

EURAM Bank case analysis of the Austrian Financial Intelligence Unit (A-FIU)

Deposit guarantee pay out and ongoing analysis by the A-FIU

The Austrian Financial Market Authority (FMA) issued an emergency administrative decision fully prohibiting the EURAM Bank from the continuation of business operations. Consequently, an official payment stop of covered deposits occurred, so that in particular no further deposits, withdrawals or transfers could be conducted. This action triggered the deposit guarantee pay out process pursuant to article 9 of the [Austrian Act on Deposit Guarantee Schemes and Investor Compensation](#) (*Einlagensicherungs- und Anlegerentschädigungsgesetz, ESAEG*).

The *Einlagensicherung Austria Ges.m.b.H* is required to pay out an amount that is equal to the amount of their covered deposits up to EUR 100.000,00 to every depositor. However, reimbursement must be suspended pursuant to article 14 para. 3 ESAEG if the A-FIU has gained knowledge regarding possible money laundering or terrorism financing suspicions within the bank or amongst its clients. In such cases, the reimbursement shall be suspended until the A-FIU states that there is no longer any reason to pursue the case further.

Due to EURAM Bank's [severe legal breaches](#) in the area of the prevention of money laundering and terrorist financing, the A-FIU was informed about potential suspicions. The A-FIU continuously receives further information on numerous clients in accordance with article 14 para. 3 ESAEG in conjunction with article 16 of the [Federal Act on the Prevention of Money Laundering and Terrorist Financing in Financial Markets](#) (Finanzmarkt-Geldwäschegesetz, FM-GwG).

The A-FIU fulfils its legal mandate and examines the deposits on suspicion of money laundering or terrorist financing before making any declaration to *Einlagensicherung Austria Ges.m.b.H*. Given the extreme complexity of the client's beneficial ownership and financial structures, the inadequacy of client due diligence documentation, the cross-connections between the bank's management and many clients, the numerous international connections to offshore destinations, etc., the A-FIU treats the case **as one single and interrelated analysis complex**. Therefore, analysing this case as a whole, is a resource-intensive and time-consuming matter.

Currently, it is not possible to give an estimate on when the A-FIU will conclude the analysis of the case. Until the entire analysis procedure has been completed, the A-FIU will not issue any statement that there are no grounds for further prosecution to *Einlagensicherung Austria Ges.m.b.H*.

Can the analysis of the A-FIU be accelerated in relation to certain clients?

No. Given the extreme complexity of the client's beneficial ownership and financial structures at EURAM bank, the inadequacy of client due diligence documentation, the cross-connections between

the bank's management and many clients, the numerous international connections to offshore destinations, etc., the A-FIU treats the case as one single and interrelated analysis complex.

In view of the bank's failings and the great complexity of the case, the A-FIU assesses the case with the necessary accuracy. The A-FIU defines the analysis process and its priorities on a risk-based approach; respecting the principle of equal treatment and the prohibition of discrimination, it is not possible to move individual clients forward. Until the entire analysis procedure has been completed, the A-FIU will not issue any statement that there are no grounds for further prosecution to *Einlagensicherung Austria Ges.m.b.H.*

Can the A-FIU order a payout?

No. The A-FIU has no influence on the suspension of payments ordered by the authorities or on the prohibition of payments under the insolvency act. The A-FIU has no legal power to instruct the EURAM Bank to payout its clients.

Does the A-FIU conduct criminal investigations against customers of EURAM Bank?

No. As mentioned, the A-FIU has to analyse the case and – where appropriate – has to make a statement to *Einlagensicherung Austria Ges.m.b.H.* that there are no grounds for further prosecution. The analysis of the A-FIU does not constitute an investigation based on the *Criminal Procedure Code*.

Where analysis gives reason to suspect criminal activity with regard to money laundering, predicate offences or terrorist financing, the A-FIU is legally obliged to disseminate the results of the analysis to the prosecuting authorities (e.g. law enforcement agencies or public prosecutors). In such cases, the law enforcement authorities initiate a criminal investigation; they are legally obliged to inform bank clients as soon as possible about the investigation and their rights under criminal law.

Information about personal data

Clients of EURAM-Bank can request information on their personal data held by A-FIU in accordance with article 44 of the Data Protection Act.

Name and contact details of the controller:

Federal Minister of the Interior

Herrengasse 7

1010 Vienna

post@bmi.gv.at

Contact details of the data protection officer:

Herrengasse 7

1010 Vienna

bmi-datenschutzbeauftragter@bmi.gv.at

If special provisions to provide information exist (in this case the Data Protection Act), the General Information Act ([Auskunftspflichtgesetz](#)) does not apply.