsible for withdrawing warrants on the basis of dishonesty and wrongdoing. Why does Mr Cini continue to apparently hold their warrants? Have disciplinary proceedings been launched? If not, is there an explanation?

5. Serious shortcomings in the public procurement were identified in a report published by Malta's National Audit Office (NAO). Was any action taken to investigate a possible breach of public procurement rules, based on the 17 Black revelations and the NAO report?

6. The FIAU report on 17 Black states that minister Konrad Mizzi over-declared his bank deposits in his parliamentary declaration of assets by some €300,000 euros. In fact, despite declaring deposits of close to €400,000, it was revealed that the minister had just over €90,000 in joint accounts with his wife in February 2017. This lack of resources was deemed suspicious by the FIAU. Has any investigation been pursued to understand the reason for this discrepancy? Is there an explanation to this discrepancy in figures?

7. Is a criminal police-led investigation into the Prime Minister's Chief of Staff, Keith Schembri, ongoing?

8. At the time of the assassination of Maltese investigative journalist Daphne Caruana Galizia, it was reported that she was working on a data leak of 680,000 documents from ElectroGas. It was subsequently revealed that the director of ElectroGas was about to pay large amounts of money to Maltese PEPs Konrad Mizzi and Keith Schembri. Despite multiple calls from all quarters for an independent public inquiry into the role of the Maltese State in the assassination of Daphne Caruana Galizia the Maltese Government has continued to resist these calls. Is there any explanation for this reluctant response?

9. The company 17 Black held accounts at Noor Bank. Noor Bank froze 17 Black's bank accounts due to suspicions of criminal activity. Are the relevant authorities in the UAE cooperating with Maltese authorities in order to provide evidence held by Dubai-based Noor Bank?

10. The Panama Papers were published in April 2016. Malta's opposition, as a measure of last resort, launched a number of magisterial inquiries in order to attempt to force the politically appointed Commissioner of Police to act. There is no indication that any investigation is taking place based on the Panama Papers revelations. In addition, the exposed PEPs continue to hold their posts even today. May you please explain this apparent lack of action?