

Focus on what's most important to you. Customise your Guardian homepage, read in dark mode, get notifications on breaking news, and more.

Download the Guardian app



Support the Guardian

Available for everyone, funded by readers

Support us



Global laundromat Azerbaijan

This article is more than 5 years old

Azerbaijan hits back over 'scandalous' money laundering claims

Baku attacks Guardian reporting as smear as National Crime Agency looks at evidence and considers investigation



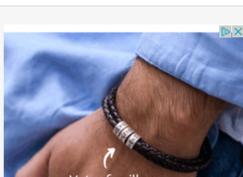
Azerbaijan's president, Ilham Aliyev, and his wife, Mehriban. Photograph: Sergei Grits/AP

The government of Azerbaijan has responded angrily to revelations that it ran a secret \$2.9bn (£2.2bn) fund which was used to pay prominent Europeans, run lobbying operations, and launder money via a group of opaque British companies.

Azerbaijan's presidential aide, Ali Hasanov, said the stories by the Guardian and other media partners were a smear. In the first official reaction from Baku, Hasanov said the regime was the victim of a "scandalous" campaign organised by British intelligence, the Armenian diaspora and the US.

"When did the Guardian write about the truth about Azerbaijan? This newspaper has been known for decades for being against Azerbaijan," Hasanov told the Turkish newspaper Hürriyet. The reports were "biased, groundless and provocative," he said.

Advertisement



On Tuesday, the authorities blocked access from inside Azerbaijan to the website of the Organized Crime and Corruption Reporting Project (OCCRP). The OCCRP published details of the scheme, nicknamed the Azerbaijani Laundromat, following a leak of data to the Danish newspaper Berlingske.

The use of British companies in the Laundromat has prompted calls for Theresa May to investigate. On Tuesday May's official spokesman said that the National Crime Agency would now examine the information from the Guardian and other media sources. The agency will "look at whether they would need to progress [to] an investigation", the spokesman said.

This is the second time this year that British corporate entities have been found to be at the heart of a large-scale money laundering operation run from a former Soviet state. In March, a similar scheme run from Moscow, the \$20bn Global Laundromat, was exposed.

Opposition politicians urged the government to act to prevent the abuse of company vehicles. Four offshore-owned British companies - based in Glasgow, Birmingham, and Potters Bar in Hertfordshire - were used to funnel money into the western financial system. It went via the Estonian branch of a Danish bank, Danske.

Tim Farron, the former Liberal Democrat leader, led calls for an inquiry, saying this was what happened "when the corporate landscape is too lightly regulated".

"Thanks to the Guardian investigation we learn of something called the Azerbaijani Laundromat," he said. "But now is the time to wash some fairly dirty laundry in public and find out exactly who paid money to whom and why.

"We need a full investigation to see that dirty money has not been used to buy influence in the UK. The Azerbaijani government is guilty of systematic human rights abuses and it would appear the regime has been making payments on an industrial scale."

Margaret Hodge, the chair of the all-party parliamentary group for responsible tax who uncovered the use of tax havens as chair of the public accounts committee, added to calls for more transparency.

"Yet again a whistleblower has lifted the lid on some unconscionably awful behaviour," she said. "It would seem that Britain and British overseas territories are facilitating alleged corrupt practices by refusing to introduce the full transparency the Conservatives promised but failed to deliver.

"Until we know who owns companies and properties in Britain and in the tax havens we control, such unacceptable practices will continue and Britain will be culpable because of the government's failure to act."

One London-based beneficiary of the Laundromat, Jovdat Guliyev, resigned on Monday from the Anglo-Azerbaijani Society. Guliyev received nearly £400,000 from the scheme. A former BP employee, he works for Azerbaijan's state oil company.

The society's co-chair, Liberal Democrat peer Lord German, said Guliyev quit nine minutes after the Guardian's story went online. His name has now been removed from the Society's website, German said, adding that none of the Laundromat payments went to the Society.

In an email to German, Guliyev did not explain why he had got the money but said it was legitimate and for his "personal use".

Peter Dowd, Labour's chief secretary to the Treasury, said: "Money laundering hurts our economy, steals from others and corrupts our society. The financial system should effectively and efficiently provide investment that benefits the whole economy, not boost the offshore bank balances of plutocrats and criminals here and abroad.

"We have seen too many of these shocking scandals in recent years because the Tories are incapable of taking on the rigged system, which hurts the many to support the very few."

Molly Scott Cato, a Green MEP who sits on the European parliament's economics and monetary affairs committee and inquiry into the Panama Papers, said the revelations were shocking and reveal "once again that British claims to be a leader in transparency conceal a far grubbier reality".

"The relationship between UK companies and our murky offshore tax havens permit the world's corrupt elite to indulge their extravagant lifestyles at public expense," she said. "They then use these ill-gotten gains to buy political influence that prevents them from being held to account for human rights abuses and bad government."

The four firms at the centre of the Azerbaijani Laundromat were all limited partnerships registered in the UK. They were: Metastar Invest, Hilux Services, Polux Management, and LCM Alliance. Their corporate "partners" are anonymous entities based in the British Virgin Islands, Seychelles and Belize.

Some of the cash from the £2.2bn fund was used to pay for luxuries such as cars, interior design and dentistry, while other sums went to European politicians and prominent figures linked to the promotion of Azerbaijan. Seven million pounds was spent directly in the UK, including on private school fees.

Azerbaijan's ruling family is not directly named in the leaked documents. But evidence of a connection was overwhelming. Large sums came via the state-owned International Bank of Azerbaijan, which is the largest bank in an oil-wealthy country, and yet earlier this summer it filed for bankruptcy protection in New York. The defence and emergency situations ministries in Baku all contributed cash.

The scheme was used to pay for the government's incidental expenses including the medical bills of Yaqub Eyyubov, Azerbaijan's first deputy prime minister. There were separate payments to Eyyubov's son Emin, Azerbaijan's EU ambassador, and to the president's press secretary, Azer Gasimov.

From Italy to Sweden, Hungary to France, the far right is once again a force to be reckoned with. Its hostility towards immigrants encourages xenophobes everywhere, including in France. Its social conservatism threatens hard-won LGBTQ+ rights. Its euroscepticism has already upset the dynamics of the EU.

The normalisation of far right rhetoric has gone far enough. For decades, Guardian journalism has challenged populists like this, and the divisions that they sow. Fiercely independent, we are able to confront without holding back because of the interests of shareholders or a billionaire owner. Our journalism is always free from commercial or political influence. Reporting like this is vital for democracy, for fairness and to demand better from the powerful.

And we provide all this for free, for everyone to read. We do this because we believe in information equality. Greater numbers of people can keep track of the events shaping our world, understand their impact on people and communities, and become inspired to take meaningful action. Millions can benefit from open access to quality, truthful news, regardless of their ability to pay for it.

Whether you give a little or a lot, your funding will power our reporting for the years to come. Support the Guardian from as little as £1 - it only takes a minute. If you can, please consider supporting us with a regular amount each month. Thank you.

Subscription form with options for Single, Monthly, Annual and payment methods like Visa, Mastercard, etc.

Topics: Theresa May / Global laundromat

Theresa May / news

Social media sharing icons and 'Reuse this content' button

Advertisement for La Poste: 'Pour les fêtes, envoyez vos colis depuis chez vous!'

Live Fulham v Manchester United: Premier League - live

Gabby Logan: 'I was woken this morning by a woman in the next room having an orgasm'

At least six dead in suspected terrorist bombing in Istanbul

Scotland 23-31 New Zealand: Autumn Nations Series - as it happened

Democrats retain control of Senate after crucial victory in Nevada

Advertisement for The Guardian app: 'The Guardian app keeps you on track with our award-winning journalism...'

The Scottish firms that let money flow from Azerbaijan to the UK

Read more

Everything you need to know about the Azerbaijani Laundromat

Read more

More on this story

Grid of related news stories: Azerbaijan Laundromat shows UK is choice of crooks and despots, says Hodge; European parliament calls for investigation into 'Azerbaijani Laundromat'; Bulgaria to investigate \$3bn Azerbaijan Laundromat claims; UK at centre of secret \$3bn Azerbaijani money laundering and lobbying scheme; Theresa May: 'I was woken this morning by a woman in the next room having an orgasm'

Most viewed

Footer with navigation links: News, Opinion, Sport, Culture, Lifestyle, and a sign-up form for the Guardian's email newsletter.