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Eurojust
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Luxembourg February 4 2011

OLAF
European Anti-Fraud Office
European Commission
Rue Joseph II
B-1049 Bruxelles
Belgique

Att : To whom it may concern
Re : **Request for action** on organized crime, corruption, fraud and other serious irregularities in the Luxembourg financial business
Case # :
Your reference :
Our reference :
Posting by : Mail, e-mail and fax
Your fax # : +31 70 412 5005 (EJ); +32 2 296 08 53 (OLAF)
Numbers of pages : 2
Attachment :
Copy : OLAF
Notice :

Dear Sir/Ms.

Below I will in short provide you with information on two accounts on deceitful and fraudulent activities carried out by banks providing private banking service in Luxembourg.

Mobile phones

Banks in Luxembourg are providing its international clients with mobile phones. These phones are registered in Luxembourg, in the name of the given bank or as prepaid cards. The purpose of this deceptive system is to provide its clients with a secure line and avoid wiretapping / monitoring – in the customers' home country – of conversations between the bank and the given customer of which could disclose unfortunate information about the client which in turn could lead to prosecution. With this option the clients can call their bank, or vice versa, and undisturbed carry out their business (of which could be of unlawful nature), an opportunity which obviously would be quite limited without this advantageous offer from the bank.

Deceitful and fraudulent accounting

This system works as follows. A few, let's say, Norwegian clients of a given bank in Luxembourg need cash. The clients know that their funds deposited in Luxembourg are subject to many restraints. A trip to Luxembourg might give them away. Then there is a limit on how much money one can bring in to Norway without reporting it. Holding a

Luxembourg credit card is also subject to certain restraints, as credit card use is monitored by the authorities. Hence the following system has been developed by the bank to ease the deposit / withdrawal process:

A few clients call the bank with their Luxembourg mobile phones or from telephone booths and inform their account manager (of the Norwegian desk) that they need cash. Another client from the same area has built up a considerable amount of unreported cash from his business and has thus called the same account manager informing him that he needs to make a deposit.¹ The account manager then makes appointments with his clients, one at a time. Subsequently the account manager travels to Norway, bringing his ledger, and meets up with the client who is making the deposit. The account manager receives the deposit, carefully revises his ledger and hands over a receipt. He then meets up with the rest of the clients who need cash. The account manager has in advance made sure that the withdrawals will add up with the deposit, so when his clients have made their withdrawals, there is no cash left. He can now travel back to Luxembourg with his revised ledger, and finish the rest of the accounting at his office. By this the bank has been aiding and organizing – and is thus accessory to – financial crimes.

This deceptive system should be quite easy to uncover, e.g. by examining bank ledgers and actual cash flow to the bank, as there will be a deficit of funds in Luxembourg compared to what has been deposited, as some of the funds have actually never been deposited but have rather changed hands between clients abroad.

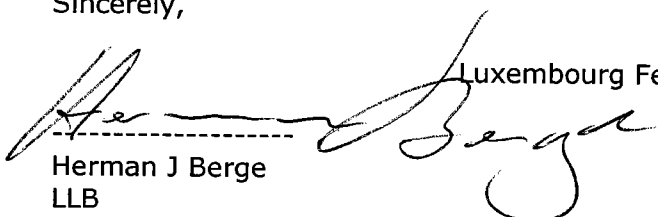
I am sure that I don't have to elaborate the variety of serious consequences of such a system before Eurojust and OLAF.

I can attest from first-hand knowledge that the aforementioned practice is carried out by at least three banks² providing clients with private banking service in Luxembourg, hence it could be argued that this practice is widespread and consequently is accepted by all major auditors as well as by the supervisory authority, CSSF.

As Eurojust and OLAF are well aware of from our previous correspondence, the law enforcement authorities in Luxembourg are protecting and covering up financial crimes, and are thus not functioning in accordance with EU law. From previous experience with the public prosecutor³ and the police⁴ in Luxembourg, we have reason to believe that the said authority will harm us if we approached them with this "new" information, which is the main reason why we have been forced to contact EU authorities in this matter. Should you not be able to act upon this notice, I ask you to advise me *which* EU institution has the jurisdiction and/or authority to act.

Don't hesitate contacting me if you need me to testify on the issues mentioned above.

Sincerely,


Luxembourg February 4 2011
Herman J Berge
LLB

¹ Another alternative is that the bank makes a short-term loan (in cash) from one of the bank's clients in Norway, and repays the amount to his account in Luxembourg.

² I can also provide you with names on some of the account managers involved.

³ Shelving all criminal complaints regarding financial crimes.

⁴ Protecting and covering up crimes, among these; illegal covert surveillance carried out by a Luxembourg constructing firm.