

”Too Big to Jail”?

Four years of inaction in the investigation of Moldovan financial crimes

Executive summary

Building on last year’s work, this paper gives a further overview of events that show the lack of a credible and transparent investigation of the financial crimes that have devastated Moldova’s economy and compromised the country’s trust before its partners and its citizens. Over one billion USD has vanished from the National Bank reserves, and around 22 billion USD were laundered through Moldova to EU accounts.

In the fourth year since these crimes became known, the authorities show attempts to legalize proceeds of corrupt practice, block investigations, distort facts about the financial crimes, such as the amount stolen, assets recovered, filter information that is to become public, thus trying to prevent public pressure from building up on institutions and individuals. In an attempt to make the subject go away and be forgotten, the authorities avoid, at all cost, discussion on the subject, thus the agenda is mainly dictated by civil society.

Although denied by the Moldovan authorities, Moldova went through a deep crisis in the last two years. While the short and medium term effects of the crisis are passed, such as inflation, currency exchange rate, cost of credit, consumer prices, they give way to the long-term effects – more corruption, lost growth, public debt, and state capture.

It is important to recognize progress where progress exists. The reforms of the banking sector accelerated, but this happened only after the Moldovan banks have been used to launder massive amounts, and to rob the country’s population of 15% of its GDP. It is important not to allow these reforms be an acceptable alternative to the investigation, prosecution of these crimes and asset recovery, as the Moldovan authorities try to position them.

The most dangerous effect of the financial crimes is corruption that is settling in, having become a clear impediment for the functioning of democratic institutions in Moldova. We see the country sliding into authoritarianism, and corruption is a good lubricant of this process. Corruption in Moldova has reached levels that cannot be overcome from within.

It is in the EU’s interest to step in directly to investigate the financial crimes, prosecuting those responsible and support an independent asset recovery mechanism – all of them far from the Moldovan authorities’ reach. Only with the direct involvement of the EU institutions and member states in the investigation can these crimes, that directly affected the EU financial system and are still putting the EU security at risk, have a chance to see credible investigation.

Gradually, the money laundered through Moldova is seen in action inside the EU countries, thus prosecuting and investigating becomes a matter of EU internal security. The best way to discourage such actions for the future is personal sanctions against those involved in the process – people from the administration, business and politics.

The EU has to support the Moldovan democracy and anticorruption efforts, acting in full accordance with the European Parliament Resolution of September 13 2017. Article 18 of the EU-Moldova Association Agreement must be enacted.

Because it is clear that the Moldovan authorities will not act, someone has to, and the European Union is in the best position to do so, following its own interests, but also values, commitments, and legislation.