

NEWS

Court approves £5.6m seizure over money laundering

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By Steve Swann and Dominic Casciani

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The National Crime Agency can seize £5.6m from a sophisticated global money laundering scheme involving UK companies, a court has ruled.

Financial investigators can take the money from the London-based family of

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The investigation was launched after the exposure of a corruption scandal dubbed the Azerbaijan laundromat.

The NCA pored over thousands of leaked documents from Den Danske Bank, in Estonia, obtained by the Organised Crime and Corruption Reporting Project and other media organisations in 2017.



There is evidence linking the "laundromat" scheme to Azerbaijan's President Ilham Aliyev, international investigators say

They showed \$2.9bn (£2bn) had been moved into Western Europe by some of the Azeri elite, while UK shell companies - largely existing only on paper - hid the true sources of the cash.

Some of it was used as a slush fund to bribe European politicians and make luxury purchases.

"Having exhaustively considered the evidence filed," district judge John Zani told Westminster Magistrates' Court, "I am entirely satisfied that there was a significant money laundering scheme in existence in Azerbaijan, Estonia and Latvia, at the relevant time."

During the case, the NCA said cash had been funnelled out of Azerbaijan by Baktelekom - a "clone company" set up to look like the state-owned telecoms provider.

"It has no known employees, no website and no accounts have ever been traced," the court was told.

Yet Baktelekom somehow managed to pay Hilux Services LLP, registered in Glasgow, \$1.3bn for steel pipes.



The money-laundering operation created bogus records for pipes that were never bought

Hilux never filed accounts to Companies House, was unknown to Revenue & Customs, and the steel pipes were "bogus", according to the NCA.

Judge Zani said invoices the company had filed to banks in Estonia and Latvia were "entirely fictitious and were produced in order to deceive the bank into opening accounts and allowing the later flow of very significant sums into and out of their accounts so as to mask the underlying money laundering activities of those orchestrating the accounts".

One of the primary beneficiaries of payments from Hilux was a company called Avromed, the NCA said.

Legal documents show Avromed LLC was founded by Mr Feyziyev.

'Corrupt links'

The judge said there was no suggestion Mr Feyziyev and his family had been engaged in corruption.

But "there have been unhealthy, corrupt links between the 'ruling elite' of Azerbaijan and those at the helm of Avromed Company LLC".

He ruled the NCA could seize £4.4m from the account of Mr Feyziyev's wife, Parvana, and £1m from their son Orkhan Javanshir.

A further £240,000 must be forfeited by the couple's nephew Elman Javanshir.



Javanshir Feyziyev's family has a London base and UK bank accounts

The family, who own a mansion overlooking Regent's Park, in central London, denied the funds obtained by Mr Feyziyev had been obtained by criminal conduct.

"The adverse findings in this matter relate to money which, before it was paid to Dr Feyziyev, flowed through various intermediaries of which the family had neither knowledge, nor control," a spokesman said.

While they were disappointed any of the frozen funds had been forfeited, he added: "The Feyziyev family are relieved that the judge has ordered the release of approximately £10m, of which the NCA sought forfeiture, and that this long-running matter has at last been resolved, for the most part, in the family's favour."

But NCA civil-recovery head Andy Lewis said: "This is a substantial forfeiture of money laundered through the Azerbaijan laundromat - and our success highlights the risk to anyone who uses these schemes."

'Dirty money problem'

Nevertheless, campaigners against corruption say the fight against allegedly dirty money is being undermined.

"There is over £700m that we've identified in real estate owned here by the ruling elite of Azerbaijan," Transparency UK policy director Duncan Hames said.

"There is an awful lot more to go after.

"If they had the resources to pursue more cases, it could make a bigger dent in Britain's dirty money problem."

Mr Hames criticised the government for backtracking on promising "a register to lift the veil of secrecy over who really owns the foreign companies that hold real estate in the UK".

Last week, the prime minister's anti-corruption champion, junior minister Lord Agnew, resigned, complaining the government had made a "foolish" decision to kill off legislation during the next parliamentary year that would require those holding property through shell companies to declare who they were.

"The well of excuses after three or four years of promising this piece of legislation, or its related pieces, has now run dry," he said.

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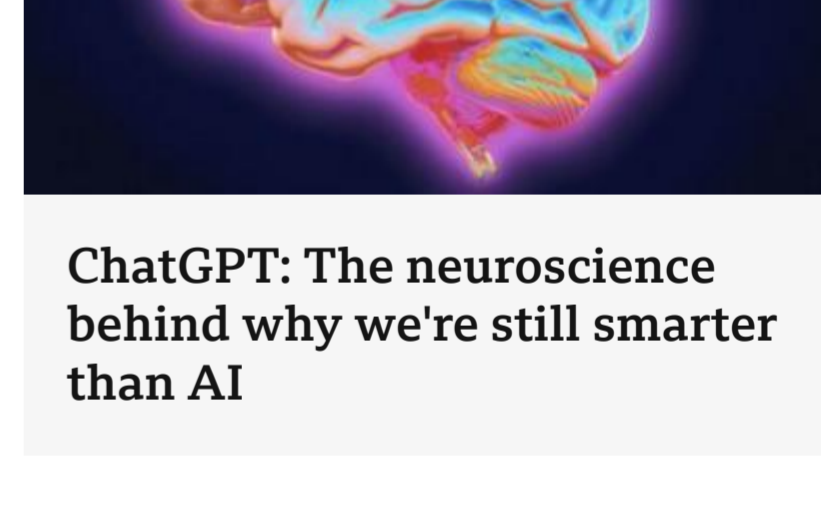
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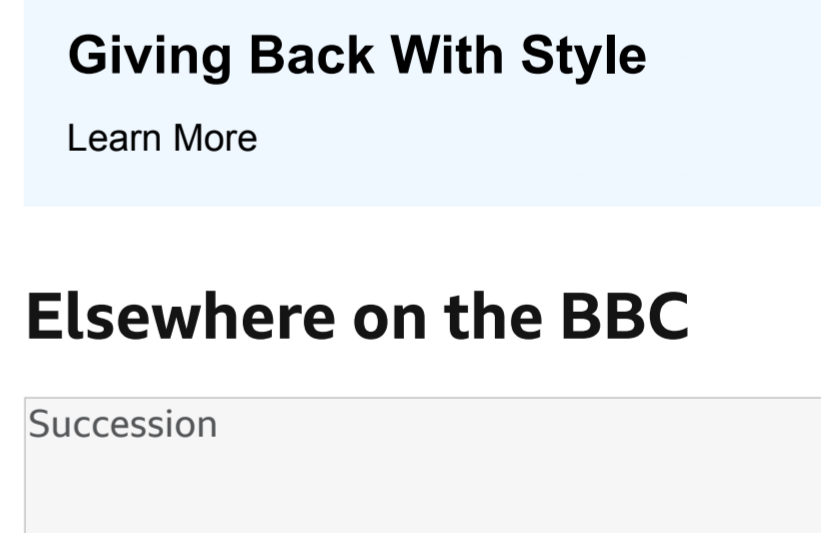


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