Virgile Amaudric du Chaffaut

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Mail delivered 29th March 2018 – section A2

High Court of Paris
Office of Records
Paris, 2018 March 22

By email: minutes.tgi-paris@justice.fr
Matter: request for a copy of the judgment
Reference:

- **Judgment of the 32nd courtroom of the Correctional Tribunal of Paris at the 6th, July 2017**
- **Case number: 11203092048**

Lady, Lord,

It is as an attorney at the Paris Bar that I am addressing you,

One of my clients is particularly concerned about the conditions under which he can be legally responsible for his financial and bank affairs in his professional activity.

For the sake of wariness, and even prevention, he would like all arrangements, noticeably with respect to his own clients, to be done with a maximum juridical security in mind in order to carry out his activity untroubled according to the law and in such a way that it can be juridically interpreted.

For this reason, he would like to be made aware of the judgment pronounced on the 6th of July 2017 by the 32nd courtroom of the Correctional Tribunal of Paris, whose case number is 11203092048.

My client is informed that this judgment, which has been appealed, is not definitive. In fact, this decision is in any case remarkable and worthy of interest, especially because of the sentencing that it has produced and the responsibility of a banking institution for laundering tax fraud that it has withheld.

It is thus legitimate for a banking institution to thoroughly know the motivation that led the 32nd courtroom of the Correctional Tribunal of Paris to make this decision.

This is the reason why I have the honor of soliciting a copy of the trial previously mentioned and counsel from the Court on this matter on behalf of the client, whose name I cannot disclose, in order to carry out a jurisprudential study.

Thank you in advance for having taken this request into consideration.

Yours respectfully,

[illegible signatures and stamps]

Virgile Amaudric du Chaffaut

Member of an association accepted by the fiscal administration – Paychecks are accepted

Appeals on the Judgment of July 6, 2017
(32nd Correctional Courtroom)
№ parquet 11203092048

[illegible stamp]

➢ **July 12, 2017**

☐ **Alexander PANKOV**
☐ **RIETUMU BANKA**
☐ on D.C. / D.P.

☐ **Attorney General**
against Alexander PANKOV and RIETUMU BANKA

☐ **July 13, 2017**

☐ **Menahem BRODOWICZ**
☐ **Emmanuelle KALFON, ABITBOL (married surname)**
☐ **Bruno RIBEIRO MARTINS**
☐ **Scott MC PHERSON**
☐ **Frederic BELMA**
☐ **Sandrine SANCHEZ**
☐ **Alexandra GILLET**
on DC / DP

☐ **Attorney General**
against Menahem BRODOWICZ, Emmanuelle KALFON married ABITBOL, Bruno RIBERIRO MARTINS, Scott MC PHERSON, Frederic BELMA, Sandrine SANCHEZ, and Alexandra GILLET

☐ **July 17, 2017**

☐ **Frederic BELMA** (corrigendum: addition of a prevention measure)
☐ **Sandrine SANCHEZ** (corrigendum: addition of a prevention measure)
Alexandra GILLET (corrigendum: addition of a prevention measure)
on D.C. / D.P.
☐ **Magali SCHINAZI**
on D.C.

☐ **July 20, 2017**

☐ **The General Directorate of Public Finances - plaintiff**
against Sergejs SCUKA, Nadav BENSOUSSAN, Thierry PASZKIER, Magali SCHINAZI, RIETUMU BANKA, Emmanuelle KALFON, Sandrine SANCHEZ, Menahem BRODOWICZ, Bruno RIBEIRO MARTINS, Alexandra GILLET, Frederic BELMA, David CATEL, SCOTT MACPHERSON, Frederic LUCIANO, Alexander PANKOV and Yaakov Kopul VOGEL

☐ **July 21, 2017**

☐ **The French State - plaintiff**
against Sergejs SCUKA, Nadav BENSOUSSAN, Thierry PASZKIER, Magali SCHINAZI, RIETUMU BANKA, Emmanuelle KALFON, Sandrine SANCHEZ, Menahem BRODOWICZ, Bruno RIBEIRO MARTINS, Alexandra GILLET, Frederic BELMA, David CASTEL, SCOTT MACPHERSON, Frederic LUCIANO, Alexander PANKOV and Yaakov Kopul VOGEL

Court of Appeal of Paris
High Court of Paris

Judgment of: July 6, 2017 at 10am
32nd Correctional Courtroom
№ minute: 1

Case number: 11203092048

CORRECTIONAL JUDGMENT

At the public hearing of the Correctional Court of Paris, TWENTY-SEVENTH FEBRUARY, FIRST MARCH, SECOND MARCH, SIXTH MARCH, EIGHTH MARCH, NINTH MARCH, THIRTEENTH MARCH, FIFTEENTH MARCH, SIXTEENTH MARCH, SEVENTEENTH MARCH, TWENTIETH MARCH, TWENTY-SECOND MARCH, TWENTY-THIRD MARCH, TWENTY-SEVENTH MARCH, TWENTY-NINTH MARCH, and THIRTIETH MARCH TWO THOUSAND SEVENTEEN, the proceeding has been started

ENTER:
Madam the ATTORNEY OF THE FINANCIAL REPUBLIC, in this court, pleader and prosecutor

PLAINTIFFS:

THE GENERAL DIRECTORATE OF PUBLIC FINANCES, whose head office is located c/o m. NORMAN BODARD Xavier 7 place de Valois 75001 PARIS 1ER, plaintiff, represented by Maître Xavier NORMAND-BODARD, attorney at the Bar of Paris (P141), and by Claire LITAUDON, attorney at the Paris Bar (P141), who file pleadings *in response to nullities* regularly dated and signed by the President and the Registrar and attached to the file, and who files regularly dated pleadings on the merits signed by the President and the Registrar and attached to the file.

THE FRENCH STATE, whose head office is located c/o m. NORMAN BODARD Xavier 7 place de Valois 75001 PARIS 1ER, plaintiff, represented by Xavier NORMAND-BODARD, attorney at the Paris Bar (P141), and by Maître Claire LITAUDON, attorney at the Paris Bar (P141), who submits her pleadings *in reply to the nullities*, which are duly dated and signed by the President and the Registrar and attached to the file, and who files regularly dated pleadings on the merits signed by the President and the Registrar and attached to the file.

AND

Warned:
Name: **SCUKA Sergejs**
born March 18, 1985 in RIGA (LATVIA)
to SCUKA Alexandre
Nationality: Latvian
Family situation: married - 2 children
Professional situation: Employee in a blanket and pillow company
Criminal record: never convicted

Residence: at M. Ariel GOLDMANN's house, 56 avenue Victor Hugo 75116 PARIS 16EME

Security measures:

- Ordinance stating that there is no precedent to seize the Judge of Freedoms and Detention dated December 12, 2012; ordinance of placement under judicial supervision on 12 December 2012, with the obligation to pay the sum of 80,000 euros to the Tribunal's revenue manager in one payment on the following dates: before 31st December 2012; this deposit guarantees representation in all acts of the proceeding up to 40,000 euros as well as the execution of the other obligations envisaged by the present order and representation in all acts of the proceeding up to 40,000 euros for the payment in the following order of the costs incurred by the plaintiff, of compensation for the damages caused by crime and the refunds as well as the maintenance debt (this part of the security deposit is paid by provision in application of article 142-1 of the Code of Penal Procedure), of the fees advanced by the public party and of the fines.
- Statement of Application for Partial Acquittal of the Judicial Control dated December 20, 2012;
- Statement of Application for Partial Acquittal of Judicial Control dated January 3, 2013; an ordinance of change of the judicial control dated January 9, 2013;

- Statement of Application for changing the judicial control dated February 4, 2013; rejection of change of judicial control dated February 15, 2013; notice of appeal dated February 18, 2013; judgment of the 2nd Courtroom of the Paris Court of Appeal on March 18, 2013, giving Sergejs SCUZA notice of his withdrawal of appeal;

[The administrator of this court having received the sum of 80,000 euros on January 11, 2013 - deposit paid]
- Declaration of Partial Acquittal Request for Judicial control dated March 29, 2013; rejection of partial acquittal of the judicial control dated April 8, 2013;
- Declaration of Partial Acquittal Request for Judicial control dated 16 May 2013; an ordinance of change of judicial control dated May 21, 2013;
- Ordinance of placement under Justice Control, Art. 179 of the CPP, dated October 10, 2016;
- Maintenance under judicial control by the trial court on December 5, 2016.

Criminal situation: placed under judicial control

present, assisted by Ariel GOLDMANN, attorney at the Paris Bar, who submits *nullities* duly dated and signed by the President and the Registrar and attached to the file and regularly dated pleadings on the merits signed by the President and the Registrar and attached to the file.

(Not attending to the pronouncement of the decision and represented by M. Ariel GOLDMANN)

Points of accusation:

☐ AGGRAVATED LAUNDERING: NORMAL COMPETITION TO AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME

COURT SEIZED BY: Ordinance of return to the Correctional Court dated October 10, 2016, followed by a citation given to his attorney who received and signed a copy of the original on November 3, 2016, followed by a referral to the court hearing of December 5, 2016.

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Warned:
Name: **BENSOUSSAN Nadav, Moche**
born July 19, 1978 in STRASBOURG (Bas-Rhin)
to BENSOUSSAN Claude and EDERY Linda
Nationality: French
Family situation: married
Professional situation: Development Manager - Employee
Criminal record: already convicted

Residence: 51 BOULEVARD SUCHET 75016 PARIS

Security measures:

- Ordinance of seizure of the Judge of Freedoms and the Detention for the placement in provisional detention on December 14, 2012; ordinance on December 14, 2012 saying that provisory detention and placement under judicial control should start, with the obligation to pay the Tribunal's revenue manager the sum of 300,000 euros in 12 parcels of 25,000 euros on the 1st working day of each month from 1 January 2013; this deposit guarantees the representation in all the acts of the proceeding up to 500,00 euros as well as the execution of the other obligations outlined by this ordinance and up to 2,500,000 euros for the payment in the following order of compensation for damage caused by the infringement, refunds and fines; notice of appeal dated December 19, 2012; judgment of the 2nd Courtroom of the Paris Court of Appeal on January 21, 2013, confirming and adding to the ordinance;
  [The commissioner of this court having received the sum of 2,000 euros on January 2, 2013; the sum of 23,000 euros on December 28, 2012; the sum of 25,000 euros on January 31, 2013; the sum of 25,000 euros on March 7, 2013; the sum of 25,000 euros on May 10, 2013; the sum of 25,000 euros on May 24, 2013; the sum of 20,000 euros on July 10, 2013; the sum of 9,000 euros on July 31, 2013; the sum of 20,000 euros on October 14, 2013; the sum of 126,000 euros on January 14, 2014; the sum of 200,000 euros on February 27, 2015]

- Declaration of request of Change in Judicial control dated June 10, 2013; rejection of change of judicial control dated June 17, 2013; notice of appeal dated June 20, 2013; judgment of the 8th Courtroom of the Paris Court of Appeal on the date of August 2013, confirmation the ordinance was made;
- Declaration of request of Change in Judicial control dated June 26, 2013; ordinance of rejection of variation of judicial control dated July 2, 2013
- Declaration of request of Change in Judicial control dated May 20, 2014; ordinance of partial acquittal of judicial control dated May 22, 2014;
- Declaration of request of Change in Judicial control dated December 22, 2014;
- Declaration of request of Change in Judicial control dated February 26, 2015;
- Request to change the judicial control dated April 3, 2015;
- Declaration of request of Change in Judicial control dated May 6, 2015;
- Declaration of request of Change in Judicial control dated July 31, 2015;
- Declaration of Pleadings for Acquittal from the Judicial control dated July 31, 2015;
- Declaration of Pleadings of Partial Acquittal for Judicial control dated September 4, 2015; ordinance of rejection of partial acquittal of the judicial control dated September 30, 2015;
- Exceptional Exit Request to leave the territory dated October 9, 2015; Exceptional authorization to leave the territory on October 13, 2015;
- Declaration of Pleadings for Acquittal from the Judicial control dated December 2, 2015;
- Declaration of Pleadings for Acquittal from the Judicial control dated February 2, 2016;

ordinance dismissing the application for partial and temporary acquittal from judicial control dated February 8, 2016;
- Declaration of change of the judicial control dated February 9, 2016;
- Declaration of Pleadings for Acquittal from the Judicial control dated March 11, 2016
- Declaration of Pleadings for Acquittal from the Judicial control dated March 11, 2016;
- Declaration of Pleadings for Acquittal from the Judicial control dated May 25, 2016;
- Declaration of Pleadings for Acquittal from the Judicial control dated September 12, 2016;
- Ordinance of placement under Justice Control, Art. 179 of the CPP, dated October 10, 2016;
- Maintenance under judicial control by the trial court on December 5, 2016.

Criminal situation: placed under judicial control

Present, assisted by Maître Philippe DEHAPIOT, attorney at the Paris Bar, and by Jean-Marc FEDIDA, attorney at the Paris Bar (E485) and by Maître Serge KIERSZENBAUM, attorney at the Paris Bar, who lay down regular pleadings on the merits dated and signed by the President and the Registrar and attached to the file. (present to the pronouncement of the decision and assisted by Maître Philippe DEHAPIOT, Maître Jean-Marc FEDIDA, and Maître Serge KIERSZENBAUM)

Points of accusation:

- ☐ FRAUDULENT SUBTRACTION IN A ESTABLISHMENT OR PAYMENT OF TAXES: DISSIMULATION OF AMOUNTS - TAX FRAUD
- ☐ OMISSION OF WRITING IN A ACCOUNTING DOCUMENT - TAX FRAUD
- ☐ FORGERY: FRAUDULENT ALTERATION OF TRUTH ON A DOCUMENT
- ☐ FRAUDULENT SUBTRACTION IN A ESTABLISHMENT OR PAYMENT OF TAXES: DISSIMULATION OF AMOUNTS - TAX FRAUD
- ☐ USE OF FORGERY IN DOCUMENTS
- ☐ RESOURCE TO THE SERVICES OF A PERSON EXERCISING A DISSIMULATED WORK
- ☐ FRAUD CARRIED OUT IN CRIMINAL CONSPIRACY
- ☐ AGGRAVATED LAUNDERING: NORMAL PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME
- ☐ AGGRAVATED LAUNDERING: NORMAL PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME
- ☐ PARTICIPATION IN CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

COURT SEIZED BY: Ordinance of return to the Criminal Court dated October 10, 2016, followed by summons delivered to a bailiff on November 7, 2016, followed by a registered letter with acknowledgment of receipt signed on November 9, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

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Warned:
Name: **PASZKIER Thierry, Daniel**
born May 31, 1972 in NEUILLY SUR SEINE (Hauts-De-Seine)
to PASZKIER Daniel and CHARLET Monique
French nationality
Family situation: divorced - 1 child

Occupational situation: Osteopath
Judicial record: never convicted
Residence: 10 BIS STREET OF THE BATIGNOLLES 75017 PARIS 17EME FRANCE

Security measures:

- Ordinance of placement under judicial control dated May 7, 2014, with the obligation to pay the manager of the Court the sum of 15,000 euros in 3 equal installments on the following dates of June 7, 2014, July 7, 2014 and August 7, 2014; this deposit guarantees the representation in all the acts of the proceeding up to 500 euros as well as the execution of the other obligations

envisaged by the present ordinance and up to 14,500 euros for the payment of the costs advanced by the plaintiff in the following order, compensation for damage caused by the infringement and restitutions, costs advanced by the public party, fines; notice of appeal dated May 15, 2014; Judgment of the 2nd Courtroom of the Paris Court of Appeal on July 3, 2014, partially reversing the ordinance made, and saying that Thierry PASZKIER will be compelled to pay the Revenue Manager of the High Court of Appeal of Paris the sum of 15,000 euros as a deposit of security, from which a sum of 5,000 euros already paid will be deducted on June 12, 2014, subject to collection, the remaining 10,000 euros to be paid according to the following terms: in 10 monthly installments, successive and equal to 1,000 euros, the first installment before 5 September 2014 and the following ones before the 5th of each month; [The director of this court having received the sum of 5,000 euros on June 12, 2014; the sum of 1,000 euros on September 17, 2014; the sum of 1,000 euros on October 3, 2014; the sum of 1,000 euros on November 6, 2014; the sum of 1,000 euros on December 9, 2014; the sum of 1,000 euros on February 13, 2015; the sum of 1,000 euros on March 23, 2015]
- Ordinance of placement under Judicial Control, Article 179 of the CCP, dated October 10, 2016;
- Maintenance under judicial control by the trial court on December 5, 2016.

Criminal situation: placed under judicial control

present, assisted by Maître Pierre SILVE, attorney at the Paris Bar (A540).
(Not attending to the pronouncement of the decision and represented by Me SILVE).

Points of accusation:

☐ LAUNDERING: PARTICIPATION IN A PLACEMENT OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME PUNISHED WITH A PENALTY NOT EXCEEDING 5 YEARS

TRIBUNAL SEIZED BY: Ordinance of return to the Correctional Court dated October 10, 2016, followed by summons handed to the bailiff on November 3, 2016, followed by a registered letter with unclaimed acknowledgment of receipt, followed a referral to the hearing based on the contradictory principle on December 5, 2016.

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Warned:
Name: **SCHINAZI Magali, DANINO (married name)**
born on December 3, 1979 in BAGNOLET (Seine-Saint-Denis)
to SALOMON Sidney and GHNASSIA Elyette
French nationality
Family situation: married - 2 children
Professional situation: Lawyer
Criminal record: never convicted

Residence: at Me Romain's house, BOULET 27, rue Taitbout 75009 PARIS 9EME

Security measures:

- Ordinance of placement under judicial control on the date of May 5, 2014, with the obligation to pay the revenue manager of the Court the sum of 25,000 euros in 3 installments on the following dates: 8,000 euros on June 5, 2014, 8.000 euros on July 5, 2014, 9,000 euros on August 5, 2014; this deposit guarantees the representation in all the acts of the proceeding up to 1.000 euros as well as the execution of the other obligations envisaged by the present ordinance and up to 24,000 euros for the payment of the costs advanced by the plaintiff in the following order, compensation for damages caused by the crime and restitutions, costs advanced by the public party and fines; PNF notice of appeal dated May 9, 2014; judgment of the 2nd Courtroom of the date of June 30, 2014, partially reversing the ordinance made and saying that Ms. Magali SCHINAZI will be required to pay the revenue manager of the High Court of Paris the sum of 25,000 euros as security deposit, according to the following terms: in 10 monthly installments, successive and equal to 2,500 euros, the first installment before September 5, 2014 and the following before the 5th of each month, and confirms for the surplus the ordinance business;

- Declaration of request to change the judicial control dated September 24, 2014; ordinance of partial acquittal of the judicial control dated September 26, 2014, reducing the amount of the security deposit to the sum of 12,500 euros (2,500 euros having already been paid), 1,000 euros guaranteeing the representation and 11,500 euros guaranteeing the repair of the damages and the restitutions, the expenses advanced by the public part and the fines, in 10 installments of 1,000 euros, the first as from November 5, 2014[The director of this court received the sum of 2,500 euros on September 22, 2014; the sum of 1,000 euros on November 3, 2014; the sum of 1,000 euros on November 28, 2014; the sum of 1,000 euros on January 6, 2015; the sum of 1,000 euros on February 6, 2015; the sum of 1,000 euros on March 6, 2015; the sum of 1,000 euros on April 9, 2015; the sum of 1,000 euros on May 19, 2015; the sum of 3,000 euros on June 1, 2015 - deposit paid]

- Ordinance of placement under Judicial Control, Art. 179 of the CPP, dated October 10, 2016;
- Maintenance under judicial control by the trial court on December 5, 2016.

Criminal situation: placed under judicial control

present, assisted by Maître Romain BOULET, attorney at the Paris Bar (Toque J92). (Not appearing at the pronouncement of the decision and represented by Mr. Romain BOULET).

Points of accusation:

- ☐ COMPLICITY OF TAX FRAUD
- ☐ COMPLICITY OF FRAUD IN CRIMINAL CONSPIRACY
- ☐ AGGRAVATED LAUNDERING: NORMAL PARTICIPATION TO A OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME
- ☐ PARTICIPATION IN CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

COURT SEIZED BY: Ordinance of return to the Correctional Court dated October 10, 2016, followed by a summons given to his attorney who received a signed copy of the original on November 3, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

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Warned:
Company name: **RIETUMU BANKA**
SIREN / SIRET number: RCS 513591636
RCS number:
Address: CLIFFORD CHANCE 9 Place Vendôme 75001 PARIS 1ER

Criminal record: never convicted

Security measures:

- Ordinance of placement under judicial control on May 23, 2014, with the obligation to pay the revenue manager of the Tribunal the sum of 20 million euros in one installment before June 23, 2014; this deposit guarantees the representation to all the acts of the proceeding up to 2 euros as well as the execution of the other obligations envisaged by this ordinance and up to 18 euros for the payment of expenses brought by the plaintiff in the following order, compensation for damage caused by the infraction and restitution, costs advanced by the public party and fines; E-mail of the investigating judge dated June 17, 2014, postponing the deadline for payment of the deposit to the day following the delivery of the judgment of the Instruction Courtroom of Paris; notice of appeal dated May 26, 2014; judgment of the 2nd Courtroom of the Paris Court of Appeal on July 3, 2014, confirming the ordinance made; judgment of the Criminal Division of the Court of Cassation dated October 8, 2014 dismissing the appeal;

- Ordinance of information on July 10, 2014, for the purpose of making an application for an change in the judicial control; requisitions for variation of judicial control dated July 11, 2014; ordinance of change of the judicial control dated July 21, 2014, with the immediate prohibition of carrying on activities in France to receive deposits, other repayable funds and payment services, with respect of the freedom to provide services or freedom of establishment;
- Ordinance of placement under Judicial Control, Article 179 of the CCP, dated October 10, 2016;
- Maintenance under judicial control by the trial court on December 5, 2016.

represented by Mr. Alexander PANKOV, his legal representative, assisted by Mr. Patrick KLUGMAN, attorney at the Paris Bar (R26), Mr. Charles-Henri BOERINGER, attorney at the Paris Bar (K112) and Mr. Yvan TEREL, a member of the Bar of Paris (R26), who file pleadings of *nullity* regularly dated and signed by the President and the Registrar and attached to the file and who submit pleadings on merits regularly dated and signed by the President and the Registrar and attached to the file.

(Not present at the decision and represented by Patrick KLUGMAN and Yvan TERREL).

Points of accusation:

- ☐ AGGRAVATED LAUNDERING: NORMAL PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME

COURT SEIZED BY: Ordinance of return to the Correctional Court dated October 10, 2016, followed by a bailiff's summons on November 3, 2016 followed by a registered letter with acknowledgment of receipt signed on November 10, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

Warned:
Name: **KALFON Emmanuelle Rolande, ABITBOL (married name)**
born on May 3, 1979 in PARIS 75019
to KALFON Guy and COHEN Esther
Nationality: French
Family situation: married - 3 children
Professional situation: Consultant
Criminal record: never convicted

Residence: 125 Boulevard du General Koenig 92200 NEUILLY SUR SEINE FRANCE

Security measures:
- Ordinance of placement under judicial control dated December 12, 2012.

Criminal situation: free

present, assisted by Maître Grégory SIKSIK, attorney at the Paris Bar (toque D985).
(present at the pronouncement of the decision and assisted by Me Grégory SIKSIK).

Points of accusation:

- ☐ AGGRAVATED LAUNDERING : NORMAL PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME
- ☐ PARTICIPATION IN CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

COURT SEIZED BY: Ordinance of return to the Correctional Court dated October 10, 2016, followed by a citation delivered personally on November 15, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

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Warned:
Name: **SANCHEZ Sandrine Jeanne**
born on August 31, 1982 in PARIS 75018
to SANCHEZ Alphonse and HERBIN Jeanine
Nationality: French
Family situation: partner in a civil solidarity pact
Professional situation: Sales Coordinator - Employee
Criminal record: never convicted

Residence: 39 Avenue Georges Pompidou 92300 LEVALLOIS PERRET FRANCE

Security measures:
- Ordinance of placement under judicial control dated December 12, 2012.

Criminal situation: free

present, assisted by Maître Ophélia CLAUDE, attorney at the Paris Bar (Toque J022), who submits pleadings on the merits regularly dated and signed by the President and the Registrar and attached to the file.
(present to the decision and assisted by Me Ophélia CLAUDE).

Points of accusation:

- ☐ AGGRAVATED LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME
- ☐ PARTICIPATION IN CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

COURT SEIZED BY: Ordinance of return to the Criminal Court dated October 10, 2016, followed by a citation sent to the bailiff on November 17, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

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Warned:
Name: **BRODOWICZ, Menahem Mendel**
born April 10, 1982 in PARIS 75014
to BRODOWICZ Serge and AZOULAY Adrienne
Nationality: French

Family situation: married
Work situation: Unemployed since June 2015
Criminal record: never convicted

Residence: 127, Avenue Jean-Baptiste Clément 92100 BOULOGNE BILLANCOURT FRANCE

Security measures:
- Ordinance of placement under judicial control dated December 13, 2012.

Criminal situation: free

present, assisted by Me. Benoît ATTAL, attorney at the Paris Bar, who submits substantive pleadings on the merits regularly dated and signed by the President and the Registrar and attached to the file.
(Not present at the pronouncement of the decision).

Points of Accusation:

- ☐ AGGRAVATED LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME
- ☐ PARTICIPATION IN CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

COURT SEIZED BY: Ordinance of return to the Criminal Court dated October 10, 2016, followed by citation sent to the bailiff issued on November 17, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

Warned:
Name: **RIBEIRO MARTINS Bruno**
born on January 16, 1981 in Lisbon (PORTUGAL)
to MARTINS José and ROCH Lucia
Nationality: Portuguese
Family situation: single
Professional situation: Employed in a management company
Criminal record: never convicted

Residence: 36 AVENUE OF 3 SEPTEMBER APPT DRC 06320 CAP D'AIL

Security measures:
- Ordinance of placement under judicial control dated December 13, 2012.

Criminal situation: free

present, assisted by Me. Guillaume DAPSANCE, attorney at the Paris Bar, who submits substantive pleadings regularly dated and signed by the President and the Registrar and attached to the file.
(not present at the pronouncement of the decision).

Points of accusation:

- ☐ AGGRAVATED LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME
- ☐ PARTICIPATION IN CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

COURT SEIZED BY: Ordinance of return to the Criminal Court dated October 10, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

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Warned:
Name: **GILLET Alexandra**
born May 31, 1977 at FONTENAY SOUS BOIS (Val-De-Marne)
to GILLET Alain and BOSI Micheline
Nationality: French
Family situation: living together with a partner - 1 child
Professional situation: Employee in a condominium management
Legal antecedent: never condemned
Residence: 4 Place Edouard Renard 75012 PARIS 12TH FRANCE

Security measures:
- Ordinance of placement under judicial control dated December 13, 2012.
Criminal situation: free

present, assisted by Maître Stéphane SEBAG, attorney at Paris Bar (Toque G768), who submits substantive pleadings on the merits regularly dated and signed by the

President and the Registrar and attached to the file.
(present at the pronouncement of the decision).

Points of accusation:

☐ AGGRAVATED LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME

☐ PARTICIPATION IN CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

COURT SEIZED BY: Ordinance of return to the Correctional Court dated October 10, 2016, followed by a citation delivered to the bailiff on November 9, 2016, followed by a letter with acknowledgment of receipt signed on November 14, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

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Warned:
Name: **BELMA Frédéric, Elie**
born on February 8, 1970 in CHARENTION LE PONT (Val-De-Marne)
to BELMA Sydney and HADDAD Marie-Antoinette
Nationality: French
Family situation: married - 2 children
Work situation: Micro-enterprise
Criminal record: never convicted

Residence: 92 Avenue Victor Hugo 92100 BOULOGNE BILLANCOURT FRANCE

Security measures:

- Ordinance of placement under judicial control on December 13, 2012, with the obligation to pay the revenue manager of the Tribunal the sum of 80,000 euros in one installment before January 15, 2013; this deposit guarantees the representation in all the acts of the proceeding up to 20,000 euros as well as the execution of the other obligations envisaged by the present ordinance and 60,000 euros for the payment of expenses brought by the plaintiff in the following order: compensation for the damage caused by the crime and restitution as well as the maintenance of the debt, this part of the security being paid provisionally pursuant to Article 142-1 of the Code of Criminal Procedure, charges advanced by the public party and fines.
- Declaration of request to change the judicial control dated January 10, 2013; ordinance amending the judicial control dated January 14, 2013, with the obligation to pay the revenue manager of the Tribunal the sum of 80,248 euros in one payment before January 15, 2013; this deposit guarantees the representation in all the acts of the proceeding up to 20,000 euros as well as the execution of the other obligations envisaged by the present order and up to 60,000 euros in the following order of the expenses advanced by the plaintiff: the repair of the damages caused by the infringement and the restitutions as well as the food debt, this part of the guarantee being paid by provision in application of the Article 142-1 of the Code of Criminal Procedure, charges advanced by the plaintiffs and fines.

[The commissioner of this court having received the sum of 80,248 euros on January 18, 2013 - deposit paid]

- Declaration of Application for Partial Acquittal and Amendment of Judicial Control

dated April 4, 2014; Ordinance of Partial Acquittal and change of the Judicial Control dated April 9, 2014.
- Ordinance of placement under Judicial Control, Art. 179 of the CPP, dated October 10, 2016;
- Maintenance under judicial control by the trial court on December 5, 2016.

Criminal situation: placed under judicial control

present, assisted by Maître Xavier FILET, attorney at the Paris Bar (D82), ex officio, who files validly dated pleadings of *nullity* signed by the President and the Registrar and appended to the file and submits substantive pleadings on the merits regularly dated and signed by the President and the Registrar and attached to the file.

(Not present or represented at the time of pronouncement of the judgement).

Points of accusation:

- ☐ AGGRAVATED LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME
- ☐ PARTICIPATION IN CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

COURT SEIZED BY: Ordinance of return to the Criminal Court dated October 10, 2016, followed by a citation delivered personally on November 14, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

*****

Warned:
Company name: **SCOTT MACPHERSON**
N ° SIREN / SIRET:
RCS number:
Address: 14 avenue d'Eylau 75016 PARIS 16EME
represented by Mr. Gilles VIBES, his legal representative, assisted by Mr. Luc BROSSOLET, attorney at the Paris Bar, who submits substantive pleadings on the merits

regularly dated and signed by the President and the Registrar and attached to the file.
(Represented by Mr. Gilles VIBES at the time of the decision).

Points of Accusation:

- ☐ LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME PUNISHED WITH A PENALTY NOT EXCEEDING 5 YEARS

COURT SEIZED BY: Ordinance of return to the Correctional Court dated October 10, 2016, followed by a citation given to a person declaring himself authorized who agreed to receive the copy and sign the original on November 3, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

*****

Warned:
Name: **LUCIANO Frédéric, Pierre**
born March 29, 1962 in ST DIZIER (Haute-Marne)

to LUCIANO Pierre and BAUDIN Solange
Nationality: French
Family situation: married - 1 child
Professional situation: Company Manager - Self-employed worker
Criminal record: never convicted

Address: at Sabrina GOLDMAN's house, 42 Rue Etienne Marcel 75002 PARIS 2nd FRANCE

Criminal situation: free
present, assisted by Master Sabrina GOLDMAN, lawyer at the Paris Bar, who submits substantive pleadings on the merits regularly dated and signed by the President and the Registrar and attached to the file.

(Not present at the pronouncement of the decision and represented by Me Sabrina GOLDMAN).

Points of accusation:

- ☐ LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A DELIT PUNISHED WITH A PENALTY NOT EXCEEDING 5 YEARS

COURT SEIZED BY: Ordinance of return to the Correctional Court dated October 10, 2016, followed by a citation sent to the bailiff on November 7, 2016, followed by a referral to the hearing based on the contradictory principle on December 5, 2016.

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Warned:
Name: **PANKOV Alexander**
born on April 22, 1973 in SARANSK (RUSSIAN FEDERATION)
to PANKOV Piotr and SOKOLOVA Galina
Nationality: Latvian
Family situation: married - 2 children
Professional situation: Director of RIETUMU BANKA
Criminal record: never convicted

Residence: C / o Mr. Patrick KLUGMAN 1 Avenue Montaigne 75008 PARIS 8EME

Security measures:

- Ordinance of placement under judicial control dated December 15, 2014, with the obligation to pay the revenue manager of the Tribunal the sum of 200,000 euros in 4 monthly installments, the first payment to be made on December 3, 2014; this deposit guarantees the representation in all the acts of the proceeding up to 20,000 euros as well as the execution of the other obligations envisaged by the present order and the amount of 180,000 euros for the payment in the following order of repair of damage caused by the crime and fines.
- Mr. PANKOV's Letter of counsel on December 26, 2014; written requisitions for revocation of judicial control and referral to the Judge of Freedoms and Detention for the purpose of remand in custody on January 6, 2015;

[the director of this court having received the sum of 50,000 euros on January 2, 2015; the sum of 50,000 euros on February 24, 2015; the sum of 50,000 euros on March 25, 2015

- Ordinance of placement under Judicial Control, Article 179 of the CCP, dated October 10, 2016;
- Maintenance under judicial control by the trial Court on December 5, 2016.

Criminal situation: placed under judicial control

present, assisted by Patrick KLUGMAN, attorney at the Paris Bar (R26), Maître Charles-Henri BOERINGER, attorney at the Paris Bar (K112) and Maître Yvan TEREL, attorney at the Paris Bar (R26), who file declarations of *nullity* duly dated and signed by the President and the

Registrar and attached to the file, who lay down substantive pleadings regularly dated and signed by the President and the Registrar and attached to the file. [N.T. in the original document, this repetition appears. This is a mistake. The second part can be simply ignored.] in the presence of Mrs. Victoria KOVAL-RASHEVSKALA, Russian language interpreter, registered on the list of experts of the High Court of Paris, who provided services according to the provisions of Article 407 of the Code of Criminal Procedure.

(Not present at the pronouncement of the decision and represented by Patrick KLUGMAN and Maître Yvan TEREL).

Points of accusation:

- ☐ AGGRAVATED LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME
- ☐ VIOLATION BY A PHYSICAL PERSON OF A PROHIBITION IMPOSED BY THE JUDICIAL CONTROL OF A LEGAL PERSON

COURT SEIZED BY: Ordinance of return to the Correctional Court dated October 10, 2016, followed by a citation delivered to his attorney who received and signed a copy of the original on November 3, 2016, followed by a referral to the hearing based on the contradictory principle on 5 December 2016.

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Warned:
Name: **VOGEL Yaakov Kopul**
born April 22, 1981 in LONDON (UNITED KINGDOM)
Nationality: unknown
Family situation : /
Professional situation : /
Criminal record: never convicted

Staying: /

Criminal situation: fugitive

Arrest Warrant dated April 02, 2015

not present, nor represented.
(Neither present at nor resubmitted to the pronouncement of the decision).

Points of accusation:

☐ AGGRAVATED LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME

COURT SEIZED BY: Ordinance of return to the Correctional Court dated October 10, 2016, followed by a citation in the Courtroom dated November 3, 2016.

WITNESSES

Name: **BOURKES MICHAEL**
born January 13, 1952 in Tipperary (Ireland)
Nationality: Irish
Residence: 84, Glenvar Park, Knocklyon, DUBLIN 16 (IRELAND)
Mode of appearance: present at the judicial hearing of 16 March 2017 at 13:30.

Name: **MUHINA Jevgenija**
Nationality: Latvian
Residence: Anninmuizas bulv 43-119, LV - 1067 RIGA Latvija (LATVIA)
Mode of appearance: present at the judicial hearing of March 6, 2017 at 1:30 pm.

DISCUSSIONS

Following an ordinance of one of the examining magistrates of this Court dated October 10, 2016, Mr. Nadav BENSOUSSAN, Mr. David CASTEL, Mrs. Magali SCHINAZI, Mrs. Sandrine SANCHEZ, Mrs. Emmanuelle KALFON, Mr. Bruno RIBEIRO MARTINS, Mr. Menahem BRODOWICZ, Mrs. Alexandra GILLET, Mr. Frédéric BELMA, Mr. Yaakov VOGEL, the RIETUMU BANKA, Mr. Alexander PANKOV, Mr. Sergejs SCUKA, Mr. Thierry PASZKIER, SAS SCOTT MACPHERSON, Mr. Frédéric LUCIANO, are referred to the Correctional Court under the prevention measures:

Nadav BENSOUSSAN:

for having, **in Paris**, as de jure manager, and then de facto manager, of the companies FFC and FFC LTD, **from 2007 to 2010**, voluntarily and fraudulently subtracted from these companies the establishment and the total payment of taxes due for the years 2007 to 2009, by abstaining from making VAT returns for the period of January 1, 2008 to February 2009 and corporate income tax for 2007, 2008 and until March 23, 2009 for FFC,

for having, **in Paris**, as de jure manager, and then de facto manager, of the companies NBC CONSEIL, RIVAL PLUS and RIVAL PLUS LTD, **from 2007 to 2010**, willfully and fraudulently subtracted from these companies the establishment and the total payment of taxes from 2007 to 2009, by submitting a reduced VAT declaration for the year 2007 and by

abstaining from making VAT declarations for the period of January 1, 2008 to March 31, 2009 and corporate income tax for 2007, 2008 and until June 12, 2009 for FFC and June 12, 2009 for RIVAL PLUS,

acts described and punishable by Article 1741 of the General Tax Code.

For having, **in Paris, from 2009 to December 10, 2012,** fraudulently corrupted the truth of several written documents intended to establish evidence of a right or fact with legal consequences, in this case mentioning on FOS receipts an inexact entity (David CASTEL or MKCF) and false account names, to the detriment of the tax administration and the companies that paid these bills,

acts described and punishable by Articles 441-1, 441-10 of the Criminal Code.

For having been **in Paris,** fraudulently subtracting from the establishment and from the total or partial payment of the taxes due for the years 2007 to 2010, particularly by submitting reduced statements for the years 2007 and 2009 and abstaining from submitting the overall declaration of income for the year 2008,

acts described and punished by Article 1741 of the General Tax Code.

for having, i**n Paris, from 2008 to July 2011**, made usage of a falsified tax bill for 2007 showing treatments and wages up to 309,187 euros in order to obtain the renting of a real estate property located at 52 avenue Victor Hugo, while its officially declared income amounted to 70,550 euros for the same period,

acts described and punishable by articles 441-2, 441-10 of the penal code.

for having, **in Paris, until December 10, 2012**, being employed by Sandrine SANCHEZ, Emmanuelle ABITBOL, Sophien MAAREF, Bruno RIBEIRO MARTINS, Alexandra GILLET, Frédéric BELMA, Mendel BRODOWICZ, intentionally subtracted from statements describing wages or social contributions based on those of the agencies of the collection of contributions and social security contributions or the tax administration under the legal provisions, in this case by intentionally withholding a portion of wages paid to these employees from the URSSAF contributions,

acts described and punishable by Articles L8221-1, L8221-5, L8224-1, L8224-3 and L8224-4 of the Labor Code.

for having, **in Paris** and on the national territory, **from 2007 until December 10, 2012**, by the abuse of a true quality of employer and by fraudulent maneuvers systematically consisting of declaring his employees without paying the contributions and transferring them three times to a new structure while organizing the insolvency of the previous one, deceived in his capacity as de jure manager, then de facto manager, of the companies FFC, then NBC, then HAUSMANN CONSEIL, then PRISSAK UK LTD and ANTERMOL UK LTD, the URSSAF

and the various social security funds, in order to determine them to guarantee social protection to these employees, and this was done in a criminal association,

acts described and punishable by Articles 313-1, 313-2, 313-7 and 313-8 of the Criminal Code.

for having, **in Paris**, **from 2008 to December 10, 2012,** participated, in his capacity as de facto manager of the offshore companies of the France Off Shore group, in the concealment or conversion operations, by the collection of the turnover defrauded by the offshore companies led by directors and nominated members, of the proceeds of tax evasion by FFC, FFC LTD, NBC, RIVAL PLUS, RIVAL PLUS LTD, and for having falsely justified the origin of these goods in France by using accounts held by third parties, including that of David CASTEL, with the circumstances that the acts were committed in the usual way

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Criminal Code.

for having, **in Paris,** from **2008 to December 10, 2012**, participated in the head of the group FRANCE OFFSHORE, in a formed group or in an agreement for the preparation of the crimes of laundering several delicts such as the laundering of tax evasion, punished with at least 5 years of imprisonment, characterized in particular by telephone advice or in appointments with customers as part of a managerial organization, by renting offices in Paris via a nominee lawyer, by a partnership with a Latvian bank, by a system of false billing, by the use of a computer server (customer relation service) relocated abroad,

acts described and punishable by Articles 450-1, 450-3 and 450-5 of the Criminal Code.

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David CASTEL:

For having, **in Paris**, **from December 2011 to December 2012**, by any means whatsoever, routinely altered the truth about at least 40 invoices at the head of the firm David CASTEL, mentioning fictitious legal services, while the benefits were made by FOS and had another goal, the nature altered to cause harm to the State,

acts described and punishable by Articles 441-1, 441-10 of the Criminal Code.

for having, **in Paris**, **from February to summer 2011**, by fraudulent maneuvers, namely communicating to the lessor the "Mutuelle des Architectes Français" [French Architect's Mutual Insurance], a false tax notice (overvalued income) with a false stamp of the cabinet of audit KPMG, deceived the MAF and have determined to it to lease the apartment at 140 Avenue Victor Hugo Paris 16th district,

acts described and punishable by Article 313-1, 313-7, 313-8 of the Criminal Code.

For having, **in Paris from January 1, 2008 to December 10, 2012,** participated in the placement, concealment and conversion of the proceeds of tax evasion committed by all companies working under the sign of FRANCE OFFSHORE, participating in the formation of the companies and the opening of the bank accounts of the mentioned companies, in particular by allowing the certification of the documents at the origin of these formations and these openings, but also by participating in the rental of the premises located at 140 avenue Victor Hugo providing his identity to the landlord, acting as a lawyer and ensuring the payment of rents after having received transfers of companies of the group practicing tax fraud in his French professional bank account,

including COMPADVISE LIMITED, FACTOREX LIMITED, with the circumstances that the acts were committed frequently and using the facilities provided by the exercise of the professional activity of a lawyer, the premises having been rented in such a way, and then used under the sign of the firm David CASTEL lawyer,

acts described and punishable by articles 324-1, 324-2, 324-3 and 324-7 of the penal code.

For having, **in Paris, from January 1, 2008 to December 10, 2012,** by falsely certifying the identity of the customers brought by the companies working under the sign of FRANCE OFFSHORE to its partner banks without meeting them and allowing others than him to use his professional stamp of certification on behalf of "David CASTEL lawyer", participated in concealment or conversion of the profits of FRANCE OFFSHORE's clients, direct or indirect products of tax evasion, misuse of corporate assets or frauds by criminal conspiracy committed by the latter, with the circumstances that the acts were habitually committed and using the facilities provided by the exercise of the professional activity of a lawyer,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Criminal Code.

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Magali SCHINAZI:

for, **in Paris**, **between January 1, 2009 and December 31, 2012,** by aid and assistance, in this case, proceeding to the formalities of appointments of figureheads, transfers of head offices, disposals of shares prior to operations of universal transfer of assets to English companies of rights whose only purpose was to evade tax obligations and procedures, and the cancellation of French companies, to have been complicit in the crimes of tax fraud committed by the companies FFC, FFC LIMITED, NBC, RIVAL PLUS, RIVAL PLUS LIMITED,

acts described and punishable by Articles 121-6 and 121-7 of the Penal Code and 1741 of the General Tax Code.

for having, **in Paris** and on the national territory, **from 2009 to 2012**, by the abuse of a true quality of employer and by fraudulent maneuvers (consisting of systematically declaring her employees without paying the contributions and transferring them three times on a new structure (FFC and NBC, then Haussman Conseil, and then Antermol and Prissac) while organizing the insolvency of the previous one), been complicit in the fraud committed by Nadav BENSOUSSAN to the harm of the URSSAF and the multiple credit union social securities, in order to force them to guarantee social protection to these employees, and in a criminal conspiracy, proceeding with the formalities of appointments of figureheads, transfer of headquarters, transfer of shares prior to universal transfer of assets and delisting,

acts described and punishable by Articles 313-1, 313-2, 313-7 and 313-8 of the Criminal Code.

for having, **in Paris, from 2009 to 2012**, participated, as a lawyer, in concealment operations or conversion of revenues of FRANCE OFFSHORE customers, obtained from crimes that provided these customers a direct or indirect profit, in this case particularly from cases of tax evasion, from abuse of corporate assets, from fraud, by proceeding with the formalities of appointment of figureheads, from transfers of head offices, from shares prior to universal transfer of assets and delisting, and this was done establishing contracts for the provision of bogus or overvalued services, with the circumstances that they have been habitually committed

acts described and punishable by Articles 324-1, 324-2, 324-3, 324-7 of the Criminal Code.

for having, **in Paris, from 2008 to December 10, 2012,** participated in the group FRANCE OFFSHORE, in a group formed or in an agreement for the preparation of the crimes of laundering of several crimes such as laundering of tax evasion, a crime punished with at least 5 years' imprisonment, characterized in particular by telephone advice or appointments with the clients as part of a managerial organization, by renting offices in Paris via a figurehead lawyer, a partnership with a Latvian bank, by a system of false billing, by the use of a computer server (customer relation service) relocated abroad,

acts described and punishable by Articles 450-1, 450-3 and 324-1 of the Criminal Code.

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Sandrine SANCHEZ:

for having, **in Paris**, **from December 2008 to December 2012,** participated as FRANCE OFFSHORE's commercial representative, in concealment or conversion operations (including the opening of bank accounts on behalf of off-shore companies headed by figurehead names and the attribution in France of means of payment to the customers) of the revenues of the customers of FRANCE OFFSHORE, resulting from crimes having provided to these customers a direct or indirect profit, in this case, in particular, tax evasion and the abuse of corporate assets, with the aggravating circumstance that this is habitually committed and using the

facilities afforded by the exercise of a professional activity, in this case, as commercial representative of France Offshore,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Criminal Code.

for having, **in Paris, from 2008 to December 10, 2012**, participated in the group FRANCE OFFSHORE, in a formed group or in an agreement for the preparation of the crimes of laundering several crimes such as laundering of tax evasion, a crime punished with at least 5 years of imprisonment, characterized in particular by telephone advice or appointments with customers as part of a managerial organization, by renting offices in Paris via a figurehead lawyer, a partnership with a Latvian bank, by a system of false billing, by the use of a computer server (customer relation service) relocated abroad,

acts described and punishable by Articles 450-1, 450-3 and 324-1 of the Criminal Code.

Emmanuelle KALFON:

For having, **in Paris, from September 2008 to July 2009, from January 2010 to March 2011, then from December 2011 to December 2012**, participated as a commercial representative in FRANCE OFFSHORE, in concealment or conversion operations (including the opening of bank accounts on behalf of off-shore companies headed by figurehead names and the allocation in France of means of payment to customers) of revenues of FRANCE OFFSHORE customers resulting from crimes that provided these customers with a direct or indirect profit, in particular, tax evasion and the abuse of corporate assets, with the aggravating circumstance that it was habitually committed and using the facilities afforded by the exercise of a professional activity, in this case, as commercial representative in FRANCE OFFSHORE,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Criminal Code.

for having, **in Paris, from 2008 to December 10, 2012,** participated in the group FRANCE OFFSHORE, in a formed group or in an agreement for the preparation of the crimes of laundering several crimes such as laundering of tax evasion, a crime punished with least 5 years of imprisonment, characterized in particular by telephone advice or appointments to customers as part of a managerial organization, by renting offices in Paris via a figurehead lawyer, a partnership with a Latvian bank, by a system of false billing, by the use of a computer server (customer relation service) relocated abroad,

acts described and punishable by Articles 450-1, 450-3, and 324-1 of the Criminal Code.

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Bruno RIBEIRO MARTINS:

for having, **in Paris, from January 2008 to December 2012,** participated as a commercial representative in FRANCE OFFSHORE, in concealment or conversion operations (including the opening of bank accounts on behalf of offshore companies headed by figurehead names and the attribution in France of means of payment to the customers) of the revenues of the FRANCE OFFSHORE customers, coming from crimes that provided these customers with a direct or indirect profit, in this case, in particular, tax evasion and the abuse of corporate assets, with the aggravating circumstance that it was committed habitually and using the facilities that comes from the exercise of a professional activity, in this case, as commercial representative in FRANCE OFFSHORE,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Criminal Code.

for having, **in Paris, from 2008 to December 10, 2012,** participated in the group FRANCE OFFSHORE, in a formed group or in an agreement for the preparation of the crimes of laundering several crimes such as laundering of tax evasion, a crime punished with at least 5 years of imprisonment, characterized in particular by telephone advice or appointments to customers as part of a managerial organization, by renting offices in Paris via a figurehead lawyer, a partnership with a Latvian bank, by a system of false billing, by the use of a computer server (customer relation service) relocated abroad,

acts described and punishable by Articles 450-1, 450-3 and 324-1 of the Criminal Code.

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Menahem BRODOWICZ:

For having, **in Paris, from September 2010 to December 2012,** participated as a commercial representative in FRANCE OFFSHORE, in concealment or conversion operations (including the opening of bank accounts on behalf of offshore companies headed by figurehead names and the attribution in France of means of payment to the customers) of the revenues of the FRANCE OFFSHORE customers, coming from crimes that provided these customers with a direct or indirect profit, in this case, in particular, tax evasion and the abuse of corporate assets, with the aggravating circumstance that it was committed habitually and using the facilities that come from the exercise of a professional activity, in this case, as commercial representative in FRANCE OFFSHORE,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Criminal Code.

for having, **in Paris, from 2008 to December 10, 2012**, participated in the group FRANCE OFFSHORE, in a formed group or in an agreement for the preparation of the crimes of laundering several crimes such as laundering of tax evasion, a crime punished with least 5 years of imprisonment, characterized in particular by telephone advice or appointments to customers

as part of a managerial organization, by renting offices in Paris via a figurehead lawyer, a partnership with a Latvian bank, by a system of false billing, by the use of a computer server (customer relation service) relocated abroad,

acts described and punishable by Articles 450-1, 450-3, and 324-1 of the Criminal Code.

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Alexandra GILLET:

for having, **in Paris, from February 2010 to December 2012,** participated as a commercial representative in FRANCE OFFSHORE, in concealment or conversion operations (including the opening of bank accounts on behalf of offshore companies headed by figurehead names and the attribution in France of means of payment to the customers) of the revenues of the FRANCE OFFSHORE customers, coming from crimes that provided these customers with a direct or indirect profit, in this case, in particular, tax evasion and the abuse of corporate assets, with the aggravating circumstance that it was committed habitually and using the facilities that come from the exercise of a professional activity, in this case, as commercial representative in FRANCE OFFSHORE,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Criminal Code.

for having **in Paris, from 2008 to December 10, 2012,** participated in the group FRANCE OFFSHORE, in a formed group or in an agreement for the preparation of the crimes of laundering several crimes such as laundering of tax evasion, a crime punished with at least 5 years of imprisonment, characterized in particular by telephone advice or appointments to customers as part of a managerial organization, by renting offices in Paris via a figurehead lawyer,

a partnership with a Latvian bank, by a system of false billing, by the use of a computer server (customer relation service) relocated abroad,

acts described and punishable by Articles 450-1, 450-3, and 324-1 of the Criminal Code.

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Frédéric BELMA:

for having **in Paris, running from 2010 to December 2012,** participated as a commercial representative in FRANCE OFFSHORE, in concealment or conversion operations (including

the opening of bank accounts on behalf of offshore companies headed by figurehead names and the attribution in France of means of payment to the customers) of the revenues of the FRANCE OFFSHORE customers, coming from crimes that provided these customers with a direct or indirect profit, in this case, in particular, tax evasion and the abuse of corporate assets, with the aggravating circumstance that it was committed habitually and using the facilities that come from the exercise of a professional activity, in this case, as commercial representative in FRANCE OFFSHORE,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Criminal Code.

for having, **in Paris, from 2008 to December 10, 2012,** participated in the group FRANCE OFFSHORE, in a formed group or in an agreement for the preparation of the crimes of laundering several crimes such as laundering of tax evasion, a crime punished with at least 5 years of imprisonment, characterized in particular by telephone advice or appointments to customers as part of a managerial organization, by renting offices in Paris via a figurehead lawyer, a partnership with a Latvian bank, by a system of false billing, by the use of a computer server (customer relation service) relocated abroad,

acts described and punishable by Articles 450-1, 450-3, and 324-1 of the Criminal Code.

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Yaakov VOGEL:

For having, **in London, in Latvia, in Hong-Kong, from 2007 and to 2012,** participated in concealment or conversion operations of the revenues of the customers of France Offshore, coming from crimes that provided these customers with a direct or indirect profit, in this case, particularly tax evasion, frauds by being nominated associate director of offshore companies sold by France Offshore and figurehead in the companies of the Laurence Poutney Ltd and Europe Offshore group, and this usual way,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Penal Code, L241-3 of the Commercial Code and 1741 of the General Tax Code

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RIETUMU BANKA:

for having, **in Paris and in Riga, from early 2007 to December 2012**, participated, as a Latvian credit institution, in concealment or conversion operations (notably by opening bank accounts on behalf of offshore companies run by figureheads and the attribution in France of means of payment to the customers) of revenues of the customers (customers brought by

FRANCE OFFSHORE), coming from crimes that provided these customers with a direct or indirect profit, in this case, in particular tax evasion, with the aggravating circumstance that it was habitually committed and using the facilities afforded by the exercise of a professional activity, in this case a credit institution in the sense of Article 511-1 of "Monetary and Financial Code."

acts described and punishable by Articles 121-2, 324-1, 324-2, 324-3 and 324-9 of the Criminal Code.

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Alexander PANKOV:

for having, **in Riga and in Paris, from the beginning of 2007 and until December 2012**, in his position as vice-president of the executive committee of the bank RIETUMU, participated in concealment or conversion operations including opening bank accounts in the name of offshore companies headed by figureheads and the allocation in France of means of payment to customers, revenues of these customers, customers brought in particular by FRANCE OFFSHORE, coming from crimes that provided these customers with a direct or indirect profit, in this case, in particular tax evasion, in the circumstances that the acts were habitually committed, using the facilities provided by the exercise of a professional activity, in this case as president of credit establishment in the sense of Article L 511-1 of the Monetary and Financial Code,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Criminal Code.

for having, **in Riga and in Paris, from June 24, 2014** on, in his position as president of the board of directors of the bank RIETUMU, violated the obligations imposed by the judgment of the courtroom of the instruction of Paris on July 3, 2014, which confirmed that bank RIETUMU was obliged to pay a deposit of 20,000,000 euros at the latest on June 23, 2014, by not having ordered the payment of this deposit,

acts described and punishable under Articles 434-43 of the Criminal Code and 706-45 of the Code of Criminal Procedure.

***

Sergejs SCUKA:

for having, **in Paris and in Riga, from September 2009 on**, participated, as a representative of bank RIETUMU, in concealment or conversion operations including the opening of bank accounts on behalf of offshore companies led by figureheads and the attribution in France of means of payment to the customers of the revenues of the customers brought by FRANCE

OFFSHORE, coming from crimes that provided these customers with a direct or indirect profit, in this case, in particular tax evasion,

with the aggravating circumstances that this was habitually committed and using the facilities provided by the exercise of a professional activity, in this case as the representative of the establishment of credit in the sense of Article 511-1 of the Monetary and Financial Code,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Criminal Code.

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Thierry PASZKIER:

For having, **in Latvia and France, from September 2007 to December 2009,** concealed and converted, through the Belizean company ANTENIA ALLIANCE LTD and its bank account in RIETUMU, the proceeds of misuse of corporate assets committed to the detriment of French company LIPOFORM and of corporate tax evasion (IS of LIPOFORM 2008-2009) and in the income tax for the years 2008-2009,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Penal Code, L241-3 of the Commercial Code and 1741 of the General Tax Code.

***

SAS SCOTT MACPHERSON:

for having, **in Latvia, the United Kingdom and France, from the beginning of 2008 to the end of 2010**, concealed and converted, through the British companies MEABURN LTD, Gibraltar MONDANI LTD, and the British Virgin Islands IMERYS ALLIANCE LTD and their bank accounts particularly in the bank RIETUMU, as well as the Latvian bank accounts of the company HAUSSMANN CONSEIL LTD, the product of corporate tax evasion (IS of SCOTT MACPHERSON 2008-2010)

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Penal Code, L241-3 of the Commercial Code and 1741 of the General Tax Code.

***

Frederic LUCIANO:

for having, **in Latvia and in the national territory in 2013**, concealed and converted, by means of the company BLUELAK LTD and its bank account BALTIKUMS BANK, the product of fraud of corporate assets committed harming its French company AFTERWEB SOLUTION and of tax evasion of the corporate tax payment (AFTERWEB tax) and the 2013 income tax,

acts described and punishable by Articles 324-1, 324-2, 324-3 and 324-7 of the Penal Code, L241-3 of the Commercial Code and 1741 of the General Tax Code.

The debates were held in open court.

Hearing on February 27, 2017 at 1:30 PM

Before hearing Mr. Alexander PANKOV, the President noticed that he did not speak enough French;
She appointed Mrs. Victoria KOVAL-RASHEVSKAIA, an interpreter on the list of experts of the High Court of Paris; the interpreter then offered her services each time she was useful.

The President called the defendants.

The Attorney General indicated that Mr. Vogel, who was the subject of an arrest warrant from the instructing judge, was arrested in Argentina and that the extradition process was launched by the National Financial Courtroom.

SCUKA Sergejs attended the judicial hearing, assisted by his counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

BENSOUSSAN Nadav attended the judicial hearing, assisted by his counsel; it is necessary to give the decision a after full argument with both parties present according to their consideration.

PASZKIER Thierry attended the judicial hearing, assisted by his counsel; it is necessary to give the decision a after full argument with both parties present according to their consideration.

SCHINAZI Magali (whose married name is DANINO) attended the judicial hearing, assisted by her counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

Alexander PANKOV, legal representative of RIETUMU BANKA, attended the judicial hearing, assisted by his counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

KALFON Emmanuelle (whose married name is ABITBOL) attended the judicial hearing, assisted by his counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

SANCHEZ Sandrine attended the judicial hearing, assisted by her counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

BRODOWICZ Menahem attended the judicial hearing, assisted by her counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

RIBEIRO MARTINS Bruno attended the judicial hearing, assisted by his counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

GILLET Alexandra attended the judicial hearing, assisted by her counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

BELMA Frédéric attended the judicial hearing, assisted by his counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

VIBES Gilles, legal advisor of SCOTT MACPHERSON, attended the judicial hearing, assisted by his counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

LUCIANO Frédéric attended the judicial hearing, assisted by his counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

PANKOV Alexander attended the judicial hearing, assisted by his counsel; it is necessary to give the decision after a full argument with both parties present according to their consideration.

VOGEL Yaakov Kopul did not attend the judicial hearing; it is necessary to rule by default in his consideration pursuant to the provisions of Article 412 paragraph 1 of the Code of Criminal Procedure.

The President called the plaintiffs.

The President called the witnesses.

Disjunction with respect to Mr. CASTEL

The president read the prevention measures for Mr. David CASTEL.

Master Betrand BURMAN, attorney at the Paris Bar, Mr. David CASTEL's counsel, who has been warned, was heard in his speech to justify the disjunction, because of the death of Maître Olivier SCHNERB, his previous counsel.

The President noted that there were no observations from the defendants and the plaintiffs.

The Attorney General has been heard in her requisitions.

Master Bertrand BURMAN, attorney at the Paris Bar, counsel for Mr. David CASTEL, warned, was heard in his observations.

After having deliberated, the court ordered a disjunction for Mr. David CASTEL and ordered the return to the hearing on Wednesday, March 22, 2017, at 9 AM, for a relay hearing.

The chair read the prevention measures.

On the nullities

Patrick KLUGMAN, attorney at the Paris Bar, counsel for Alexander PANKOV and RIETUMU BANKA, warned, was heard in his oral argument, after filing a declaration of nullity.

Master Charles-Henri BOERINGER, attorney at the Paris Bar, counsel for Mr. Alexander PANKOV and RIETUMU BANKA, warned, was heard in the course of his oral argument, after filing a declaration of nullity.

Master Ariel GOLDMANN, attorney at the Paris Bar, counsel for Mr. Sergejs SCUKA, warned, was heard in his oral argument, after filing a declaration of nullity.

Master Xavier FILET, attorney at the Paris Bar, counsel for Mr. Frédéric BELMA, warned, was heard in his oral argument, after filing a declaration of nullity.

Master Claire LITAUDON, attorney at the Paris Bar, counsel for the French State and for the General Directorate of Public Finances, from the civil parties (plaintiffs), was heard in her oral argument, after filing a declaration in reply.

The Attorney General has been heard in his requisitions.

On the provisional schedule

The Tribunal considered an additional hearing on Friday, March 17, 2017, at 9:00 AM if necessary.

The President noticed that there were no observations from the parties.

The court informed the parties present or regularly represented that the deliberation on the nullities would be pronounced on March 1, 2017 at 9 o'clock.

Hearing on March 1, 2017 at 9:00 AM

On that date, the President read the decision emptying her deliberation in accordance with the law, pursuant to Article 485 of the Code of Criminal Procedure, and the court joined the charges on the merits and will deliver only one judgment.

On the application for a reprieve

Master Jean-Marc FEDIDA, attorney at the Paris Bar, counsel for Mr. Nadav BENSOUSSAN, warned, was heard in his oral argument, after presenting pleadings for a reprieve.

Master Xavier NORMAND-BODARD, attorney at the Paris Bar, counsel for the French State and the General Directorate of Public Finances, was heard in his oral argument.

The Attorney General has been heard in his requisitions.

Master Jean-Marc FEDIDA, attorney at the Paris Bar, counsel for Mr. Nadav BENSOUSSAN, warned, was heard in his oral argument in reply.

The President stated that the decision would be made at this hearing. After having deliberately deliberated on the law during a suspension of the hearing, the court rendered the decision to deliver only one judgment.

The President has read the statements.

The President informed Mr. Nadav BENSOUSSAN of his right, during the debates, to make statements, to answer questions put to him, or to remain silent, in accordance with the provisions of Article 406 of the Code of Criminal Procedure.

Mention of this notification was made in the hearing notes.

The President conducted the case, questioned Mr. Nadav BENSOUSSAN on the acts and received his statements.

Master Philippe DEHAPIOT, attorney at the Paris Bar, counsel for Mr. Nadav BENSOUSSAN, warned, was heard in his claims on the complicity of tax fraud and laundering tax fraud.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 2, 2017 at 1:30 PM.

Hearing on March 2, 2017 at 1:30 PM

The President recapitulated the facts.

The President conducted the case, questioned Mr. Nadav BENSOUSSAN on the acts and received his statements.

The President informed Mrs. Mangali SCHINAZI of her right, during the debates, to make statements, to answer questions put to her, or to remain silent, in accordance with the provisions of Article 406 of the Code of Criminal Procedure.

Mention of this notification was made in the hearing notes.

The President recapitulated the facts.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 6, 2017 at 1:30 pm.

Hearing on March 6, 2017 at 1:30 PM

The President noticed the presence of Mrs. Jevgenija MUHINA, witness, called at the request of Mr. Nadav BENSOUSSAN, warned.

The President ordered the witness to withdraw from the courtroom and asked her to return to testify at 3:00 PM today to give her testimony.

While waiting for this hearing, the president has forbidden her to attend the debates.

The President recapitulated the facts.

The President conducted the case, questioned Mr. Nadav BENSOUSSAN on the acts and received his statements.

Mrs. Jevgenija MUHINA, called as a witness, at the request of Mr. Nadav BENSOUSSAN, warned, was heard in her testimony, after having taken an oath in accordance with the provisions of Article 446 of the Code of Criminal Procedure.

The President recapitulated the facts.

The President conducted the case, questioned Mr. Nadav BENSOUSSAN on the acts and received his statements.

Master Philippe DEHAPIOT, attorney at the Paris Bar, counsel to Mr. Nadav BENSOUSSAN, warned, was heard in his observations on the dual qualification.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 8, 2017 at 09:00.

Hearing on March 8, 2017 at 09:00

The President recapitulated the facts.

The President conducted the case, questioned Mr. Nadav BENSOUSSAN on the acts and received his statements.

After having heard the parties and the Attorney General, on the injunction of the President, the question of the requalification of the laundering of tax evasion in laundering of abuse of corporate assets or criminal conspiracy for laundering was recorded in the notes of the hearing.

The President recapitulated the facts.

The President conducted the case, questioned Mr. Nadav BENSOUSSAN and Mrs. Magali SCHINAZI on the acts and received their statements.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 9, 2017 at 1:30 PM.

Hearing on March 9, 2017 at 1:30 PM

The President recapitulated the facts.

The President conducted the case, questioned Mr. Nadav BENSOUSSAN and Mrs. Magali SCHINAZI on the acts and received their statements.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 13, 2017 at 1:30 PM.

Hearing on March 13 at 1:30 PM

The President read the prevention measure and recapitulated the facts concerning Mr. VOGEL.

The President conducted the case, questioned Mr. Nadav BENSOUSSAN on the acts and received his statements.

The president informed Mrs. Alexandra GILLET, Mrs. Sandrine SANCHEZ, Mrs. Emmanuelle KALFON, Mr. Bruno RIBEIRO MARTINS, Mr. Mendel BRODOWICZ and Mr. Frédéric BELMA of their right, during the debates, to make statements, to answer the questions put to them, or to remain silent, in accordance with the provisions of Article 406 of the Code of Criminal Procedure.

A mention of this notification was made in the hearing notes.

The President read the prevention measures.

The President conducted the case, questioned Mrs. Alexandra GILLET, warned, on the acts and received her statements.

The President conducted the case, questioned Mrs. Sandrine SANCHEZ, warned, on the acts and received her statements.

The President conducted the case, questioned Mrs. Emmanuelle KALFON, warned, on the acts and received her statements.

The President conducted the case, questioned Mr. Bruno RIBEIRO MARTINS, warned, on the acts and received his statements.

The President conducted the case, questioned Mr. Mendel BRODOWICZ, warned, on the acts and received his statements.

The President conducted the case, questioned Mr. Frederic BELMA, warned, on the acts and received his statements.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 15, 2017 at 9:30 AM.

Hearing on March 15, 2017 at 09:30

The President pointed out mail exchanges on a return request.

Master Yvan TERREL, attorney at the Paris Bar, counsel for Mr. Alexander PANKOV and RIETUMU BANKA, warned, was heard in his oral argument on the return request to prepare their defense.

Master Xavier NORMAND-BODARD, attorney at the Paris Bar, counsel for the French State and the General Directorate of Public Finances, civil parties (plaintiffs), was heard in his argument on the return request.

The Attorney General has been heard in its requisitions.

Mr. Yvan TERREL, attorney at the Paris Bar, counsel for Mr. Alexander PANKOV and RIETUMU BANKA, warned, was heard in his oral argument in reply.

Master Xavier FILET, attorney at the Paris Bar, counsel for Mr. Frédéric BELMA, warned, was heard in his oral argument.

Master Xavier NORMAND-BODARD, attorney at the Paris Bar, counsel for the French State and the General Directorate of Public Finances, civil parties (plaintiffs), was heard in his oral argument.

The President stated that the decision would be made at this hearing. After having deliberated in accordance with the law during a suspension of the hearing, the court rendered the decision that it was not necessary to return.

Master Xavier NORMAND-BODARD, attorney at the Paris Bar, counsel for the French State and the General Directorate of Public Finance, civil parties, was heard in his oral argument on the evaluation of the sums laundered.

The Attorney General has been heard in her requisitions.

The President conducted the case, questioned Mr. Nadav BENSOUSSAN on the acts and received his statements.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 16, 2017 at 1:30 PM.

Hearing on March 16, 2017 at 1:30 PM

The President noticed the presence of Mr. Michael BOURKE, witness, called at the request of RIETUMU BANKA, warned.

The President ordered the witness to withdraw from the courtroom and asked him to return at 3:45 PM to give his testimony.

While waiting for the testimony, the President has forbidden him to attend the proceedings.

The President read the prevention measures.

The President informed Mr. Alexander PANKOV and Mr. Sergejs SCUKA of their right, during the debates, to make statements, to answer questions put to them, or to remain silent, in accordance with the provisions of Article 406 of the Code of Criminal Procedure.

A mention of this notification was made in the hearing notes.

The President described and explained the facts.

The President conducted the case, questioned Mr. Sergejs SCUKA, warned, on the acts and received his statements through the interpreter present.

Mr. Mickael BOURKE, cited as a witness, at the request of the warned RIETUMU BANKA, was heard in his testimony, after having taken an oath in accordance with the provisions of Article 446 of the Code of Criminal Procedure.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 17, 2017 at 09:00.

Hearing on March 17, 2017 at 09:00

The President described and explained the facts.

The President conducted the case, questioned Mr. Nadav BENSOUSSAN on the acts and received his statements.

The President informed Mr. Alexander PANKOV of his right, during the debates, to make statements, to reply to questions put to him, or to remain silent in accordance with the provisions of Article 406 of the Code of Criminal Procedure.

A mention of this notification was made in the hearing notes.

The President conducted the case, questioned Mr. Alexander PANKOV about the acts and received his statements.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 20, 2017 at 1:30 PM.

Hearing on March 20, 2017 at 1:30 PM

The President informed Mr. Thierry PASZKIER, Mr. Gilles VIBES representing SAS SCOTT MACPHERSON, Mr. Frédéric LUCIANO of their right, during the debates, to make statements, to answer the questions put to them, or to remain silent, in accordance with to the provisions of Article 406 of the Code of Criminal Procedure.

A mention of this notification was made in the hearing notes.

The President read the prevention to Mr. Thierry PASZKIER, warned.

The President described and explained the facts.

The President conducted the case, questioned Mr. Thierry PASZKIER, warned, on the acts and received his statements.

The President has read the prevention measures to Mr. Gilles VIBES, representing SAS SCOTT MACPHERSON, warned.

The President conducted the case, questioned Mr. Gilles VIBES, representing SAS SCOTT MACPHERSON, warned, on the acts and received his statements.

After having heard the parties and the Attorney General, on the injunction of the President, the question of the requalification of the laundering of property and/or criminal conspiracy was recorded in the minutes of the hearing.

The President read the prevention measures to Mr. Frédéric LUCIANO, warned.

The president investigated the case, questioned Mr. Frédéric LUCIANO, warned, on the acts and received his statements.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 22, 2017 at 09:00.

Hearing on March 22, 2017 at 9:00 AM

On the acts charged to Mr. CASTEL

The President told the parties that the acts would be analyzed from September 4 to 11, 2017.

The Attorney General has been heard in his requisitions.

Master Bertrand BURMAN, an attorney at the Paris Bar, counsel for Mr. CASTEL, informed the court that he would call witnesses.

After having deliberated, the court returned the evocation of the acts concerning Mr. David CASTEL, warned, to the audience of September 4, 2017 at 1:30 PM, of September 6, 2017 at 9:00, of September 7, 2017 at 1:30 PM and of September 11, 2017 at 1:30 PM.

Mr. Alexander PANKOV, warned, was heard in his statements.

Mr. Sergejs SCUKA, warned, was heard in his statements.

The President conducted the personality interrogations.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 23, 2017 at 1:30 PM.

Hearing on March 23, 2017 at 1:30 PM

The president added the print pages of the RIETUMU BANKA website (homepage of the site, the representatives and the rates and fees) to the day's hearing notes.

Master Charles-Henri BOERINGER, attorney at the Paris Bar, counsel for RIETUMU BANKA and Mr. Alexander PANKOV, warned, was heard in his observations.

Master Xavier NORMAND-BODARD, attorney at the Paris Bar, counsel for the Directorate General of Public Finance and the French State, was heard in his oral argument, after filing the pleadings.

Master Claire LITAUDON, attorney at the Paris Bar, counsel for the Directorate General of Public Finance and the French State, was heard in her oral argument, after filing the pleadings.

Master Xavier NORMAND-BODARD; attorney at the Paris Bar, counsel for the Directorate General of Public Finance and the French State, was heard in the pursuit of his argument.

The Attorney General was heard in her pleadings, after filing written pleadings, attached to the hearing notes.

Master FEDIDA, attorney at the Paris Bar, counsel for Mr. Nadav BENSOUSSAN, warned, said that a journalist in the courtroom was sending messages on the application "Twitter".

Since the proceedings could not be completed during the same hearing, the court ordered that they be continued at the hearing on March 27, 2017 at 1:30 PM.

Hearing on March 27, 2017 at 1:30 PM

The President gave an update on the Tweet and said that there was no general ban on sending messages on Twitter.

The President indicated that the Tribunal could not know the content of the tweet.

Master FEDIDA, attorney at the Paris Bar, counsel for Mr. Nadav BENSOUSSAN, warned, was heard in his observations.

Master Luc BROSSOLET, attorney at the Paris Bar, counsel for SAS SCOTT MACPHERSON, warned, was heard in his oral argument, after filing pleadings.

Master Sabrina GOLDMAN, attorney at the Paris Bar, counsel for Mr. Frédéric Luciano, warned, was heard in her oral argument, after filing pleadings.

Master Pierre SILVE, attorney at the Paris Bar, counsel for Mr. Thierry PASZKIER, warned, was heard in his oral argument.

Master Xavier FILET, attorney at the Paris Bar, counsel for Mr. Frédéric BELMA, warned, was heard in his oral argument, after filing pleadings.

Master Stéphane SEBAG, attorney at the Paris Bar, counsel for Alexandra GILLET, warned, was heard in his oral argument, after filing pleadings.

Master Ophélia CLAUDE, attorney at the Paris Bar, counsel for Mrs. Sandrine SANCHEZ, warned, was heard in her oral argument, after filing pleadings.

Master Grégory SIKSIK, attorney at the Paris Bar, counsel for Emmanuelle KALFON, warned, was heard in his oral argument, after filing pleadings.

Master Guillaume DAPSANCE, attorney at the Paris Bar, counsel for Mr. Bruno RIBEIRO MARTINS, warned, was heard in his oral argument, after filing pleadings.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 29, 2017 at 9:00 AM.

Hearing on March 29, 2017 at 09:00

Benedict ATTAL, attorney at the Paris Bar, counsel for Mr. Mendel BRODOWICZ, warned, was heard in his oral argument, after filing pleadings.

Master Ariel GOLDMAN, attorney at the Paris Bar, counsel for Mr. Sergejs SCUKA, warned, was heard in his oral argument, after filing pleadings.

Master Charles-Henri BOERINGER, attorney at the Paris Bar, counsel for Mr. Alexander PANKOV and the RIETUMU BANKA, warned, was heard in his oral argument, after filing pleadings.

Patrick KLUGMAN, attorney at the Paris Bar, counsel for Mr. Alexander PANKOV and RIETUMU BANKA, warned, was heard in his oral argument, after filing pleadings.

Mr. Yvan TERREL, attorney at the Paris Bar, counsel for Mr. Alexander PANKOV and RIETUMU BANKA, warned, was heard in his oral argument, after filing pleadings.

Since the proceedings could not be completed during the same hearing, the court ordered that they would be continued at the hearing on March 30, 2017 at 2:30 PM.

Hearing on March 30, 2017 at 2:30 PM

Master Romain BOULET, attorney at the Paris Bar, counsel for Magali SCHINAZI, warned, was heard in his oral argument.

Master Philippe DEHAPIOT, attorney at the Paris Bar, counsel for Mr. Nadav BENSOUSSAN, warned, was heard in his oral argument.

Master Jean-Marc FEDIDA, attorney at the Paris Bar, counsel for Mr. Nadav BENSOUSSAN, warned, was heard in his oral argument, after filing pleadings.

Master Serge KIERSZENBAUM, attorney at the Paris Bar, counsel for Mr. Nadav BENSOUSSAN, warned, was heard in his oral argument.

The warned had the opportunity to speak last.

The Registrar has taken note of the debates.

Then at the end of the debates held at the public hearing on March 30, 2017 at 2:30 PM, the court informed the parties present or regularly represented that the judgment would be pronounced on July 6, 2017 at 10:00, in accordance with the provisions of the Article 462 of the Code of Criminal Procedure.

On that date, having disposed of the President's deliberation in accordance with the law, the President read out the decision, pursuant to Article 485 of the Code of Criminal Procedure, whose content is as follows.

The court deliberated and ruled according to the law in these terms:

ON THE PUBLIC ACTION:

III- THE ACTS OF HABITUAL LAUNDERING OF THE INCOME OF FRANCE OFFSHORE'S CUSTOMERS COMING FROM TAX FRAUD, FROM THE ABUSE OF CORPORATE ASSETS OR FROM FRAUD IN CRIMINAL CONSPIRACY.

2.1 Nadav BENSOUSSAN

2.1.1 Positions of Nadav BENSOUSSAN

2.1.2 Position of the plaintiff

2.1.3 Court Analysis

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a) Nadav BENSOUSSAN, founder and director of FRANCE OFFSHORE
b) In FRANCE OFFSHORE's main activities, the concealment and conversion by the use of opening bank accounts on behalf of offshore companies headed by figurehead directors and the allocation in France of means of payment to customer
c) The illicit origin of the sums coming from crimes of misuse of corporate assets, from tax evasion or from frauds in criminal conspiracy

2.2 Magali SCHINAZI

2.3 FOS employees

2.3.1 Sandrine SANCHEZ
2.3.2 Emmanuelle KALFON
2.3.3 Bruno RIBEIRO MARTINS
2.3.4 Mendel BRODOWICZ
2.3.5 Alexandra GILLET
2.3.6 Frédéric BELMA

2.4 Yakov VOGEL

III – THE ACTS OF CRIMINAL CONSPIRACY Page 134

PART 3: THE ACTS CHARGED TO THE BANK AND ITS REPRESENTATIVES

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I) THE HABITUAL AGGRAVATED LAUNDERING OF FRANCE OFFSHORE'S CLIENTS' REVENUES COLLECTED FROM CRIMES, NOTABLY THAT OF TAX FRAUD

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1.1 Responsibility of RIETUMU BANKA

1.1.1 A conquest approach by the Latvian bank in complete discretion, given the concealed fashion, for a French clientele

a) **The circumstances surrounding the commencement of the relationship between the bank and N. BENSOUSSAN**
b) **The conditions if exercising Latvian bank in France**
c) **The atypical and concealed partnership with Nadav BENSOUSSAN which, in absence of commission payment, stood in the way of the identification of clients brought by Nadav BENSOUSSAN and FRANCE OFFSHORE to the bank**
d) **The confusion between the activity of RIETUMU and that of FRANCE OFFSHORE or N. BENSOUSSAN**

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1.1.2 *Some clients brought by FRANCE OFFSHORE systematically concealed at the heart of offshore business directed by figurehead directors and presented at the very least certain characteristics resulting from specific risks of laundering*

1.1.3 *Presented with the specific risk, the organized failure of internal control (compliance)*

a) **The declarations of Mr. BOURKE, testimony called by the bank**
b) **Nadav BENSOUSSAN, introducer but also a client of RIETUMU, who should have thus been doubly verified in regards to the legal nature of his activities**
c) **The inadequacies of the internal controls revealed in the reports from the cabinet KPMG**

1.1.4 On the allegedly marginal nature of the activity of RIETUMU bank

1.1.5 On the allegedly fraudulent operations employed by Nadav BENSOUSSAN to override the vigilance of the bank

1.2 The Liability of Alexander PANKOV

1.2.1 His career within the bank and his necessary awareness to the matter of conformity of knowledge of clients and partners

1.2.2 His knowledge of the concealed nature of the activity of the Latvian bank in France and the obscure partnership with Nadav BENSOUSSAN

1.2.3 The personal implication of Alexander PANKOV and the signing of the contract, totally atypical and obscure, dated November 19, 2010 with Nadav BENSOUSSAN

1.2.4 The knowledge that after 2010, the bank had, through the intermediary of Nadav BENSOUSSAN and FRANCE OFFSHORE, opened accounts for businesses implicated in swindling the VAT on carbon rights

1.2.5 The organization of FRANCE OFFSHORE bank accounts opened at RIETUMU, of which the economic beneficiary was Nadav BENSOUSSAN

1.2.6 The request for LPS on French territory in May 2011

1.2.7 The commercial approach of the bank notably in regards to French clientele

1.3 The Liability of Sergejs SCUKA

1.3.1 A pathway based on the commercial development of the bank in Western Europe by way of partnerships

1.3.2 The implication of the Parisian office in the opening of bank accounts in the name of offshore businesses and the remittance of means of payment to clients in France

1.3.3 His relationship with Nadav BENSOUSSAN and the disarray between the activity of RIETUMU and that of FRANCE OFFSHORE or N. BENSOUSSAN

II - THE ACTS OF VIOLATING THE OBLIGATION OF SURETIES CHARGED TO ALEXANDER PANKOV

2.1 The defense's position
2.2 Recall of the chronology
2.3 The applicable texts in French law
2.4 The supposed "inapplicability of French criminal law"
2.5 The disarray maintained regarding the alleged absence in Latvia of the ordered bail in France
2.6 On the imputability of the decision to not pay the bail and the persona responsibility of Mr. Alexander PANKOV

2.6.1 The developing explanations of Mr. Alexander PANKOV and of his defense on the referral to collective groups or rather the absence of referral of these organs

2.6.2 The question of the consent of the Council of Surveillance

2.6.3 The verbal process of the administrative council from March 10, 2015, produced at the hearing

ON THE PUBLIC ACTION:

ACTS AND PROCEEDING

Chronologically, this trial originated in a home visit, conducted based on Article L 16B of the Code of Tax Procedures, on October 10, 2008, at 72 Avenue Victor Hugo in Paris 16th, and 51 Boulevard Suchet, at the personal residence of Nadav BENSOUSSAN, for the purpose of a tax investigation related to suspicions of reduction of the turnover of the companies FRANCE FONCIERE CONSULTANTS (FFC) and NADAV BENSOUSSAN CONSEIL (NBC).

FRANCE FONCIERE CONSULTANTS (hereinafter FFC) was created on December 24, 2003. Nadav BENSOUSSAN did not own any part of this company, but he was the de jure manager from December 24, 2003 to December 30, 2007.

This company had as its goal and activity "advising for business and management" and was the owner of a website: www.france-offshore.fr.

After, and more specifically on July 19, 2007, Mr. BENSOUSSAN created the company NADAV BENSOUSSAN CONSEIL (NBC).

The purpose of this company was advising offshoring and advising business and management consultancy, and operated under the name of FRANCE OFFSHORE. Its head office was located at 72 Avenue Victor Hugo in the 16th district of Paris.

On the www.france-offshore.fr website, Nadav BENSOUSSAN advertised the creation of companies in low-cost countries, privileged tax jurisdictions, and claimed to want to make creating such companies accessible to all.

This site referred to a telephone number, which was actually that of the FFC company.

At the same time, Mr. Nadav BENSOUSSAN was giving several interviews in the press, in particular in the magazine Entreprendre, to explain that he directed the company FRANCE OFFSHORE, which was one of the leaders of the market in the creation of offshore companies. Furthermore, he stated that the company employed ten people, managed 600 clients, and created 2,000 companies per year.

Nadav BENSOUSSAN further explained in these articles that the average cost of setting up such companies was about 3,000 euros and that the cost of renewing the structures was about 900 euros.

However, insofar as FFC did not file any corporate income tax or VAT returns for the years 2006 and 2007, and considering the risk of loss of evidence, the Directorate General of Public Finance was authorized, by an ordinance of the Judge of Freedoms and Detention (JLD) of PARIS dated October 2, 2008, based on the fundament of the article L 16 B of the Code of the Tax Procedures, to visit and carry out seizures in Nadav Bensoussan's places or of one of his companies, in this case at 72 Avenue Victor Hugo, head office of the company NADAV BENSOUSSAN CONSEIL (NBC).

The documents seized during this home visit carried out on October 10, 2008 suggested that the companies FFC and NBC (under the common brand FRANCE OFFSHORE [hereafter FOS]) exercised an activity of advising offshoring French companies, the creation of offshore companies, the transfer of headquarters abroad, the opening of multi-currency accounts in foreign banks, the issuance of anonymous off-shore cards, etc. ...

The payment of FOS' customers was cashed into an account opened in a Latvian bank, RIETUMU BANKA, in the name of an offshore company, PORTRIDGE INVEST LTD, located in the British Virgin Islands, where Nadav BENSOUSSAN had power of attorney. Nadav BENSOUSSAN was himself assembling companies that he proposed to his customers, i.e. offshoring part of the billing of services performed in France by his customers' companies in an offshore company, which is the beneficiary of a bank account opened at RIETUMU BANKA.

Nadav BENSOUSSAN appeared as one of the main creators and beneficiary of this scheme.

In his personal laptop, there was a client file of the period from May 2006 to October 2008, mentioning the names of the customers and companies created, the place where they were domiciled, and the amount of services invoiced, i.e. 321,146.84 euros in 2006 (8 months), 1,015,338.47 euros in 2007 and 1,342,821.42 euros in 2008 (10 months) for a total of 2,679,306.73 euros. Additionally, there was a summary table of the monthly turnover realized from May 2006 to September 2008, i.e. 2,708,207.57 euros, out of which 1,522,265.9 euros by bank payment and 1,009,464.67 euros in cash.

Following the assent of the Tax Crimes Commission in June 2011, the Regional Director of Public Finance of Ile-de-France and of the Department of Paris filed a criminal complaint on July 22, 2011 against the de jure and de facto managers of both companies for corporate tax fraud and VAT fraud, then in August against Nadav BENSOUSSAN for tax evasion on income taxes.

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On July 25, 2011, a preliminary investigation was entrusted by the Attorney General of Paris to the National Brigade of the Repression of Financial Delinquency (BNRDF).

Subsequently, a criminal investigation was opened on **December 19, 2011**, the points of accusation of the crimes of tax evasion and aggravated tax evasion, habitual laundering of frauds including tax evasion, use of false administrative documents, criminal conspiracy, fraud in criminal conspiracy, hidden work.

The investigation revealed that FOS had adapted its organization to the ongoing tax investigation since October 2008.

Since October 20, 2008, a new company HAUSMANN CONSEIL had been created (registered on December 30, 2008). Nadav BENSOUSSAN was holder of the entire capital and de jure managing director of the company until June 9, 2009, when Sergejs KARPENKO succeeded him in these functions.

Until December 31, 2007, Nadav BENSOUSSAN was FFC's de jure manager and, from March 23, 2009 on, he had granted a universal transfer of assets (TUP) for a British de jure company FFC EUROPE LTD.

Nadav BENSOUSSAN was, moreover, until May 19, 2009, a de jure manager of NBC, which changed its name at that date to become RIVAL PLUS before being sold on a share transfer basis and then dissolved after a universal transfer of assets as of June 12, 2009 for the benefit of the British company RIVAL PLUS Ltd.

The companies FFC EUROPE LTD and UK RIVAL PLUS Ltd had the same representative, a person named Richard Eugene MOSTUE.

The original French companies, FFC and NBC, were therefore dissolved in March and June 2009. Their assets were thus transferred to companies under English law, which in turn were dissolved in 2011. On June 9, 2009, Nadav BENSOUSSAN sold his shares representing the the entire share capital of HAUSMANN CONSEIL to Sergejs KARPENKO, who succeeded him as manager. As of June 2009, Nadav BENSOUSSAN no longer appeared in any French structure.

Registered on December 30, 2008, the company HAUSMANN CONSEIL had only started its activity in September 2009. On February 21, 2011, the administration issued an accounting verification notice addressed to the company HAUSSMAN CONSEIL. Having received this notice, the shares of HAUSSMAN CONSEIL were in turn transferred to the British company, HAUSSMAN CONSEIL Ltd, and the French company was dissolved in March 2011. The tax authorities, after the correct assent of the tax fraud comission, lodged a complaint on February 21, 2011 against the *de jure and de fato* managers of the company HAUSSMANN CONSEIL [HC hereafter]. By substitute indictment

dated March 18, 2013, the investigating judge's seizure was extended to the new incidences of tax evasion denounced in this complaint.

The FRANCE OFFSHORE website also featured a FRANCE OFFSHORE LIMITED company registered in the RCS of Paris which turned out to be the representative office of its London namesake. This website showed Richard MOSTUE as a founding partner and Nadav BENSOUSSAN as the responsible in France. This company had a domiciliation in a business center at 5 Place Victor Hugo, in Paris.

It was shown by the investigation that this new FRANCE OFFSHORE structure was still exercising this same consultancy activity in offshoring French companies, via the same services and on Avenue Victor Hugo. After a home visit by the tax administration on October 2008 at 72 Avenue Victor Hugo, the activity was carried out in the premises located at 52 and then at 140 Avenue Victor Hugo, in apartments rented by a lawyer who could possibly serve as a figurehead, Master David CASTEL.

The rents at 52 Avenue Victor Hugo, like the first rents at 140 Avenue Victor Hugo, were paid by transfers from the FACTOREX Limited company, based in London and headed by Mr. Richard MOSTUE.

To rent the premises of 52 Avenue Victor Hugo, Nadav BENSOUSSAN had handed over a falsified copy of a tax notice for 2007, showing a tax income of 309,187 euros (while his officially declared income amounted to 70,550 euros for the same period), as well as four receipts of the company FFC, also false.

To rent the apartment at 140 Avenue Victor Hugo, whose rent was 16,200 euros per month, Maître David CASTEL had submitted an application file showing false reporting statements (2035) for the years 2008 and 2009. These revenues amounted to 598,500 euros for a tax profit of 229,847 euros in 2008 and to 601,000 euros for a tax benefit of 254,869 euros in 2009, whereas the audits carried out with the tax authorities established that its tax return statements for 2008 showed a tax benefit of 11,107 euros in 2008 and of 13,222 euros in 2009.

The investigation also revealed that FRANCE OFFSHORE had:

- hired a part of its employees in France through various French companies, first (FFC or NBC then HC) then by French branches of English companies (ANTERMOL UK Ltd and PRISSAC UK Ltd), which led the financial Attorney General to extend the scope of judicial information to the fraud of social agencies;

- offshored a large part of its employees in Latvia, in Riga, as well as in Spain, in Barcelona.

The wiretaps made it possible to specify the outlines of the FOS activity carried out by Nadav BENSOUSSAN.

According to its website, FOS was a company of linking local administrators and offshore financial institutions, and of advice in "tax exemption", by the use of offshore companies (that is, companies "incorporated" to states with weak tax fiscalization and low tax or judicial cooperation and where it is legal to place as a manager (or "director") figurehead representatives (or "nominees") with bank accounts in banking institutions in the same state or abroad (in this case, mainly RIETUMU bank in Latvia, Valartis in Liechtenstein, HSBC in Hong Kong, Barclays in London).

In the commercial register, only the names of these managers appear (in this case, in particular, Richard MOSTUE, Yaakov VOGEL), but the name of the real owner (or economic beneficiary) never did. These names appear in principle only in the opening documents of the bank account, in which indeed appear:

-the "power of attorney" (POA), a kind of general power of attorney given by the nominee;

-the "declaration of trust" (DOT), a sort of summary contract of trust, whereby the nominee agrees to make any disposition decision in accordance with the owner's instructions

Nadav BENSOUSSAN developed his activity in the following professional way:

- hired many employees (at the end of 2012, he had around 15 employees in Paris at the "consulting center", 30 in Riga at the "management center", 4 in Barcelona ("qualification center"), one in the United States);

- providing professional training in sales techniques to his employees;

- a remuneration consisting of a fixed part and a variable part; the variable part was indexed on a collective or individual performance;

- development of internal procedures organizing the division of labor, particularly between the front office ("qualification center" and "commercial center") and the "back office" (or "management center"), and with suppliers of offshore companies, such as Mossack Fonseca, Kaizen, IBC, Fidelity;

- ISO 9001 certification in Latvia;

- a powerful website and luxury brochures;

- use of a modern information system, called CRM.

He even claimed a "*democratization*" of offshore in the professional and public media, in order to make the product accessible to the largest possible number of business leaders.

The operation of the FRANCE OFFSHORE group could be described as follows:

It was established that all calls from customers were received by the call center located in Barcelona and were subject to a "qualification", which meant that the call center took the information of the customer with respect to the exact nature of their activity, the estimated amount of its turnover to be transferred, their customers' and suppliers' partners and their project. After this first procedure, the "front office" (or call center) of Barcelona directed the client towards an appointment with a consultant in Paris "at 140". The attribution to a particular consultant took into account some of their specialties. Thus "BELMA" and "BRODOWICZ" realized ship registrations and "MAAREN", recently promoted consultant, received "Trading" files. Once the client arrived, the consultant drew up an estimate that included the proposed set-up, comprising one or more companies depending on the nature of the activity and the necessity to give credibility to future bill/receipt exchanges with the French entity. It almost always included the establishment of a bank account, an essential tool for receiving "escaped" funds (products of tax evasion).

The finalized quotation was then sent to the customer and validated if the latter accepted the set-up.

Once the sale was completed, the task of the consultants was completed and all further procedures related to the customer were carried out by the "back office" in Riga. The customers' follow-up was done in Latvia, as well as the renewal of the off-shore companies and the accounting of the mainly European shell companies.

The task of Riga-based client managers included:

- the constitution of offshore companies and stock management of "shell companies",

- relationships with the leaders of shell companies,

- the renewal of companies.

FRANCE OFFSHORE was paid exclusively in cash or by bank transfers to foreign accounts and, if necessary, it sent the customers false invoices established by fictitious companies, mentioning a service unrelated to the real services. This thus allowed the customer to pass the payments to FOS in charge deductible from the taxable result and to claim the reimbursement of the value-added tax (VAT) paid for this operation.

FRANCE OFFSHORE claimed to also work with business intermediators, generally business law firms, and overall to have an international banking network including HSBC Hong-Kong, HSBC London, BNP Geneva, ABLV in Latvia and especially the RIETUMU BANKA.

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After call interception (telephone tapping) for several months, on December 10, 2012, the investigation department conducted a series of arrests and seizures including the new premises of FOS located at 140 Avenue Victor Hugo and at 36 Rue Pergolèse in Paris' 16th district.

Numerous documents were seized at FOS' premises, including quotations established for clients, bank documents from RIETUMU BANKA, and payment slips and employment contracts on behalf of the group companies, namely HAUSSMANN CONSEIL, ANTERMOL, PRISSAC, NADAV BENSOUSSAN CONSEIL.

It should be noted that during the search, access to the computer server was cut in the late morning, blocking the investigators from continuing their findings.

Telephone tapping revealed that Nadav BENSOUSSAN had previously foreseen this possibility in case of an investigation.

Nadav BENSOUSSAN and the majority of people working in France for or with FRANCE OFFSHORE were placed in police custody.

Nadav BENSOUSSAN declared to be a sales representative in France of Europe Offshore, headquartered in Hong Kong, and to receive a monthly salary of 6,900 euros.

It was shown in the hearings of warning indications that the monthly turnover of FRANCE OFFSHORE would reach 300,000 euros to 500,000 euros, only for the "consultants" sales, and Nadav BENSOUSSAN had mentioned during a meeting in November 2012 an amount of 472,000 euros.

Nadav BENSOUSSAN ended up admitting to being the animator of the "nebulous" FOS. Personally, he admitted to having a lifestyle and income well above those he declared.

Nadav BENSOUSSAN as well as the majority of people working in France for or with FRANCE OFFSHORE were deported and indicted after their custody.

The hearings of the FOS employees made it possible to specify its activity, the type of services sold, and the organization of its activity (recruitment development in Riga from 2011, creation of a call center in Barcelona in July 2012, closing of the management center in Paris in September 2012). They also made it possible to sketch a typology of the clients and the role of the consultants. Six employees of FOS ("employees by CDIs" or "auto-entrepreneurs"), two lawyers working with FOS (Me CASTEL and Me SCHINAZI), and a nominated director (Yaakov VOGEL) were indicted.

The judicial information focused on assessing the total turnover of FOS as well as the amount of assets that its customers had "entrusted" to the entities that FRANCE OFFSHORE sold to them.

The results of an international rogatory commission sent to Canada, where FOS had offshored the maintenance of its Customer Relationship Management, confirmed that someone from FRANCE

OFFSHORE was able, at one time or another, to carry out remote manipulations of the network, as suggested by the investigators' findings on the day of the search at the FRANCE OFFSHORE headquarters. It was not possible to retrieve, in the context of this request for assistance, the FOS data hosted by the Canadian company SERVLINKS, which provided files with no data. The investigators could not access the server and therefore the file including the clients' information.

The number of customers brought by FOS to offshore banks, or the FOS turnover, could therefore not be evaluated, as it could have been if the FOS CRM had been obtained. If we stick to the claims by FOS on its website or by Nadav BENSOUSSAN on the phone, FOS had 2,000 customers, including those brought to the bank RIETUMU.

The telephone conversations reported the creation of 300 to 400 companies per year for an average amount of benefits of 7,000 euros, which would represent an annual turnover related to the creation of offshore companies that could be estimated at more than 2 million euros, not counting renewal fees for companies already created, which could involve several hundred customers.

International assistance requests were issued in the states where FOS had opened bank accounts, in Latvia, Hong Kong and Switzerland.

Due in particular to the difficulties of mutual legal assistance with Liechtenstein and Hong Kong, the judicial inquiry did not attempt to identify precisely the accounts opened through FOS in the other institutions in which FOS worked, such as HSBC Hong Kong, CIM in Switzerland and Valartis in Liechtenstein. Therefore, it did not assess the amount of money laundered on these accounts.

The turnover of the nebulous FOS was evaluated from the bank statements of the identified accounts used for the years 2007, 2008 and 2009, targeted by the indictments to collect this turnover (French accounts of FFC, NBC and HC, Latvian accounts of COMPADVISE Ltd, HC Ltd, FOS Ltd, PORTRIDGE Ltd, LAURENCE POUNTNEY Ltd, Swiss accounts of MEDIAMARINE, the Hong Kong Account of COMPADVISE). According to the investigators for these three years, it amounts to 10,396,000 euros (1,058,000 euros in 2007, 2,258,000 in 2008 and 6,886,000 euros in 2009).

Revenues received for the years 2010 to 2012 amounted to nearly 19.5 million euros for these three years.

As an indication, since this goes beyond the scope of preventive measures, the total turnover collected for the years 2006 to 2013 is estimated to be more than 46 million euros, according to the table summary made by the investigators.

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The judicial inquiry also aimed to draw up a typology of FRANCE OFFSHORE's clients. The main clientele consisted of "simple" tax evaders. Three of them were indicted in this case (Thierry PASZKIER, Frédéric LUCIANO and SAS SCOTT MACPHERSON).

Beyond tax evasion, the survey showed that FOS and Nadav BENSOUSSAN also had non-tax offenders as customers, whose French entities earned money illegally.

In the course of the judicial investigation, the exact nature of these alleged crimes was revealed by documents sent by the prosecution or investigating courts to the investigating judge for the purposes of his investigation.

As a result, FOS has provided a large number of companies involved in VAT carousels, in telephony (Rennes, Bordeaux), or carbon quotas (judicial information open to the financial center).

In addition, various companies provided by FOS have been the support of various more or less massive frauds, having given rise to investigations in Paris, Périgeaux, Reims, Bayonne, Bordeaux, Lille, or robbery and concealment in Pontoise, robbery and deception on the merchandise in Bordeaux, or the support of acts of corruption (see the so-called Corbeil Essonne case).

Finally, it appeared that on January 30, 2013, a preliminary inquiry had been opened in Lerronie, following a transmission from the Latvian Tracfin on January 15, 2013, on the following acts:

"large-scale laundering of funds obtained by fraudulent VAT in the French Republic, using the commercial activity of the company "FRANCE OFFSHORE" and the client accounts of the bank RIETUMU BANKA". On May 14, 2014, the Latvian authorities gave Richard MOSTUE, Robert LOCIOWICZ and Nadav BENSOUSSAN the status of warned and on March 11, 2015, denounced these acts to the French authorities. The investigating judge considered that he had already seized these acts.

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On December 10, 2012, a search was also carried out on the premises of RIETUMU BANKA in Paris, during which a few dozen pockets and boxes for customers were discovered. Under these packages, there were nominative or anonymous bank cards, accompanying confidential documents, possibly digital keys and secure envelopes containing the access codes to carry out the e-banking operations. Some "packages" also contained dry stamps in the name of the offshore company.

During this search, clients came in and were asked about their relationship with the bank. They spontaneously confided that they had accounts with RIETUMU BANKA, opened through FRANCE OFFSHORE who had also sold offshore companies, of which they were the economic beneficiaries.

The investigations showed that the French branch of RIETUMU BANKA hosted on its premises customers sent to it by FRANCE OFFSHORE. These customers received means of

payment corresponding to the offshore accounts of which they became economic beneficiaries. It also appeared that the documents justifying these operations were destroyed daily on the premises of the Paris branch.

Sergejs SCUKA, head of the Parisian representation office of RIETUMU BANKA, when questioned, explained that RIETUMU BANKA did not issue credit cards to French companies but did so for French nationals with an account in Latvia opened on behalf of a foreign entity. He added that he had recruited a former employee of FRANCE OFFSHORE, who had been recommended to him by Nadav BENSOUSSAN, and that France Offshore was the main partner of the bank RIETUMU in France. He could not explain the reasons why Nadav BENSOUSSAN had received some of his clients on the premises of RIETUMU BANKA. According to him, he may have wanted to show them the bank. He explained that Nadav BENSOUSSAN had previously had business cards in the name of RIETUMU BANKA with the addresses of Paris and Riga. It was indicated that he was a general business advisor or general advisor. These cards had been issued by RIETUMU BANKA in Latvia. He further explained that the bank did not keep track of its customers to preserve the confidentiality of transactions. He indicated that the bank had a department responsible for the administration of accounts and statistics, which had the list of customers of FRANCE OFFSHORE.

RIETUMU BANKA, represented by Sergej SCUKA, has been indicted on December 12, 2012 for aggravated money laundering. The bank representative disputed any involvement in any money laundering.

Sergejs SCUKA, a natural person, was indicted on the same count, at the same day, acts that he disputed as he challenged any standing to represent the bank being only responsible for the Parisian office of representation of the establishment.

During the interrogation of the first appearance of the bank **RIETUMU BANKA**, represented then by Sergejs SCUKA, the latter undertook to transmit to the headquarters of the bank in Riga the requests of the examining judge concerning the list of clients (natural and legal persons) brought by France Offshore/Nadav BENSOUSSAN since 2007 and having opened a bank account (with all the elements allowing the identification of the person),

as well as the documents opening the accounts with the economic beneficiary's identity document and bank statements. It was also requested to provide the terms and conditions under which a transfer could be made to the account opened at the Caisse des Dépots et Consignation on behalf of the Management Agency for the Collection and Forfeiture of Confiscated Assets (AGRASC) of the balance of these bank accounts, which may represent the object of tax fraud.

On December 20, 2012, RIETUMU BANKA informed the examining judge that it was ready to collaborate with the French courts and had already frozen all exit transactions on the accounts of two companies. However, it informed the investigating judge that it could not provide him with any information on the bank accounts of the customers brought by France Offshore, nor make a transfer from the accounts of the customers to the account of the AGRASC without official request of the Latvian authorities.

Interrogated on April 30, 2013, Sergejs SCUKA in his capacity as representative of RIETUMU BANKA explained that it had no relationship with the company FRANCE OFFSHORE, but that it was in contact with Nadav BENSOUSSAN, who was to bring customers. It was said that for the rest, the bank ignored all other elements. It was argued that it was not possible to provide the list of customers that had been brought by France Offshore. He disputed the claims of Nadav BENSOUSSAN who maintained that he had signed a business provider contract with the bank, all for a commission.

The forensic information focused on catching the amount of money laundered by FOS clients. This amount can be estimated by the cumulative restated credit in the bank accounts opened through FOS.

In RIETUMU bank, the cumulative amount was, according to investigators, the sum of 252,346,863.93 euros and 678,760,253.73 US dollars, which corresponds to about 760 million euros and 618 accounts, opened and eventful between 2008 and 2012 (D 1950).

This amount results from the oral procedure analysis of June 11, 2014, which includes all the accounts identified by the BNRDF obtained on request for mutual legal assistance of September 19, 2013.

Mr. BENSOUSSAN disputed that all of these accounts had been opened through FOS, and argued that FOS' intervention could not be inferred from the presence of Yaakov VOGEL or Richard MOSTUE in offshore companies. However, he failed to specify that this imputation, according to the methodology of the investigators, resulted from another criterion, namely the intervention of Master Castel.

A list of 176 accounts was provided by the bank RIETUMU on October 30, 2013, which corresponds to those of the customers brought by France Offshore.

Questioned again on May 23, 2014, the representative of RIETUMU BANKA explained that he was unable to answer the fact that the BNRDF had identified 497 accounts opened by customers of France Offshore. He stated that he could make no comment on the sum of approximately 760 million euros which had been estimated as brought to the bank by the customers of FRANCE OFFSHORE.

The investigating judge pointed out that this amount did not take into account about twenty accounts used by different companies of the nebulous France Offshore, 158 accounts not listed by the BNRDF, and 50 accounts that had been identified in the premises of the bank in France. The representative of the legal person specified that the opening of an account without the physical presence of the customer on the premises was entirely authorized, that Maître David CASTEL checked all the identity documents, and that this one had the same competences as a notary. He maintained, following the request of the investigating judge in this sense, that he could not in a month provide, for the list of accounts identified, a copy of the business plan sent by the customer or by FRANCE OFFSHORE, as well as the table showing the average turnover, the annual average of credits, and the alerts created by the bank related to the origin of the funds. He stated that there was no reason not to cash paychecks issued by French customers on their accounts opened in RIETUMU BANKA. He asserted that Nadav

BENSOUSSAN had only been a contributor of business of relative importance and that he had never had an official position in the bank.

The indictment of the bank for money laundering was extended over the period of the beginning of 2007 to December 2012. The use of bank accounts obtained under the international letters rogatory issued to the Latvian authorities have shown cash inflows from the beginning of the year 2007.

Placed under judicial control by order of May 23, 2014, he was required to pay a guarantee of 20 million euros in a settlement on June 23, 2014.

By **judgment of July 3, 2014**, the courtroom of the intruction confirmed this deposit, pointing out:

"that the calculation of the cumulative total of credit on 314 customer accounts of France Offshore obtained from the Latvian judicial authorities in response to the request for mutual assistance N° 2 bis of September 19, 2013 was estimated at 310 million euros cashed between early 2007 and 2013; that these amounts have been credited to accounts opened on behalf of Offshore companies led by the warned of the France Offshore Group; that it was found that this total of 310 million euros did not include the sums credited on about twenty accounts used by the nebulous France Offshore, as well as 158 accounts identified by Rietumu Banka as belonging to France Offshore clients, not discovered by the investigators;

That, on the day of questioning on May 23, 2014, assets on these 158 accounts had still not been determined;

That, also during this interrogation, the representative of the bank put under examination did not really explain a total finally cashed on behalf of the customers brought by France Offshore of 760 million euros, as well as in 50 bank accounts which were discovered during the search of premises located in France, or the 450 million euros received by an account opened on behalf of the company Allied and Universal LTD, whose financial relations with a company of the France Offshore group remained to be appreciated;

That on the financial assets of the bank indicted, it was not disputed at the hearing of June 30, 2014, the figures referred to by the investigating judge in the contested order, namely those that it had presented in 2011, a profit before tax payments of 34,140,000 euros, and after tax payments of 25,847,00 euros, that in 2012 the values to be retained amounted to 77,715,000 euros and 64,117,000 euros;

Therefore, Rietumu Banka admitted that its net profit after-tax results in 2013 were:

- 53.4 million euros, that in 2013 its core capital was estimated at 221,282,880 euros, and its own funds were 288,813,680 euros; these amounts were substantially identical to those of 2012;

Considering in these conditions that the payment of the sum 20,000,000 euros appears justified, and that it should confirm the ordinance for the company."

By **judgment of September 24, 2014**, the investigating courtroom considered that RIETUMU BANKA had been validly represented during its inquiry of first appearance by its representative in France as indicated in the commercial register, Sergejs SCUKA.

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By a new supplementary indictment on September 11, 2014, the public prosecutor's office informed the investigating judge that RIETUMU BANKA had incurred in the delict of non-payment of the security deposit and requested the indictment of the bank's legal representative at the time of the facts for the crimes of money laundering, possibly with the issuance of a European arrest warrant.

On December 15, 2014, the investigating judge proceeded to inquiry ofthe first appearance of Alexander PANKOV, the current chairman of the bank's executive committee since October 2010, after having been its vice-president from 2006 onwards. He considered that, appearing in his personal capacity, he did not have to answer questions concerning the bank and its relations with French customers, or argued that, as a personal matter, he did not have information of interest to the bank which, moreover, had to be claimed in the context of a request for international mutual legal assistance

He claimed that the bank had ceased all relations with Nadav BENSOUSSAN since December 2012 and had closed all accounts of customers brought by the latter.

On the non-payment of the bank's guarantee deposit, he declared that he was not authorizedto make such a payment and added that a payment made without the approval of the legalbodies of the Republic of Latvia exposed him to a violation of current Latvian legislation.

As regards the crime of laundering tax evasion on a regular basis, he denied having been aware of such acts.

At the end, he was indicted for these two delicts.

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In all, fifteen people were indicted in the case and two persons received assisted witness status. The General Directorate of Public Finances, complainant in respect of three complaints of tax evasion against Nadav BENSOUSSAN, was a plaintiff.

On April 16, 2015, the investigating judge issued the end-of-information notice.

On July 22, 2016, the financial prosecutor issued a final indictment seeking the return to the court of all warned, with the exception of Sergejs SCUKA, for whom a dismissal was required.

The respective councils of the RIETUMU bank, as well as Messrs. SCUKA and PANKOV, and also Sandrine SANCHEZ, delivered observations to the investigating judge for the dismissal.

In this context, by order of **October 10, 2016**, the investigating judges returned sixteen people to this court, warned as the heads of crimes specified above:

- Nadav BENSOUSSAN

- two FOS partner lawyers: Maîtres Magali SCHINAZI and David CASTEL

- six consultants (or commercial representatives) of FOS: Sandrine SANCHEZ, Emmanuelle KALFON, Bruno RIBEIRO MARTINS, Alexandra GILLET, Menahem BRODOWICZ, Frédéric BELMA

- a nominee, associate director of FOS group companies, Yaakov VOGEL

- a Latvian bank, RIETUMU BANKA and its chairman Alexander PANKOV and the representative of its French office, Sergejs SCUKA

- Three FOS clients: Thierry PASZKIER, SAS SCOTT MAC PHERSON and Frédéric LUCIANO.

INVESTIGATION AT THE HEARING

At the hearing, Nadav BENSOUSSAN acknowledged that FRANCE OFFSHORE's activity was oriented towards tax evasion and explained that he had never hidden the nature of its services either to its clients or RIETUMU BANKA and its employees. When he launched FRANCE OFFSHORE, Nadav BENSOUSSAN explained that he had not raised the question of the legality of the activity, having always considered that offshore activity was *"abnormally normal"* (*note taken in the hearing on March 1, 2017. 2017, page 25*).

If a ticket machine was found on the premises of FRANCE OFFSHORE, it was offered by one of the customers and it was not used, taking into consideration that Nadav BENSOUSSAN refused to do any manipulation of cash (*note in the hearing on March 9, page 60*).

Some accounts opened in the books of the RIETUMU BANKA through FRANCE OFFSHORE have been used in the context of VAT fraud of carbon rights, however Nadav BENSOUSSAN says he is far from these frauds and that the overwhelming majority of accounts opened through FRANCE OFFSHORE were for people who have nothing to do with it (*note in the hearing on 9 March 2009, note 61-62*).

In addition, the presence of Grégory ZAOUI on the day of the seizure on the premises of FRANCE OFFSHORE on December 10, 2012 is purely coincidental insofar as he was not a customer and went to the premises without having an appointment with anyone (*note in the hearing on March 9, 2017 page 62-63*).

According to Nadav BENSOUSSAN, if sums continued to be cashed after his interpellation in December 2012, it was only because the renewals of existing companies were automatically billed to the customers. He denies being at the origin of a hypothetical continuation of activity after the search of the premises of FRANCE OFFSHORE; he was not the beneficiary of the COMPADVISE account in Hong Kong into which the sums in question were deposited (*note in the hearing on 9 March page 64*).

Nadav BENSOUSSAN disputes the method of calculating the sums laundered by FRANCE OFFSHORE on behalf of his clients, in particular in that many intra-account transactions would not have been subtracted from the investigators' calculations based on the transactions credited to the clients' accounts provided by FOS to RIETUMU (*March 9, 2017, Hearing Note page 57-58*).

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The court raised the question of the assessment of the amounts collected by FOS (FOS turnover) and the assessment of the amounts pledged to the RIETUMU accounts opened by FOS customers.

The board of the DGFIP (The General Directorate of Public Finances) and the French State produced a report on March 14th, which was debated based on the contradictory principle (with both parties present).

The Financial Prosecutor's Office produced two notes on March 14th and 16th, which were submitted to the debate based on the contradictory principle (with both parties present).

Nadav BENSOUSSAN presented his observations and calculations during the hearings on March 14th and 15th.

Alexander PANKOV made his observations at the hearing on March 20th, 2017.

Notes from the plaintiffs (civil party)

Taking into consideration the hearing of March 15th, Maître NORMAND-BODARD, counsel for the plaintiff, has given elements to assess first the taxable values that Mr. BENSOUSSAN concealed for tax fraud that were charged to him, and second, the amount of hidden and laundered assets by FRANCE OFFSHORE customers in bank accounts opened in RIETUMU BANKA.

He produced three notes detailing the progress of the proceedings, the obstacles encountered by the auditors, and the amounts of the adjustments contemplated to date for each of the frauds which were charged to Mr. BENSOUSSAN in the Court.

The first note related to the fraud he is accused of is being the manager of FRANCE FONCIERE CONSULTANT (FFC).

The second note related to the fraud he is accused of is being the manager of NADAV BENSOUSSAN CONSEIL.

Finally, the third note is related to the fraud attributed to him personally.

As for the amount of assets hidden and laundered by FRANCE OFFSHORE's clients and the progress of the controls, the plaintiff gave a note detailing the results of the work done to date by the GENERAL DIRECTORATE OF PUBLIC FINANCES following the exercise of his right of communication, which enabled him to obtain information concerning more than 300 bank accounts opened in Latvia by French tax residents linked to the FRANCE OFFSHORE entity.

The exercise of this right of communication made it possible to establish a list of 278 taxpayers, to set up a control plan, and to determine the total amount of assets concealed in these accounts, which amounted to approximately 180 million euros.

To date, 48 controls have already been carried out, 90 controls are in progress, and another 100 controls will be initiated later.

A table is appended to this note detailing the results of the 48 completed controls and the follow-up ones given therein, in an anonymous manner, taking into account the tax secrecy.

Some of the verified taxpayers have already been the subject of a tax fraud complaint. One of them was tried by the BORDEAUX Criminal Court on October 1st 2015 (judgment attached to the note) and another was handed down by the 32nd courtroom of this court.

Notes from the National Financial Office

On March 14, the National Financial Office [PNF] sent all parties a note in response to comments by Nadav BENSOUSSAN on the calculations of laundered money calculated based on the judicial investigation.

The PNF recalls that the ordinance of return covers 618 overlapping accounts:

- the 491 accounts obtained through international mutual legal assistance
- the accounts discovered during the search of the French premises of RIETUMU (about fifty)
- the accounts that the investigators did not identify, which were listed in a document produced by RIETUMU based on an audit carried out by the firm DELOITTE at its request (176-18 = 158)

It recalls that only the history of bank accounts obtained in the context of the request for international mutual legal assistance is known. The calculation of the amount laundered, by definition not exhaustive, can only rely on these accounts.

To take into account the observations of Nadav BENSOUSSAN at the hearing, the National Financial Office proposes to refine the calculation made by the investigators by distinguishing the account ALLIED UNIVERSAL, whose connection with FOS is seriously contested, by isolating the accounts of persons likely to not have the status of French tax resident, and by neutralizing "duplicates" and account-to-account movements.

At the end of these restatements, the credits in the bank accounts of the entities linked to FOS, which represent the turnover of FOS, are estimated at 17,489,000 euros.

The credits in the accounts of FOS customers, which represent the amounts laundered by FOS customers, are estimated at 191,170,000 euros.

By a supplementary note dated March 16th, in response to the observations of Nadav BENSOUSSAN made at the hearing on the day before, taking

Into account certain adjustments proposed by the warned, the PNF evaluated the amounts credited to the accounts of customers of FOS at 190,446,000 euros.

The behavior of the bank after its indictment

Alexander PANKOV was invited to specify the shareholding of RIETUMU BANKA. More than half of the capital is owned by two Latvian family companies; more than 33% of the capital has been owned since 2005 by BOSWELL (International) CONSULTING Ltd., a Malta-registered company, which is the investment vehicle of Dermot DESMOND, an Irish businessman. The rest (about 16%) is held by other shareholders.

The court raised the question of the behavior of the bank after its indictment in the debate at the hearing on 20 March 2017.

Alexander PANKOV explained that the bank no longer has French customers sheltered under offshore companies.

The court noted on the website of RIETUMU that there was a French version of the site and, on the home page, a reference to the presence of *"Representative Offices in France, Russia, Romania, Ukraine, Belarus and Kazakhstan"*

Alexander PANKOV explained that the website had not been updated recently.

The court noticed that the price conditions of the bank presented on the internal website made the distinction between offshore companies and others, between "no face to face" customers and others, and between customers who sent documents certified by a notary and others. These price conditions suggest that the bank's activity remains focused on the opening of bank accounts on behalf of offshore companies. Alexander PANKOV was called to provide explanations on this point.

The court also found that SFM, which had already appeared in December 2012 on the agenda of the RIETUMU office as a possible partner of the bank RIETUMU, proposes the creation of offshore companies in conditions very similar to those offered by FRANCE OFFSHORE at the time of the acts and refers to accounts opened in Latvia at RIETUMU on a website exclusively in French.

Alexander PANKOV explained that some websites could mention the name of the bank without actually being one of its partners.

Alexander PANKOV was invited to explain how the bank's activity with European companies has been modified since 2013.

ON EXCEPTIONS OF NULLITY

By conclusions regularly filed and supported before any defense on the merits, the counsels of Messrs Sergejs SCUKA and Alexander PANKOV as well as RIETUMU BANKA ask the court to pronounce the nullity of the ordinance of return on October 10, 2016 about the violation of Article 6 (3) of the European Convention for the Protection of Human Rights and Fundamental Freedoms (CESDH), the preliminary article and Article 184 of the Code of Criminal Procedure, related to the right of the warned to know precisely the elements of the prosecution and of the defense, justifying their transfer to the trial court.

They believe that:

- the ordinance is imprecise concerning the constituent elements of the crimes charged to the warned and their sanction, which prevents the full exercise of the rights of the defense
- the ordinance of the investigating judges is null since elements of the crimes charged to the warned and exculpatory evidence have been omitted.

By conclusions regularly filed and supported before any defense on the merits, the counsel of Mr. Frederic BELMA makes the same request asking for the nullity of the ordinance of return and returning the procedure to the Attorney General under the conditions envisaged in article 385 of the Code of Criminal Procedure.

In support of his claim, he argues that the vagueness arises from the fact that *"the text of the order for reference concerns":*

- *no sum or no operation in particular;*
- *no precise qualification, mentioning the laundering of "crimes that have given its customers a direct or indirect profit, in this case in particular tax evasion and the abuse of corporate assets";*
- *- no reference to a client "treated" by Mr. BELMA who would have benefited from the direct or indirect product of a crime;*

He adds that *"these inaccuracies, in a file which contains more than 2600 ratings, do not allow Mr. BELMA to know which operations of FRANCE OFFSHORE that he could have engaged in would corroborate the qualifications raised by the instructing judge in their ordinance of regulation."*

By conclusions regularly filed and supported at the hearing, the Council of the Directorate General of Public Finances and the French State seeks to have rejected the request for annulment of the ordinance for reference submitted by the warned.

The representatives of the National Financial Court also request the rejection of the objections raised.

Applicable texts

Since the law of March 5, 2007, Article 184 of the Code of Criminal Procedure states that the ordinance of regulations issued by the investigating judge *"contain the full name, date and place of birth, address and profession of the person under investigation. They indicate the legal characterization of the act imputed to the person and, precisely, the reasons for which there are or are not sufficient accusations against this person. This reason is taken in light of the submissions made by the Attorney General and the observations of the parties who were sent to the investigating judge pursuant to Article 175, specifying the incriminating and exculpatory evidence concerning each of the persons under investigation".*

The formality described by Article 184 of the Code of Criminal Procedure is not subject to conclusions of nullity.

The sanction of the irregularities of the ordinance of regulations is governed by special law. Thus, Article 385 of the Code of Criminal Procedure states:

"The criminal court has the right to establish the nullity of the proceedings that are submitted to it except when it is seized by the return ordered by the investigating judge or the investigating courtroom."

However, in the case *"in which the parties were not aware of the ordinance or judgment which seized it, as may be the case according to the 4th paragraph of Article 183 or Article 217, or if the notification has not been made in accordance with the provisions of Article 184, the court shall return the procedure to the Attorney General to enable him/her to reconvene the investigating court so that the procedure is correct".*

It thus follows from the combination of Articles 184 and 385 of the Code of Criminal Procedure that the ordinance of regulations to the criminal court must put the warned in a position to know the acts and the legal qualifications of which they are accused, each person as far as they are concerned, in a precise and detailed manner.

The precise information relating to the acts imputed to each warned taken individually and their legal qualification meets the requirement of reason provided by Article 184 of the Code of Criminal Procedure. It is thus an essential condition of the fairness of the proceedings and a necessary condition for the effective preparation of the defense of each of the warned, with regard to the preliminary article of the Code of Criminal Procedure and Article 6-3 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.

It is therefore up to the court to determine whether the alleged violation of the terms of Article 184 of the Code of Criminal Procedure has made it impossible for the parties to be aware of the prosecution and to be able to defend themselves against the points of accusation that are charged to them.

The alleged vagueness of the ordinance of return

Position of the warned

The warned believe the terms of the prevention measure to be imprecise and the reasons for the ordinance of regulation to be just as imprecise, which would not allow them to defend themselves.

In support of their request, they claim that the prevention measure is imprecise on the grounds that:

- *"no precision is made on the offense of tax fraud supposed to be at the origin of money laundering;*
- *no indication is given on the date and place of commission of this original crime;*
- *the nature of the allegedly evaded tax (VAT, corporation tax, income tax, wealth tax, etc.) and its amount are not specified.*
- *the group of the constituent elements, the possible investigation of the "customers", or even their conviction are not detailed;*
- *the "client", alleged perpetrators of the original offense, are not mentioned".*

They further allege that the amount of money laundering is not specified to the extent that the ordinance is unclear on whether or not to include the amounts appearing in an account opened in the bank RIETUMU for company named ALLIED & UNIVERSAL LIMITED.

The warned argue that this alleged vagueness on the amount of laundered funds does not enable them to know the maximum penalty they may incur (which may amount to half of the amount of money laundered per application of Article 324-3 of the Penal Code).

The bank RIETUMU, Mr. PANKOV and Mr. SCUKA further contend that the order for return is inherently imprecise because it contains the adverb *"in particular"* (notamment), so that they are not able to identify the offenses underlying the money laundering with which they are charged.

Insofar as the investigating judges referred to offenses other than tax evasion in the body of their ordinance of return, and although they did not mention these offenses in the warning, the warned explain that they *"would not be able to determine which offenses, other than tax evasion, they are charged with, and which amounts are concerned"*.

In the end, they state that *"the order for return (...) is totally unfit to characterize tax evasion, both in principle and in the amount of tax potentially evaded" and add that "the shortcomings of the ordinance leaving [them] in complete ignorance of the other offenses allisively and roughly described, which are likely to be charged to them"*.

The defense of Frédéric BELMA further argues that the ordinance of return does not designate any customer *"treated" by Mr. BELMA who would have benefited from the direct or indirect product of an delict"*.

Court Analysis

RIETUMU BANKA has been referred to the Tribunal under the following accusation:

for having, in Paris and in Riga, from early 2007 to December 2012, participated, as a Latvian credit institution, ***in concealment or conversion operations (notably by opening bank accounts on behalf of offshore companies run by figureheads and the attribution in France of means of payment to the customers) of revenues of the customers (customers brought by FRANCE OFFSHORE)****, coming from crimes that provided these customers with a direct or indirect profit, in this case, in particular* ***tax evasion****, with the aggravating circumstance that it was habitually committed and using the facilities afforded by the exercise of a professional activity, in this case a credit institution in the sense of Article 511-1 of Monetary and Financial Code"*.

Alexander PANKOV is prosecuted "for having, in Riga and in Paris, from the beginning of 2007 and until December 2012, in his position as vice-president of the executive committee of the bank RIETUMU, participated in concealment or conversion operations including opening bank accounts in the name of offshore companies headed by figureheads and the allocation in France of means of payment to customers, revenues of these customers, customers brought in

particular by FRANCE OFFSHORE, coming from crimes that provided these customers with a direct or indirect profit, in this case, in particular tax evasion, in the circumstances that the crimes were habitually committed, using the facilities provided by the exercise of a professional activity, in this case as president of credit establishment in the sense of Article L 511-1 of the Monetary and Financial Code".

Mr. Sergejs SCUKA is being prosecuted for the same acts as Mr. PANKOV, committed from September 2009 on, in his role as representative of the bank RIETUMU.

It follows from the reading of these accusations that taking into consideration their respective functions within RIETUMU BANKA, the three warned were told to participate in the opening of accounts in the Latvian bank on behalf of offshore companies headed by figurehead directors and the allocation in France of means of payment to customers, participated in the concealment of revenues from crimes of French customers brought by FRANCE OFFSHORE, including tax fraud.

Mr. Frédéric BELMA was sent back under the following double prevention measure:

- *"for having in Paris, running from 2010 to December 2012, **participated as a commercial representative in FRANCE OFFSHORE**, in concealment or conversion operations (including the opening of bank accounts on behalf of offshore companies headed by figurehead names and the attribution in France of means of payment to the customers) of the revenues of the FRANCE OFFSHORE customers, coming from crimes that provided these customers with a direct or indirect profit, in this case, in particular tax evasion and abuse of corporate assets, with this aggravating circumstance that it was committed habitually and using the facilities that come from the exercise of a professional activity, in this case, commercial representative in France offshore,*
- for having, in Paris, from 2008 to December 10, 2012, participated in the group FRANCE OFFSHORE, in a formed group or in an agreement for the preparation of the crimes of laundering several crimes such as laundering tax evasion, a crime punished with least 5 years of imprisonment, characterized in particular by telephone advice or appointments with customers as part of a managerial organization, by renting offices in Paris via a figurehead lawyer, a partnership with a Latvian bank, by a system of false billing, by the use of a computer server (customer relation service) relocated abroad"

It follows from the reading of these accusations that Frédéric BELMA is charged with having, by **participating in his role as commercial representative of FRANCE OFFSHORE**, participated in the opening of bank accounts in the Latvian bank on behalf of offshore companies led by figurehead representatives and the allocation in France of means of payment

to customers, assisted with the concealment of revenues from crimes of French customers brought by FRANCE OFFSHORE, in particular tax evasion. He is also being prosecuted for **participating in the FRANCE OFFSHORE group in a criminal conspiracy to prepare various crimes such as the laundering of tax fraud.**

These qualifications do not suffer from any vagueness, as the ordinance of return does not designate any customer *"treated"* by Mr. BELMA. The latter's participation in the activity of the FRANCE OFFSHORE group is a matter for debate on the merits.

In the present case, the court points out that the examining magistrates stated in their ordinance of return (pages 14 and 15) how the main offense of tax evasion committed by FRANCE OFFSHORE's customers, both in terms of VAT and tax on companies, was constituted according to them.

It also follows from the actual structure (table of contents page 6) and from the body of the ordinance of return that the origin of the funds of the customers brought by FRANCE OFFSHORE and credited to the accounts opened in RIETUMU BANKA is distributed between tax evasion (offenses of tax evasion and abuse of corporate assets in detriment of French companies - page 14) and funds likely to come from other offenses precisely listed on page 16 of the ordinance (VAT fraud on carbon tax or sale to the hairpiece or other). The fact that the oppositive *"in particular"* (notamment) is included in the prevention measure does not imply any inaccuracy.

The court also points out that the ordinance of return devotes a chapter (3.1.4 page 17) to the amount of money laundered by FRANCE OFFSHORE. In this respect it is precised:

"This amount can be estimated by the reprocessing (28) of accumulated credits on the bank accounts opened through FOS.

In the RIETUMU bank, this total amounted to 252,346,863.93 euros and 678,760,253.73 USD (29) which corresponds to 618 accounts, opened and eventful between 2008 and 2012 (30).

This amount results from the minutes of analysis of June 11, 2014 (D1950), which includes all the accounts identified by the BNRDF (D1389 and D1955) obtained on request of mutual legal assistance of September 19, 2013 (D1449) (31) "

The following references are at the end of the page:

*"**28** restated accounts of the entities of the group FRANCE OFFSHORE.*

***29** Nadav BENSOUSSAN denies having participated in the opening of the bank account in the name of Universal Ltd, which received 603 million USD, which seems consistent with the facts that the nominated director of this company is neither Mr. VOGEL nor Mr. MOSTUE, and that none of the documents of identity was certified by Maître Castel (D1859): however, that is not explained (D2364 / 4) by the fact that his company PORTRIDGE received 10,000 euros on March 9, 2010 from this company (D 1905).*

***30** This amount of 252 million euros and 678 million USD equates to 760 million euros.*

***31** This figure does not therefore include the accounts that the auditor DELOITTE identified at the request of the bank RIETUMU (D1241 / 9) and that the investigators had not identified (see reconciliation of the two lists in D1391). Indeed, the bank RIETUMU did not agree to communicate them."*

The amounts deemed to be laundered on behalf of FRANCE OFFSHORE's customers are thus precisely enunciated in the ordinance of return. The question of whether the ALLIED UNIVERSAL Ltd account (which, according to the ordinance of return, received $603 million) is to be included or not in this assessment is inherently part of debate on the merits.

As for the fine incurred, which can amount to half of the money laundered, the defendants know the maximum amount of laundered assets retained by the investigating judges and can easily divide this amount by two to know the maximum amount of the sentence of fine that they incur.

It follows from all those factors that the ordinance of return does not suffer from any inaccuracy.

The alleged omission of exculpatory evidence

The alleged hearing of Mr. LOYFER

The bank RIETUMU and Mr. PANKOV criticize the investigating judge for failing to mention a hearing that was conducted "on rogatory commission of a French judge" of a man named Mr. LOYFER, who had power of attorney on the account of the company ALLIED & UNIVERSAL, opened in RIETUMU bank and identified during the procedure. On the occasion of his hearing, the latter would have claimed having no connection with Mr. BENSOUSSAN nor with FRANCE OFFSHORE. The counsel of the warned states:

"After signing the ordinance of return, the defendants became aware of the fact that Mr. Efim LOYFER was heard by the Russian police at the request of the French judicial authorities.

In September 2014, Mr. LOYFER was summoned by Russian investigators belonging to the Directorate General of Internal Security and the Fight against Corruption and he was questioned on the basis of a rogatory commission of a French judge.

During this hearing, Mr. LOYFER was questioned about the operation of the ALLIED & UNIVERSAL LIMITED account and about his links with Mr. BENSOUSSAN and with FRANCE OFFSHORE. He indicated then to have no connection with them and to not know them.

Mr. LOYFER stated that the ALLIED & UNIVERSAL LIMITED account had made a single transfer of 10,000 euros in March 2010 in favor of the account PORTRIDGE INVEST LTD, which should be returned to one of his acquaintances who had seen his wallet stolen during a stay in Paris.

Mr. LOYFER testified that no transcribed copy of this hearing's minutes was given to him at its conclusion.

The counsel for the warned sent the people in the debates a certificate of Mr. LOYFER dated February 17, 2017 and its free translation into French from an English translation.

The certificate of Mr. LOYFER thus revealed the existence of a rogatory commission sent by French investigating judges to the Russian authorities. Mr. LOYFER was interviewed by Russian investigators and provided exculpatory information for the warned.

The warned believe this piece of evidence to be decisive insofar as this hearing shows that the assets on this account would not have to be taken into account by the Court.

*****

The court points out that the defense does not specify in which French procedure the hearing of Mr. LOYFER in Russia took place.

It is undisputed that no hearing of Mr. LOYFER, a Russian citizen, is on the record of the present proceedings. There is no evidence in the case file that Mr. LOYFER was heard by the Russian police authorities in September 2014 in connection with an international rogatory commission issued to the Russian judicial authorities by a "French judge".

The investigating judge cannot therefore be criticized for not having mentioned in his ordinance of return the contents of a hearing which does not appear in the file and the existence of which, if it actually took place in the context of an international rogatory commission issued to the Russian judicial authorities by "*a French judge*", it is not alleged or established a fortiori that he was aware.

The court further recalls that, as noted above, the question of the relationship between the account ALLIED & UNIVERSAL LIMITED and FRANCE OFFSHORE is a matter for debate on the merits.

The deposit paid by Alexander PANKOV

Finally, Mr. PANKOV considers that the investigating magistrates have retained an inaccurate element against him in the accusation, insofar as they indicated "that,

placed under judicial control with an obligation to pay a deposit of 200,000 euros, he finally, and after requisitions for the purpose of revoking his judicial control for the absence of payment of security, paid only 150,000 euros".

Mr. PANKOV argues that this paragraph is incorrect since he paid the sum of 200,000 euros charged to him.

It should be recapitulated that Alexander PANKOV is not prosecuted for failing to fully pay the security deposit placed in his charge as part of his judicial control. The fact that the investigating judge did not specify that he had finally paid the last installment of 50,000 euros (after requisition from the PNF for the purpose of revoking his judicial control and after the delivery of the notice of end of information) does not constitute a lack of precision or an exculpatory element which has been disguised. At any time the judges did not justify the return of Mr. PANKOV to the Criminal Court by the fact that he would not have paid the full amount of his deposit.

They dealt with this issue in the section on judicial controls ordered during the investigation, which concerns all of the defendants.

They obviously made an error on the amount of the deposit finally paid, which carries no consequences insofar as that is not the reason of Mr. PANKOV's judicial control which caused his return to the Court.

Given all these elements, the conclusions of nullity raised will be rejected.

ON THE CULPABILITY:

PART 1: ACTS RELATING TO THE INTERNAL OPERATION OF FRANCE OFFSHORE

I THE ACTS OF FISCAL FRAUD AND COMPLICITY IN TAX FRAUD CHARGED TO NADAV BENSOUSSAN AND MAGALI SCHINAZI

1.1 Acts of tax fraud charged to Nadav BENSOUSSAN

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Nadav BENSOUSSAN is prosecuted for:

- for having, in Paris, as de jure manager, and then de facto manager, of the companies FFC and FFC LTD, from 2007 to 2010, voluntarily and fraudulently exempted the establishment and the total payment of their taxes due for the years 2007 to 2009, by abstaining from making VAT returns for the period of January 1, 2008 to February 2009 and corporate income tax for 2007, 2008 and until March 23, 2009 for FFC,

- for having, in Paris, as de jure manager, and then de facto manager, of the companies **NBC CONSEIL, RIVAL PLUS and RIVAL PLUS LTD**, from 2007 to 2010, willfully and fraudulently exempted the establishment and the total payment of their taxes from 2007 to 2009, by submitting a reduced VAT declaration for the year 2007 and by abstaining from making VAT declarations for the period of January 1, 2008 to March 31, 2009 and corporate income tax for 2007, 2008 and until June 12, 2009 for FFC and June 12, 2009 for RIVAL PLUS,

- having, in Paris, fraudulently exempted from the establishment and the total or partial payment of the taxes due for the years 2007 to 2010, in particular by subscribing statements reduced for the years 2007 and 2009 and abstaining from subscribing the overall income statement for the year 2008.

1.1.1 Position of the defense

By conclusions regularly deposited and supported orally, the counsels of Nadav BENSOUSSAN solicit to notice:

- that the amounts owed by FFC, FFC Ltd., NBC CONSEIL, RIVAL PLUS and RIVAL PLUS Ltd for the years from 2007 to 2010, with respect to corporate income tax and VAT, have not been reconstituted by the tax authorities

- that the turnover of FFC, FFC Ltd., NBC CONSEIL, RIVAL PLUS and RIVAL PLUS Ltd over the period 2007 to 2009 is not established

- that the amount of income tax of Nadav BENSOUSSAN, for the years 2007 to2010, has not been reconstituted by the tax authorities

- that therefore the court is not in a position to establish either the quantum or the severity of the tax evasion pursued or to draw such legal consequences.

They recapitulate that:

- the tax fraud alleged against Mr. BENSOUSSAN relates exclusively to the companies targeted by his indictments and the

preliminary complaints by the tax authorities, in this case FFC, FFC Ltd., NBC CONSEIL, RIVAL PLUS and RIVAL PLUS Ltd

- to date, no contradictory rectification procedure has been initiated on FFC and NBC by the tax authorities after the two complaints filed on July 22, 2011

- the turnover estimated at 36 million euros by the ordinance of return refers to a much larger period (2006 to 2013) than that of prevention measure, but also includes all of the sums credited to the accounts of many companies for which Nadav BENSOUSSAN has never been indicted

for tax fraud: HAUSSMANN CONSEIL, HAUSSMANN CONSEIL Ltd, FRANCE OFFSHORE Ltd, MEDIAMARINE Ltd, COMPADVISE, LAURENCE POUNTNNEY Ltd

- the reconstitutions hastily effectuated by the plaintiff both for the SI and VAT and for the income tax of Mr. BENSOUSSAN, based on the reconstitution of turnover made by the investigators, do not constitute in any way an accounting audit and also rely on data contested by the defense and in which the court has itself noticed many inaccuracies.

The lawyers of Nadav BENSOUSSAN argue that the turnover reconstituted by the investigators has no probative value and that *"above all, that no charge and current expenditure were taken into account in these reconstitutions, the investigators having limited themselves to evaluate the so-called turnover of these companies and not their profits, which constitute the only basis for calculating the corporate tax fraudulently evaded"*.

They specify that, if at the hearing the General Attorney took into account the observations of Nadav BENSOUSSAN and reconstituted a turnover of 18.5 million euros, these calculations remain disputed by the Defense, which does not know any of the details and had only summary tables. These new calculations cannot compensate for the lack of accounting verification by the tax authorities. The court would therefore be unable to appreciate the seriousness of the tax fraud pursued, exclusively concerning FFC, FFC Ltd., NBC, NBC Ltd., RIVAL PLUS and RIVAL PLUS Ltd, and thereby *"proportionalize*" its decision.

1.1.2 Position of the plaintiffs

The council of the Directorate General of Public Finance argues that the crime of tax evasion is perfectly characterized in its material and intentional elements.

It states that the DGFIP has already assessed the amount of fraud committed against these two companies, after a note communicated on March 14, 2017, under investigation at the hearing, and that it amounts to the following values:

- for the company FFC, a taxable profit for 2007 of 417,900 euros corresponding to a tax of **139,300 euros** evaded for the companies.

- for the NBC company, a taxable profit for 2008 of 854,947 euros corresponding to a tax of **284,982 euros** evaded for the companies, and a taxable profit for the period from January 1 to June 12, 2009 of 411,518 euros corresponding to a corporate tax evaded of **137,173 euros**, and a turnover of 1,068,684 euros for 2008 corresponding to a VAT evaded **209,462 euros**, and a turnover of 280,580 euros for the period from March 1 to 31, 2009 corresponding a VAT evaded **54,994 euros**.

He argues that "by application of constant jurispudence, the mere failure to file statements by Mr. BENSOUSSAN could be sufficient to establish the deliberate nature of the tax fraud committed.

But this criminal intent is corroborated in this case by the very activity of Mr. BENSOUSSAN, which was intended only to allow French taxpayers to evade taxes.

In addition, and finally, this desire to evade tax and evade any pursuit of tax services is still demonstrated by the arrangements he has put in place: he has indeed chosen to place figurehead directors at the heads of companies that he manages, then to give the French structures to English companies, to finally to carry out universal transmissions of patrimony in favor of these British companies, in order to try to definitively impede the recovery that the tax administration would operate."

As regards the income tax for which Nadav BENSOUSSAN was liable, the plaintiffs claim that the latter reproduced exactly the same pattern. He thus simply refrained from filing a declaration of his personal income for the year 2008 and filed claims with heavily reduced values for the years 2007 and 2009. His intention to thus evade the tax while residing in, working on and indebted to French territory, according to the plaintiff, is manifest and clearly demonstrated by the entirety of the proceedings.

The DGFIP assessed the amount of the fraud committed, in a note communicated on March 14, 2017, under investigation at the hearing, which represents for these three years an undeclared income of 5,845,100 euros corresponding to a tax on the income of **2,325,249 euros** evaded.

1.1.3 On the acts of tax evasion charged to Nadav BENSOUSSAN in his capacity as the manager of the companies FFC and NBC

Article 1741 of the General Tax Code provides that *"any person who has fraudulently evaded or attempted to fraudulently evade from an establishment the tax payment either in whole or in part*

referred to in this consolidation, when voluntarily failing to file his tax return within the prescribed time, or when voluntarily concealing a portion of the amounts subject to tax, or even when organizing his insolvency or impeding the tax charges by other maneuvers, or when acting in any other fraudulent manner".

On the management

If, during the investigation, Nadav BENSOUSSAN claimed to have ceased all activity in the companies FFC and FFC LTD from the moment a new de jure manager was officially appointed to this function, he did not maintain this position at the hearing. He no longer disputes the fact that he has been a de facto manager, notably of FFC, FFC Ltd, NBC

CONSEIL, RIVAL PLUS and RIVAL PLUS Ltd, all of which carried out the same activity of "*tax exemption advice*" through the FRANCE OFFSHORE website.

It follows from the elements of the proceedings that Nadav BENSOUSSAN did continue to manage the FFC company until its dissolution, which took place on March 23, 2009.

Several documents seized as part of the home visit conducted in October 2008 attest to this.

Thus, contracts of employment established in 2008 by the company FFC and signed by Nadav BENSOUSSAN were apprehended, as well as e-mails in which he gave instructions to his assistant in this company, such as that of changing the name of the manager on the company's letterhead and giving it back to him to sign, or by which he was looking for staff for this company.

Business cards bearing the words "FFC - Nadav BENSOUSSAN - Director" were also seized.

Messrs. CRIADO and NOMEL, supposed to have been legal managers and partners of this structure after Nadav BENSOUSSAN, were heard during the proceedings and explained that they had never managed this company, which they did not know.

NADAV BENSOUSSAN CONSEIL, NBC, changed its name to RIVAL PLUS on May 20, 2009, before being canceled by a full transfer of assets [TUP] on June 12, 2009 to the British company RIVAL PLUS LIMITED, a company represented by Richard MOSTUE which closed on January 11, 2011. Nadav BENSOUSSAN also continued to manage RIVAL PLUS until its dissolution.

Material elements

It follows from the two complaints lodged by the General Directorate of Public Finances on July 22, 2011 that:

- as regards the FFC company, Nadav BENSOUSSAN simply refrained from filing the VAT returns for the period from January 1, 2008 to February 28, 2009 as well as the corporate tax declarations that should be filed for the years ended in 2007, 2008 and March 23, 2009

- as regards to NBC/RIVAL PLUS, Nadav BENSOUSSAN also refrained from filing the VAT returns for the period from January 1, 2008 to March 31, 2009 and the corporate tax declarations for the years ended in 2007, 2008 and June 12, 2009.

This abstention is sufficient to characterize the material element of the delict, since Article 1741 of the General Tax Code does not fix a minimum amount of taxable amount in the event of a declaratory omission.

In addition, and as regards the NBC company, Mr. BENSOUSSAN subscribed a VAT return which was proven to be totally reduced for the year 2007, in proportions by far exceeding the threshold of legal tolerance.

<u>On the valuation of evaded rights</u>

If no contradictory rectification procedure was carried out with regard to the FFC and NBC companies by the tax authorities following the two complaints filed on July 22, 2011, the criminal court is obviously not the tribunal of the tax. The court is, nevertheless, contrary to what is supported by the defense of Nadav BENSOUSSAN, able to appreciate the amount of rights evaded, in view of the note sent by the plaintiff during the investigation hearing, dated March 14, 2017 and submitted to the adversarial debate.

These are estimated at more than **139,000 euros** for the only company FFC for the year **2007** (IS). It is apparent from the appendix to the note from the plaintiff dated March 14, 2017 on the company FFC that this reconstitution was made from only the receipts found on the French bank account that was examined by the investigators, opened at CIC (grades D 231 and D 1743/2). These receipts appear to be an amount of 522,375 euros for the year 2007 in the table of summary of the turnover realized by the group "France Offshore". In the absence of any accounting, for the sake of economic realism, in the absence of any element, the administration retained expenses representing 20% of the turnover. No turnover was retained for the years 2008 and 2009, as no bank account was identified in France or abroad for the company for these two years.

The same note from March 14, 2017 shows that the evaded rights referred to in the criminal law are estimated at **686,000 euros** for NBC for the period from January 1, 2008 to June 12, 2009 (tax: 422,000 euros and VAT: 264,000 euros). The reconstitution of the turnover was carried out from the only collections reported on the French bank account opened on behalf of the company which was examined by the investigators, in this case account no. 27834100200 opened at Crédit du Nord (ratings D 228 and D 1743/2). These receipts are shown in the summary table of revenue generated by the "France Offshore" group. In the absence of any accounting, for the sake of economic realism, in the absence of any element, the administration retained expenses representing 20% of the turnover reconstituted.

The tax evasion pursued on these two companies alone represents a quantum of around **825,000 euros** of evaded duties, and the court was able to ensure the consistency of these assessments, which are based on reconstitutions of the turnover found in the receipts recorded on the French bank accounts opened on behalf of the companies FFC and NBC/RIVAL PLUS and are therefore not seriously contestable or disputed.

On the intentional element

Nadav BENSOUSSAN did not dispute at the hearing having the intention to evade taxes.

His counsel also writes on page 31 of their conclusions, with regard to the swindling of social organizations: *"Mr. BENSOUSSAN was not able to act with the conscience and the intention to conceal his own fraud,* ***and for good reason, his one and only intention has always been to evade the payment of the taxes."***

On page 75 of their conclusions, they state: *"**the TUPs** were by no means an element or the tool of the so-called scam in the URSSAF but only in the will of Mr. BENSOUSSAN to evade taxes and in the acts of tax evasion for which he is also prosecuted. "*

This desire to evade tax and escape any pursuit of tax administration is further demonstrated by the arrangements that he has put in place: he has chosen to put figureheads at the heads of the companies he directed, then to give up the French structures to English companies, to finally realize full transfer of assets in favor of these British companies, in order to try to definitively avoid the recovery that the tax administration would operate.

The acts of tax fraud committed as part of the management of companies of the nebulous FOS are characterized and Nadav BENSOUSSAN will be convicted of this point of accusation.

1.1.4 On the acts of tax fraud charged to Nadav BENSOUSSAN in his personal capacity

Regarding the income tax, Nadav BENSOUSSAN has simply refrained from filing a declaration of all his personal income for the year 2008 and has filed claims with heavily reduced amounts for the years 2007 and 2009. His intention to evade taxes while residing in and working on French territory was doubtlessly, according to the plaintiff, manifest and clearly demonstrated by the entirety of the proceedings.

The DGFIP has, contrary to the defense of Nadav BENSOUSSAN, assessed the amount of fraud committed, in a note communicated on March 14, 2017, under investigation at the hearing, and submitted to the adversarial debate. The income not declared by Nadav BENSOUSSAN is evaluated, for 2007 to 2009, at **5,845,100 euros** corresponding to a tax of **2,325,249 euros** from the evaded income. The DGFIP considered that Nadav BENSOUSSAN had hiddenly sold tax exemption schemes. It was annexed to its note:

"For the exercise of this undeclared consultancy business, Mr. BENSOUSSAN used foreign shell companies PORTRIDGE INVEST LIMITED (Tortola BVI), LAURENCE POUTNEY LTD (TORTOLA BVI) and HAUSSMANN CONSEIL LIMITED, without material or human means, which held bank accounts opened in Latvia with RIETUMU BANKA.

For PORTRIDGE INVEST LIMITED (BVI), Mr BENSOUSSAN has the power to commit the company from December 19, 2006, a power renewed each year until 2011. He opened the account with RIETUMU BANKA on December 21, 2006 (D 1743 and D 1384 and D925 and following).

For the company LAURENCE POUTNEY LIMITED (BVI), Mr. BENSOUSSAN has the power to commit the company from June 19, 2008, a power renewed each year until March 3, 2011.

He opened the account with RIETUMU BANKA (LV58RTMB000061080697 2) on July 14, 2008 (D 1743, D 1287, D 1461 and D 912 and following). Through this structure, Mr. BENSOUSSAN used the services of MOSSACK FONSECA.

From PV 1287/4, the receipts of turnover amount to 1,965,447 euros but the detail does not appear in the pieces (see seals). The judicial authorities have retained a figure of 1,786,405 euros.

For the company HAUSSMANN CONSEIL LIMITED, the only item concerning Mr. BENSOUSSAN is that he is the beneficiary of a bank card linked to the bank account opened with RIETUMU on behalf of HAUSSMANN CONSEIL LTD. The originator is Mr. Yaakov VOGEL, a figurehead director according to the instruction. In addition, according to minutes D 1291 and D 1386, the bank accounts have been open since 2010 (February and May). So far, the

judicial authorities have reported an amount of receipts for 2009 of 186,684 euros (no more detail).

It also appears from the judicial proceedings that Mr BENSOUSSAN set up a company in Delaware in 2006, FFC GROUP LLC, and opened a bank account with RIETUMU BANKA in Latvia on behalf of this company. No figures are reported on this structure. The same is true of FACTOREX LTD (which would pay rents in the 16th district), FFC EUROPE LTD, RIVAL PLUS LTD."

With regard to the estimated cost of fraud, this note states that the duties evaded for the years covered by the complaint are assessed on the basis of the bank receipts recorded on the accounts opened with RIETUMU BANKA by shell companies PORTRIDGE INVEST LTD, LAURENCE POUTNEY LTD and HAUSSMANN CONSEIL LTD in the table summarizes the turnover carried out by the "FRANCE OFFSHORE group" (D1743/2).

Similarly, in the absence of a statement or proof of expenses, costs are estimated at 20% of turnover, *"this percentage being able to be refined according to the elements that will be produced."*

The tax fraud pursued under the hidden activity of Nadav BENSOUSSAN represents a quantum of around **2,325,000 euros** in evaded duties, and the court, which is not the judge of the tax, was nevertheless able to ensure the consistency of these assessments, which are based on reconstitutions made from receipts from bank accounts opened with RIETUMU BANKA on behalf of the offshore companies PORTRIDGE INVEST LTD, LAURENCE POUTNEY LTD and HAUSSMANN CONSEIL LTD for which Nadav BENSOUSSAN had the power to engage the company.

Nadav BENSOUSSAN, whose *"one and only intention has always been to evade the payment of the taxes,"* will be considered convicted of personal tax fraud.

1.2 Acts of complicity in tax fraud charged to Magali SCHINAZI

Magali SCHINAZI is sent back to this court for having been complicit with tax evasion crimes committed by FFC, FFC LIMITED, NBC, RIVAL PLUS, RIVAL PLUS LIMITED, in Paris, between January 1, 2009 and December 31, 2012, by, in this case, aiding and assisting in proceeding with the formalities of appointments of the figureheads, transfering head offices, transfering shares prior to the full transfer of assets to companies of English rights whose only purpose was to evade tax obligations and tax procedures, and dissolving French companies.

The investigating judges indicated in their ordinance of return that the indictments for tax evasion and complicity, even if they were not expressly aimed at the company HAUSSMANN CONSEIL, include "obviously the turnover cashed on HAUSSMANN CONSEIL", given that this company was used by confusion of patrimonies with the companies NBC and FFC.

1.2.1 Chronological recapitulation

Magali SCHINAZI is a lawyer and was subscribed to the Paris Bar. She stated that she started working with Nadav BENSOUSSAN in October 2008 and they had met through a common friend.

She was therefore solicited by Nadav BENSOUSSAN at a date very close to the home visit of the tax services, of which she nevertheless denied being aware.

The chronology of the succession of structures and events from this date can be recapitulated as follows:

October 10, 2008: Domiciliary visit of the DNEF at 72 Avenue Victor Hugo

October 20, 2008: Creation of Haussmann Conseil SARL (registered on December 30, 2008)

2009 (start): Creation of the Riga office

March and June 2009: Dissolution of FFC and NBC (renamed Rival Plus) by TUP with their English sisters

July 8, 2009: Registration of Rietumu Banka in France and opening in September of the representation office at Boulevard Haussman

February 18, 2010: Registration of France Offshore Ltd

July 2010: Registration in Paris of Antermol UK Ltd and Prissac UK Ltd

October 2010: First articles in the press

February 21, 2011: Receipt by Haussman Counseil of the audit opinion

February 2011: Sale of the shares of SARL Haussman Conseil to its English sister (and struck off in March 2011)

April 2011: Failure of Haussman Conseil's accounting presentation

June 14, 2011: Registration by the ACPR of the declaration of LPS of Rietumu Banka

In this case, the appointment of figureheads in place of Nadav BENSOUSSAN in the companies FFC and NBC, then the transfer of the shares of these companies to companies under English law and finally the full transfers of assets made to the benefit of these same companies was obviously in the interest and aim of misleading the tax administration, allowing the companies to evade taxes and avoid accounting checks that would be made and the payment of taxes, which would be reminded in its moment.

The purpose of these setups was, following the DNEF's home visit to 72 Avenue Victor Hugo on October 10, 2008, to complicate the investigations of the tax administration and to completely eliminate the companies and their traces from France.

1.2.2 The Role of Magali SCHINAZI

Nadav BENSOUSSAN describes her as the "formalist" of FOS for the companies of FOS or for the customers of FOS. This role must be taken in the broad sense, going up to the establishment of Full Transmission of Assets (or TUP), and the creation of all legal documents permitting the appointment of managers.

While in police custody, she admitted to having been aware of these frauds at the time of the acts, but in interrogation, she said that she had understood it only "afterwards".

Nevertheless, she confirmed that she warned Nadav BENSOUSSAN of the criminal risk (tax fraud and social security fraud):

- at the time of the switchover of Haussmann Conseil's employees on Antermol and Prissac (thus from the summer of 2010 on)

- at the time of the recovery of Haussman Conseil (thus around February 2010).

However, she signed an assistance contract with France Offshore Ltd on July 1, 2010, prognosing for a fee income of 10,000 euros per trimester, plus a remuneration on additional bills, which, according to the bills found in the search, are raised to a total of almost 100,000 euros. While she is in contact with Nadav BENSOUSSAN, this contract is signed by her and by Richard MOSTUE, who she knows is not the true manager and owner of FOS.

She also took the steps of opening the representative office in Paris of Rietumu Bank, in 2009.

In the summer of 2010 she took care of the "disappearance" of Haussmann Conseil and the registration in Paris of the representative offices of the British companies Antermol UK Ltd and Prissac UK Ltd, and she knew that the employees of Haussman Conseil had been "switched" on these two British companies. She reassured the employees about this.

Regarding the TUP FFC and NBC, she does not "remember anymore" if she took care of it, but David CASTEL says it was not him. Nadav BENSOUSSAN does not know anymore which one of them it was. However, according to the statements of Frédéric BELMA and David CASTEL and even of Mendel BRODOWICZ, she seems to be the referent within FOS regarding TUP. Moreover, her contract of assistance services with FOS explicitly mentions *"taking charge of the formalities of full transmission of assets"*.

1.2.3 The absence of a link between the omissions and declaratory defects for which Nadav BENSOUSSAN was convicted and the "legal cavalry" to which Magali SCHINAZI contributed

As noted above (1.1), the complaints of the DGFIP of July 22, 2011 relate to the companies FFC and NBC/RIVAL PLUS.

With regard to the FFC company, the complaint concerns the fact that Nadav BENSOUSSAN simply refrained from filing the VAT returns due for the period from January 1, 2008 to February 28, 2009 and the companies' tax returns that were to be subscribed for the years ended in 2007, 2008 and March 23, 2009.

With regard to NBC/RIVAL PLUS, the complaint concerns the fact that Nadav BENSOUSSAN also refrained from taking the VAT returns due for the period from January 1, 2008 to March 31, 2009 and the companies' tax returns for the fiscal years ended in 2007, 2008 and June 12, 2009.

In addition, and as regards the NBC company, Mr BENSOUSSAN subscribed a VAT return which was totally reduced for the year 2007, in proportions by far exceeding the threshold of legal tolerance.

The duties evaded were assessed by the administration from only the receipts registered on the French bank accounts opened on behalf of these two companies. Therefore, the court does not share the position of the investigating judge, who considers that the qualification of return, which does not mention the Haussmann Conseil companies, nevertheless includes the turnover collected on the return period on Haussman Conseil and the Offshore companies' accounts used to cash it (page 37 of the TCRA, reference #65).

On the basis of the two complaints lodged by the DGFIP, Nadav BENSOUSSAN was thus convicted of tax evasion for not having even considered it useful to declare the turnover initially entered on the French bank accounts opened in the name of FFC and NBC/RIVAL PLUS companies (see above 1.1.3).

Consequently, given the acts referred to in these complaints and the terms of prevention measure, Magali SCHINAZI, who arrived in October 2008, cannot be said to have been complicit in the fact that Nadav BENSOUSSAN abstained, even in 2009, from filing VAT return statements and corporate taxable income for both FFC and NBC RIVAL PLUS. These omissions and declaratory defects are attributable to Nadav BENSOUSSAN, manager of the French companies, and concern the sums collected on French bank accounts. They are totally separate from the material (subsequent) acts alleged against Magali SCHINAZI (having proceeded to the formalities of appointing figureheads, transfering head offices, transfering shares prior to the full transfer of assets to the companies under English jurisdiction).

Magali SCHINAZI, who is being prosecuted for complicity in only the tax evasion crimes committed by the companies FFC, FFC LIMITED, NBC, RIVAL PLUS, RIVAL PLUS LIMITED, will therefore be relieved of the acts of complicity in tax evasion (FFC and NBC/RIVAL PLUS) with which she is charged.

II - OTHER CRIMES IN THE CONTEXT OF THE MANAGEMENT OF THE COMPANIES OF THE NEBULOUS FOS CHARGED TO NADAV BENSOUSSAN AND MAGALI SCHINAZI

2.1 The false charges against Nadav BENSOUSSAN

Nadav BENSOUSSAN is sued for having in Paris, from 2009 to December 10, 2012, fraudulently tampered with the truth of several writings intended to establish the proof of a right or a fact with legal consequences, in this case by mentioning on FOS invoices an inexact entity (David CASTEL or MKCF) and false documents, to the detriment of the tax administration and the companies that settled these invoices.

It appears from the file and the proceedings that the services sold by FRANCE OFFSHORE could, according to the customer's wish, give rise to an invoice drawn up sometimes by the company MEDIA MARINE (with VAT), sometimes by COMPADVISE or David CASTEL (without VAT and with a document to raise no suspicions on the accounting or fiscal plan). The fees to FOS for the creation of an offshore company were therefore recognized as an expense within the French client company and deducted in the context of the determination of the result subject to corporate tax in France. The VAT in the case optionally paid by the customers opened the right of deduction from the French tax authorities. The false invoices thus issued are therefore likely to cause damage to both the client company and the tax authorities.

Nadav BENSOUSSAN acknowledged having given an order to establish the forty invoices issued by David CASTEL (dated December 2011 to December 2012) that were found during the search carried out in the office of this lawyer. These invoices issued to FOS customers aimed

Exclusively to justify the cashing out of David CASTEL's professional accounts of sums intended for the payment of rents by David CASTEL on behalf of Nadav BENSOUSSAN and FOS.

These invoices contain false statements (for example, a legal study on the entry into force of a European directive, billed by David CASTEL, instead of an invoice from a company of the nebulous FOS that should have, in an admittedly rather imprudent way, referred to the constitution of an offshore company and to the "bank introduction" in a Latvian bank).

The prevention measure is also aimed at the invoices MEDIAMARINE (commercial name of the SARL MKCF established at the request of the customers of FOS to allow these last to justify the sums paid to FOS and to recover the VAT in their respective accounts while making vague or inaccurate documents appear (business development and restructuring consulting).

The client Frédéric LUCIANO illustrates this process: the sale of a Canadian offshore company and the opening of his bank account were billed by MEDIAMARINE Ltd as "creation visual studio 2012".

Sandrine SANCHEZ and Alexandra GILLET stated that Nadav BENSOUSSAN proposed to the customers to do this in order to at the same time allow them to deduct VAT on the services of FOS and to remain *"discreet"* on the nature of these benefits.

It follows from all these elements that Nadav BENSOUSSAN is the intellectual author of these false statements, which he does not dispute. He will therefore be considered convicted of the charges against him in this respect.

2.2 **The acts of forgery (“usage de faux”) sage charged to Nadav BENSOUSSAN**

Nadav BENSOUSSAN is sued for having in Paris, from 2008 to July 2011, used a falsified tax notice for 2007 making salaries and wages up to 309,187 euros appear, while his officially declared income for the same period was 70,550 euros, in order to obtain the rental office from a real estate agency located at 52 Avenue Victor Hugo.

By a regularly filed and supported pleadings at the hearing, Nadav BENSOUSSAN's legal advisors plead for acquittal of this point of accusation and argue that the crime of use of false administrative document did not take place, since the falsified tax notice fails to establish a right, an identity, or a quality, or to grant an authorization.

In their pleading, Nadav BENSOUSSAN's legal advisors refer to a judgment dated January 5, 2017 of the criminal chamber of the Court of Cassation in which it was considered that the falsification of a tax audit notice was not a fraudulent alteration in an administrative document. The court points out

that a tax audit notice cannot be confused with a tax assessment (an official document of the annual tax that has to be paid showing how it is calculated and how and when payment should be made).

Administrative forgery consists of an alteration of the truth in a document issued by a public administration for the purpose of ascertaining a right, an identity or a quality, or granting an authorization.

It is not disputed in this case that a tax assessment is issued by the tax administration, a public administration. By its very nature, it makes it possible to recognize a right, in this case the right of the administration to recover the tax established. A falsified tax assessment is therefore an administrative forgery whose criminal nature is described in sections 441-2 and 441-3 of the Penal Code.

It follows from the elements of the trial that Nadav BENSOUSSAN did in fact hand over to the lessor of 52 Avenue Victor Hugo a falsified 2007 tax notice showing salaries and wages of

309,187 euros, while his officially declared income for the same period was70,550 euros. This rental file does not show any person who would have represented Nadav BENSOUSSAN for the negotiation of this lease. The use of this falsified tax assessment was likely to cause injury to the lessor, misled in this case on the official income of the person concerned and therefore on his financial capabilities. In order to rent this apartment, Nadav BENSOUSSAN has intentionally made use of a tax assessment showing an income more than four times higher than his officially declared income. He will therefore be declared guilty for the acts of forgery with which he is charged in this respect.

2.3 <u>The acts of hidden work charged to Nadav BENSOUSSAN</u>

Nadav BENSOUSSAN is sued for having, in Paris, until December 10, 2012, while employing Sandrine SANCHEZ, Emmanuelle ABITBOL, Sophien MAAREF, Bruno RIBEIRO MARTINS, Alexandra GILLET, Frédéric BELMA, and Mendel BRODOWICZ, intentionally declared reduced values of their wages or their social contributions to institutions collecting contributions and social quotes or to the tax administration under the legal provisions, in this case by intentionally withholding a portion of the wages paid to these employees from the URSSAF contributions.

Nadav BENSOUSSAN did not dispute that the variable part of the salary of his employees in France was not declared to the URSSAF and was paid to them discreetly by means of a bank card debited to the Latvian account of the English company IGRUCOM Ltd.

The defense claims that the principle *non bis in idem* prohibits the conviction of Nadav BENSOUSSAN for concealed work and fraud to the detriment of URSSAF insofar as:

- the alleged acts overlap perfectly and are of the same intention
- the protected interests and the victims of the offense are identical.

The court points out that these acts of concealed work are related to the reduction of declarations (reduction of declared wages) to the URSSAF and thus to the contributions based on these wages. They are by nature distinct from the fraudulent crimes against URSSAF referred to in prevention measure, which consist of systematically declaring his employees without paying contributions and transferring them to a new company while organizing the insolvency of the previous company, in order to grant social protection to these employees in a form of *"social cavalry"*.

It appears from the elements of the trial and in particular from the employees' declarations that a part of the salaries was paid in cash and in the availability of some amounts in RIETUMU bank cards from IGRUCOM company in particular allowing them to withdraw sums of money in cash in France, which corresponded to salaries or bonuses not shown on their wage slips.

Nadav BENSOUSSAN, employer of Sandrine SANCHEZ, Emmanuelle ABITBOL, Sophien MAAREF, Bruno RIBEIRO MARTINS, Alexandra GILLET, Frédéric BELMA, and Mendel BRODOWICZ has therefore intentionally subtracted a portion of the wages paid to these employees from the URSSAF contributions.

Nadav BENSOUSSAN will therefore be declared guilty of the acts which are charged to him in this respect.

2.4 **The acts of fraud in criminal conspiracy against the URSSAF and the various social security and complicity funds**

2.4.1 The acts of fraud in criminal conspiracy charged to Nadav BENSOUSSAN

Nadav BENSOUSSAN is sued for having, in Paris and on the national territory, from 2007 until December 10, 2012, by the abuse of a true quality of employer and by fraudulent maneuvers consisting of systematically declaring his employees without paying the contributions and transferring them three times to a new company while organizing the insolvency of the previous one, in his capacity as de jure and de facto manager of the companies FFC, then NBC, then of HAUSSMANN CONSEIL, then of PRISSAK UK LTD and ANTERMOL UK LTD, deceived the URSSAF and the various social security funds to force them to grant social protection to these employees, doing this in a criminal conpiracy.

a) Position of the defense

By regularly filed and supported pleadings at the hearing, Nadav BENSOUSSAN's legal advisor pleads for acquittal and points out that:

- "the same acts and the violation of the same interests, concerning the same victims, are prosecuted for the hidden work and the fraud in criminal conspiracy harming the URSSAF"
- the crime of fraud in criminal conspiracy harming the URSSAF and the various social security funds is not characterized.

In support of these pleadings, the counsel for Nadav BENSOUSSAN argues that:

- the aggravating circumstance of a criminal conspiracy is not characterized; in the absence of sufficient evidence, the Public Prosecutor's Office, in its closing arguments, for example, at the hearing on March 8, 2017, has itself indicated that it was abandoning the aggravating circumstance of criminal conspiracy; the ordinance of return refers to Magali SCHINAZI as a participant in this criminal conspiracy while the latter is being sued only for complicity in fraud against the URSSAF
- - Mr. BENSOUSSAN's efforts to regularize the situation deny any fraudulent intent; he had in particular mandated that an accountant, Mickael BENITA, resume his accounting management, *"including the settlement of a dispute with URSSAF";*
- - the TUP is subsequent to the delivery of the fraudulent thing, in this case the social rights, and intervenes thus after the crime of fraud; *"the TUP were by no means an element or the tool of the alleged fraud in the URSSAF but were only to allow Mr. BENSOUSSAN to evade taxes and are related to the acts of tax evasion for which he is also prosecuted"*
- he non-payment of the contributions does not allow the fraudulent maneuvers described by article 313-1 of the Penal Code to be characterized.

b) Court Analysis

Nadav BENSOUSSAN's acts in this respect do not consist simply of abstaining from paying the social security contributions due to the employment of the declared employees who have benefited from social security coverage. Prevention measure is aimed at a form of "social cavalry", that is, fraudulent maneuvers consisting of systematically declaring FOS employees working in France (DUE and DADS) without paying the contributions and of transferring them three times to a new companies (FFC and NBC then HC then ANTERMOL Ltd and PRISSAC Ltd) while organizing the insolvency of the previous one. The purpose of these maneuvers would be to force the URSSAF and other agencies to grant social protection to these employees. Fraudulent practices thus consist of the combination of the non-payment of social contributions and the full transmission of assets prior to

transfer to a new company of the same employees who will continue to work on behalf of FOS and will benefit from social security benefits.

These acts are totally different from the acts of the concealed work which concern the absence of declaration on the pay slips and other social declarations of the bonus paid in cash or by the use of bank cards in RIETUMU (see above).

The court also notes that if the TUPs were registered, as Nadav BENSOUSSAN's legal adviser wrote, in his intention to evade taxes, this does not exclude his social charges evasion at the same time. Because of its duration and its systematic character, this management appears intentional.

It follows from the elements of the trial, in particular from the note of the specialized assistant, and from the debates, that Nadav BENSOUSSAN organized the management of FOS knowing that, while the activity was taking place without any cash flow problem, he was not going to pay the social contributions and he would transfer the activity to another company, which in turn would pay neither its taxes nor its social charges. It appears that these transfers of employees were not justified by economic reasons such as the sale of a business, but by the URSSAF control commitment on the companies, because of the systematic lack of payment of social contributions. The transfers in fact coincide chronologically with the sending of tax ex officio by the URSSAF. It follows that Nadav BENSOUSSAN made this choice rather than making the employees work undeclared, in order to allow them to benefit from social security coverage.

The statements of Katia TESSIER, corroborated by a wiretap, according to which Nadav BENSOUSSAN had asked her in August 2012 to get in touch with Mr. ZAMOUR in order to *"resume his accounting management and in particular a dispute with the URSSAF"* or to *"regularize missing pay slips"* are, according to the court, not likely to *"refute any fraudulent intent of Nadav BENSOUSSAN"* who at that time had not paid any contribution for more than four years and organized a social cavalry erected into a system.

If, as considered by the representative of the Attorney General at the hearing, the aggravating circumstance of criminal conspiracy is not characterized, the acts of fraud are, and Nadav BENSOUSSAN will be considered guilty of the acts thus.

2.4.2 The acts of complicity in fraud charged to Magali SCHINAZI

Magali SCHINAZI is sued for having, in Paris and on the national territory, from 2009 to 2012, by the abuse of her role as employer and by

maneuvering to declare her employees without paying the contributions and transferring them three times to new companies (FFC and NBC, then Haussman Counseil, then Antermol and Prissac) while organizing the insolvency of the previous one, been complicit in the swindling committed by Nadav BENSOUSSAN harming the URSSAF and the various social security funds, in order to force them to grant social protection to these employees, and in a criminal conspiracy, proceeding with the formalities of appointment of figurehead managers, with the transfer of headquarters, with the transfer of parties before TUP and cancellation of companies.

It follows from the elements of the procedure and the debates that Magali SCHINAZI, in her capacity as FOS's lawyer, carried out the formalities referred to in the prevention measure, which the complainant does not dispute. She intervened at all stages of the reorganization of the FOS activity from the home visit of October 10, 2008. She completed all of the formalities necessary for the establishment of this "*legal cavalry*".

Nevertheless the court considers that sufficient evidence that Magali SCHINAZI knew that the social charges (corresponding to declared wages) were not paid by Nadav BENSOUSSAN is not reported and that the "cavalry" that she implemented mainly aimed to escape the investigations and prosecutions of the tax administration.

Magali SCHINAZI will therefore be acquitted of this point of accusation.

III - THE ACTS OF HABITUAL LAUNDERING OF TAX FRAUD PRODUCED BY THE COMPANIES OF THE NEBULOUS FRANCE OFFSHORE CHARGED TO NADAV BENSOUSSAN

Nadav BENSOUSSAN is sued for having, in Paris, during 2008 to December 10, 2012, in his role as de facto manager of offshore companies of the France Offshore group, supported concealment or conversion operations of the product of tax evasion by the companies FFC, FFC LTD, NBC, RIVAL PLUS, RIVAL PLUS LTD, by the collection of turnover defrauded by these offshore companies headed by figurehead directors and collaborators, and for having falsely justified in France the origin of these assets using accounts held by third parties, including that of David CASTEL, with the circomstace that the acts were habitually committed.

3.1 Position of the defense

By regularly filed and orally supported pleas, Nadav BENSOUSSAN's legal advisors plead for acquittal on the grounds that the acts of money laundering would be characterized neither materially nor intentionally.

In support of this pleading, they argue that:

- the acts pursued under the classification of self-laundering by concealment exclusively constitute acts of tax fraud for which no complaint has been lodged; by making the choice to submit to the court acts which have not been denounced in accordance with Article L 228 of the Book of Tax Procedures, the Prosecutor's National Financial Office circumvented the provisions which reserve to the administration the monopoly of lodging a complaint after the notice of the CIF
- Nadav BENSOUSSAN has never had the consciousness of his laundering activity or any intention other than to evade payment of the tax; even if the transfer of a QPC on this point has been denied by the Criminal Division of the Court of Cassation, the repression of the self-laundering on the basis of paragraph 2 of Article 324-1 cannot be automatic; in a context of uncertainty and judicial debate around the repression of the self-laundering, Mr. BENSOUSSAN could not act with the conscience and the intention to conceal his own fraud, and for good reason; his only and unique intention was always to evade the payment of taxes; the concealment of the turnover of NBC and FFC on the accounts of offshore companies proceeds inseparably from a single action, characterized by a single culpable intention, namely to evade the corporate taxes; therefore he cannot be doubly condemned for the same acts as different points of accusation, both tax evasion and laundering by concealment
- the laundering of tax fraud committed by FFC and NBC by misleading justification of funds is neither precisely defined nor established against Nadav BENSOUSSAN; there is no evidence that the alleged flows charged in the ordinance of return stem from the tax evasion committed by FFC and NBC, the only money laundering crimes for which the court is seized.

3.2 Court Analysis

The investigating judge considers that this classification (which explicitly only covers the amounts collected on the accounts of the companies FF, FFC Ltd and NBC/Rival Plus and Rival Plus Ltd) also includes the companies Haussmann Conseil, FOS, Laurence Pountney, Portridge and Mediamarine whose bank accounts were used to conceal their turnover (page 22 of the ordinance of return).

As a preliminary point, it should be noted that the investigating judge explained why he had chosen to prosecute Nadav BENSOUSSAN for money laundering rather than tax evasion, and thus indicated that there was a confusion of patrimonies and a multiplication of the companies and the bank accounts in order to conceal the product of the tax fraud carried out by FOS.

The investigating magistrates specified in particular (page 20 of the order of return):

"*We have not further indicted Nadav BENSOUSSAN, as we could have done, for tax evasion on the turnover of the years 2010, 2011 and 2012, since these acts appeared to us better*

qualified as laundering tax fraud, because, from 2010, no French company of FOS made any tax return (neither for VAT nor for the IS) ... "

The offense of money laundering is an autonomous offense, which can be prosecuted even if the primary offense is not prosecuted or is no longer punishable.

The fact that Nadav BENSOUSSAN is not returned to the Court for tax fraud for later years, or for the tax evasion he committed in the framework of the company HAUSSMANN CONSEIL, therefore produces no consequence.

In order for the offense of laundering tax fraud to be characterized, it is necessary and therefore sufficient that the elements constituting tax evasion are identified and that it is established that Nadav BENSOUSSAN has participated in an operation to conceal this tax evasion.

3.3.1 Laundering by concealment on accounts opened abroad

The investigating judge considers that *"the mere omission of declaring turnover characterizes tax evasion. Cashing it on accounts opened abroad on behalf of shell companies with figurehead directors and collaborators bearing the twin names of French companies characterizes money laundering by concealment (paragraph 2 of Article 324-1 of the Penal Code). "*

Nadav BENSOUSSAN was the de facto manager of the informal group designated as "the nebulous FRANCE OFFSHORE". These different companies, during the period covered by the security measure, exercised their activity from France. Customers, mainly French, were received in offices located at Avenue Victor Hugo in Paris' 16th district. The turnover of this activity (fees received for the creation of offshore companies and for the introduction to the bank, renewal fees, legal consulting services, etc.) had to be declared in France both as VAT and as a corporate tax.

Nadav BENSOUSSAN was convicted of tax evasion in his capacity as manager of the companies FFC and NBC/RIVAL PLUS for the years 2007 to 2009 only, for refraining from reporting to the tax authorities the turnover received on the French bank accounts of these two companies (see above 1.1.3).

It is apparent from the trial elements that, in addition, in order to escape the tax and to mislead the tax administration in their controls, Nadav BENSOUSSAN multiplied the companies through which he carried out his activity. He thus created several companies in France (to

recapitulate, the companies FFC, NBC and HAUSSMANN CONSEIL) then transferred them to England, without declaring the fiscal result that they had before their transfer.

To do this, he had, before the creation of English companies, cashed the turnover achieved by these various French companies in accounts opened, in particular in the bank RIETUMU, but also in accounts opened in the Barclays Bank in London or in the CIM Bank in Switzerland, or in Hong Kong on behalf of offshore companies.

The turnover realized in France was thus collected in the accounts of COMPADVISE LTD, MEDIAMARINE LTD, FACTOREX LTD, PORTDRIDGE LTD and LAURENCE POUTNEY LTD.

Subsequently, he continued to cash the turnover generated by this activity in these accounts, but also opened other accounts on behalf of the English companies he had created.

Nadav BENSOUSSAN thus committed tax fraud by not declaring the profit of the activity that he carried out in France and laundered the product of this fraud by concealment in accounts opened abroad. The proliferation of companies and bank accounts and the duration of the period of preventive measures (five years) characterize the usual nature of laundering.

3.3.2 Laundering by false justification of the origin of the funds

It appears from the elements of the trial and it is not disputed that Nadav BENSOUSSAN asked Mr. David CASTEL, lawyer, to rent premises in his own name, in which the activity of FOS was actually carried out. These are the premises of 140 Avenue Victor Hugo in which the arrests took place on December 10, 2012. The payment of rent was provided by David CASTEL, after having received in his French professional bank account transfers from the companies of the group practicing tax evasion, including COMPADVISE LIMITED and FACTOREX LIMITED.

Contrary to what could appear officially, David CASTEL was not the actual tenant of the premises of FOS. The rent was actually paid indirectly by the offshore companies created by Nadav BENSOUSSAN that had collected part of the proceeds of the tax fraud committed.

This process allowed Nadav BENSOUSSAN to falsely justify the origin of funds used in France: they were supposed to come from Mr David CASTEL.

The investigating judge also attributes to this description (page 22 of the ordinance of return) Nadav BENSOUSSAN's personal expenses in France paid from a Latvian account of PORTRIDGE Ltd (**D 1444/5**) and the fact that some of them were paid by a JOHN PAUL concierge company, and this was itself paid by the above account PORTRIDGE. The investigating judge also noted:

- the use by Nadav BENSOUSSAN of an "omnibus" account at the HSBC bank in Switzerland, on behalf of a Swiss asset manager (Shéour MOYAL); the interest in this type of account was that it is on behalf of the manager and not of the beneficiary (**D 1444/13**)
- the use of a bank account opened at the bank CORNER BANKA in Switzerland, that M. BENSOUSSAN debits to settle a trip to Israel, thanks to the references that the same Shéour MOYAL sends to him by SMS; this account is obviously not in the name of Nadav BENSOUSSAN.

The offense of laundering by false justification of the origin of the funds is therefore also characterized.

Nadav BENSOUSSAN will be found guilty of all of the usual laundering of the product of tax evasion committed by the companies of the nebulous FOS who are accused.

PART 2: THE ACTS RELATED TO FRANCE OFFSHORE'S ACTIVITY WITH RESPECT TO ITS CUSTOMERS

Article 324-1 of the Criminal Code provides:

"Laundering is the facilitation, by any means, of the false justification of the origin of the property or income of the perpetrator of a crime or delict that has given him a profit or indirect benefit.

Laundering is also the act of assisting in the placement, concealment or conversion of the direct or indirect proceeds of a crime or delict.

Laundering is punishable by five years' imprisonment and a fine of 375,000 euros ".

I - THE ACTS OF LAUNDERING, IN PARTICULAR OF TAX FRAUD, CHARGED TO FRANCE OFFSHORE'S CLIENTS

The investigation showed that FOS offered its customers three types of setups to defraud corporation tax or VAT, which involve for some forgery and their use:

1. Fictitious invoices: the consultants recommend the creation of an offshore structure that charges fictitious services to the customer's French company according to whether FOS customers sell or provide services. This billing unduly increases the expenses of the French company and thus decreases its declared profit in France. It is also classifiable as an abuse of corporate assets to the detriment of French society.

The billed services most commonly suggested by FOS to its customers were intangible, such as commercial engineering, website maintenance, export advice, and business development assistance, in other words intangible services which the tax administration would struggle to show have not been executed, or that the price of which has been overvalued.

This is the case of the client Frédéric LUCIANO, of the company SCOTT MACPHERSON and of Thierry PASZKIER, all three referred to this court.

2. Creation of a fictitious purchasing center located abroad: in the case of goods imported or sold in France or abroad, the consultants advised customers to create a structure in Hong-Kong or Gibraltar acting as central office of purchasing. The interposition of this structure in the commercial circuit would allow customers to play with transfer prices and resell to the French company at a price very close to the final price, so unduly relocating abroad a very important part or the totality the profit margin.

This is the case of the client Thierry PASZKIER. The example is also given by former FOS employees.

These acts also characterize an abuse of corporate assets harming French society.

3. Misappropriation of service provision invoicing for the benefit of a foreign structure: in the case of services provided for foreign or non-foreign customers, FOS customers

were offered the option of setting up a structure in the United Kingdom or in Gibraltar to bill customers and thus "offshore" all or part of the turnover, which still characterizes an abuse of corporate assets harming French society. This was the case, for example, of computer scientists working as *freelancers*.

In this case, the invoices are not fictitious but complacent bills.

It appears from the interviews of customers that some hypocrisy sometimes or often accompanied the sale of such advice in tax fraud.

Thus, according to Messrs. PASZKIER, VIBES and FONTAINE, they were not told that they could create false invoices with their offshore company. Nadav BENSOUSSAN told them that he was selling them a company which would bring them real benefits, to Mr. PASZKIER the services of forwarding agent, to Mr. VIBES those of "head hunting", and to Mr. FONTAINE factoring.

During his last interrogation, Mr. BENSOUSSAN strongly disputed this version of the facts and amused himself that one could take him for a freight forwarder, a head hunter, a factorer, etc.

1.1 Thierry PASZKIER

Thierry PASZKIER is sued for having, in Latvia and France, from September 2007 to December 2009, through the company Beliwe ARTENIA ALLIANCE LTD and its bank account with RIETUMU, concealed and converted the proceeds of abuse of corporate assets committed to the prejudice of the French company LIPOFORM and tax evasion of corporate tax (IS of LIPOFORM 2008-2009) and income tax from 2008-2009.

Thierry PASZKIER declares to be an osteopath and to have met Nadav BENSOUSSAN in a sports hall. During 2006/2007, he explained that in order to diversify his business, he created a company under French law, EURL LIPOFORM, whose purpose is to import parapharmaceutical products. In 2007, he bought a Belize company, ARTENIA ALLIANCE Ltd., from FOS, with an account with RIETUMU bank. This account served both as a "central purchasing agency" between its Chinese suppliers and its French import company LIPOFORM parapharmaceutical products, and as fictitious billing support to this French company.

During his last coercive hearing under police custody, he stated:

"I recognize that all the editing is 'phony.' The platform had no activity, there was no employee. The only purpose of this setup was to no longer pay taxes in FRANCE."

During his interrogation in his first appearance, he challenged the acts alleged against him as well as the tax adjustment to which he was subject both personally (ESFP) and via his company (audit accounting) .

If he did not dispute the materiality of the acts, he explained that Nadav BENSOUSSAN had deceived him by engaging, within this company ARTENA, in actually forwarding the products from his Chinese suppliers to his company, which he had not done. He did not understand that he would receive the means of payment and the codes to make the transfers.

In this regard, Mr. BENSOUSSAN said:

"All of his statement is laughable. Pretending that he did not know he would receive the codes of the bank while he asked France Offshore to open an account there is absurd. Pretending that the profits should remain in his French company is false. Finally, I have never given out practical advice. Maybe he wanted a logistics service contract. This is the kind of thing that Magali SCHINAZI could do. As for claiming that ARTENIA was really going to take care of the logistics, that is obviously ridiculous: we were not logisticians, but we sold companies".

At the hearing, Thierry PASZKIER maintained, without convincing, his explanations. He said he had paid Nadav BENSOUSSAN 4,000 euros under the initial "setup", in addition to 2,000 euros annual renewal fee before wanting, in 2008, to end this agreement and having to pay 2,000 euros closing fee. According to his attorney, Thierry PASZKIER acknowledges the acts allegedly charged to him and was "sucked" into the crime cycle set up by Nadav BENSOUSSAN.

It results from all of the elements of the file, and in particular from the different correspondances exchanged between Nadav BENSOUSSAN and Thierry PASZKIER, that the latter was from the beginning aware of the setup, which had no other goal than to allow both EURL LIPOFORM (IS) and itself (IR) to escape taxation.

Thierry PASZKIER is declared guilty of the charges against him.

1.2 SAS SCOTT MACPHERSON

SAS SCOTT MACPHERSON is sued for having, in Latvia, in the United Kingdom and in France, from the beginning of 2008 to the end of 2010, through the British companies MEABURN LTD, Gibraltar MONDANI LTD, and the British Virgin Islands IMERYS ALLIANCE LTD and their bank accounts in particular in bank RIETUMU, as well as the Latvian bank accounts of the company HAUSSMANN CONSEIL LTD, concealed and converted the product of corporate tax evasion (IS of SCOTT MACPHERSON 2008-2010).

1.2.1 Position of the defense

By regularly filed and orally supported pleas at the hearing, the counsel of the SCOTT MACPHERSON company asks to:

- end the prosecution of SCOTT MACPHERSON Company
- subsidiarily, pronounce an exemption from sentence
- in any event, dismiss the French State's claim for damages and interests.

In support of their request for acquittal, SCOTT MACPHERSON's defense points out difficulties related to the classification of the laundering of tax evasion by:

- the confusion of acts described as money laundering with the offense of tax evasion
- the chronology of the offenses of tax evasion and laundering of tax evasion: the constitution of the so-called offshore companies MEABURN LTD, MONDANI LTD and IMERYS ALLIANCE LTD and the accounting of the fractures allowing the company SCOTT MACPHERSON to reduce the tax base, qualified as money laundering, are necessarily prior to the company's declaration of income.

The defense claims that, according to the jurisprudence of the Court of Cassation, a conviction for money laundering is unthinkable since the acts pursued, given their characterization, gave rise to, or could have given rise to, a conviction for tax evasion. In the present case, the acts attributable to SCOTT MACPHERSON constitute the offense of tax evasion, by reason of a single action concentrating all of the culpable intent, so that no conviction for money laundering could be pronounced.

The money laundering acts are not different from those which led the tax administration to straighten out the company SCOTT MACPHERSON. These acts, which are pursued under the description of money laundering, actually correspond to tax evasion. Insofar as the facts proceed, inseparably, from a single action characterized by a single culpable intention, they cannot accumulate.

The counsel further argues that, in the construction of prosecutions, the laundering of tax fraud allegedly committed by the company SCOTT MACPHERSON precedes the tax evasion itself.

The event causing the tax fraud is indeed at the stage of the declaration of income of the company. This declaration necessarily intervenes in N + 1 for the results of the year N. If the closing date of the financial year is December 31, N - 1, as is the case of the company SCOTT MACPHERSON, this declaration must be submitted no later than the second day after May 1st, N.

However, the creation of the so-called offshore companies MEABURN LTD, MONDANI LTD and IMERYS ALLIANCE LTD and the accounting of fractures to reduce the tax base of the company SCOTT MACPHERSON, described as acts of money laundering, are necessarily prior to the declaration of result of the company.

In the absence of tax fraud to pre-date its laundering, the company cannot be found guilty of laundering tax evasion.

Finally, the counsel of SAS SCOTT MACPHERSON argues that the acts of laundering tax fraud could not, as envisaged by the court during the debates, be requalified as laundering of the abuse of corporate assets. In support of this position, it notices that the abuse of corporate assets may only be committed by natural persons, namely, for public limited companies, "the president, directors or general managers" whereas only SCOTT MACPHERSON, a legal entity, has been indicted and referred to the Criminal Court.

If, by way of exception, the Court judges otherwise, it could only, according to the defense, declare the inadmissibility of the plaintiffs French State and the tax administration and establish that there is no need to adjudicate on their claims for damages and interests.

1.2.2 Court Analysis

It is undisputed that, as noted by counsel for SCOTT MACPHERSON, the Court of Cassation ruled that *"acts which proceed inseparably from a single action characterized by a single culpable intention cannot give rise to two criminal convictions against the same warned, even if they were concurrent"*.

Nevertheless, it should be recalled that the Court of Cassation has always admitted the cumulation of the offenses of tax evasion and laundering of this fraud by the same author, considering that the two crimes were not characterized by a single culpable intention.

The crime of laundering is a crime that can be prosecuted even if the primary offense is not prosecuted or is no longer punishable.

As noted by the investigating judge concerning Nadav BENSOUSSAN, *"the mere failure to declare turnover characterizes tax evasion. The act of cashing it on accounts opened abroad on behalf of shell companies directed by figurehead directors and collaborators (...) characterizes laundering by concealment (paragraph 2 of Article 324-1 of the Penal Code). "*

In any event, since the company SCOTT MACPHERSON is not prosecuted for tax evasion, this problem of non bis in idem -- moreover sliced by the Court of Cassation -- is not even likely to apply in this case.

It is established and undisputed that the company SCOTT MACPHERSON has, since its formation, bought so-called offshore companies, through which it was able to account, in charges, invoices of the offshore company MEABURN LTD, invoices of the company HAUSSMANN CONSEIL and the business support services of NBC, in order to reduce its tax base and allow its three partners to have income without paying income tax.

These invoices, totaling 188,850 euros, devoid of reality (173,400 euros to which are added the invoice of 14,550 euros from NBC), have, as part of an audit of accounting, been reinstated in the result of the company. The company was notified in 2011 of a recovery of the SI (2008 and 2009) and the VAT (from 2008 to 2010). The rights evaded are valued at 82,000 euros. The constituent elements of tax fraud are therefore characterized.

The court notices that, as the defense argues, the offense of tax evasion is committed not on the day in which the irregularities allowing the concealment of sums subject to tax are perpetrated, but on the day where the tax returns are or should be filed. The original offense (abuse of corporate assets or breach of trust with the goal of evading taxes) thus becomes tax fraud only on the date of this declaration (omission or reduction). Nevertheless, in the present case, tax evasion is indisputably used for the years 2008 and 2009 with regard to both corporate tax and VAT. By keeping or converting to offshore accounts, in particular in RIETUMU, on behalf of shell companies with figurehead directors and collaborators, the proceeds of the tax fraud thus committed, the company SCOTT MACPHERSON is guilty of the laundering acts of concealment charged to it. It will therefore be retained within the limits of preventive measures.

1.3 Frédéric LUCIANO

Frédéric LUCIANO is sued for having, in Latvia and on the national territory in 2013, by means of the company BLUELAK LTD and his bank account with BALTIKUMS BANK, concealed and converted the product of abuse of corporate assets committed harming his French company AFTERWEB SOLUTION and tax fraud against corporate tax (AFTERWEB's tax) and the 2013 income tax.

M. Luciano is an IT consultant and manages a French company called AFTERWEB SOLUTIONS.

In October 2012, he purchased a Canadian offshore company (BLUELAK ltd) with a figurehead director and a nominee partner, and a bank account in Latvia, which was to be opened with RIETUMU bank but was finally opened with Baltikums Bank in May 2013.

On October 4, 2012, the company AFTERWEB paid an invoice with a header of MEDIA MARINE in the amount of 7,364 euros (inclusive of taxes) assumed to correspond to the study fees and fees of France Offshore.

On the occasion of his interrogation in his first appearance, Frédéric LUCIANO acknowledged having addressed to himself several fictitious invoices denominated *"monthly maintenance contract"*, for a total amount of 18,000 euros, between July and October 2013. He declared that the model of these invoices was provided to him by FOS.

1.3.1 Position of the defense

By regularly filed and supported pleas at the hearing, his counsel asks the court to:

- acquit Frédéric LUCIANO for the purposes of the prosecution of the accusation of laundering tax evasion
- return Frédéric LUCIANO for the purposes of the prosecution of the laundering of misuse of corporate assets with regard to the payment of the invoice of 7,364 euros on October 4, 2012
- provide an exemption from sentence

– exclude the conviction from Form number 2 of the criminal record.

In support of these pleas, he argues that Mr. Luciano acknowledged the acts as soon as he was heard by the BNRDF on October 7, 2013, and that he has, after this hearing, before his interrogation in his first appearance, carried out transfers back from the company BLUELAK to the account of his company AFTERWEB in Crédit du Nord in order to refund to his company all sums debited previously:

– 9,000 euros on October 14, 2013
– 3,000 euros on October 29, 2013
– 6,000 euros on April 22, 2014
– 18,000 euros in total

Thus the profit declared in France by the company AFTERWEB was not reduced insofar as Frederic LUCIANO regularized his accounting situation in the same year that during which the fictitious invoices were settled:

– He returned the sum of 12,000 euros by several transfers to the account of the company AFTERWEB in Crédit du Nord in 2013
– What was left in the account (6,000 euros) was transferred from the offshore company BLUELAK to the company AFTERWEB in April 2014, but this amount had already been provisioned in 2013 in the accounts.

As a result, the accused was therefore unable, according to the defense, to conceal and convert the proceeds of tax evasion, since he did not commit this initial offense.

With regard to the payment of the invoice of 7,364 euros on October 4, 2012, the defense of Frédéric LUCIANO argues that this transfer is not included in the period of preventative measure which targeted acts of concealment and conversion (acts of money laundering) committed in 2013, concerning abuses of corporate assets committed against the French company AFTERWEB. Therefore, the laundering of abuse of corporate assets cannot be retained for the settlement of the invoice of 7,364 euros.

With regard to the transfers corresponding to the settlement of fictitious invoices from July to October 2013, it is argued that, if the subsequent regularization of the illegal and ineffective levies is inoperative on the characterization of the infringement, it will nevertheless be necessary to consider that there is an active repentance that must necessarily be taken into account in the sentencing, since the company AFTERWEB has ultimately suffered no material damage.

1.3.2 Court Analysis

It should be noted that, as Mr. Luciano's defense points out, in view of the regularization following the hearing of the person concerned by the investigation service, AFTERWEB's profit was not decreased and the tax declarations made for the year 2013, both by the company AFTERWEB and by Frédéric LUCIANO in his personal capacity, are regular. The elements constituting the main offense of tax evasion for the year 2013 cannot therefore be raised.

On the other hand, by taking, under cover of false invoices, a total sum of 18,000 euros between July and October 2013, Frédéric LUCIANO made out of the assets of the company AFTERWEB a use which he knew was contrary to the interest of the latter, in his personal interest. It has also made the company run into a tax risk. The elements constituting the abuse of corporate assets are noted and it is in this respect irrelevant that he returned the sum of 12,000 euros before the end of 2013 and the last 6,000 euros in 2014.

By hiding these funds in an account opened in the name of an offshore company in a Latvian bank, he is guilty of money laundering. He will therefore be declared guilty of the acts thus requalified.

II – THE ACTS OF HABITUAL LAUNDERING OF THE INCOME OF FRANCE OFFSHORE'S CUSTOMERS COMING FROM TAX FRAUD, FROM ABUSE OF CORPORATE ASSETS OR FROM FRAUD IN CRIMINAL CONSPIRACY

2.1 Nadav BENSOUSSAN

Nadav Bensoussan is sued for having, in Paris, from 2008 to December 10, 2012, participated, as the leader of FRANCE OFFSHORE, in concealment or conversion operations, including the opening of bank accounts on behalf of offshore companies directed by figurehead directors and the allocation in France of means of payment to customers, of the FRANCE OFFSHORE customers' income originating in crimes that have provided its customers with a direct or indirect profit, in this particular case tax evasion, the abuse of corporate assets, and fraud in criminal conspiracy, with this aggravating circumstance that it is habitually committed.

2.1.1 Position of Nadav BENSOUSSAN

Nadav BENSOUSSAN finally did not really dispute that the so-called "optimization" tax sold by FOS to its customers was actually tax fraud. He stated at the hearing that the offshore activity seemed to him "abnormally normal" (hearing note of March 1, 2017, page 25).

On the other hand, he strongly denied knowing that some companies would be used to cash the proceeds of illegal activities and claimed to have been "deceived" by the customers.

By pleas regularly filed and supported orally at the hearing, Nadav BENSOUSSAN's counsel pleads for acquittal on the grounds that the act of laundering the proceeds of the offenses which provided FRANCE OFFSHORE customers with a direct or indirect profit, during 2008 to December 10, 2012, are neither materially nor intentionally characterized.

In support of this plea, they argue that Nadav BENSOUSSAN did not participate in any money-laundering offense that provided a profit to FRANCE OFFSHORE's clients insofar as:

- FRANCE OFFSHORE was neither the only supplier of business nor a partner whose real activity was unknown to RIETUMU BANKA
- the companies under the brand "FRANCE OFFSHORE" have never provided their customers with banking services
- Nadav BENSOUSSAN was responsible only for introducing potential clients to RIETUMU
- Nadav BENSOUSSAN cannot be held responsible for acts committed by RIETUMU, which is an independent bank acting outside any control or interference of the former

They further highlight the lack of prosecution of crimes other than tax evasion, arguing that:

- the court is not seized of the laundering of the VAT fraud on the carbon market or any other form of fraud of the customers of FRANCE OFFSHORE
- the allegedly laundered main crimes, subject to ongoing investigations, are neither proven nor precisely established
- Nadav BENSOUSSAN has never been aware of the criminal activity or projects of his clients

- Nadav BENSOUSSAN has never given FOS customers the means to commit other offenses than their own tax evasion.

Counsel for Nadav BENSOUSSAN also contend that the unsuccessful telephone conversations, pursued under the criminal conspiracy to prepare the crime of money laundering, do not constitute material wrongdoing.

They argue that acts of FOS clients' money laundering of tax evasion are complicit in tax evasion and misuse of corporate assets or in criminal conspiracy to commit acts of tax evasion and misuse of corporate assets.

Lastly, they deplore the indeterminacy of the amounts allegedly laundered, arguing:

- out of the 618 clients identified in the trial, very few of them were notified of a proposal for rectification; therefore, there is no evidence that the FOS' activity has allowed massive tax evasion
- the numerous errors affecting the reconstitution of the allegedly laundered sums; an amount of 760,000,000 euros has been *"artificially inflated in order to impress the court adversely"*.

2.1.2 Position of the plaintiff

Counsel for the French State argues that, beyond the laundering of his own tax frauds, the main goal of the activity created by Mr. BENSOUSSAN was to allow his clients to commit tax fraud themselves and to launder it.

To achieve his goal, he hired staff, in particular salespeople, and enlisted the assistance of lawyers and the bank RIETUMU and its leaders.

He recalled that customers were contacting FOS by phone. After this first telephone interview, with the aim of "qualifying" them, i.e. knowing their expectations and the amount of funds they wanted to transfer abroad and hide from the tax authorities, they were received by salespeople.

At the end of this second interview, a quotation summarizing the proposed solutions was sent to them. Customers paid the quotations and the FOS back-office created offshore companies with "figureheads" so that customers did not appear in any official document.

If necessary, other concurrant legal operations, such as TUPs, were carried out with the assistance of Mrs. SCHINAZI.

At the same time, an account was opened in the RIETUMU bank (the account opening documents were certified either by David CASTEL or later by the bank's representatives in PARIS) and codes and payment means (to carry out remote operations and to withdraw cash in France) were given to them in Paris.

All of the customers contacting FRANCE OFFSHORE had a very clear intention of evading the payment of a part of the taxes which they were owed.

Each of them knew that the structures proposed to them were totally fictitious.

The material element of the crime of money laundering committed by and for the customers of FOS would not therefore, according to the plaintiff, pose any difficulty.

2.1.3 Court Analysis

a) Nadav BENSOUSSAN, founder and director of FRANCE OFFSHORE

Starting in July 2007, Nadav BENSOUSSAN, initially under the guise of the FFC and NBC companies, then under cover of numerous foreign companies, set up a massive activity of tax evasion aid mainly for the benefit of French customers and under the commercial sign "FRANCE OFFSHORE".

This activity was carried out under the guise of offshore companies located abroad, in which Nadav BENSOUSSAN was careful not to appear, appointing figurehead directors, who were also often the leaders of the offshore companies sold to its customers.

As the hearings of his employees and his collaborators have demonstrated, he was the designer, in all aspects, of the set-up system.

He thus has, in particular:

- developed the different evasion schemes according to the activities of each client who contacted him
- set up the companies that allowed him to operate the FRANCE OFFSHORE system
- set up the infrastructure of *"FRANCE OFFSHORE"*: rental of the various operating sites, acquisition of the "CRM" client software, acquisition of all of the equipment necessary for the daily operation of the various structures in France, Latvia and Spain (IT, telephony)
- assured employee recruitment and training, both in France and Latvia
- set up banking partnerships both in favor of group companies and in favor of customers
- defined the financial circuits used by FRANCE OFFSHORE.

At the hearing, Nadav BENSOUSSAN acknowledged that, in his role as leader of FRANCE OFFSHORE, he participated in a large-scale tax fraud operation.

b) At the heart of FRANCE OFFSHORE's business, concealment and conversion through the opening of bank accounts on behalf of offshore companies run by figurehead directors and the allocation of means of payment to the customers in France

It follows from the elements of the trial and it is not disputed that the activity of FOS consisted of proposing the constitution of off-shore companies with "figureheads" to a mainly French clientele, so that the customers do not appear in any official document.

At the same time, FOS was proposing a *"bank introduction"* which, in practice, was, during the period of preventive measure, carried out almost exclusively in RIETUMU BANKA in Latvia.

Nadav BENSOUSSAN has a partnership with RIETUMU BANKA, a Latvian bank. He brought FOS customers to this bank. The latter agreed to open accounts on behalf of offshore companies and provide payment methods, including withdrawal cards with extremely high ceilings (around 20,000 euros per month) to the economic beneficiaries of the accounts, who could thus withdraw the money or spend it discreetly on French territory.

The investigations showed that the client did not have to travel to Latvia to open his bank account.

The documents required to open the bank account (his identity document and the Power of Attorney signed for his benefit by the head of the offshore structure giving him power of

attorney to open and operate the bank account) were indeed first certified by Mr. David CASTEL or by employees of FOS to whom he had left his lawyer's stamp available, then, from January 2012, or even June 2012 according to Mr. SCUKA, by the representative office of the bank RIETUMU in France. The codes and means of payment used to carry out remote operations and withdraw cash in France were handed to them in Paris.

The concealment of having a bank account opened in a bank abroad in the name of an offshore company headed by figureheads whose French client was the real economic beneficiary thus constituted the proposal and the activity of FOS with respect to its customers. The allocation of payment means to customers in France was the means of concealing and converting these assets.

If FOS, which is not a bank, did not offer banking services to its clients, it nonetheless assisted in the opening of bank accounts on behalf of companies run by figureheads. The creation of an offshore company, the introduction to a Latvian bank, not authorized to do business in France, likely to open a bank account on behalf of this offshore company as soon as possible and to hand over means of payment in France to the real beneficiary, the customer of FOS,

constituted the heart of its activity.

In this regard, it is irrelevant that FRANCE OFFSHORE was, as pointed out by Nadav BENSOUSSAN's legal advisors, neither the only supplier of business nor a partner whose actual activity was unknown to RIETUMU BANKA, an independent bank, whose responsibility will be analyzed below.

The opening of a bank account on behalf of an offshore company and the organization of an opaque process to transfer funds from illicit origin abroad characteristic of dissimulation.

c) The illicit origin of money obtained from misuse of corporate assets, tax evasion or fraud in criminal conspiracy

To characterize the crime of laundering, it is sufficient that the perpetrator is aware of the fraudulent origin of laundered funds, without requiring him to know the exact nature of the main crime.

The main activity of FOS consisted in proposing to customers, starting from its website, a tax evasion scheme aimed at reducing their taxable profit on the national territory through the creation of fictitious charges and/or to "evade" part of this turnover, in order to increase their incomes and avoid taxes on the national territory. The FOS presentation documents and the hearings of the three clients referred to this court accurately illustrate the promise of France Offshore in this area. In the case of commercial companies, this scheme of making a use contrary to the interest of the company out of its assets, in the personal interest of its leader or directors, characterizes the offense of misuse of corporate assets.

These funds are concealed to avoid personal income tax, corporate income tax and VAT. The purpose of the transaction is tax evasion, which is consumed on the date each tax return is or should be filed. From the moment when this bank account abroad is not declared and when the sums concealed therein are subtracted from the tax bases in terms of VAT, corporate tax or income tax , the constituent elements of the crime of tax evasion are also precisely noted.

As a result of the wiretapping and excerpts from other proceedings in this judicial inquiry, FOS, beyond these simple tax evasion, provided a large number of companies involved in VAT carousels, on telephony (Rennes, Bordeaux), or on carbon quotas (judicial information opened to the financial center concerning CREPUSCULE, AZIMAT, GOLDEN VECTOR, FIRSTRADE ENERGY, DEXIREK and ARDENA companies). FOS

has allowed people involved in large VAT fraud, in particular carbon tax, to open, on behalf of offshore companies, bank accounts in Latvia where sums coming from fraud in criminal conspiracy were concealed. Nadav BENSOUSSAN vehemently contested that he knew of the fraudulent origin of these funds.

In addition, various companies provided by FOS were the support in particular of various frauds, small or massive, which gave rise to investigations in Paris, Périgueux, Reims, Bayonne, Bordeaux, Lille.

The court points out that:

- Nadav BENSOUSSAN started the VAT swindling on mobile telephony in 2005 with Sami SOUIED, Robert BELHASSEN and Marco MOULI (D 88). He admitted having at that time constituted for them a company that was already opening a bank account at RIETUMU
- the day of the arrests, on December 10, 2012, Gregory ZAOUI, a major player in the carbon tax, was present at the premises of 140 Avenue Victor Hugo. He had two RIETUMU cards on behalf of two offshore companies. In addition, during the search of the premises of FOS, a letter was seized relating to an account opened on his own behalf in May 2012 at BALTIKUM, which happens to be the Latvian bank in which another customer of FOS, Frédéric LUCIANO, had finally opened a bank account. The court notes that it emerges from the investigators' findings that the premises of 140 Avenue Victor Hugo were rented by David CASTEL, a lawyer whose plate, excluding any reference to FOS, appeared in the hall of the building and at the entrance of the apartment in which the FOS activity was carried out. It is known that this address did not appear on the website but was communicated by phone to the client when making an appointment. The statements of Nadav BENSOUSSAN at the hearing, according to which Grégory ZAOUI was not a client of FOS and would have gone, purely coincidentally, to the premises without having an appointment with anyone, therefore appear to lack of verisimilitude (hearing note of March 9, 2017 page 62-63).

It is still clear from the elements of the trial that Nadav BENSOUSSAN made LIZA KALFON, based in the United States, write "Business Descriptions" as "credible" as possible but invented. According to Denise DENOM, a former employee, the lies were not only about the amount of turnover but also about the nature of the activity: *"Nadav made phony files for the purpose of getting it accepted in the bank. The business had to stick with what the bank wanted. He knew that certain activities would be refused by the bank."*

Similarly, Karine LENFANT declared: *"Nadav created from scratch the descriptive card that he communicated to Liza so that she would enrich the final file from her Internet research (...) it was fictional based essentially on analogies of companies found on the Internet ..... I have never seen Mr. BENSOUSSAN ask for accounting items."*

Thus, on February 25, 2008, he wrote an email to a certain Pierre Henry at the address dmpa26@hotmail.fr, who sent a figurehead manager to open the company CADOS SIA involved in the case of VAT fraud known as B Concept: *"given the announced figure, it will surely be necessary to give the balance sheet of the past year already showing a strong turnover ... we will proceed with a business plan of 8 pages ... It is necessary for us to set up a complete file to avoid the bank thinking that the company is recent and does not already have an excellent business in France."*

In addition, it appears from various surveys that Mr. Nadav BENSOUSSAN was quite familiar with the people involved in the carbon tax fraud, and even pushed the RIETUMU bank to take these customers and not to break the commercial relationship with them.

The court therefore considers that Nadav BENSOUSSAN, contrary to what he claims, could not have been unaware that he provided some of his clients with the means to conceal the proceeds of crimes other than their own tax evasion, and in particular those of frauds in criminal conspiracy.

As a result of all these elements, Nadav BENSOUSSAN, as leader of FRANCE OFFSHORE, knowingly participated in an operation to conceal sums of money from crimes, in particular misuse of corporate assets, tax evasion and fraud in criminal conspiracy.

The duration of the period of preventive measure, the number of customers and bank accounts opened within the RIETUMU BANKA alone are sufficient to establish the usual nature of money laundering.

Nadav BENSOUSSAN will therefore be declared guilty of the acts of the habitual laundering charged to him.

2.2 Magali SCHINAZI

Magali SCHINAZI is being sued for having, in Paris, from 2009 to 2012, participated, as a lawyer, in concealing or converting the revenues of FRANCE OFFSHORE's clients resulting from crimes that provided these clients with a direct or indirect profit, in particular in the case of tax evasion, abuse of corporate assets, fraud, proceeding with the formalities of appointment of figurehead managers, transfer of headquarters, transfer of shares prior to TUP and dissolution, establishing contracts for the provision of bogus or overpriced services, with this circumstance that they were habitually committed.

Information shows that, among the missions of Magali SCHINAZI for which she was remunerated, since July 2010 within the framework of an agreement signed with FRANCE OFFSHORE, she was in charge of writing acts and commercial contracts for the customers , writing contracts for the provision of services, partnerships, software provision, outsourcing, operating licenses, etc.

It seems unlikely that, as she claims, she was not informed of the home visit of which FOS had been the subject in October 2008. Nadav BENSOUSSAN said that this tax search was *"public among the members of the offices"* (D 2364/7), which he confirmed at the hearing.

However, she signed an assistance contract with FRANCE OFFSHORE LTD on July 1, 2010 providing for a fixed remuneration of 10,000 euros per trimester, plus a remuneration of additional invoices, which, according to the invoices found in the search, totaled nearly 100,000 euros.

It is established that most of these acts followed TUP operations between a French and English company that she had set up or was part of the fictive relations between the French company of a French client and the offshore company which this client had bought. She further acknowledged that giving customers the opportunity to remain anonymous had helped them to avoid all or part of the tax in France.

She also admitted that the fact that a TUP is intended to transmit all the assets of a French company to an English company controlled by the same manager would not be normal, without ignoring that this type of operation, otherwise legal, allowed an activity to be fictitiously offshored.

She was asked about examples of fraudulent setups for FOS customers.

Messrs. DANIEL and PARAYDEU, for example, bought not only an offshore company (MANYCEE UK Ltd), but also a contract for the sale of the CLUB VITA brand by their French company SARL CLUB, and then the French company disappeared by transfer of the shares to a figurehead manager, and transfer of the registered office of the company to a domiciliation company before its dissolution.

She said, *"Today, I understand that it was not tax optimization but tax fraud"*.

She is mentioned by Alexandra GILLET as being able to write the legal documents to hide the ownership of real estate. She is mentioned by Emmanuelle KALFON as the person responsible for writing service contracts between the French company and the offshore company of the client.

She is mentioned by Katia TEISSIER and by Bruno RIBEIRO as the person in charge, with Maitre VLASSOF, of the file of customers wishing to carry on the activity of road transport in France under a Latvian license and a branch in France of a Latvian society.

Among the quotations seized in the FOS headquarters in December 2012, there were two quotations from Maitre SCHINAZI for the purpose of registering trademarks (in the offshore company sold by FOS).

Keeping in mind all of those factors, she could not, in that context, ignore the necessarily fictitious nature of the contracts drawn up between two companies that had the same manager.

It was also established that she knew, since she was in charge of these formalities, that the TUP operations led to systematically calling on the same figurehead directors, whose identity documents were found on her computer.

Magali SCHINAZI has been acquitted of complicity in tax evasion and fraud on the URSSAF which were charged to her, in the framework of the operation of FOS, of the formalities of appointments of the figurehead managers of the companies of the nebulous FOS, of transfers of head offices and of disposals of shares prior to full transfer of assets to English-law companies to avoid tax obligations and procedures (see Part I, 1.2 and 2.4). Nevertheless, her active role in setting up, as of October 2008, at the request of Nadav BENSOUSSAN, a form

of legal cavalry within the nebulous FOS, corroborates her knowledge of the latter's fraudulent character activity.

In addition, while she recognized that Nadav BENSOUSSAN was the only leader of all the companies of the FRANCE OFFSHORE group, it appeared that she had signed her contract of mission with Richard MOSTUE, who represented the company FRANCE OFFSHORE Limited (without seeing it), that she was paid sometimes by FOS LTD, sometimes by HC LTD, sometimes by COMPADVISE, that these payments came from accounts located abroad, in Latvia or in England, that she had also issued invoices of fees and receipts in exchange for transfers from the company FACTOREX LTD, the activity of which she was unable to describe and which was represented by the company LAURENCE POUTNEY LTD located in Tortola, a tax haven, and headed by Richard MOSTUE.

It is still clear from the elements of the file and from the debates that the employees of the FOS management division, until summer 2012 and their transfer to Riga, worked at 36 Rue Paul Valéry, in the business premises of Me. SCHINAZI, a lawyer, who has, like Bruno RIBEIRO, confirmed it at the hearing. Magali SCHINAZI could not ignore either the activity of these employees or the context of dissimulation in which the activity of FOS was exercised.

Magali SCHINAZI also admitted that she could only consider it quite abnormal that FRANCE OFFSHORE, which received its clients at 140 Avenue Victor HUGO, operated under the name of a law firm, that of Maître David CASTEL.

In a wiretapped conversation with Frédéric BELMA, the latter's proposal to sign in place of the client, who is in Dubai, was not questioned by Maitre SCHINAZI beyond the inquiry into whether the passport of the person concerned was included in the document folder or not.

Maitre SCHINAZI has besides declared that Nadav BENSOUSSAN had asked her before July 2010 to take care of the certification of the documents necessary to the non-face-to-face openings of bank accounts of the customers abroad, which she had refused insofar as it seemed to her illegal to *"make these authentications if we do not have the passport of the person in front of our eyes"*.

While she appears to have been in contact with only tax evaders of the FOS clients, the mechanisms of concealment and false justification that she helped to put in place allowed, by nature, laundering money from fraudulent origins, which she could not, given her status as a lawyer, ignore.

It is clear from all of those factors that Magali SCHINAZI knowingly supported as a lawyer the concealment operations of the activity of FOS with regard to its customers. She was fully aware of the fraudulent arrangements sold by FRANCE OFFSHORE and actively participated in this organization from which she herself benefited. She will be declared guilty of the habitual money laundering and tax evasion charged to her.

2.3 FOS employees

With regard to the laundering of tax evasion, employees argued that they were not aware of helping clients to launder tax evasion or other crimes because they were incompetent in tax matters, since they were only salespeople. Nadav BENSOUSSAN had convinced them of the licit nature of these services through his speeches and his talent for persuasion, through the presence on the premises of lawyers such as Me. VLASSOF or SCHINAZI, and through the strong media coverage of FOS' activity. They pointed out that they were in any case under the orders of their "boss", Nadav BENSOUSSAN.

As their activity is focused on selling offshore structures, it is common ground that the consultants, who are not tax specialists, have been trained by the company in telephone sales techniques and tax optimization formatting.

However, according to the court, it is not necessary to be a tax expert to understand that selling the anonymity of a bank account and the possibility of making fictitious or complacent bills, such as the object of most setups, makes it possible to scrap goods and to evade taxes.

Moreover, in the media, Nadav BENSOUSSAN did not praise the provision of selling fictitious billing tools. In addition, the reading of some articles in which warnings prevail should have caused them concern. So, in the Capital of November 2010, a journalist asks the question: *"How many tax adjustments?" and Nadav BENSOUSSAN answers: "Only one in eight years, but the two directors discussed and the first one balanced everything in Bercy".*

2.3.1 Sandrine SANCHEZ

Sandrine SANCHEZ is being sued for having, in Paris, from December 2008 to December 2012, as a salesperson of FRANCE OFFSHORE, supported concealment or conversion operations (including the opening of bank accounts on behalf of offshore companies headed by figureheads and the attribution in France of means of payment to the customers) of the revenues of the customers of FRANCE OFFSHORE obtained from crimes having procured for these customers a profit, direct or indirect, in this case, in particular, tax evasion and the abuse of

corporate assets; with this aggravating circumstance that it was habitually committed by using the facilities provided by the exercise of a professional activity, in this case, salesperson of France Offshore.

By regularly filed and supported pleas to the hearing, Sandrine SANCHEZ argues that the offense of money laundering is not characterized against her insofar as:

- she did not participate in the opening of bank accounts or the constitution or management of companies
- the advice given was all prior to committing a crime; providing advice for committing a crime is clearly inconsistent with the definition of the crime of money laundering since it presupposes the existence of a main crime
- it was not her responsibility to verify the source of the funds that the prospects wanted to place in the bank accounts opened through FOS nor to verify the legality of the activities of the prospects. She was therefore not aware of the illicit origin of the funds.

A trilingual assistant with a BTS, Sandrine SANCHEZ began her career with the English group INTRUST, a fiduciary company. She stated that she first worked at the head office of the group's parent company, Intrust Advisory Limited, in London, as an account manager assistant, before

pursuing her career within the group's Geneva subsidiary, Inwealth Trust Sarl. She stated that in these countries, the use of companies with figurehead directors was *"trivial and legal"*.

At the end of 2008, Mrs. SANCHEZ was hired by Nadav BENSOUSSAN to work within the FOS brand, now as a salesperson.

On the participation of the salespeople

Sandrine SANCHEZ estimated her monthly turnover at 60,000 euros in 2010, 50,000 in 2011 and between 35 and 40,000 euros in 2012. She indicated that the average turnover per customer varied between 3,500 and 7,000 euros.

It is undisputed that the role of the salespeople was restricted as follows:

- advising customers by telephone and directing them to the appropriate setups on the basis of the arguments prepared by Nadav BENSOUSSAN
- receiving customers on the premises of FOS

- establishing a quotation for the service offered to clients
- receiving the signed quotation and sending it to the management center.

Thus, if the salespeople did not proceed to the formalities of constitution and follow-up of the offshore companies (taken over by the management center) or the opening of the bank accounts (carried out by the RIETUMU), they participated in determining the activity of FOS. It has been demonstrated above (2.1.3 b) that the concealment and conversion of the customers' income (in particular through the opening of bank accounts in the name of offshore companies run by figurehead directors and the attribution of means of payment to customers in France) were at the heart of FOS activity. The sales representatives thus supported the concealment and conversion operations of the revenues of FOS customers.

On the illicit origin of funds

It has been shown above (2.1.3 c) that bank accounts in Latvia were fed by concealed turnover, payments made under fictional charges (false invoices). The leader therefore makes the property of the society a use contrary to the latter's interest, in his personal interest. The constituent elements of the abuse of corporate assets are therefore precisely noted.

These funds are hidden to avoid personal income tax, corporate income tax and VAT. The purpose of the transaction is tax evasion, which is carried out on the date when each return is or should be made. The constituent elements of tax evasion are therefore precisely noted.

The opening of bank accounts in the name of offshore companies headed by figureheads and the allocation in France of means of payment to customers allows the concealment of funds whose origin may be different from the abuse of corporate assets or tax evasion. The revenues of FRANCE OFFSHORE's clients therefore come from crimes that have provided them with a direct or indirect profit, in this case notably tax evasion and the abuse of corporate assets.

On the knowledge of the illicit origin of funds

The investigations revealed that Sandrine SANCHEZ recommended to her clients the utmost caution with regard to the French tax authorities. An article published in January 2011 in a magazine entitled "International Trade" found at her home, and relating to France Offshore, said: *"all activity, from archiving to computer input and monitoring, happens in the place [in*

Latvia?], which guarantees the anonymity of customers in France." Sandrine SANCHEZ said that happened to guarantee anonymity vis-à-vis the tax administration.

She further declared being instructed by Nadav BENSOUSSAN to destroy all paper documents, once they were transmitted to Riga, for the sake of confidentiality. She precisely stated: *"There were no documents in the office. There was a paper shredder in the offices. I even happened to be in my office while other employess come to it to open drawers and to destroy documents I had forgotten to destroy. "*

Sandrine SANCHEZ knew that the *"majority of the customers"* did not ask for an invoice - from which one could deduce that they paid in cash. For the others, she knew that invoices were issued by Me. CASTEL for services provided by FOS, and with inaccurate wording, such as *"Consulting in development and business restructuring"*, imposed, according to her, by Nadav BENSOUSSAN to satisfy the customer's desire for confidentiality.

Wiretapping also suggests that they proposed to the customers billing them via *"our law firm"* so that they could charge the company and recover the deductible VAT. It appears from a wiretapped conversation with David CASTEL that she informed the latter that she provided herself some pro-forma to certain customers who wished to pay them, accordingly to David CASTEL's order, based on an invoice issued by the later.

During her interrogation, Sandrine SANCHEZ said:

THE JUDGE: *What was charged to French companies?*

ANSWER: *In the majority of cases, immaterial services, which were not real. But in some cases they were real: for*

example, a French computer company could decide to create an English company, to which it subcontracted the part of referencing to the search engines, and it was actually doing this part.

THE COURT: *Does this mean that the French computer company sent employees or hired employees in the United Kingdom to perform this subcontracted service?*

ANSWER: No. There were never any employees there. You ask me for the justification of this English company, I answer to you it framed this activity of referencing: for example freelancers in France could invoice this English company, which itself invoiced the French company.

And also :

THE JUDGE: *In these articles and reports, does Mr. BENSOUSSAN explain that he sells the clients offshore companies to invoice false fees to their French companies?*

ANSWER: *No, it's not presented like that.*

During a wiretapped telephone conversation with a client, Sandrine SANCHEZ unambiguously described the proposed editing:

CUSTOMER: *After, me, in France, can't I justify it?*

Sandrine SANCHEZ: *Well, no, well we agree that anyway, when you use this kind of structure,* ***the first rule ... to respect is never to repatriate funds, ... if you repatriate funds, you make them visible, everything that is visible is taxable, so it cancels the rest that can be done, completely.*** *I remind you that the basis, the primary role of offshore structures, is the following: First, it is to manage a surplus of cash, and then, it is to control what you want to make visible, so, inevitably, to pay less taxes, you need a minimum of profit, therefore, the foreign structures… their role is to manage this "surplus profit" so if the goal is to repatriate the funds after, that is useless ...*

CUSTOMER: *Yeah ...*

Sandrine SANCHEZ: *Then, we use them with cards ...*

CUSTOMER: *... we go back to the BVI in fact ...*

Sandrine SANCHEZ: *You go to the BVI, it's an account that will make the asset holding, then you have cards that allow you to withdraw cash, the distributor anywhere. You will be able to manage all ephemeral and daily expenses... you know… you go on a trip, you buy clothes,you put gas in the car, pay the restaurant, all that you do, ... after ... uh ..., inevitably ... uh, the*

purpose is to reduce precisely ... (...)

CUSTOMER: *And afterwards, if there are fifty thousand euros left, what are people doing in general?*

Sandrine SANCHEZ: *Ah! Well, if you have significant amounts, no doubt, you will not go to restaurants every day ... but ... uh ... thereafter, we follow you, that is ... even me ... I have clients who, after two or three years, when they have capitalized an amount, let's say, enough, they want to invest in real estate, so here we intervene to create foreign SCIs that will allow you to develop your wealth and invest the money you have accumulated, let's say, well yeah,* ***that does not prevent me from buying real estate. After, the only limit, if you want one, is that everything you decide to buy through this company (inaudible) will never belong to you, it will belong to a company whose beneficiary is you.***

CUSTOMER: *Ok, I will be always a tenant*

Sandrine SANCHEZ: *So, if you want to live in this house, for example, well, we can very well imagine that the foreign SCI has a management mandate with a "lambda" agency that charges you rents, it's all about doing it consistently ... do you understand that?*

CUSTOMER: (inaudible)

Sandrine SANCHEZ: *After, that comprises a number of advantages too, for example ... uh ... for one, in general, if you, tomorrow, have a dispute with one of your customers or one of your suppliers or providers, the first thing they try to take is your real estate property, ... there, the fact that it belongs to a foreign company, for once, that makes it elusive, so it is protected … do you understand that?*

CUSTOMER: *Oh yes ...*

She also intervened in favor of a client who had wished to use the services of FRANCE OFFSHORE for cash transfers, for a commission. It appears from the wiretapping that she then contacted Nadav BENSOUSSAN:

Sandrine SANCHEZ: *Yes. Good evening! Tell me, a special question about someone who is already a customer, who is going to take an old English company from me. He has received a payment of 1 million in cash from one of his clients and he wants to cash this into his foreign company. I told him that it was you who managed it exclusively. That there was a commission of 4 to 5% ...*

Nadav BENSOUSSAN: *Who's the customer?*

Sandrine SANCHEZ: *It's TRENTO, TRENTO and PARIENTI, it's ...*

Nadav BENSOUSSAN: *I see who it is!*

Sandrine SANCHEZ: *You see, they are in a company called ...*

Nadav BENSOUSSAN: *We can do them ... I see very well, you have to send me an e-mail just giving me their contact and their phone number. Write me that it's for the deal I told you about. I'll give them a phone call and I'll tell them that it's 6% in cash!*

Sandrine SANCHEZ: *6% in cash! Okay! And after that he just makes me the English [company], that's why I'm hurrying on that because I'll cash their thing! Do you see? ... So ok! I call him...*

Nadav BENSOUSSAN: *Well, you tell him it's necessary to have in mind that ... we can do it, it'll take them 8%, I think!*

Sandrine SANCHEZ: *As you want! Well, in terms of time, it is you who will explain all that!*

Nadav BENSOUSSAN: *All that, it's me who will explain to him! I call him from here, I tell him to give me a phone number, I'll remind you ...*

In addition, she knew that the methods of Nadav BENSOUSSAN consisted of dragging his employees from one company to another, since even though she had always received her instructions from Nadav BENSOUSSAN, she was successively an employee of NBC, then of Haussman Conseil, then of Antermol UK Ltd, and of hiding behind figurehead managers, in this case Sergejs KARPENKO and Jana KLEVICKA, whom she admitted to having never seen.

Finally, she held a withdrawing bank card on behalf of the company IGRUCOM in an account opened at Rietumu bank in Latvia, through which she cashed her bonus, which she knew was not declared. She herself had not included these bonuses on her tax returns prior to her interrogation in December 2012.

Thus, her answers in the interrogatory hearing, wiretapping and her own working conditions at FOS, demonstrate that, no matter how poorly juridically skilled she was, she was aware of helping clients to hide funds and defraud taxes by hiding abroad behind an offshore entity.

Sandrine SANCHEZ has, as part of her job as a salesperson in the nebulous FOS, supported the sales of company setups whose illegal aim she could not ignore, since they were oriented only towards concealment and the anonymity of the real beneficiaries, offshoring profits of companies that continued to carry on their main activity in France.

She will therefore be declared guilty of the acts of habitual laundering that are charged to her.

2.3.2 Emmanuelle KALFON

Emmanuelle KALFON is sued for having, in Paris, from September 2008 to July 2009, from January 2010 to March 2011, then from December 2011 to December 2012, as FRANCE OFFSHORE's salesperson, supported concealment or conversion operations (in particular through the opening of bank accounts on behalf of offshore companies headed by figureheads and through the attribution in France of means of payment to customers) of the revenues of FRANCE OFFSHORE's customers obtained from crimes which provided these customers with a direct or indirect profit, in this case, in particular, tax evasion and the abuse of corporate assets, with the aggravating circumstance that it is committed habitually, using the benefit of being able to procure the exercise of a professional activity, case in point, salesperson of France Offshore.

Emmanuelle KALFON came into contact with NADAV BENSOUSSAN through her sister Lisa KALFON, who appears in the present proceedings as currently based in the United States

from where she deals with writing the "business descriptions" of customers destined to the bank on behalf of FOS.

Emmanuelle KALFON, who was a salesperson/consultant, stated that she worked in the FRANCE OFFSHORE group from September 2008 to July 2009, from January 2010 to March 2011, and from December 2011 to December 2012 (period concerned). She was therefore present during the home visit as part of an L16 bis by the tax authorities in October 2008.

She worked for France Offshore since September 2008, according to a contract of employment signed with the SARL NADAV BENSOUSSAN CONSEIL (NBC), then on an employment contract with the company HAUSSMANN CONSEIL. She claims that she had been dismissed from HAUSSMANN CONSEIL in April 2011 (whereas the other employees were dismissed in October 2010 and were switched to ANTERMOL in November 2010), registered as a self-entrepreneur (according to her explanations, attempting unsuccessfully to develop an interior decorating business) and was only taken over in the group in December 2011 by ANTERMOL. Two versions of the employment contract signed with ANTERMOL UK in December 2011 (one full-time, the other part-time) were found at her home. She states that she never saw Jana KLEVICKA, who is supposed to have signed these two contracts on behalf of ANTERMOL UK, and had always received her instructions from Nadav BENSOUSSAN alone.

She knew Nadav BENSOUSSAN's methods of internal management, dragging his employees from one company to another and hiding behind figurehead managers, such as Jana KLEVICKA.

Emmanuelle KALFON acknowledged that she had received salary supplements paid upon her return from maternity leave at the end of 2010 to the bank account of the company IGRUCOM opened in RIETUMU BANKA in Latvia, amounts that she could collect by means of an anonymous withdrawal card that was given to her by Nadav BENSOUSSAN. During 2011 she had received nothing, then these amounts had represented between 1,200 euros and 1,500 euros every three months, from the beginning of 2012. This method of undeclared remuneration, abnormal, instead of alerting her to the functioning of the FRANCE OFFSHORE group, was perfectly accepted.

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According to Alexandra GILLET, it is Emmanuelle KALFON who would treat customers to the biggest *"turnover"*.

Emmanuelle KALFON claims to have achieved in 2012 a turnover of 350 to 400,000 euros, about 35,000 euros per month, while an wiretapped conversation in which Nadav BENSOUSSAN was dissatisfied with her figure of September 2012 suggests 45,000 euros in

this case. Emmanuelle KALFON, questioned on this point, declares having realized 50,000 euros in September and 80,000 euros in October 2012. She was rather vague on the turnover realized in 2011 and 2010 (she was on maternity leave for six months). She said, nevertheless, that concerning 2010, *"it was a good year in figures; when I was there I was between 80,000 and 100,000 euros per month."*

Wiretapping shows her offering her services to a client who is looking for a bank *"that does not ask too many questions" about the origin of funds, or explaining to another client that "Since in any case nobody knows that there is a company that exists and even less that it is yours (laughs), so there is no risk in any case. Anyways, we have this professional card from which you withdraw, which belongs to a company that is itself anonymous, so in no case are you attached to this company in any way whatsoever".*

It is also possible to hear her proposing offshore companies to charge the French company of the customer for the exploitation of its own brand.

She proposes manufacturing fictitious invoices, equally fictitious contracts, which could come to corroborate the invoices in case of "fiscal control" (D 748/7 and following). In this last conversation, Mrs. KALFON also indicates that it is imperative, for the sake of credibility under the eyes of the tax authorities, that the contract is concluded with an English company and in no case with a company registered in the BVI. Mrs. KALFON further explains that the entourage of the client with whom she speaks must

believe that the company that issues the invoices is not his, and says more precisely that:

"(...) if you are in control, and this is the advice that I give you ... you remain discreet andyou say that it is a simple provider, a supplier ... in any case, it is your company! You will never have difficulties! We have a deal! (...) Vis-à-vis the whole world, it's not yours! We agree on it ".

She also confirmed that she was talking to Nadav BENSOUSSAN to find out the name of the company that was going to charge the client (MEDIA MARINE or David CASTEL) as well as the order according to which customers had to write their check.

Emmanuelle KALFON was not unaware that the FOS benefits, when they were not paid in cash and gave rise, at the request of the customer, to an invoice, gave room to false invoices established in the name of MEDIA MARINE or DAVID CASTEL.

Mdms SANCHEZ and TESSIER declare that Emmanuelle KALFON was able to replace Nadav BENSOUSSAN in appointments and that she was part of the latter's circle of trust. She was one of the oldest and best salespeople, the most successful. She took care particularly of the creations in Luxembourg or Barcelona.

Emmanuelle KALFON acknowledged that it was to her that Nadav BENSOUSSAN had entrusted the mission of developing the clientele of accounting specialists and lawyers, with the hope that they would bring their own clients to FOS. She did so under the pseudonym Andrea PELLICINI, and on behalf of a distinct brand called Avocat Offshore Company (ASO), with a focus on TUP. It is also her voice in the telephone answering machine of this firm A.S.O. Avocat Offshore Company, saying *"Cabinet A.S.O. Avocat Offshore Company present in Geneva, Luxembourg, London, and Gibraltar."*

During a conversation on October 24, 2012, with a client who is worried about a possible wiretapping, Emmanuelle KALFON reassured him by saying that the telephone line was on behalf of a law firm and that it would be a *"good derogation"*, and that on the other hand it is complicated to find the server, which is on a VPN. She knew thus that the phone lines were on behalf of a law firm and that CRM is not in the walls of FOS in Paris but elsewhere, accessible by a VPN, using these arguments over the phone to convince prospects and customers of the confidentiality of their conversations.

Lastly, it appears from the elements of the trial that while Emmanuelle KALFON was in charge of training the other consultants, some of her less experienced colleagues had understood, as is clear from other hearings, that the services were illicit.

Thus, her own working conditions in FOS, the wiretaps and the statements of other employees show that she was aware that she was helping clients to hide funds and evade taxes by hiding abroad behind an offshore entity.

Emmanuelle KALFON has thus, in the course of her job as a salesperson in the nebulous FOS, helped to sell setups of companies whose illegal aim she could not ignore, since these were oriented only towards concealment and the anonymity of the real beneficiaries and offshoring profits of companies that continued to carry on their main activity in France.

She will therefore be declared guilty of the acts of aggravated money laundering which are charged to her.

2.3.3 Bruno RIBEIRO MARTINS

Bruno RIBEIRO MARTINS is sued for having, in Paris, from January 2008 to December 2012, as a salesperson of FRANCE OFFSHORE, supported concealment or conversion operations (including the opening of bank accounts on behalf of companies run by the figureheads and the attribution of means of payment to the customers in France) of the revenues of the customers of FRANCE OFFSHORE coming from crimes providing these customers with a direct or indirect profit, in this case, in particular, tax evasion and the abuse of corporate assets, with the aggravated circumstances that he committed these acts regularly, using the benefit of being able to procure the exercise of a professional activity, case in point, the salesperson of France Offshore.

By regularly filed and supported pleas to the hearing, his legal advisor pleads for acquittal and, subsequently, judging according the law regarding the sentence. He also asks the State to acquit any charge against Bruno RIBEIRO MARTINS.

In support of his request for acquittal, Bruno RIBEIRO MARTINS' counsel argues that he, a holder of a simple accounting BEP, has always admitted to not knowing anything about taxation, being trained as other employees by Nadav BENSOUSSAN and reassured by the number of "experts" and especially the many lawyers present within FRANCE OFFSHORE. He was therefore not aware that the setups proposed by FRANCE OFFSHORE were illegal, particularly given the climate prevailing in this society and the charismatic personality of Nadav BENSOUSSAN. With regard to cash remittances, he argues that if hewas informed by the client of FRANCE OFFSHORE that the two envelopes that she presented contained asum of 300,000 euros in one and 200,000 euros in the other, he was not authorized to verify that before calling Mr BENSOUSSAN.

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After having worked six years at an agency in Monaco, which dealt with the administration and accounting of off-shore corporations outside of Monaco, Bruno RIBEIRO MARTINS started to work in January of 2008 in the heart of the FRANCE OFFSHORE group where he was aware of all developments. Thus, he was working for FOS during the search of October 2008.

He put together and then directed the "management center" in Paris, at the professional premises of Magali SCHINAZY at 36 rue Paul Valéry, until its complete transfer to Riga in the summer of 2012. He then became a consultant at the heart of the commercial center as of September 2012.

Nevertheless, he admitted that he may have suggested the creation of businesses over the phone and established quotes when clients did not wish to come out. He confirmed this information in front of the court, and explained elsewhere that he had not actually stopped working for FRANCE OFF-SHORE after his dismissal, even if he collected unemployment benefits from the Unemployment Office. From September of 2012, he became a salesperson and worked elsewhere under a pseudonym, so that clients would think he had left the company.

He finally acknowledged that he was aware that the setups he was offering were not legal and that FOS customers were trying to make *"tax evasion"*.

He acknowledged that in the framework of his activity that had began at the heart of the "management center", which handled at the time, the totality of the services related to the sales of offshore companies, then in his activity as a consultant, he had realized the illegal character of the proposed arrangements sometimes recommended to the client.

The wiretappings show him in the midst of selling companies abroad "*with figurehead directors. Therefore it's no longer* [associated with] *you"* or the sale of "*one shot"* redemptions, or the sale of a transfer of assets to allow a client, who is the subject of a tax adjustment, to not "*hand over cash to taxes"*. He also admits to having suggested some off-shore *"GPO (group purchasing organization)"* in order to transfer margins of the client's French company outside of France. He also admits to having assisted in the submission of envelopes which contained cash, between 200,000 and 300,000 Euros, and having known that there was a bill counting machine in the FOS locations. He declared so much to the investigating magistrate:

"It happened one time when I was at the management center, in 2009 or 2010. We were at 52 avenue Victor Hugo. A client to whom we had sold a limited company and an account at RIETUMU comes to see me with two envelopes. When she told me, while emptying one of the envelopes, that there was 200,000 and 300,000 euros in cash, I immediately let Nadav know,

he took over the appointment and had me leave. There was a bill counter in his office". He confirmed this statement for the hearing, specifying that he neither counted the money nor assisted in the counting of the money by Nadav BENSOUSSAN.

He also explained to some clients the types of arrangements that allow them to subtract their revenues or fiscal gains, all while being able to make use of these sums by using the offshore companies, the figurehead directors, and anonymous bank cards.

Again, he was aware of the fact that certain clients' business plans were fake and didn't correspond to any economic reality, having merely been established in order to open bank accounts.

He admits to eventually knowing that David CASTEL never saw the clients for whom he nonetheless authenticated identity documents for the process of opening bank accounts.

Additionally, he was familiar with the internal management processes of Nadav BENSOUSSAN, which consisted of switching employees from one company to another. He was aware of these methods, due to his successive roles as an employee of NBC, then of HAUSSMAN CONSEIL, then of PRISSAC UK ltd, and hidden behind figurehead directors, such as Desmond GERAGHTY.

A part of his bonus, although small, because he was not a salesperson before September 2012, paid in cash or in kind (a trip to Marrakech) was not declared, but it should be noted that he refused the IGRUCOM card which was offered to him as it was to others.

Thus, with all of the aforementioned considered, it concludes that Bruno RIBEIRO MARTINS contributed to the sales of arrangements of companies to which he could not have been ignorant of the illegal nature, since they were only centered around the concealment and anonymity of their true beneficiaries, the offshoring of profits abroad by companies who continued to execute their principle activities in France.

Consequently, he will be declared guilty for acts of aggravated laundering for which he is charged.

2.3.4 Mendel BRODOWICZ

Mendel BRODOWICZ is being tried for having, in his role as a salesperson of FRANCE OFFSHORE, from September 2010 to December 2012, in Paris, supported the concealment

and conversion operations (notably by opening bank accounts in the name of off shore companies directed by figurehead directors and the by remitting payments to clients in France) from FRANCE OFFSHORE's clients' revenues, which originated from the criminal offense of having procured direct or indirect profits for these clients, in this case, notably, fiscal fraud and the misuse of social benefits, with the aggravated circumstances that he committed these acts regularly in using the benefit of being able to procure the exercise of a professional activity, case in point, the business of France Offshore.

By regularly filed and supported pleadings to the hearing, his legal advisor pleads for acquittal. He casts a favorable light on the Mr. BRODOWITZ's absence of training, his total inexperience in the area of financial advising, and the general context surrounding the activity of FOS, being able to give this last point a legitimate impression of legality. He highlights that Mendel BRODOWICZ was in a situation of financial dependence, even if, in effect, he admits to recalling that Mr. BENSOUSSAN had the primary intention of supporting Mr. BRODOWITZ. He again supports that the majority of the elements of the file allow for the conclusion that Mr. BRODOWICZ had a minimal and non-primary role.

Nadav BENSOUSSAN and Mendel BRODOWICS met in a Talmudic school. His father and Nadav BENSOUSSAN's father are friends. His brother, Illel BRODOWICZ, is described by Frédéric BELLEMARE, a commercial real estate consultant at the heart of the CBRE agency, which found FOS's locations, notably those leased by Maître CASTEL at 140 avenue Victor Hugo, as the *go-to guy* of Nadav BENSOUSSAN. He brings up the copies of other joint procedures with the present judiciary information that Nadav BENSOUSSAN had also solicited Illel BRODOWICZ to become a partner of a company.

According to his declarations, Mendel BRODOWICZ started to work at the "management center", in the locations of Maître SCHINAZI in July of 2010 before the integration of the commercial center in the summer of 2011. But he had already worked for Nadav BENSSOUSSAN, as a messenger, in November 2006, for FFC. He therefore worked at the heart of the FRANCE OFFSHORE group from July 2010 to December 2012, first at the management enter, then as a consultant.

He was collecting a salary of 2,000 euros per month, as well as commissions which he estimates at 1,500 euros per month. He accepts that after having been dismissed at the end of 2011, he had continued to work for FRANCE OFFSHORE while collecting the ASSEDIC [unemployment benefits] (1250 euros) and averaging a salary (base pay + bonus) paid in cash by Nadav BENSOUSSAN. Starting from April 2012, he had collected his salary in the company IGRUCOM's bank account, opened with RIETUMU BANKA, sums that he could withdraw by means of an anonymous bank card which he had been given by Nadav BENSOUSSAN. Since July 2012, he became an independent worker, which allowed him, according to his explanations of charges as a "liberal professional" (without the imposed limits to auto-entrepreneurs) all in being able to benefit from the ACCRE, which means a partial exoneration of social charges related to this activity.

Therefore, he knew the internal management processes of Nadav BENSOUSSAN, which consisted of switching his employees from one department to another, because he had been paid first by FFC without being declared, then he had been an employee of, in succession, HAUSSMAN CONSEIL and PRISSAC, which involved paid bonuses in a clandestine manner with the IGRUCOM card, then paid, after December 2011, entirely "*in the black*", or

even involved putting his colleagues to work under a pseudonym, under a different company name, in the manner of creating an appearance of a rivalry. He had never seen M. GERAGHTY DESMOND, the company's representative of British law, who had signed his employment certification and his contract on the date of November 2nd, 2010, having only Nadav BENSOUSSAN and his sister Asnath BENSOUSSAN as interlocutors.

Interrogated by the investigating magistrate on his revenues brought to equity from the years 2010 to 2012, he declared:

"Maybe the others will tell you the same thing but I had the smallest turnover: around 30,000 to 35,000 Euros per month, and 4 to 5 clients per month (I'm speaking of clients who sign).

80 to 90% of my clients were small clients who never surpassed 100,000 Euros of annual revenues and who were consultants who had most of their activities under a real name.

This small turnover had otherwise been a subject of tension between Nadav and myself, especially from June 2012 on when he restructured the management program in placing a new CRM."

The wiretaps show him in the middle of telling clients *"but the goal, once again, is to not reveal yourself, for fiscal reasons"*, or *"starting from the moment where one offshores his activities, it's necessary to carry things out with total discretion"*. He admits that he suggested off shore businesses who billed for *"empty"* sales assistance services overseas (but without having been aware that that could be fraudulent, according to him).

He knew that the named directors were directors of hundreds of businesses. He confirmed that David CASTEL never saw the original documents that he certified, that he realized that they had him sign anything and everything for clients, that those clients paid sometimes in cash, that the business plans of clients were sometimes arranged by Lisa KALFON, he himself having taking over this type of arrangement at least one time with a client. He replied to a client who wished to ask several questions about the form to fill out:

"You don't need to do that. In fact, the essential thing we're asking you to fill out is the page where we ask you the companies with which you are going to work… you have worked with or you're going to work with… the rest will be filled out by the manager… it's not a worry… it's especially that that needs to be filled out… so that we can do a business-description for the

bank… to state your clients whom you currently do business with… I want to tell you even… if you don't want to put the name of your clients, you can put the names of clients of whom you are sure that you never did business with… it's not necessary that it's 100% true… what's essential is that you give information the bank that could be credible… voila".

He also admits that FRANCE OFFSHORE may have helped certain French residents dissimulate money abroad.

He himself described the processes of TUP that allowed clients to flee their creditors to be borderline.

He had, at one time, suggested to a client establishing a fake bill in order to facilitate a wire transfer to a bank abroad.

He finally admitted that the purpose of certain bills addressed to clients could vary depending on their wishes.

He knew that there was a bill counter, having seen it in the locations at 52 avenue Victor Hugo.

The questioning of client Frédéric LUCIANO illustrates that Mr. BRODOWICZ was capable of selling an offshore company and able to address fictitious bills to the client's French company.

He brings up again the elements of the proceeding and some conflicts surrounding the fact that that the company VIVAPRO of Mendel BRODOWICZ had billed FOS in 2009 in the framework of an operation that had been subsequently called into question by the fiscal administration, which had carried out a tax adjustment for VIVAPRO in 2011 in tha amount of 55,000 Euros.

At the time of the police raid at his home, some business cards were found in the name of Marc BROWIC "offshore consultant" for the website "création-offshore.net". He declared that at the end of 2011 or the beginning of 2012, Nadav BENSOUSSAN had asked him to handle, while under this pseudonym, all the posted requests on this website, which he sent to him. Nadav BENSOUSSAN had explained to him that he had created this site in order to create a pseudo-rivalry for FRANCE OFFSHORE with a company presented as being located in Geneva, in order to obtain more clients.

The relationship between Mendel BRODOWICZ and Nadav BENSOUSSAN thus surpassed a working relationship limited to the first post at the heart of the FOS group.

The court concludes, having taken into consideration all of these elements, that Mendel BRODOWICZ contributed to the sale of the arrangement of companies, of which he could not possibly have been ignorant of the illegal nature, since these companies had no other purpose besides concealment and the anonymity of the true beneficiaries, the transfer of revenues abroad by businesses who continued to exercise their principle business activity in France.

He will consequently be declared guilty for the acts of aggravated laundering for which he is charged.

2.3.5 Alexandra GILLET

Alexandra GILLET is being tried for having supported, in her role as a salesperson at FRANCE OFFSHORE in Paris, from February 2010 to December 2012, the operations of concealment and of conversion (notably by the opening of bank accounts in the name of off-shore companies directed by figurehead directors and the presentation of methods of payments to clients in France) of revenues of clients of FRANCE OFFSHORE, which had originated from criminal offenses of having procured for these clients a direct or indirect profit, case in point, notably, fiscal fraud and misuse of company funds, with the aggravated circumstance that this was committed regularly and in using the benefit of being able to procure the exercise of a professional activity, case in point, the business of France Offshore.

By regularly filed and supported pleadings to the hearing, the legal advisor of Alexandra GILLET pleads for acquittal. To support this position, he points out:

- The difficulty, for the layman, in distinguishing lawful fiscal optimization that that which is illicit fiscal fraud (the lack of knowledge in financial law, inexperience in the field of financial advising)
- The apparent legality of the activity of FOS (media coverage of FOS, the abundance of existing and preeminent structures on the web, the activity that FOS undertook in the locations of the attorney's offices and created by some attorneys)
- The absence of the accused's leeway in merely applying the process of sale imposed by Nadav BENSOUSSAN (the advice given out by the accused stemmed from the arrangements proposed by FOS and presented by the different catalogues and brochurs of the enterprise)

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The court judges, as it has been measured by the investigating judge in his committal order, *"it is not necessary to be a tax specialist in order to understand that the anonymous sale of a bank account and the possibility of creating fake or complacent statements, such as the purpose was for the majority of arrangements, allows for the concealment of wealth and fiscal fraudulence."*

"In addition, in the media, Nadav BENSOUSSAN did not go so far as to boast about the consistent benefit of selling the tools of fictive statements. Also, reading certain articles that invokes indictments should have worried them: for instance, in the Capital in November 2010, the journalist asked the question: "How many tax adjustments?" and Nadav BENSOUSSAN responded "A single one in eight years. But the two directors argued and one of them revealed it all in Bercy".

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Alexandra Gillet reports having stopped her studies in high school and having then obtained the equivalent of a BTS in business studies from the private institution IFOCOP, where she received training in sales, marketing, accounting and notions of law.

Before her arrival at FOX, she had taken part in a diversity of professions – dental assistant, salesperson, real estate agent. She was hired in February 2010 for the post of assistant salesperson and specifies never having received commissions on her sales as of January 2012. She received a fixed monthly remuneration in the amount of 2,300 Euros. She declares from the beginning of 2012 having earned some commissions on the sales that she handled, in the amount of 0.5% on quotations. As of July 2012, she earned 2% then 5% on the amount billed by FOS. She admits that, starting from the month of August 2012, she received 2,000 to 3,000 Euros per month from sales commissions. One can thus deduct that she earned during this period a monthly revenue of 40,000 to 60,000 Euros.

She was successively an employee of HAUSSMAN CONSEIL (from February to October 2010), then of NTERMOL UK ltd (as of November 2010). Dismissed by HAUSSMAN CONSEIL on October 31st, 2010 for *"lack of satisfying revenues"*, she signed, the same day, a CDI with ANTERMOL for the same post, with the same boss. Nevertheless, in her new employment contract with ANTERMOL Uk, the manager was not Nadav BENSOUSSAN, but a certain Jana KLEVICKA that she admits to never having seen.

In addition, her bank statements seized at her home, as of January 2012, demonstrate that her salary was no longer directed towards her by her employer, the business ANTERMOL UK, but by a certain business IGRUCOM (in both cases by European wire transfers). She confirmed gthat the commissions had been deposited in the account at RIETUMU in which she had a bank card for withdrawals (IGRUCOM). She also admitted that these commissions didn't appear on her pay stub, that she knew that, and that she had not declared these on her taxes.

Finally, if Alexandra GILLET exercised these functions as an assistant sales person at the heart of the FOS group in *"the prestigious locations of an office of attorneys"*, she wasn't an employee of David CASTEL and had no relation to the business which employed her (HAUSSMAN CONSEIL then ANTERMOL Uk) nor even to the company FRANCE OFFSHORE, neither appearing in the building nor at the door of the locations.

It concludes from these elements that, contrary to what the defense supports, it cannot be concluded that Alexandra GILLET handled, at the heart of FOS, *"a perfectly transparent post, exempt from all suspicious characteristics"*. She knew the internal processes of management of Nadav BENSOUSSAN, which consisted of switching employees from one department to another, of hiding behind figurehead directors, such as Jana KLEVICKA, or consisted of paying his employees in clandestine manners, with the IGRUCOM card.

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Alexandra GILLET thus worked since February 2010 at the center of the group FRANCE OFFSHORE, where she had started as an assistant salesperson. She worked first at the qualification center then at the commercial center. Upon her arrival in the post of assistant salesperson at the center of FOS, she had categorized clients and took appointments by phone, so that clients would meet an FOS salesperson. In addition, this acted to rekindle potential clients for which an estimate had been established by the salespeople, and more specifically by Emmanuelle KALFON and Sandrine SANCHEZ.

She indicated having only created the appointments until mid-may 2012 and having started the sale of FRANCE OFFSHORE products from this date on. She specified that when the qualification center had been transferred to Spain, Lisa Marie GUEZ, Bruno RIBEIRO and she herself created *"phone appointments for clients who did not want to come out"*. The court notes that she had nevertheless handled, since being hired, the responsibilities of client relations (by phone) in order to carry out the sale of off-shore structures, regarding the qualification of clients (first contact with the client in order to obtain an appointment) or the rekindling of potential clients for which a quotation had been established. Thus, despite the title of assistant salesperson, she had always occupied a role as a salesperson at the center of FOS. After the summer of 2012, she estimated her revenues between 60,000 and 65,000 Euros per month and had completed between 30 and 40 files.

The wiretaps show her explaining to a client the advantages of *"declaration of trusts"* and *"power of attorney"* in relation to the shareholder actions (anonymity but no risk that the business escapes the client), or the sale of off-shore businesses who will *"create false invoices in the framework of empty contracts"*. She also, without any ambiguity, created with a client a system of false invoices as well as some companies in which he did not appear thanks to the system of figurehead directors.

In a conversation dated June 21st, 2012, Alexandra GILLET proposes an arrangement to a man who was a resident in Norway, came back to France, and created in France a structure to continue to work with a Norwegian client. She suggested to him the creation of a structure in Hong Kong in which he would place a portion of his revenues. The advice of Alexandra GILLET leave no doubt about her knowledge of the illegal nature of the proposed arrangement. They also illustrate how FOS could have initiated certain clients into fiscal fraud, who were not necessarily specialists or requesters of these services.

THE PROSPECT: *Now, what does this bring me? Let's say I have half of my revenues which are billed via a society in Hong Kong… Let's say that out of 100,000 in revenues, I have 50,000 in Hong-Kong, what becomes of this 50,000?*

Alexandra GILLET: *Ah well, they're yours*

THE PROSPECT: *And, they're mine in a bank account of a business in Hong Kong!*

Alexandra GILLET: *Absolutely.*

THE PROSPECT: *And how do I access this money? I need to deposit it in pay, in dividends?*

Alexandra GILLET: *So, basically, if you deposit it in pay or in dividends, in terms of optimization, that's not the best option. Now, you can! Euh… Anyway, you'll have a professional bank card which is linked to this account and you can use it professionally or personally.*

THE PROSPECT: *So a bank card which will be in what wording? What name will appear on this bank card?*

Alexandra GILLET: *The business's!*

THE PROSPECT: *So the business's name and I can use it in a personal manner to buy assets, a car, anything*?

Alexandra GILLET: *So, after, you must keep a certain coherence. For a car, it's better to buy it in your own name.*

THE PROSPECT: *Yes. So what am I going to buy? I'm going to buy a television with this card?*

Alexandra GILLET: *If you want to! I can't tell you exactly what you can and can't do! You have to keep a certain coherence with your lifestyle, if you want! Your fixed revenue in France! Okay! So basically, if you want to buy a vehicle, well… it's possible but you have to be able to justify that this vehicle was purchased by a foreign company… You have to justify why you're driving this vehicle in France. You see?*

THE PROSPECT: *Okay*!

Alexandra GILLET: *So, there are things which aren't exactly…*

THE PROSPECT: *It's a little… It's clearly in the domain of fiscal evasion. It's not, uh…*

Alexandra Gillet: *Well, we're not in the domain of evasion… So now you have the solution where you appear on the paperwork. You declare to Franfe that you have a company abroad since anyone can have a company abroad! You have the right to have a company abroad! And on your tax forms, at the end of the year, you declare the revenues collected from abroad.*

Another telephone conversation, dated July 12th, 2012, with a client, GARISCOUET, leaves no doubt about her knowledge of the illegal nature of the proposed arrangement (a company in Gibraltar, fake contract, and fake invoices *to pass 200 thousand or 300 thousand euros a year*):

THE CLIENT: *Because what we're doing is… legal… but not legal… it's "border line", huh?*

Sandrine GILLET: *(laughs)*

THE CLIENT: *Well, okay… we have to call a cat a cat!*

Sandrine GILLET: *Well at least you know what you're doing… you understood*

THE CLIENT: *Yes, anyway…*

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Sandrine GILLET: *So there you have it…but they aren't all like you*

THE CLIENT: *(laughs) Oh really?*

THE CLIENT *Yes, anyway…*

Sandrine GILLET: *Yes…like you said "we must call a cat a cat", I totally agree with you…*

The rest of the conversation again leaves no doubt about her understanding of the notion of fiscal optimization nor about her knowledge of the manner in which the client can reclaim their money stored abroad:

THE CLIENT: *Okay…these sorts of arrangements, they exist already?*

Alexandra GILLET: *Ah! Yes…(laughing)…You are not the first.*

THE CLIENT: *(laughing) Nor the la*st!

Alexandra GILLET: *No no, and it's been eight years we've been doing this…so you're not the first and not the last, I believe…*

THE CLIENT: *Yes, huh… because what I'm doing…I think…it's not evasion*

Alexandra Gillet: *No, no…it's optimization…we can say that*

THE CLIENT: *yes, yes, it's optimization…and so anyway…once the account Is in Lettonie…this money which is there, I pay from that moment on out of that account?*

Alexandra GILLET: *yes… of course…and as I was telling you… there's an online interface so you can send your wire payments via internet…after they'll have you choose a visa*

card…you'll obviously have a deposit to put in the bank… this deposit will be taken from the collection of the card…Visa takes note of a certain amounts which will be returned to you after… in addition the internet activation fees, the router fees…and bank fees…we're talking a base of 1,500 to 1,600 euros…it depends on which card you choose…and from then on, anything goes…

THE CLIENT: *Okay*.

In the course of other intercepted conversations ,Alexandra GILLET reveals how money transferred abroad can be recuperated by the purchase of property by an English SCI.

She admitted that she knew that the people whose names appeared on banking documents (figurehead directors and shareholders) were not the owners of anything, admitting thus the fictitious nature of the sold arrangements.

She admitted having suggested to her clients the creation of billing structures in order to increase their expenses on the national territory, all in knowing that these businesses had no material or human means abroad. She also declared (and she was the only to have officially revealed this) that the clients received, during the purchase of their offshore company, a pack of blank invoices with the letterhead of the business, which established that this business didn't have any personnel in the country in question and thus no tenable establishment on site.

Regarding the billing of clients for benefits sold by FRANCE OFFSHORE, it is relevant to consider the intercepted telephone conversations and her declarations that she knew that the client could choose the wording of the bill and if they should include TVA or not, depending on the mode of payment.

Following this, there are even wiretaps where she advised clients (or potential clients) for long periods of time on how to find a solution to pay escort girls, guaranteeing them anonymity, and the most reduced taxation possible.

In considering all of these elements together, it concludes that, if she was working from the sales arrangements designed by Nadav BENSOUSSAN, Alexandra GILLET contributed to the sale of business arrangements in which she could not ignore the illegal nature, since they were created with no other purpose than that of concealment and the anonymity of the true beneficiaries, the offshoring of revenues abroad by companies who continued to exercise their primary business activity in France.

She will therefore be declared guilty for the acts of aggravated laundering for which she is accused.

2.3.6 Frédéric BELMA

Frédéric BELMA is charged for having supported, in his role as salesperson for FRANCE OFFSHORE, during 2010 to December 2012 in Paris, operations of concealment or conversion (notably by opening bank accounts in the name of off-shore companies directed by figurehead directors and the allocation of means of payment to clients in France) of FRANVE OFFSHORE's clients' revenues collected from criminal offenses, having procured these clients a direct or indirect profit, in cash, notably, fiscal fraud and the misuse of company funds, with the aggravated circumstance that these acts were committed on a regular basis and by using the benefits that come with the exercise of a professional activity, case in point, that of a salesperson of FRANCE OFFSHORE.

According to his declarations in questioning, Frédéric BELMA worked for FOS as of October 2010, but knew Nadav BENSOUSSAN since the summer of 2009, when he had spent several vacations in Spain with him. Coming back to Franve at the end of 2008, he was previously the manager of a bakery in the Philippines. His specialty at the heart of FOS was *"French and foreigners who wished to start businesses abroad*". He declared having started as a *"freelancer"* at the center of FOS before becoming a salesperson.

During his time in custody, he declared having brought to FOS in 2010 revenues of 150,000 Euros, around 250,000 Euros in 2011, and 450,000 Euros in 2012. Following these evaluations, he indicated that in 2010, he earned 1,000 euros per month, that in 2011 his revenues achieved for France Offshore had been raised to around 150,000 Euros and in 2012, probably between 200,000 and 250,000 Euros.

He admits to never having worked in the declared manner in the venter of FOS, having been paid his salary in cash by Nadav BENSOUSSAN and being paid his commissions by wire transfers to an account opened with HSBV HK. He, therefore, knew the processes of Nadav BENSOUSSAN which consisted of paying him in cash without declaring this pay, then paying him in an account opened in Hong-Kong in the name of an off-shore business (CHESTO HK). According to his declarations, he would be paid, from 2012 on, as an auto-entrepreneur, but he declared nothing in taxes, all while receiving the RSA. He declared having collected around 100K Euros on behalf of FOS but he never, despite the request of the investigating judge, supplied the statements from the account opened at HSBC Hong-Kong in the name of the business CHESTO HK, the account from which he had paid by check the deposit put in his charge in the framework of his judicial review.

In addition, it is necessary to note the elements of the trial and notably the intercepted telephone conversations in which he used the pseudonym Jacques DELMAS, the only name under which certain employees knew him (others were unaware of his last name). Thus he worked in a totally concealed manner for Nadav BENSOUSSAN's and the shady FOS's account.

The wiretaps show him in the midst of selling to clients or potential clients a little bit of all of the variety of FOS services that hide revenues abroad, artificially lower revenues I France, but also hide the holding of assets like boats via off-shore businesses, and also suggesting services for *"one shot"* payments of cash or checks, making false contracts for undetermined lengths of time, or obtaining licenses abroad under the cover of off-shore businesses in order to more easily exercise primary business activity in France.

He admitted to having suggested to a client the creation of an offshore structure in order to avoid taxes on revenues collected abroad.

He admitted to having given advice to a client in order to remove his assets from judiciary condomnations.

He also handled a client who wished to come deposit cash in FRANCE OFFSHORE's locations.

Finally, several wiretapped conversations with clients must be considered in which he recommended the creation of billing structures in order to increase their expenses in the national territory and to offshore their profits.

Alexandra GILLET declared:

"Personally, from my point of view, I felt less comfortable with a clientele that I deemed harsh or rough or unsophisticated. The type of people who quickly switch to a familiar discourse, who easily "tutoyer", and who solve their problems by trying to overwhelm their representative with their behavior. For these type of people, Fred was undoubtedly the man to deal with because he didn't allow himself to be overwhelmed and he would know how to make his argument in the same language as the person he's speaking to.

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It didn't bother him if a client wanted to designate not himself but his brother as the economic beneficiary of an offshore business."

Sandrine SANCHEZ declared that in addition to clients coming to register their boats, he had clients *"that the girls didn't want"*. Interrogated by the investigating magistrate on this subject, she responded:

"I knew him under the name Jacques DELMAS. He was a salesperson like me. His office was far from mine. I had no liking for him. I know that he's a friend of Mr. BENSOUSSAN. I never had any appointments with a client with him. I don't' know his clients. But Nadav BENSOUSSAN knew that I wasn't comfortable, that I was too serious with the clients who came from the streets and I could make them "flee" and he told me that he was going to ask the qualifiers in Barcelona to sign up with Jacques DELMAS. Mr. BENSOUSSAN told me that I didn't know how to "take" clients and I could see well that they weren't capable of precisely answer the questions that I asked them on their activity or the projects that they seemed to have. I point out that an appointment with a client could last an hour with me. That being said, I can affirm, however, that his list of clientele was not composed of these people here."

In a conversation dated August 21st, 2012 with a certain Clément BONARDEL, who is said to be the son of a manager of financial services, this explains why he already has a business in Hong Kong, which bills its clients (it exercises consultant activity in the gas and arms sector), but the return of this money is very expensive (it is done by wire transfer from the Hong Kong bank to the Luxembourg bank, he receives his money in large notes (the purple ones) which are brought to him by his attorney in Nice (who goes to Luxembourg by plane). Frédéric BELMA suggests to him then a Ltd which bills his society in Hong-Kong, and cashes out in an account in Europe, as well as a bank card at 2,700 euros per day. Interrogated by the investigating magistrate on this point, he specifies that he was thinking of RIETUMU. This client or prospective client tells him that he had thought about using a system of anonymous prepaid bank cards, but that if he *"asks about this to his attorney in Hong Kong or his trustee in Luxembourg, they are going to say: Uh, sir, I'm not here for laundering"*. Interrogated by the investigating judge on this point, he comes to the subject of RIETUMU *"It's true that I never saw a bank which allowed such high daily withdrawal limits. But it's a big bank which is very well off, and that reassured me."*

In the course of another intercepted conversation, he says "our vocation is to create businesses abroad which will bill [companies in France] in order to try and reduce the tax liability in France, whether it be fees or purchases" and again "anything is possible, we can create businesses anywhere but it must line up with your business activity".

June 28th, 2012, in the midst of a conversation with a client, Mr. AUDINO, who is an auto-entrepreneur but had surpassed the ceiling of revenues for auto-entrepreneurs, because his revenues are over 100,000 Euros, he proposes to him to bill as an auto-entrepreneur until 35,000 Euros and from then on, to bill from an offshore business. He tells him as well *"everything is*

legal but you shouldn't bring the money officially to France because otherwise, you'll have to declare it a second time".

Some clients asked him how they were going to be able to use their money in France. He advises them against bringing it back with wire transfers, otherwise they must declare it *(because it would be visible),* and he sells them instead a payment card linked to an offshore account, which allows them to withdrawal up to 3,000 Euros in cahs.

He seems to be close with Nadav Bensoussan. June 26th, 2012, he exchanges the idea with him of the creation of a *"hot line"* in Barcelona, and Nadav BENSOUSSAN adds *"That's what I want, I want to have a system which is not absolute… I don't want a structure in France actually. All the structure… uh… all the structure actually is dangerous here in the sense that if there is a problem, everything falls apart"*.

On the 24th of September, Nadav BENSOUSSAN calls him about the subject of a person who sent money to his uncle. This person wants to take back the money in exchange for a FED BOND, 2,000,000 dollars in cash and leave 10% in stocks.

In the course of a conversation on June 18th, 2012, the person he is speaking with asks him to have a client sign, but he responds that this client is in Dubai, "we sign everything in his plave" and looks for a document in his file to recreate his signature.

In the course of a telephone conversation dated August 30th, 2012, he suggests very naturally to the person he is speaking with to forge a CDI *(A CDI, I can do for you, it's not a worry. I can make you all that documents that you want, that's not a problem.…).* To the person he is speaking who takes offense by this (No, but you want me to create false documents?! *No that's not okay!*), he responds *"That's kind of the house specialty"*.

On September 4th, 2012, a client is going to buy a boat for the French business Bénéteau, but he doesn't want to pay the TVA and *"reveal himself"*. Frédéric BELMA thus suggests to him a non-European business; and the client or potential client asks him to place a Tunisian friend as the figurehead director of the company. Interrogated by the examining magistrate on the act of knowing if it was of any concern to him that clients use figurehead directors, he responds: *No because apparently it's the norm when one creates a business abroad.*

Considering all the elements of the proceeding together and the arguments that Frdéric BELMA, who worked only under a pseudonym and in a manner to totally conceal the commercial activity for FOS's account, spent time with Nadav BENSOUSSAN and had a

trusting relationship. It is also established that, in a totally carefree manner, he proposed or accepted the forging of documents. These elements as well as the intercepted telephone conversations corroborate the declarations by certain employees who claim Frédéric BELMA was at the center of FOS and was charged with handling particularly *harsh or rough clientele* or the *clients who came from the streets*, and in any case some clients and prospective clients

who were looking to conceal funds which were not collected solely from misuse of company funds or from fiscal fraud.

Thus he contributed the sale of arrangements of businesses of which he could not have been ignorant of the illegal nature, since they had no other purpose besides concealment and the anonymity of the true beneficiaries, the offshoring of revenues abroad by companies who continued to exercise their principle business activity in France.

He will therefore be declared guilty for the acts of habitual launderi=ng for which he is charged.

2.4 Yakov VOGEL

Yaakov VOGEL is charge for having supported concealment and conversion of revenue operations, in London, Lettonie, and Hong Kong, from 2007 until 2012, for clients of FRANCE OFFSHORE, collected from criminal offenses of having procured for this clients a direct or indirect product, case in point, notably fiscal fraud, swindling, in his role as figurehead associate director for offshore companies sold by FRANCE OFFSHORE and figurehead director for businesses of the group LAURENCE POUTNEY LTD and of Europe Offshore, and doing so in a habitual manner.

Yaakov VOGEL was the “named” “regular” (as shareholder and director) of offshore companies sold by France Off Shore: the investigation revealed that out of 108 indentified companies, he was the figurehead director for around 220 of them.

In addition, Yaakov VOGEL appears to have been the figurehead director of two companies of the group France Off Shore himself, the company Laurence POUNTNEY LTD (serving as the named “corporate” director to a portion of the offshore businesses sold by France Off Shore) and for the company Europe Off Shore ltd, where he could have worked to support a diverse gro9up of real invoices, in the shadow of the French fiscal administration, or forged invoies, in order to justify the transfer of funds.

It is also revealed that Nadav BENSOUSSAN was using a PORSCHE CAYENNE license plate number 643 RGW 75, of which the owner was a certain Mr. VOGEL Yaakov Kopul, born April 22nd, 1984 in London and said to reside at 146 rue de la Pompe, Paris, 16th

arrondissement, the address at which the neighborhood search was unable to find any trace of him.

The searches taken up to find him remain in vain.

It appears he never resided in France. An arrest warrant for him was issued April 2nd, 2015.

The representative of the national finance prosecutor's office indicated at the time that his petitions that he had been arrested in 2016 in Argentina on the basis of an arrest warrant issued against him and that extradition proceedings were taking place.

He will be declared guilty of the acts of laundering revenues for clients of France Off Shore collected through criminal offenses of fiscal fraud and swindling for which he is accused.

III – THE ACTS OF CRIMINAL CONSPIRACY

Nadav BENSOUSSAN is charged with having participated, at the center of the FRANCE OFFSHORE group, between 2008 and December 2012, in Paris, in an association or an agreement in order to conspire to criminal offenses such as laundering, infractions punished with at least 5 years of imprisonment, characterized notably by telephone conversations or appointments with clients in the framework of managerial organization, at the location of offices In Paris via a nominal attorney, a collaboration with a Latvian bank, through a system of forged invoices, by using a server (CRS) which was located abroad.

The defense of Nadav BENSOUSSAN supports that the charged acts under the qualification of criminal conspiracy in order to commit criminal offenses of laundering punished by at least 5 years of imprisonment constitute complicit fiscal fraud.

In the course of his oral petitions, the national finance prosecutor declared relying upon the court's judgement on this infraction that Nadav BENSOUSSAN, Magali SCHINAZI and the other six employees are charged with. In support of this position, the prosecutor noted that the entire fraudulent process had been designed, initiated, then put into play by Nadav BENSOUSSAN, primarily in association with RIETUMU, Magali SCHNAZI, David CASTEL and the employees that had been recruited and called upon only in the second stage, in order to participate directly to the acts of infraction (page 175 of the record of proceedings).

Article 450-1 of the penal code states:

"Constituting a criminal conspiracy formed or established with intent to conspire, characterized by one or several material acts, of one or several crimes or of one our several offenses punished by at least 5 years of imprisonment.

When the prepared infractions are crimes or offenses punished by 10 years of imprisonment, the participation in a criminal conspiracy is punished by 10 years of imprisonment and a fine of 150,000 Euros.

When the prepared infractions are offenses punished by at least 5 years of impriosonment,the participation in a criminal conspiracy is punished by 5 years of imprisonment and a fine of 75,000 Euros."

The court concludes that the acts consisting of dispensing advice for tax evasion on the phone or during appointments with prospective clients and proposing to them offshore companies and bank accounts, qualify, even when the sale was not finalized, to criminal conspirancy with intent to commit the offense of laundering.

These preparatory acts are in the scope of a managerial and hierarchical organization – the informal group FRANCE OFFSHORE managed by Nadav BENSOUSSAN, and the partnership with attorneys and financial establishments such as RIETUMU bank. They together created a system of complacent billing in the wording of services which were related to the business who bills.

There is occasion to outline here the operation of the CRM: After the home search of October 2008, during which FOS's client worksheets had been seized by the DNEF, Nadav BENSOUSSAN relocated his CRM outside of France, in this case to Canada, on the SERVLINKS server.

Thus it's by way of a Virtual Private network (VPN) that the collaborators of FOS, in Paris as well as in Barcelona, accessed this technology.

But during the police raid in December 2012, the access to this VPN was cut offthe moment when the investigators found and accessed it. The investigation shows that Katia TESSIER, secretary of Nadav BENSOUSSAN, had at her disposal in her cell phone a telephone number that allowed the VPN to be cut off. Nadav BENSOUSSAN confirmed the existence of this possibili8ty of immediate cut-off but the investigation could not determine if this mode of cutting off the VPN had been used.

These elements can be magnified with the words spoken by Nadav BENSOUSSAN in the course of an intercepted telephone conversation June 26th, 2012. He discussed with Frédéric BELMA the creation of a hot line in Barcelona, and Nadav BENSOUSSAN adds: *"That's what I want, I want to have a system which is not absolute… I don't want a structure in France actually. All the structure… uh… all the structure actually is dangerous here in the sense that if there is a problem, everything falls apart"*. The organization put in place had also progressed according to the home searches (October 2008) and the indictments of Nadav BENSOUSSAN intervened in two other cases in spring 2012.

In addition, at the time of the police raids in the Boulevard Haussmanlocations in the office of representation for RIETUMIU bank, December 10th 2012, documents and electronic calculators were found before being presented to recent clients. Used on the 25th of April, 2013, they show that around fifty bank accounts were in the midst of "delivery", and gave the impression that these outstanding projects were soon to be finalized, proving a criminal conspiracy.

Finally, Mr. BENSOUSSAN contested to having brought these fifty or so clients to Rietmu bank. It is true that the SFM quotes appear three times in the name of clients noted in what remained of the bank's office of representation's agenda, seized following the raids, and SFM is a (real) competitor of FOS.

However, we note that in this agenda the letters FO (probably for France Offshore) appear in the majority of client appointments; a certain number of businesses sold between them having Richard MOSTUE as director or the business Laurence POUNTNEY ltd, which is related the FOS's client. Finally, the representing officials of RIETUMU bank declared that FOS was their essential business provider, otherwise exclusive in France. Questioned on this subject, Mr. PANKOV, president of RIETUMU bank could not say what other business provider RIETUMU had in France, the question had also been asked on the 23rd of May 2014 to the first representative of the bank, Mr. ZAMULLO.

Nadav BENSOUSSAN, at the head of the structured organization of which he was the creator, will be declared guilty for the acts of criminal conspiracy for which he is tried in this capacity.

Magali SCHINAZI, in his profession as an attorney, took part from the month of October 2008, in the organization, under the control of Nadav BENSOUSSAN, of the activity of the shady France Off Shore of which she could not have been ignorant of the fraudulent nature. We note the elements of this proceeding and the arguments that she had knowledge of the partnership put in place with a Latvian bank, the fact that the clients receeived at 140 Victor Hugo in the locations of a nominal attorney or again that, until summer of 2012, the management center was located at the center of her own professional location at 36 rue Paul

Valéry. Magali SCHINAZI had started to collaborate with Nadav BENSOUSSAN and the shady FOS only from October 2008 on, she will be partially acquitted of the acts of criminal conspiracy for which she is accused in the period before October 2008 and declared guilty for the period from October 2008 to December 2012.

It has been established above (2.3) that the **employees of FOS** knew the activity of NAdav BENSOUSSAN and could not have been ignorant of the criminal nature. They had participated in a business, in the economic sense of the term, having organized the fiscal fraud of clients, in giving out advice by telephone or in the framework of physical appointments, at the heart of locations rented by an attorney who did not work in these locations and whom they never saw, while partnering principally with a Latvian bank (RIETUMU BANKA) and with the assistance of a server located abroad. They were not unaware that all of the clients exercised business activity in the national territory and the proposed arrangements were created so to allow for an evasion of a part of their revenues, without physically relocating their activity of services or production. They had to have known that the opening of bank accounts in the name of off-shore businesses and the organization of a clouded process for transferring abroad funds of an illicit origin qualified as concealment.

Finally, the media coverage of the activity put in place by Nadav BENSOUSSAN, that had taken place by way of press or notably on the internet site “FRANCE OFFSHORE” is indifferent to the knowledge that they had of the fraudulent character of the arrangements sold, which included notably the sale of a bank package including a payment card and an anonymous withdrawal card or a card in the name of an offshore business purchased, which allowed the free placement of evaded revenues, outside all impositions, services which were accompanied by recommendations of “prudence” regarding the French administration.

Since the beginning of their collaboration with FOS they entered into an agreement in order to commit criminal offenses of laundering such as swindling.

Nevertheless, it follows to enter a partial acquittal concerning the period of custody of conspirers, considering the respective hiring of each of FOS’s employees.

Alexandra GILLET will be partially acquitted for the period from 2008 to January 2010 and declared guilty for the period of February 2010 to December 2012.

Sandrine SANCHEZ will be partially acquitted for the period of January to November 2008 and declared guilty for the period of December 2008 to December 2012.

Bruno RIBEIRO MARTINS will be partially acquitted for the period of 2008 to Nobembeer 2010 and declared guilty from the period of December 2010 to December 2012.

Mendel BRODOWICZ will be partially acquitted from the period of 2008 to August 2010 and declared guilty for the period of September 2010 to December 2012.

Emmanuelle KALFON will be acquitted for the periods of January 2008 to August 2008, August 2009 to December 2009 and April 2011 to November 2011 and declared guilty for the remaining periods.

Frédéric BELMA will be partially acquitted for the period of 2008 to 2009 and declared guilty for the period of 2010 to December 2012.

PART 3: THE ACTS CHARGED TO THE BANK AND ITS REPRESENTATIVES

1. THE HABITUAL AGGRAVATED LAUNDERING OF FRANCE OFFSHORE'S CLIENTS' REVENUES COLLECTED FROM OFFENSES, NOTABLY THAT OF FISCAL FRAUD

RIETUMU BANKA is charged with having supported, in Paris, Riga, from the beginning of 2007 to December 2012, in its role as a Latvian credit establishment, the operations of concealment and of conversion (notably by opening bank accounts in the name of offshore companies directed by figurehead directors and the procurement in France of modes of payment for clients) of clients revenues (clients brought by FRANCE OFFSHORE), collected from the criminal offense of having procured for these clients a direct or indirect profit, case in point, notably fiscal fraud, with the aggravated circumstance that these acts were committed in a habitual fashion and by using the benefits of being able to exercise a professional activity, case in point the establishment of credit in the sense of Article 511-1 of the financial code.

Alexander PANKOV is being charged with the same acts in his role as vice president of the executive committee of RIETUMU bank.

Sergejs SCUKA is being charged with the same acts, esteemed of being committed in Paris, in Riga, from September 2009 until today, in his role as a representative of RIETUMU bank.

Article 121-2 of the penal code says:

"Moral persons, at the exclusion of the State, are criminally responsible, according the distinctions of articles 121-4 to 121-7,of infractions committed, for for their accounts, by their parts or representatives"

It is undisputed that the legal representative of a society holds penal responsibility of a moral person who directs, when he acts in his name and for his account.

According to article 266 of its statutes, the bank is directed by a collegiate institution, *the executive board*, translated in French in the framework of the present procedure by the administrative council, director, or even the executive committee. The penal responsibility of the bank is susceptible to being tried for the acts committed and decisions made by Mr. PANKOV and by Mr. SCUKA, but also by its administrative council or executive committee, which Mr. PANKOV took part in from July 20th, 2006, in his role as vice president, before becoming president of the organization on October 10th, 2010.

1.1 Responsibility of RIETUMU BANKA

By the findings regular filed and supports of these findings given to the court, the bank pleads for acquittal. It supports that the plaintiffs were not able to establish that RIETUMU would have participated in operations of evasion and fiscal fraud knowingly nor that the bank would have intentionally provided the means to allow for the laundering of moneys collected from infractions of fiscal fraud. At no moment in time did RIETUMU BANK know the reality of the activities of France Offshore and the fraudulent nature of these activities. On the contrary, the bank was abused by Mr. Nadav BENSOUSSAN who unknowingly willed them into the participation of the commission of a series of infractions at their ignorance.

RIETUMU BANKA points out that:

-It has applied Latvian law and international recommendations in the fight against laundering

-It never ceased to apply compliance procedures in order to respect internal and international recommendations

-The KPMG audit reports that it has submitted to evidence demonstrate that it was perfectly in line with its obligations

-The revenues brought by FOS were insignificant

-A privileged relationship with Mr. BENSOUSSAN never existed

-It would have refused the files brought by FOS

-It would have been deceived by FOS, on one hand by David CASTEL certifying identity documents without having met clients, and on the other, because FOS created forged *business descriptions* for the account of its clients.

It has been demonstrated above that Nadav BENSOUSSAN in his role as the director of FRANCE OFFSHORE supported operations of concealment or conversion, notably by the opening of bank accounts in the name of off shore companies directed by figurehead directors and the procurement in France of methods of payment to clients, from revenues that the clietns of FRANCE OFFSHORE collected from criminal offenses, having procured for its clients a direct or indirect profit, case in point notably fiscal fraud, the misuse of company funds, swindling in an organized manner, with the aggraved circumstance that he commited these acts in a habitual manner (2nd part, 2.1).

The arrangements proposed by FOS had no real interest for the clients other than allowing them to take part in the concealment of funds that they did not declare in France, and otherwise converting and thus using these funds in total concealment.

FOS needed to create a banking organism that opened accounts on demand, without requiring clients to come in person, and that collected payments from these accounts to be given to economic beneficiaries that they could use, in total discretion.

RIETUMU BANKA is a credit establishment in the sense of article 511-1 of the monetary and financial code. It is established and not contested that during the relevant prevention period, notably from the beginning of 2007 to December 2012, processed regularly the opening of numerous bank accounts for French clients brought in by Nadav BENSOUSSAN.

It has been demonstrated, concerning the clients brought by FRANCE OFF SHORE, that during the relevant prevention period, some sums with an illicit origin were cashed in several hundred bank accounts opened at RIETUMU BANKA for an amount evaluated at a minimum of 187.5 million euros.

These bank accounts were opened at RIETUMU in Latvia in the name of offshore company ies directed by figurehead directors and the means of payment were remitted in France to clients brought by Nadav BENSOUSSAN. The codes and means of payments remitted to these clients, allowed them to manage their accounts at a distance and to withdrawl funds in France. The withdrawal limits were also extremely important and the cards which were associated the these accounts allowed the withdrawal of funds in France in total concealment.

The material elements of concealment (the creation of am an offshore company and the use of a bank account in a foreign bank) and conversion (the opening of a Latvian account and the availability of methods of payment in France) constitutes a concealed process for transferring abroad funds of an illicit origin.

The offense of laundering is a general infraction, distinct and autonomous of the principal offense. In order to characterize this offense, jurisprudence considers that it is sufficient that the actor had *"knowledge of the fraudulent nature of the laundered funds"*, without demanding that the actor knew the exact nature of the principal infraction.

The material elements of these offense qualified, it is up to the court to determine if the bank acted knowingly, that is to say that it had knowledge of the illicit origin of the funds.

One must consequently begin by retracing the context and conditions in which the Latvian bank was led to solicit to a French clientele, through the intermediary NadavBENSOUSSAN.

1.1.1 A conquest approach by the Latvian bank in complete discretion, given the concealed fashion, for a French clientele.

RIETUMU BANKA is a banking establishment registered under the Register of Enterprises of the Republic of Latvia since May 14th, 1992. RIETUMU BANKA had thus been created in the wake of the collapse of the USSR in 1991, of which Latvia was part of, and the same year as the integration of the country into the IMF. The bank's board has also specified that, in Latvian, RIETUMU BANKA means "Bank of the West".

In 1999, RIETUMU BANKA started to accept deposits in euros and signed partnerships with large occidental financial organizations. Also, at the end of 2011, it was, according to the defense, the first bank of the Baltic States to introduce the EUROCARD/MASTERCARD PLATINUM as well as the VISA PLATINUM credit card .In 2001, RIETUMU BANKA

launched an online banking system, titled “Rietumu Bank World”, allowing distance from an access to a large gamut of financial services.

Latvia joined the European Union in May 2004, then entered into the euro zone January 1st, 2014.

Mr. SCUKA explained having been recruited by RIETUMU in January of 2006 for the service of development of European markets. He specified *“My duties were to study the market of the West. We looked for partners, not clients. Partners brought clients. There was a desire to have more clients from Western Europe”* (court records from March 16th, page 103).

Mr. PANKOV confirmed the approach to diversification of clientele (court records from March 17th, page 125 and 126). He specified that *“the clients deposits at the bank were not from Latvian clients 50% of the time”*.

He also confirmed that the bank had developed a partnership approach, specificying “For the partnerships, we did everything we could to develop them. A client’s deposit could be important” (court records from the 17th of March, page 134).

It is thus in this context that the relationship between Nadav BENSOUSSAN and RIETUMU bank began.

a) The circumstances surrounding the commencement of the relationship between Nadav BENSOUSSAN and the bank

Questioned on the manner in which he had made contact with RIETUMU, Nadav BENSOUSSAN stated having searched, in Paris, for the Latvian bank which had searched FOS’s intenet site. He specified:

“It is the bank who contacted me. It was the bank’s strategy for finding partnerships. It was in 2004. I went to Riga in 2005. I was searched out by the bank. They had a department dedicated to the location of partnerships”. (court records from March 22nd, 2017, page 158).

He specified having been contacted at the time not by Mr. SCHUKA, who only integrated the company in January 2006, but by his superior.

The court makes note that this market research began following the addition of Lavia to the European Union.

Thus, it concludes from the elements of the file, that Nadav BENSOUSSAN had opened a bank account in the name of a French legal corporation, from 2005 at RIETUMU, established at the request of Samy SOUIED and Marco MOULY and which hahd consequently served to transfer funds collected from fraud of the TVA (telephony).

When the court asked him to remark on the fact that RIETUMU BANKA was not at the time authorized to solicit directly or indirectly on French territory, Nadav BENSOUSSAN responded: *" RIETUMU doesn't create offshore companies. We both needed each other."* (court records from March 22nd, 2017, page 158).

b) The conditions of exercising Latvian bank activity in France

We must recall that RIETUMU BANKA is a credit establishment authorized by the relevant Latvian authorities. This brings up the examination of Mr. CABOTTE, head of jurisdictive department of the ACPR, which can operate in France given either it obtains, from the French authorities, the APCR, an agreement for an affiliate or branch, or in the name of free services which must be declared to the ACPR by its Latvian management authority.

Before September 2009, RIETUMU was not authorized to exercise any business activity, including contact, representation, or data collection on the French territory.

It was registered on July 8th, 2009 at the register of commerce in Paris.

The ACPR was informed in September of 2009, of the opening in Paris of an office of representation for RIETUMU BANKA, which permitted from then on *"data collection, contact, and representation from the bank with the exception of any activity of solicitation and any banking activity in the territory"*. This decision was made by the administrative council of the bank, approved by the security council. Beginning from September 2009, RIETUMU made use of a representative office in France, which did not bestow upon them the right of solicitation.

According to the file of the ACPR on May 28th, 2013 (cj3), and also in the explanation of the ACPR representative, it was only in June of 2011 that it had been notified, by courier (May 26th, 2011) from the Financial and Capital market Commission, the intention of RIETUMU BANKA to do business and provide services on the national territory. This request, registered June 14th, 2011, authorized the bank to carry out all operations in France from Riga and required, on the national territory, intermediaries charged with the solicitation of banking and financial services from the Latvian bank.

One can conclude that until this date, RIETUMU bank did not have the right in France to open bank accounts (either in the locations of Boulevard Haussman, or in those of FOS), nor to consent to the opening of bank accounts or to provide means of payment (these operations constitute providing a bank service). It also did not have the right to complete the agreement with Nadav BENSOUSSAN on the 19th of November, 2010 *"to introduce"*, by which it required him to find clients and to have them sign contracts for the opening of accounts.

As of June 2011, the lobbyist could be a national society duly mandated by the bank, and which must be registered at the time on a list of French lobbyists and financers held by the AMF and the ACP. The court reveals:

- That this declaration of LPS does not seem spontaneous since it is followed by a critical courier addressed by the ACPR on February 11th, 2011 to the bank in Riga, followed by a published article in France in la Tribune which presented the arrival in France of the Latvian bank, the arrival planned in advanve by FOS and Nadav BENSOUSSAN

- That no French company mandated by RIETUMU, no more than that of Serguei SCUKA or Nadav BENSOUSSAN, had been authorized from June 2011 by the ACP to exercise solicitation.

In regards to the question of knowing if there existed a dispute between the ACP and RIETUMU, the representative of ACP responded: *"Since the request for the provision of services obtained June 14th, 2011, no. We could request that RIETUMU open a branch, a situation in which they would seem to be in national territory, but we couldn't in any case require them to"*.

The activity of the bank in France is thus determined to be of a totally dark fashion in regards to the ACPR, the was put, by the act of choosing the LPS rather than opening a branch in France, under only the surveillance of Latvian regulation authorities.

The official partnership between Nadav BENSOUSSAN was at the heart of the development of the Latvian bank in relation to French clientele.

c) The atypical and concealed partnership with Nadav BENSOUSSAN which, in absence of commission payments, stood in the way of the indentification of clients brought by Nadav BENSOUSSAN by FOS to the bank

Nadav BENSOUSSAN and RIETUMU BANKA have not demonstrated that any business contract had been established between the bank and Nadav BENSOUSSAN, no more than with any other structure of the shady FOS before November 2010, that is to say during five years.

Questioned for the court on this astonishing absence of formalities, Nadav BENSOUSSAN declared:

"RIETUMU doesn't create offshore companies. We both needed each other. I wasn't looking to formalize our relationship and they never spoke of it." (court records from March 22nd, 2017, page 158).

Following that, the representative of the bank produced a business contract between RIETUMU BANKA and Mr. BENSOUSSAN, signed the 19th of November, 2010.

The principle aim of the contract was the introduction of the bank, article 1.1. of the contract states *The Introducer shall form time to time attract Potential clients to the bank.*

Among the services outlined in this contract, the most notable are listed below:

- In application of article 2.3, Mr. Bensoussan, in his role as Introduver, confirmed that he had knowledge of the cited documents enclosed in the said contract, in knowing the pertinent services pulled from Latvian law as well as the internal documents of the bank, and those concerning notably the applicable regulations on the subject matter of prevention of laundering. He also committed to make potential clients aware of these measures and to put in place a serious surveillance in order to assure that they are respeceting these terms.
- In application of article 2.8, Mr. Bensoussan committed to only directing potential clients towards that bank after having verified that their activities conformed to the regulations referenced in article 2.7.
- In application of article 2.9, the bank reserves the right to give Mr. BEnsoussan business cards for acting in his capacity to promote the bank and to present them to potential clients.

This "*introduction"* contract thus reports on Nadav BENSOUSSAN, natural and legal person, the obligations of the bank in regards to the knowledge of the client and the fight against laundering.

This contract also requires (3.1) that it stay strictly confidential: *The text of the Agreement as well as all the correspondence and other documents relating to the conclusion and execution of the Agreement shall be deemed to be strictly confidential.*

Questions on the fact that his "introduction" contract did not foresee any commission, Nadav BENSOUSSAN declared "without the bank, there would not have been FRANCE OFFSHORE." (court records from March 17th, page 132).

In addition, RIETUMU continued to claim, also with the Deloitte cabinet that it was incapable of identifying clients brought by FOS or by Nadav BENSOUSSAN. Michael BOURKE, testimony cited by the bank, nevertheless relayed to the court that there existed an uatomized system, based on commissions, in relation to "introducers of business".

The statements of this testimony align with those statements of Sergejs SCUKA, who had declared during his time in custody, in the presence of his council:

"*The same department holds precise statistics on this subject and can tell you how many clients were brought by France Offshore. If an agent, a partner, wanted to work with the bank, my duty or the duty of whichever bank employee was to make the connection between the partner and the department"*.

However, this brings up two reports from the DELOITTE cabinet turned in by the bank's attorneys:

- Nadav BENSOUSSAN and the businesses of the shady FOS appeared in the documents brought to RIETUMU under the pseudonym *Ivan*
- In absence of commission payments to Nadav BENSOUSSAN, *it is iimpossible to launch an investigation allowing the identification of the Ivan documents, and there exists no other method besides manual searches on the base of already established criterea.* (Deloitte report from October 14th, 2013 (D 2 406/4 and its translation in part 10) in order to identify clients brought by this partner
- On the base of the political study and the bank's documents, the auditors noted that the bank does not systematically collect or save information relative to the manner in which

clients are introduced to the bank. They further note that, *in a general manner, the only reference to Ivan appears in the contact details of clients, as the principle or alternative title. This information could only have been gathered in carrying out manual searches in each individual file upon the acceptance of a French client.*

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These two reports solicited by the defense with the DELOITTE cabinet corroborate then the concealed manner of this partnership, which, in the way that the "introducer" contract did not lay out any payment of commissions towards Nadav BENSOUSSAN, stands in the way of the identification of clients brought by Nadav BENSOUSSAN and by FOS to the bank.

d) The confusion between the activity of RIETUMU and that of FOS or of Ndav BENSOUSSAN

It results from the elements of the proceeding that Nadav BENSOUSSAN made use of a RIETUMU business card on which he appeared as *advisor of general affairs* of the bank. Mr. SCUKA declared that it had been produced by the bank. The *introducer agreement* of November 19th, 2010 effectively foresees Nadav BENSOUSSAN having a business card in his name bearing the bank's logo as well as the e-mail address nadav.bensoussan@rietumu.lv.

Even though Nadav BENSOUSSAN had no official business activity at the center of the Latvian bank and wasn't, as a natural and legal person, authorized to solicit RIETUMU accounts, these elements are, according to the court, of the nature of creating true disarray in regards to clients and prospective clients from France.

In addition, the employees of FOS stated that, before the opening of RIETUMU's Parisian office, Mr. SCUKA, employee of the Latvian bank, received, according to the opening of bank accounts, clients brought by FOS, in the offices of FOS.

It is necessary to bring up in the elements of the proceeding that while a dispute has been raised with a client, Mr. BELOTTE, it was in the Parisian office of RIETUMU's Mr. SCUKA, in his absence, and that Nadav BENSOUSSAN organized this meeting with the client.

It is also in the locations of RIETUMU in Riga that the Latvian employees of FOS were recruited. Julija LOGUMJONNOVA speaks of the bank building of AS RIETUMU BANKA and Tatiana MEZAKA specifies *the interview took place in the conference room of RIETUMU BANKA.* Olga VOVKA speaks of the principal office of RIETUMU, *in the conference room on the first floor.* Aima ZAICEVA also mentions the principal building of RIETUMU.

Again, one must consider the figures coming from the CRI executed in Latvia that Mr. SCUKA collected on his bank account opened at RIETUMU between July 2007 and November 2010, more than 125 K euros coming from the accounts ELTHAN MANAGERS and TRANSATLANTIC B which had been credited by the account PORTRIDGE, the concerned transfers being accompanied by the note "Sergei Scuka Payments". Nadav BENSOUSSAN explained that Mr. SCUKA was an introducer for the company IBC which provided him, as a subcontractor, with offshore businesses for his clients. However, the chronology of the movement of funds show that Mr. SCUKA's commissions by IBV across the accounts ELTHAM MANAGERS and TRANSLATLANTIC B are prefunded by

FRANCE OFFSHORE through the account PORTRIDGE. Mr. SCUKA, employee of RIETUMU BANKA, representative of the Parisian office of the bank, was thus indirectly paid or commissioned by FRANCE OFFSHORE. This act is also established in the B CONCEPT proceedings, Mr. SCUKA declared having been an intermediary between a business that creates offshore companies, called IBC, and FRANCE OFF SHORE, and probably around 2008 or 2009.

Mr. PANKOV declared to the court that he was unaware of these payments to Mr. SCUKA and denounced any "*conflict of interest*". Nevertheless, in the case of Mr. SCUKA's payments that were given to him from the accounts opened in the books of RIETUMU, to his personal account, also opened in the books of RIETUMU, it is clear that Mr. SCUKA, according to the court, had not tried to conceal these from his employer.

Considering all of these facts, it cannot be considered, as the defense supports, that total independence existed between RIETUMU and FRANCE OFF SHORE. A disarray was on the contrary created and kept between the bank, Nadav BENSOUSSAN, and the shady FOS.

1.1.2 Some clients brought by FOS systematically concealed at the heart of off-shore businesses directed by nominal directors and presented at the very least certain characteristics resulting from specific risks of laundering

It is necessary to consider the elements of the proceeding and the arguments that the bank did not, acting for its French clientele, open a single account in the name of a physical person, but systematically opened accounts in the name of offshore companies. The activity of FOS consisted of selling offshore companies and of facilitating the "*introduction to the bank*". RIETUMU only opened accounts for clients brought by FOS in the name of offshore strucutrs which had almost all the same named directors, Yaacov VOGEL and Richard MOSTUE, and transferred all property rights (DOT) and management (POA) to the client as a physical person, who resided not in Latvia but in France.

An offshore company is an enterprise registered in a country offering a particularly advantageous tax plan, practically nonexistent, on the condition that the activity will not be exercised in the territory where it is registered. It is thus by definition that the offshore society does not exercise any business activity in its country of registration, otherwise stated it does not exercise any business activity at all. Questioned on the definition of an offshore company, Alexander PANKOV declared:

"*It's a company registered in a country where it does not have any business activity. It is registered in a fiscal paradise. It's become commonplace to create these societies in the British Virgin Islands, very financially advantageous. This system is known across the entire world."*

Questioned on the possibility of offshore businesses being used to hide illicit assets or to conceal the true beneficiaries of funds, he responded: "*That's the key question obviously. This risk is present, it exists. We try to se who the beneficiaries are and where these funds come from."* (court records from the 17th of March, page 126).

Additionally, the questions on the opening of RIETUMU accounts, begs the question of business activity in Latvia, to which it was systematically, regarding the French clientele, responded to in the negative. The economic beneficiaries of these accounts opened at RIETUMU had no connection with Latvia and never even went there, not even for the purpose of opening the bank accounts of which they are beneficiaries in fine.

The methods of payment relevant to the open bank account in the name of the offshore company were systematically remitted to the client FOS in France.

In this contexts, it seems very unlikely that the bank did not have knowledge of having participated in a laundering operation.

At the very least, the clients brought by FOS, were hidden behind offshore stroctures, introduced by characteristics resulting from specific risks and particularly those of laundering.

1.1.3 **Presented with the specific risk of laundering, the organized failure of internal controls (compliance)**

-a) The declarations of Mr. BOURKE, testimony cited by the bank

Micheal BOURKE owns 2.5% of the shares of RIETUMU. He worked at FMI and returned in this capacity in 1992 on business in Latvia, where he introduced regulations, with international norms of accounting and auditing. In the objective of reconstructing the Latvian banking system, he had to *close the majority of banks*. In 1997, the shareholders of RIETUMU bank recruited him to take the bank under his charge. He had to *construct a respectable bank, with strong regulatinos, with a committee against laundering* and specifying that *the change had not been easy*. He adds that *the political climate was instable. There were large risks of fraud. RIETUMU bank could present these risks. It was necessary to rely on clientele (…) we respected the Latvian laws. We had to gain the trust of our partners.*

This work was taken on in partnership with the local regulator and having welcomed the council of Central Bank in New York. The bank had recruited the services of the auditing office DELOITTE. In order to fight against laundering, internal procedures were created. Also, an electronic monitoring of clients was instated in order to analyze transactions and anti-laundering departments were formed.

The development of various anti-laundering procedures was created in partnership with Mr. PANKOV who was, at the time, charged with risk management. It is therefore Mr. BOURKE and Mr. PANKOV who met with the Latvian regulator (court records from March 16th, 2017 page 113).

When RIETUMU BANKA started to open accounts for the clients of FRANCE OFFSHORE, Mr. BOURKE was, according to him, no longer in this position, working from 2006 on for the American Chamber of Commerce.

However, he surmises that the bank should have applied the same internal controls to all of its clients, those of FRANCE OFFSHORE included.

This testimony cited by the bank explained that it was essential, in the case of opening bank accounts in the name of offshore companies, that the bank could confirm the business activity and that it should complete these verifications on location and request convincing documents.

This same testimony also indicated that in this case, the fact that numerous offshore structures were created and had all the same address and the same figurehead directors would have constituted an alert, which should have driven the bank to launch deeper investigations.

The determining role of partnerships and the necessity for the bank to know its partners

At the time when Mr. BOURKE worked at RIETUMU BANKA, the managers of the bankwere required to, according to the testimony, meet those who brought clients (partners) in order to determine if their activity was legal. The knowledge of a partner was necessary according to the manual of internal procedures as well as, at the time, the structures which would have benefitted the departments and which would have benefitted Mr. SCUKA. He specified that ***we should have known who our partner is*** and indicated having called upon partners for meetings (court records page 110). Questioned on the activity of the creation of offshore businesses exercised by France Offshore, he responded:

"*The bank should apply the same controls to all of its partners, and to all of its clients, if that was not done in regards to the partner France Offshore, or the clients brought by them, that is negligence".*

The possibility and the necessity of identifying partners

On the question of knowing if the bank could identify the clients brought by each partner, he responded "*We could know that. The first question that I asked was to know who had brought the client."*

Also, if RIETUMU BANKA did not produce a complete file of accounts brought by FRANCE OFFSHORE, that is seemingly, according to the testimony, who is said to have been *disappointed*, human error.

The paying of commissions, logical compensation for an introduer

Mr. BOURKE declared again, responding to the court's questions, tha the partneres were paid by a system of commissions and the saw no interest for a partner to bring business without being paid.

The declarations of Mr. BOURKE demonstrate that in 2006, at the time when he had left RIETUMU, the compliance system put in place notably imposed the knowledge of a partner in order to be sure of the legal nature of its activity. Even though RIETUMU claims that it is incapable of identifying the clients brought by FOS, Michael BOURKE reveals that this would have been possible at the time.

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Contrary to the position of the defense, which supports that the bank had not, since 2006, stopped utilizing reinforcement measures and controls put in place against laundering, the court notes the effective decline, from the moment Mr. BOURKE left the company, of measures of vigilance in order to know the partners, which this testimony highlighting that nature determines.

It seems in this particularly hazardous context that the bank, in the contract of November 19th, 2010 delegated to Nadav BENOUSSAN, introducer, the care of verifying the activity of clients presented to RIETUMU did conform to the anti-laundering regulations.

b) Nadav BENSOUSSAN, introducer but also client of RIETUMU, who should have thus been doubly verified in regards to the legal nature of his activities

Either way, Nadav BENSOUSSAN acted above and beyond from his obscure role as an unpaid introducer, client of RIETUMU as an account owner, signatory, and beneficiary of the following different bank accounts opened in the books of the Latvian bank:

France Offshore Limited (registered in the United Kingdom), Laurence Poutney Ltd (registered in the British Virgin Islands), Google Expert Limited (registered in the United Kingdo), Porgridge Invest Ltd (registered in the British Virgin Islands), Hausmann Conseil Limited (registered in the United Kingdom), Memu Immobilien Limited (registered in the United Kingdom), FFC Group LLC (registered in the United States). (Annex 1 from the Deloitte report of October 14th, 2013 – part 10 from the bank).

If RIETUMU did not wish to communicate the *"business descriptions"* of its clients, it is unlikely that the described activity regarding these different offshore companies which the bank was not ignorant of the fact that Nadav BENSOUSSAN was the economic beneficiary, corresponds to those of FRANCE OFF SHORE. Either way, the bank could not have been

ignorant that NAdav BENSOUSSAN exercised business activity in France in the creation of offshore companies and the introduction to the bank essentially with RIETUMU and cashing out the fees in relation on several offshore accounts opened at RIETUMU.

This brings to light the elements of the proceeding that the bank did not see any problem in cashing out payments remitted by French clients on these Latvian accounts and this precisely constitutes the hidden revenues of FOS for which Nadav BENSOUSSAN is wanted.

It also appears that the bank didn't find it suspicious that of those named economic beneficiaries of the company of the informal group FOS, certain figurehead directors (for example Richard MOSTUE, for the Laurence POUNTNEY Ltd company), also that these nominations, of which it was informed, were of the nature to confuse the who the real economic beneficiary of these businesses was, and that in virtue of its obligations in knowing the final client, it should have identified the ultimate or real economic beneficiary.

The advertisements which are posted in Riga's airport which appear in the report "We're all going to financial paradise" don't leave any doubt regarding the link between Nadav BENSOUSSAN and FRANCE OFFSHORE nor of the risk of laundering presented in the activity of the aforementioned.

It seems henceforth implausible that the bank was not aware of its participation in an operation of laundering as far as it should have known perfectly well the activity of FOS and of Nadav BENSOUSSAN who was creating a massive publicity. RIETUMU BANKA could not henceforth ignore the said activity, exercised in France by Nadav BENSOUSSAN and giving rise to the cashing out on the accounts in the name of offshore businesses opened at RIETUMUY in Latvia, were illegal.

c) The inadequacies of the internal controls revealed in the reports from the cabinet KPMG

In its observations at the end of the dismissal and in its conclusions at the end of the acquittal, the bank points out that it had respected judicial norms which are imposted on it in Latvia in relation to the fight against laundering, also that those norms come from the recommendations of the GAFI, and it had put into place tools of management for this purpose (risk scoring system, systéme Erase) and sufficient staff.

It produces to this effect two audit reports completed by the company KPMG from March 2011 and 2015 on its internal devices for the fight against the laundering of money.

In this portion of the international standards of the 2011 report, the following misconduct is revealed: "*for non-face to face customers, documents submitted to the Bank have to be properly certified*".

Given this, all of the clients concerned by the present judicial information had opened an account within the framework of a *non face to face* procedure. On this act, the bank admits to having relied on the certifiations of the attorney CASTEL until the end of 2011 (according to Sergejs SCUKA, this even lasted until May/June 2012), also that it had opened a representative office in Paris from September 2009. These certifications introduced from such inconsistencies regarding the bank deciing following this to trust these responsibilities to its own employees, in the locations of Boulevard Haussmann.

Incidentally, the investigative judge also revealed this in his order of removal, the c=KPMG cabinet noted in its audit report of 2011, several violations from the bank in the framework of the fight against laundering.

Also, the report notably reveals that the certification procedures were not satisfactory concerning the opening of accounts from a distance (*non face to face*), that the bank did not carry out investigations on the ultimate shareholders of the businesses in the name of which the accounts were opened, and that the procedures did not require clients to give their information regarding the origin of their resources. If only 19 client files were studied in detail in the KPMG report of 2011, this measure of sampling allowed for particularly significant violations in terms of the risk of laundering.

In the 2015 report, it is revealed that the problem of identifying an ultimate beneficiary of an offshore company had not been managed, neither had the problem in identifying the origine of clients' fortunes.

Thus the bank's claim for having respected, in the course of the relevant prevention period, professional norms in terms of the fight against laundering are false.

1.1.4 **On the alleged marginal nature of activity for RIETUMU**

The bank points out the marginal nature of revenues brought by FOS in regard to the overall profits of RIETUMU BANKA, known to be between .15% (2007) and .71% (2011) of the annual operating income of the bank, and outlines that it also had no interest in engaging with FOS in a fraudulent scheme which would neither have been strategic nor significant for the bank.

It supports that, in view of the audit completed by the DELOITTE cabinet, the annual revenue pulled by RIETUMU BANKA from clients brought by France Offshore was between 134,284 euros in 2007 up to 479,671 euros for the year where it was at its height, in 2011. The total revenue in the space of the 5 years from 2007 to 2011 (*total income from selected clients)* was raised to 1,912 K euros.

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The court revealed that these figures were not evoked in the body of the Deloitte report form May 5th, 2015 settled by concluding that "*the bank's identification method for the revenues of selected clients in the course of the period of interest was adapted"* and that no anomalie had been revealed concerning the calculation of revenues transacted by the bank (D2632 at part 11 of the defense).

The mission having taken place in the DELOITTE report dated May 5th, 2015 had indeed consisted of a control by sampling the calculations transacted by the bank for the revenues of clients brought by FOS (not listed in the report), starting from the given communications by the bank (a list of 551 selected clients). Nothing seemed to allow for the guarantee of the comprehensiveness of the information communicated by the bank neither concerning clients (551 clients selected according to criteria which was not specified in the report nor in the controls, also the bank had always said to not be able to extract the clients brought by FOS) nor concerning the calculation of revenues pulled by the bank from the clients brought by FOS. Also, it does not appear that the revenues pulled by the bank from clients' deposits were included in these calculations.

Also, the conditions in which RIETUMU bank had seemingly provided information on the accounts opened in its books by the intermediary Mr. BENSOUSSAN were not totally transparent and do not guarantee the reliability of the provided information.

The bank reported, in the framework of judiciary information, having wished to respond to the identification requests from clients brought by France Off Shore, which were addressed to them by the Latvian authorities in the execution of the requests of legal cooperation, but it had explained that it could not, by a digital request, identify clients by introducer. It thus entrusted this task to an external consultant, the DELOITTE cabinet.

In its report dated the 14th of October, 2013, the DELOITTE cabinet had only identified 176 clients brought by FOS, having selected, for an undetermined reason, the active accounts on May 21st, 2013, which excluded, in an unjustifiable manner, those who had closed their account before this date and notably since December 2012, the date of the interpellations. DELOITTE's list also did not include the 497 accounts identified by BNRDF.

Questions on the 497 missing accounts, the bank settles for relying on its good faith, and pointing out that it had discovered 158 accounts that BNRDF had not identified.

In this context, the calculation of revenues brought by FOS transacted by the bank, which for an undetermined reason don't include the revenues from 2012 nor from following years, cannot be considered exhaustive.

The court was unable to confirm that the deposit accounts of FOS clients and the revenues relevant thereto had been included in these calculations. If the bank's explanations had not been very clear on the demand of a minimum deposit which would be transferred to an account or a subaccount for deposits, Nadav BENSOUSSAN confirmed that, as it seemed to come out in the wiretapped telephone conversations and in the declarations of certain clients "*We encouraged the client to leave 10,000 Euros"* but he did not remember if this deposit was remunerated (court records from March 22nd, 2017, page 159).

In a note in English dated March 23rd, 2012 (evidence piece 20 from the defense), the bank supplied, in response to the questions and critiques of the court, explanations on the manner in which the 551 clients had been selected (beginning from the 408 clients identified by the French investigative services + 176 clients from the DELOITTE report from October 14th, 2013). This note signed by the first vice president of the Executive board of RIETUMU, Rolf Paul FULS, gave specifications and new calculations of the related revenues from clients brought by FOS (*Clarification and expansion of the income from clients*). These new calculations transacted by the bank, not submitted to the DELOITTE cabinet, now integrated:

- Revenues form the years 2012 to 2017 (no revenue in 2016 or 2017)
- For each year from 2007 to 2015, the net financial products (net interest income) from which the interest paid to clients on deposits was deducted (*interest paid on deposits).*

According to this note, the related revenues for clients brought by FOS now reached **4,124K euros** (commissions plus net interest incomes on the interest paid on *deposits*) for the years 2007 to 2015 in place of the **1912 K euros** from the years 2001 to 2011 (exclusively commissions) which were presented as having been validated by the DELOITTE report of May 5th, 2015.

These elements corroborate the lack of reliability of the given verified and non-verified and non-verifiable communications by RIETUMU bank which hid behind audit reports in which the lack of pertinence found on the part of its origin in the definition of the conferred project to the cabinet by the bank in view of the attempt to organize its own irresponsibility.

Otherwise, it is incontestable that the Latvian bank saw an interest in the partnership that it had created with Nadav BENSOUSSAN from 2006 and that the question of clients' deposits, above

and beyond the profits pulled from opening fees on accounts and different commessions is determinate for it. Lacking this, and if this activity was also uninteresting for it, one can scarcely see why it would have opened a representative office in Paris or opened accounts in mass for French nationals which had not been closed for certain clients in 2014 or even 2015.

1.1.5 **On the alleged fraudulent operations employed by Nadav BENSOUSSAN to override the vigilance of the bank**

The bank again points out that it would have been defrauded by the system put in place by FOS, which, acting from its knowledge of the client, had been led to believe that David CASTEL had the ability to certify identities and was doing so effectively and personally – which was not the case – and also was presented with, as justification of resources coming from the clients brought by FOS, false business plans (*Business Description*), as well as given a revenue in this type of activity.

One will recall FOS's diverse businesses declared that it was more complicated to open an account with HSBC at Hong Kong than with RIETUMU bank ,not only because the client must go sign on in an HSBC agency, but because HSBC was more demanding in terms of *business descriptions*.

Despite the requests made by the investigative judge, the bank had not communicated these business plans, preventing therefore the verification of their content or of their eventual similarities, which would have lead to disbelief of their authenticity or of their sincerity.

Despite a request from the investigative judge regarding this, RIETUMU BANKA did not present any relevant file to the alerts which would have been emitted by its surveillance system for transactions, whether in act of incoherence between the movement of accounts and the business plan, or of the fact of an intrinsic anomaly in these movements. WE also reveal the recommendation made by KPMG in its March 2011 report, in knowing a "*better control regarding the revenues of accounts of the client in order to be more precise in the surveillance of accounts"*.

One must again bring up the elements of the proceedings and the arguments that bank's controls were at least succinct, both the depths of the files (the certification of identity documents, the business plans created from all parts) and the operations which were then carried out by the economic beneficiaries.

It is established that Mr. David CASTEL certified some identity documents and Power of Attorneys (POA) without having seen clients nor those "named" and that these documents had been seized in the course of the investigation, bearing the stamp of Order of attorneys and indicating that David CASTEL was authorized to certify the documents in question. The Order indicates that the certificate that had been claimed was forged. Nevertheless, it's the bank that decided to reassign this process of certification (and continued doing so after the opening of its representative office in Paris in September of 2009) and to allow the opening of bank accounts without having received the clients (*non face to face*), and without requiring clients to come in, contrary to practices put in place by the majority of other European banks.

The court especially reflects on the fact that, despite the importance of the task with which he had been entrusted, no contract had been signed between David CASTEL and the bank which had not put in place any controls to be sure that these certifications, essential in terms of risk management, were effectuated by a duly authorized person and that the conditions conformed to the norms and recommendations regarding the fight against laundering.

All the same, the errors that took place in certain certifications (POA allegedly certified by David CASTEL at a date prior to the date of the constitution of the offshore company for example) were perfectly detectable and were incidentally determined by the bank, which would have thus been able to put an end to this procedure of certification much sooner. It is necessary to again recall that it comes from the file that if Mr. SCUKA was supposed to receive clients in the 3 to 6 months following the opening of accounts to verify identities, h had not done so in a systematic method. The bank thus cannot seriously claim to have been defrauded on this matter.

It could have done more concerning business descriptions. It's the bank that chose not to follow up on the opening of accounts in a *face to face* manner. Having done so would have allowed them at a minimum the reality of the declared activity on the form for the opening of an account. It is also the bank which decided documents which must have been sealed by the requests for opening accounts. Because, it only demanded a business description, purely declarative, and did not verify the reality of the service, in carrying out more extensive controls or in requesting more precise documents (bills, contracts, etc).

Finally, the allegation of Nadav BENSOUSSAN defrauding the bank collides with the following elements:

- The absence of any alert on the diverse FOS accounts which Nadav BENSOUSSAN, partner of the bank, was the economic beneficiary
- The closeness of Nadav BENSOUSSAN and Sergejs SCUKA
- The fact that RIETUMU bank pleads neither a fortiori nor demonstrates having had any other *introducer* in France besides Nadav BENSOUSSAN

- The fact that the office of representation of the bank in Paris recruited ancient colleagues of FOS (Olga LEY) and the “back office” in Riga had recruited ancient colleagues of RIETUMU.

Considering these elements together, it can be concluded that the bank was thus not defrauded by Nadav BENSOUSSAN.

RIETUMU BANKA knowingly put into work a strategy of development in the West based on the opening of accounts in the names of offshore businesses directed by figurehead director and the procurement in France of methods of payments to clients. The activity of the bank in France via the official partnership created with Nadav BENSOUSSAN was created in a totally concealed fashion.

The positioning of RIETUMU, as opposed to the market’s banking offer, can only be explained by the benefit of desired concealment by the client (the possibility of opening an account without having to go out, e-banking, high limits, etc): No advertisement nor solicitation by RIETUMU in regards to French clientele, the client pays to open a bank account (800 to 1,00 euros for an offshore company in 2017), no foreseen commission for Nadav BENSOUSSAN in his contract of introducer (he bills his honorairies for the creation of offshore societies and introduction to the bank), certain commissions paid to Sergejs SCUKA on his accounts at RIETUMU based on the creation of offshore companies…

In considering these elements together, it results that the bank, a legal person, cannot in this context be ignorant, beyond fiscal scammers, that the bank accounts it had accepted to open for French clients concealed funds behind offshore companies and were susceptible by definition of collecting from other offenses than fiscal fraud, such as for example swindling in an organized manner concerning the carbon tax which it had knowledge of from 2010 to the time of the internally launched mission.

The duration of the prevention period, the number of clients and of bank accounts opened at the center of only RIETUMU BANKA suffices to establish the habitual nature of laundering.

For these reasons together, RIETUMU BANKA will be declared guilty for the acts of aggravated laundering, notably fiscal fraud, for which it is charged.

1.2 The Liability of Alexander PANKOV

By the regularly submitted conclusions and supports offered orally to the court, the council of Mr. PANKOV pleads acquittal and asks the court to consider:

- The absence of a principle infraction of fiscal fraud
- The absence of a principal infraction other than fiscal fraud
- The absence of a material act of laundering susceptible to being charged personally and directly to Mr. PANKOV
- That Mr. PANKOV never had knowledge nor intention of participating knowingly in acts of laundering
- The absence of charging Mr. PANKOV for misconduct having contributed to the commission of the offense of laundering

Also, the court could not condemn Mr. PANKOV since '*there exists no textual basis which allows the supposition that laundering can be committed by imprudence or negligence and that the defendant must be acquitted, when even if he may be impurdent, was defrauded or had been defrauded"*.

The council of Alexander PANKOV specifies that RIETUMU BANKA's statues foresee that strategic decisions relative to the development of the bank revealed from the administrative council with assent from the surveillance council. No element demonstrate that the approach of the bank, focused on Western Europe, was at the initiative of Mr. PANKOV.

They point out that:

- In his role as director of the compliance department then as President of RIETUMU BANKA, Mr. PANKOV could not have been knowledgeable of the fraudulent scheme installed by Mr. BENSOUSSAN and France OFFSHORE
- Mr. PANKOV cannot be personally held responsible for the lack of Compliance service be fore 2010, the date of his nomination to the role of President of the administrative council of RIETUMU BANKA
- Mr. PANKOV, outside of his presidency, did not cease to inforce Compliance at the center of RIETUMU BANKA and regularly processed audits of services and notably of Complicance services
- He did not personally, nor in his role as President of the Adminsitrative council of RIETUMU BANKA, directly commit the offense of laundering.

Mr. PANKOV brings attention to the fact that nothing in the files came to establish the least personal implication on his parts in the acts of laundering that RIETUMU bank is charged with.

The investigative judge concluded that his personal implication could be deducated from the durations of the charged acts (from 2006 to 2012) and that the nature of the roles exercised by Mr. PANKOV who previously had accessed the highest positions of a bank of an average size was precisely responsible for conformity at the heart of this bank.

1.2.1 His career within the bank and his necessary awareness to the matter of conformity of knowledge of clients and partners

Mr. PANKOV declares being an engineer and aeronautic and having obtained in 1994 a degree in economy and engineering from Riga's Institute of civil aviation engineers.

Alexander PANKOV started at RIETUMU bank in May 1196 as a trader in the office of the foreign exchange market then notably was the manager of the department of "risck management" in 1999, then first director of the service of conformity or of internal controls (*compliance*) from 2001 to 2005. Alexander PANKOV is thus particularly in the center of the questions of the risks of laundering. Michael BOURKE, testimony cited by the bank, also specified that the development of different anti-laundering procedures was created in partnership with Mr. PANKOV who was, at the time, charged with risk management before integrating the service of *compliance*. It's also together that Mr. BOURKE and Mr. PANKOV met with the Latvian regulator (court records from March 16th, 2017 page 113).

According to his declarations, Alexander PANKOV is a member, since June 20th, of the administrative council, vice president and manager of "*internal and external reporting"*, that means managing some internal controls and the relationships with the external auditors of the bank, who are the central Latvian bank and the "service of banking regulations", the authority of Latvian regulations.

He has been the President of the Administrative Council of RIETUMU BANKA since the month of October 2010. He declares owning shares representing .15% of the bank's capital.

In view of his roles and responsibilities at the center of the bank, Alexander PANKOV was thus particularly aware, from before 2006, of the questions of the fight against anti-laundering of money and the compliance procedures.

A member of the administrative council since July 20th, 2006, he knew the development strategy of the bank regarding Western Europe, based on partnerships. He also participated in the collegiate definition of this strategy, declaring to the court "*For partnerships, we did*

everything to develop them. A client's deposit could be very important". (court records from the 17th of March, page 134).

In his role as the previous director of *compliance* services, he could not have been ignorant of the specific risks in terms of laundering linked to an offshore clientele.

In his role as an administrator, vice president of the administrative council, in charge notably of internal controls from July 2006 on, he could not have been ignorant of the necessity to ensure, above and beyond, the apparent compliance to KYC (Know Your Customer) procedures, and to put in place procedures in order to know the partners and be sure of the legal nature of their activity. Thus in this regard, one should recall the declarations of the testimony that Mr. BOURKE evoked above (cf 1.1.3 a)) regarding the determining role of partners and the necessity for the bank to know these partners. Michael BOURKE specified "*We should know who our partner is"* and indicated having invited called upon certain partners for meetings (court records page 110). In regards to the question of knowing if the bank could identify the clients brought by each partner, he responded "*We could have known that. The first question that I asked was to know who had brought this client"*.

1.2.2. His knowledge of the concealed nature of the activity of the Latvian bank in France and of the obscure partnership with Nadav BENSOUSSAN

In his role as an administrator from July 2006 on, notably in charge of external reporting, which consisted notably of making contact with the Central Bank and the banking regulation authorities and of preparing the necessary documentation for the Latvian legislation, he was particularly aware on the question of banking regulations.

Therefore, he could not have been ignorant, before September 2009, of the fact that RIETUMU was not authorized to exercise any business activity, including the contact, representation, or data collection on French territory. Neither could he have been ignorant that starting from this date, the opening of a representative office in Paris did not confer any right to RIETUMU to solicit a French clientele. Alexander PANKOV therefore could not have been ignorant of the conditions in which the bank was developing since 2006, in an obscure fashion in relation to its partnership created with Nadav BENSOUSSAN, a business activity in regards to a French clientele, that was not conformant to European banking regulations.

The court reveals also that, if the figures communicated by the bank regarding revenues collected from clientele brought by FOS had been considered unreliable by the court (cf supra 1.1.4), these revenues, evaluated by the bank from only 551 identified accounts in the framework of the procedure, would have passed 304 K Euros in 2007 to 675 K Euros in 2008,

then 868 K Euros in 2010. The development of these revenues, cannot be considered insignificant, and these revenues grew 186% in 2 years between 2007 and 2009, turning out to be particularly promising. The bank could only be questioned on the nature and quality fo the the partner when the French clientele was first brought to them, being reminded that, in a totally extravagant method, no agreement had come to be formalized in regards to the business relationship between Nadav BENSOUSSAN or FOS at RIETUMU BANKA before the month of November 2010.

In his role as an administrator from July 2006 onwards charged with the responsibility of internal reporting, it seems inconceivable that Alexander PANKOV, who knew the development strategy of the bank in regards to Western Europe, based on partnerships, had not put in place measures for following, by country, even by partner, the results of this this strategy. Mr. BOURKE, who had presided over the bank from 1997 to 2006, also declared that it was, according to him, in all senses, possible to identify clients brought by each of the partnerships (court records from March 16th, 2017 page 110), which seemed to corroborate the declarations made by Mr. SCUKA while in custody on this question.

1.2.3. The personal implication of Alexander PANKOV and the signing of the contract, totally atypical and obscure, dated the 19th of November, 2010 with Nadav BENSOUSSAN

Mr. SCUKA indicated that to his knowledge, FRANCE OFFSHORE was not linked by any congract with the bank, the reason being that FOS did not have *authorization rights*. He was unaware of the links uniting the bank to Nadav BENSOUSSAN.

Nevertheless, at the time of the questioning on April 30th, 2013, Mr. ZAMULLO, judicial director of RIETUMU bank, representing the legal person on this occasion, turned into the investigating magistrate a contract signed on November 19th, 2010 between the bank and

Nadav BENSOUSSAN, titled "*introducer agreement*" which gave the possibility to Nadav BENSOUSSAN of introducing clients to the bank, without payment. Nadav BENSOUSSAN notably enagaged in introducing potential clients to the bank after having beforehand complimented a first verification of the conformity of these clients to the applicable regulations in terms of the anti-laundering fight.

Mr. PANKOV was known to be the signatory of this contract, "*Introducer Agreement Number 0261-15/2010*". He is thus personally implicated, in his role as president of the bank in the business relations created between RIETUMU BANKA and Nadav BENSOUSSAN.

Alexander PANKOV, who became president of the administrative council in October 2010, signed one month later the "introducer" contract of Nadav BENOUSSAN from the 19th of

November 2010. On this date, *all solicitation activity and all banking activity on French territory* was not permissible by RIETUMU, which was, at the time, neither authorized to mandate to an intermediary the process of solicitation on French territory.

The unusual and obscure nature of this contract had been analyzed at the time of the examination of liability of the bank (1.1.1 c)). This contract, of which paragraraph 3.1 stiuplated that it must remain strictly confidential, foresees giving Nadav BENSOUSSAN RIETUMU business cards (on which he would appear as *general business advisor* of the bank) and the use by the aforementioned of an e-mail address at RIETUMU. This creates thus in regards to real and potential French clients, a deceiving disarray between Nadav BENSOUSSAN and the bank. The contract also confers to Nadav BENSOUSSAN, natural person, the bank's obligations in terms of knowing the client and the fight against laundering. This *introducer* contract especially, against all economic logic, does not foresee any commissions to Nadav BENSOUSSAN and to FOS by the bank and allows for the guarantee that the incredibly concealed nature of this partnership was for the anonymity of the clients brought by FOS and Nadav BENSOUSSAN.

Alexander PANKOV is thus personally implicated in the formalization of a partnership relationship between the bank and Nadav BENSOUSSAN in which the defense outlines was preexisting, that takes nothing away from the particularly atypical, obscure, and hidden nature of this contract. The court raises the point that it is particularly worrying that Alexander PANKOV boasts about having signed such a contract in negligence, without having asked more questions on the business activity of Nadav BENSOUSSAN ho was the only partner developing business activity in France for the bank for 5 years without any contract which linked him to RIETUMU.

1.2.4 The knowledge that after 2010, the bank had, through the intermediary of NAdav BENSOUSSAN and FOS, opened accounts for businesses implicated in swindling the TVA on carbon rights

The elements of the procedure bring up that Nadav BENSOUSSAN had been heard as a witness March 29th, 2010 in the framework of the execution of the rogie commission delivered December 11th, 2009 by Mr. Jean-Marie d'Huy, vice president charged with the High Court of Paris's investigation, informing against Grégory ZAOUI, Kévin ELGHAZOUANHI, Khalid BADYINE and Soufiane RAMIL, the heads of a criminal conspiracy, laundering, complicity and concealment in a criminal organization, misuse of social funds and concealment, and swindling by opening quota accounts for greenhouse gases in an organized fashion and swindling the TVA in an organized fashion. He was heard on the subject of his relations with Mr. Grégory ZAOUI and the other protagonists of this rogue commission. He declared:

"*I do not know Grégory ZAOUI by name. I've heard of him in framework of the media and the denouncement of Avi REBIBO by Grégory ZAOUI. The other names mean nothing to me, but I recognize them maybe in the photo. Maybe other people appear as directors for the companies in which I opened accounts in Latvia, CREPUSCULE and GOLDEN VECTOR*".

Heard, Mr. Grégory AZOUI declared that he had seen Nadav BENSOUSSAN in his office in 2007 or 2008 for an informal consultation but that he had never done business with him. Nadav BENOSOUSSAN believes to have never met him.

Nadav BENSOUSSAN also declared that following the CO2 scandal, RIETUMU had decided in summer of 2009 to no longer accept accounts relating to carbon trading. Grégory AZOUI appeared to have been placed on watch in this file since the month of December 2009.

Alexander PANKOV declared not knowing the businesses CREPSUCULE, AZIMAT, and GOLDEN VECTOR, implicated in the vast swindling of the TVA on carbon rigths. They had, accourding to him, always been "*aware because he had been questioned on this in the media*" and "*at this time, they had opened a very serious investigation at the center of their bank and all the accounts concerning the sale of quotas had been closed by (their) own initiative*" but *"they hadn't seen the volume of financial transactions in which the media references in their accounts"*. Despite the importance of the subject, they never appealed to an external auditor to carry out the verifications and had handled the manner, in 2010, "*in the framework of the compliance to minimize the risks to reputation*". The KPMG report from 2011 would have "*shown that they had managed the affair very well"*.

Mr. PANKOV, admitted to the court that at the time (June 2009) the carbon tax swindling was publicized, it constituted a *scandal*. He confirmed his explanations (court records from March 17th, 2017 page 129) without being able to really justify, following the very serious internal investigation (which would have nevertheless given occasion for neither a written report nor an intervention by an auditing cabinet) the number of bank accounts from clients brought by Nadav BENSOUSSAN and the handling the cashing out of funds coming from the swindling of the TVA on carbon quotas would have been closed but that, nevertheless, the November 19th, 2010 contract with Nadav BENSOUSSAN would have been signed. When the court asked him *"Despite the internal investigation, you signed a contract in collaboration with Nadav BENSOUSSAN?"*, he responded:

"*I don't comment on this affair of swindling. Several members of the administrative council were responsible, there is maybe a miscommunication. Then the contract wasn't the most important thing. It must be the clients who were not verified by face to face meetings."*

Alexander PANK thus had knowledge, from 2010 on, of the fact that Nadav BENSOUSSAN had brought to the bank French clients for which they had opened accounts in the names of the

businesses implicated in the swindling of the TVA on carbon rights. He then signed the November 19th, 2010 contract with Nadav BENSOUSSAN knowing that the aforementioned had brought to RIETUMU up until the month of June 2009, this sort of clientele, for which the accounts had immediately been closed by the bank following the publicization of this type of swindling, holding particularly significant sums.

Nevertheless, despite the gravity of the challenge for the bank and the necessity for the bank to know its partners, Alexander PANKOV declared having met Nadav BENSOUSSAN only on one occasion, without being all the time aware if he was holding up his agreement from the 19th of November, 2010 contract.

1.2.5 The organization of FOS bank accounts opened at RIETUMU of which Nadav BENSOUSSAN was the economic beneficiary

The defense of Alexander PANKOV supports that "*The clients and the economic beneficiaries of these businesses were identified. The social documents and the business descriptions were regularly completed. It does not come out that activity of these business's accounts could have had any abnormal organization in regards to the declared activity. As soon as an account showed any sign of abnormal organization, it was closed (the business CADOS implicated in the B Concept affair).*"

Nevertheless, it has been established above (1.1.3 b)) that Nadav BENSOUSSAN was, beyond his rather obscure role as an unpaid introducer, a client of RIETUMU as the owner, signatory, and beneficiary of different bank accounts opened on the books of the Latvian bank. RIETUMU bank could not therefore have been ignorant that Nadav BENSOUSSAN exercised in France a business activity of the creation of offshore businesses and introduction to the bank, essentially with RIETUMU, and the cashing out on several offshore accounts opened at RIETUMU, the relevant fees. The bank must have known perfectly well the activity of FOS and of Nadav BENSOUSSAN who was creating a massive publicity. RIETUMU BANKA could not have therefore been ignorant of the said activity, exercised in France by Nadav BENSOUSSAN and leading to the cashing out on accounts in the names of offshore companies opened at RIETUMU in Latvia, was carried out illegally.

It is thus wholly knowingly that Alexander PANKOV signed the *introducer* contract of November 19th, 2010.

1.2.6 The request for LPS on French territory from May 2011

Alexander PANKOV, in his role as president of the bank, had thereafter been the recipient of a critical courier addressed by the ACPR on February 11th to the bank in RIGA, following an article published in the Tribune which presented the Latvian bank's arrival in France, placed in advance by FOS and Nadav BENSOUSSAN. It is in this context that in May of 2011, RIETUMU BANKA, represented by Alexander PANKOIV, furnished a request for LOPS in the national territory, coming from its intention to be authorized to carry out all business operations from Riga in France and to mandate intermediaries on the national territory to solicit banking and financial services. From June 2011, the solicitor could be a national company duly mandated by the bank, and they must be registered at the time on a list of French lobbyists held by the AMF and the ACP. Alexander PANKOV, signatory of the November 19th, 2010 contract with Nadav BENSOUSSAN, was not ignorant that the aforementioned, physical person, was not authorized to solicit banking services on behalf of the Latvian bank and a fortiori was not registered on the list of French lobbyists held by the AMF and ACP.

Alexander PANKOV is thus personally implicated, in his role as the president of the bank, for allowing the pursuit, from June 2011, by the Latvian bank in its conquest strategy for a French clientele in total discretion, even in a totally concealed manner, via an obscure and confidential partnership with Nadav BENSOUSSAN where he knew the aforementioned brought RIETUMU clients implicated in swindling carbon taxes and that he was exercising business activity illegaly on the French national territory, a business activity which involved the cashing out of profits on offshore accounts in Riga. He also demonstrated the determination of the Latvian bank to pursue, in the shadows of the French regulators, a commercial development approach in France with a clientele, of which he could not have been ignorant, who wished to transfer funds from a fraudulent origin to Latvia.

1.2.7 The commercial approach of the bank notably in regards to French clientele

One must consider from the elements of the procedure and the arguments that the acts of laundering RIETUMU is charged with were not of an underground nature at the center of the bank, but reflect on the contrary an assumed approach in opening bank accounts in the names of offshore societies with figurehead directors and associates for non-Latian residents – case in point French residents -, the opening of accounts from a distance without ever meeting the client, the absence of a limit for online banking transfers.

In this regard, it is relevant to recall that the report published on France 5 in September of 2011 titled "*We're all going to fiscal paradise"* allowed for the viewing of Nadav BENSOUSSAN, how his advertisements for France Offshore in the airport of the Latvian capital read: "*Your fiscal freedom begins in Riga*". Riding along in a sedan with leather seats, he affirmed handling

more than 500 French files, providing dynamic frameworks in France for a "*fiscal Eldorado that is totally legal*". Also, France Offshore's internet site didn't leave any doubt about Nadav BENSOUSSAN's activity of "tax exemption". Alexander PANKOV, manager of the compliance services, administrator, then president of the bank's council of administration could not have been ignorant neither to what the commercial approach of the bank was in regards to French clientele nor to the nature of Nadav BENSOUSSAN's activity at the center of FOS.

Alexander PANKOV points out that, after the indictment of RIETUMU BANKA, he took the initiative to end the commercial relationship with France Offshore and Nadav BENSOUSSAN.

RIETUMU BANKA had essentially been prohibited from exercising on the national territory, business activities of receiving deposits and other reimbursable funds, payment serices, in the name of the free performance of services (LPS) or freedom of establishment, by the July 21st, 2014 ordonnance.

On March 20th, 2017, the court brought up the question of the behavior of the bank prior to its indictment.

Alexander PANKOV demonstrated to the audience that the bank no longer had, from that day on, French clients who were hidden behind offshore businesses.

The court nevertheless noted the contradictory manner on RIETUMU's website where there still exists a French version and which makes reference to, on the home page, the presence of an "Office of Representation **in France,** Russia, Romania, Ukraine, Belarus, and Kazakhstan". Alexander PANKOV explained that the website had not been recently updated and this begs the question, according to the court, of the true will of the bank to put an end to its relations with a French clientele hiding behind offshore companies (the bank won't open accounts for nonresidents in certain situations).

The court also noted that the bank's pricing conditions presented on the internet site made a distinction between offshore companies and others, between "non face to face" clients and others, between clients who sent documents certified by a notary and others. This varied pricing makes one think that the bank's activity has remained the same, in March of 2017 being close to 5 years after the acts, oriented around the opening of accounts from a distance for a French clientele who accepts paying opening fees for bank accounts in the name of offshore companies.

The court also notes the contradictory facts that SFM, rival of FOS at the time of the acts, which proposes, on an Internet site exclusively in French, the creation of offshore businesses in conditions very similar to those of FRANCE OFFSHORE's offer at the time of the acts, makes reference to accounts opened in Latvia at RIETUMU. SFM appeared already in December 2012 on RIETUMU's agenda as a possible partner of the bank.

Alexander PANKOV explained that certain sites could mention the name of the bank without actually being a partner and provided explanations that were not sufficient to convince the court that the activity and commercial approach of the bank, which Alexander PANKOV is still the president, in regards to French clientele, would have truly changed since 2013.

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Thus from considering together all these elements that Alexander PANKOV is personally involved in his role as member of the administrative council, vice president charged with the supervision of the bank's internal and external controls, then as the president of the administrative council, representing the legal person, knowingly in the implication of RIETUMU bank in France with the clients brought by Nadav BENSOUSSAN for the account of FOS. His training and his experience allowed him to appreciate the fraudulent nature surrounding the opening of accounts for clients brought by FOS. He will therefore be declared guilty of the acts of aggravated laundering with which he is charged.

1.3 The Liability of Sergejs SCUKA

By regularly filed and supported pleadings to the hearing, Mr. SCUKA's council pleads asks that he be declared not guilty:

They bring attention to the facts that:

- between September 1st, 2009 and June 2012, Mr. SUCKA met existing clients (who had already opened accounts) only in the bank's office when those clients wanted to obtain their cards and business documents from the RB Paris office, wanted explanations regarding "compliance requests" that the bank sent on Internet Banking or e-mail or even when they wanted technical help for online operations or any information regarding the bank and its serices.
- It's only between June 2012 and December 2012 that the RIETUMU BANK Paris office could meet new clients from France Offshore; the role of Mr. SCUKA involved exclusively the certification of clients' identities (By making copies of their passports or identity cards) as well as the verification of their signatures on the required forms for the opening of an account; even if the managers of the RIETUMU BANK Paris office met new clients fro France Offshore and signed the forms for opening accounts, all the rest of the documents were always sent directly by France Offshore to the bank.

- They recall that the prosecution had in its case requested a motion to dismiss against him for the reason that he did only exercised a subordinate role, without the power to open bank accounts, and that he had no knowledge of the fraudulent origin of funds.

They point out that:

- His role as a manager of the Parisian representative office of RIETUMU bank was limited to the transmission of documents to the Latvian office, without validating them, also that he did not validate the opening of accounts and did not have access to account statements
- He never had the material possibility of opening accounts, of manipulating funds, nor had he possessed a particular database of the bank's clients
- He was never involved in the least in banking operations, and never had the intention of being involved in them, and was unknowing in regards to the origin of the funds of the bank's clients.

1.3.1 A pathway based on the commercial development of the bank in Western Europe by way of partnerships

Sergejs SCUKA, born in 1985, has a Bac +5 degree in marketing-management. He started at RIETUMU bank when he was only 21 years old. On his career trajectory, Sergejs SCUKA declared:

"*Previously, I worked in Riga as a consultant since January 18th, 2006. This consisted of carrying out studies on Western Europe's markets. I handled communication with new partners, I participated in forums.*

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For example, in 2010, I participated in Geneva at the conference of banks in the framework of development of private banking. I could have direct contact with clientele but that wasn't the main part of my role."

He was thus in the know regarding the development strategy, in total discretion, of the bank of the West, during his first interrogation in custody, he declared:

"*This bank has been around for 20 years, it made use of a large database of clients in Europe and in the community of independent states, it didn't advertise in Europe. The principle source of information was based on the partnership which RIETUMU BANKA mentioned itself. One*

part is also based on word of mouth. I also know that the bank never published an advertisement in the countries of Western Europe."

He was also perfectly aware of the bank's services which were susceptible to attract a French client ("comfortable" internet banking, a personal manger, and a very large network of corresponding banks allowing for financial transactions to take place quickly and in different currencies).

He became director of the representative office in Paris since its opening in September 2009. He stated on this point:

"*My essential activity was to be representative of the bank. Also, periodically, I was sent to several countries such as England, Belgium, and Switzerland to meet with partners. These were cabinets of attorneys who could bring clients and potential partners who may lead to other clients – notably entities who propose investments and loans in the ex USSR…*

I was not the one who chose to do business with FRANCE OFFSHORE. It was already a partner of RIETUMU BANKA when I arrived. I don't know who the source was.

I was in charge of overseeing the work of the employees in the Paris office, I was the one who could better explain the operations and the bank in general to knew partners and potential clients. That's the purpose of the representative office in Paris."

Sergejs SCUKA's description of his role of manager in the office of representation in Paris seems to conform to banking regulations.

The ACPR was effectively advised in September 2009, of the opening in Paris of an office of representation for RIETUMU BANKA, the installation of which authorized thereafter "*collection of data, contact, and representation from the bank with the exception of all activities of solicitation, and all banking activity on the national territory"*. If this decision was taken by the administrative council of the bank, approved by the security council, Sergejs SCUKA appeared on the K bis as "director in France" and below as the foreign manger of the legal foreign person. He represented RIETUMU BANKA in France in the context of the bank's approach to the development of a French clientele.

It is, for example, he who represented the bank with the French regulator during the June 6th, 2011 meeting at the ACPR in the framework of the LPS and he who signed on July 10th, the bank's response to the ACPR's questions on the activity of the bank's Paris office of representation.

Sergejs SCUKA, in his role as a representative of the bank in. France, knowingly signed on to the strategy of conquest by the Latvian bank, in total discretion, even in a concealed fashion, of a French clientele.

1.3.2 The implication of the Parisian office in the opening of bank accounts in the name of offshore businesses and the remittance of means of payment to clients in France

Sergejs SCUKA admits that a client could contact, by telephone, his personal manager who is in Latvia, or order via internet banking a bank card, for example, in the name of an offshore business, or also ask to obtain documents for the offshore company in the name of which he had opened the account. As demonstrated by the elements seized during the raid of the office of representation at the boulevard Hassmann location (bank cards and documents, included authority stamps, in the name of offshore businesses), the client thus receive all these documents at the Parisian office of the bank. The office of representation could also allow clients to send information and documents to the bank in Riga.

Also, from June 2012 on, according to the explanations of Sergjs SCUKA, he met new France Offshore clients in order to certify their identity (by making copies of their passports or identity cards) as well as their signature on the forms to open a new account.

According to Mr. BENSOUSSAN, Sergejs SCUKA met clients from before 2012, and in the locations of FOS. An FOS employee – Bruno RIBEIRO MARTINS also declares that Sergejs SCUKA saw the files and met the clients within the walls of FOS (and did so until the opening of the office of representation, in September 2009). This same employee declares also that it is Sergejs SCUKA who asked for specifications on the business plans, for example the names of vendors or contracts from clients. He also adds that Mr. SCUKA knew that it was Lisa KALFON et not the client who responded to these requests for specification, and that she "*arranged*" the business plan.

As a representative of the office of RT in France, Sergejs SCUKA thus supported the opening of bank accounts in the names of offshore companies directed by figurehead directors and the services in France of methods of payments to clients brought by FRANCE OFFSHORE.

Also, it is necessary to add to the elements of the proceeding and the debates that Sergejs SCUKA was the one Nadav BENSOUSSAN would speak to when questions appeared in relation to the clients dealing with carbon credits. These mail exchanges between them bear witness to this fact, on which Nadav BENSOUSSAN had been questioned in the B Concept file. He is thus implicated without being involved in the management of an account, but at least in the commercial strategy of the bank in France.

1.3.3 His relationship with Nadav BENSOUSSAN and the disarray maintained between the activity of RIETUMU and that of FOS or of N. BENSOUSSAN

Sergejs SCUKA knew Nadav BENSOUSSAN since 2007 and he had a personal relationship with him. Nadav BENSOUSSAN declared on the subject: "*We spent weekends together which had very little to do with business. It was more to relax and have fun.*" Sergejs SCUKA admits that his operations consisted of *making a partner a friend*.

Certain business cards of Nadav BENSOUSSAN in the name of RIETUMU were found in the location of the bank. Mr. SCUKA admits having know this title of *diplomatic advisor* of the bank that was given to Nadav BENSOUSSAN, all in admitting that he did not know any other case where an introducer had this sort of business card.

It appears that Sergejs SCUKA allowed Mr. BENSOUSSAN, at least one time around March 2011, to receive a client, Mr. BELLOTTE, in the bank's locations, in his absence. The notes taken by the office's secretaries show that Mr. SCUKA, on a trip to Israel at that time, was thouroughly informed of the goings on of this meeting and agreed to it.

This disarray of sorts between a bank and its introducer shows the closeness between Mr. SCUKA and Mr. BENSOUSSAN.

Finally, it has been established above that Mr. SCUKA (cf 1.1.1 d)), who collected a monthly salary of 1500 Euros, cashed out in his bank account opened at RIETUMU between July 2007 and November 2010, more than 125 K Euros in collection from the accounts ELTHAM MANAGERS and TRANSATLANTIC B also opened at RIETUMU. These two accounts were previously credited by the PORTRIDGE account, the relevant transfers were accompanied by the note "Sergei Scuka Payment".

Mr. SCUKA, who had not been questioned on this point by the investigative judge, delivered to the court explanations that were not unclear according to those who heard them, practically at his ignorance, of payments from ELTHAM MANAGERS, a business who he would have

contacted at the beginning of his career and would have asked him to provide contacts for different partners who worked with the bank and would be susceptible to needing services of

this specialized business, notably in the formalities of creating offshore companies. He would have supported providing this company with a list of "prospects" and, without any other solicitation on his behalf, would have received following this, when one of the societies which he had given the name subscribed to a service of the ELTHAM society, a commission directly in his personal account opened at RIETUMU.

Nadav BENSOUSSAN had, for his part, explained that Mr. SCUKA was an introducer for the company IBC which provided him, as a subcontractor, some offshore companies for his clients. The chronology of the movements of funds show that the commissions of Mr. SCUKA by IBC into the ELTHAM MANAGERS and TRANSATLANTIC B accounts were prefinanced by FRANCE OFFSHORE through the PORTRIDGE account.

These explanations agree with those, which were much clearer, that Segejs SCUKA had given when he was heard in another proceeding concerning B CONCEPT instructed at the TGI of Paris by Renaud Van Ruymbeke. Heard in testimony, he declared as follows:

"*I could have been the intermediary between IBC and FRANCE OFFSHORE in case of technical problems between the two. I had already given my service to one or the other in sending documents in an envelope to one or the other. I had already received courrirs from FRANCE OFFSHORE and left them at IBC. I was an intermediary between IBC and FRANCE OFFSHORE: in the case where IBC wanted to sell a company and FRANCE OFFSHORE wanted to buy a company, I sent information to BENSOUSSAN on the subject of IBC's new companies"*.

Questioned on these declarations in the framework of the B CONCEPT procedure, Nadav BENSOUSSAN confirmed that in the beginning of the relationship between FOS and IBC, Sergejc SCUKA had served as intermediary.

Mr. SCUKA, employee of RIETUMU BANKA, representative of the Parisian office of the bank, was thus indirectly paid or paid commissions by FRANCE OFFSHORE. The court deducts that Sergejs SCUKA had manifestly gone beyond his activity at the center of office of representation of the bank, and personally implicated himself in the supplying of offshore businesses for which he was paid by IBC.

It is necessary to add to the elements of this case that despite his young age and his place of subordination, in view of his training and his experience at the center of the bank, Sergejs SCUKA could not have been ignorant that there would have been no economically valid reason

for a French client to open an account in Riga in the name of an offshore company and receive means of payment in Paris. He also could not have been ignorant to the fact that payment by French clients, also the honoraries sent to FOS, the account opening fees at RIETUMU were economically absurd. Thus, he knew that the act of transferring funds into the open accounts at RIETUMU was with the intent to conceal these funds and notably escape taxation.

In his role as a representative of the Latvian bank in France, he supported, knowingly, the opening of bank accounts in the name of offshore companies directed by figurehead directors

and the procurement in France of means of payments to clients brought by FRANCE OFFSHORE. He will be declared guilty for the acts of aggravated laundering for which he is charged.

II – THE ACTS OF VIOLATING THE OBLIGATION OF SURETIES CHARGED TO ALEXANDER PANKOV

Alexander PANKOV is charged with, in Paris and in Riga, starting from June 24th, 2014, in his role as president of the administrative council for RIETUMU bank, violated the obligations which came from the judgement of the pre-trial chambers of Paris July 3rd, 2014 which confirmed RIETUMU bank's obligation to pay a bail of 20,000,000 Euros by June 23rd 2014 at the latest, not arranging this transfer of bail.

21 The defense's position

By the regularly submitted conclusions and supports offered orally to the court, the council of Mr. PANKOV pleads acquittal and asks the court to consider, in reference to the nonpayment of bail imposed to RIETUMU BANKA, the following:

- to note the inapplicability of French penal law
- to note that the decision imposing the payment of bail to RIETUMU BANK was not recognized by the Latvian authorities and that it had no juridical standing in this matter
- to note that it is not demonstrated that the decision to not pay the bail was made by or on the initiative of Mr. PANKOV
- to note that no material element of the infraction charged took place on French territory and that outcome of a previous complaint of a victim of this infraction where the official

denunciation by the country's authorities where the act was committed, French penal law is inapplicable

- to state and to judge that Mr. PANKOV is not criminally responsible for the nonpayment of the bail imposed upon RIETUMU BANKA.

They point out that Mr. PANKOV cannot be held responsible for "*nonpayment of the bail imposed upon the bank*" in the manner whereby the aforementioned could not personally decide to issue the payment of this bail and where he supported implementing the bank's policy. They add that the legal element of the charged infraction is inapplicable in the measure where:

- The combination of articles 434-43 of the penal code and 706-45 of the penal procedure is inapplicable in regards to the redaction of the mentioned texts
- French penal law is inapplicable
- The judicial sureties ordered are bereft in Latvia

2 Recall of the chronology

RIETUMU BANKA, thus represented by Sergejs SCUKA, was investigated December 12th, 2012 for aggravated laundering.

By the May 23rd, 2014 ordonnance, the investigating judge placed RIETUMU BANKA under judicial control with obligations to supply sureties of 20 million euros before June 23rd 2014.

This decision was confirmed by the judgment of July 3rd, 2014 from the pretrial chamber and the appeal against this judgment was rejected by a judgment of the Court of Cassation from October 8th, 2014.

By the July 21st, 2014 ordonnace, the bank was also submitted to a ban on exercising in the French territory, the business activities of receiving deposits and other reimbursable funds and services of payment, in the name of LPS or freedom off establishment.

The investigation of Mr. PANKOV taking place December 15th, 2014 by visio-conference at the request of the accused, after a report granted during the questioning of the first appearance of November 26th, 2014 at the request of Mr. PANKOV, and after communication with his laywyers, Mr. BOERINGER, from a list of questions.

March 9th, 2015, the investigating judge addressed a request for international criminal proceedings to the Latvian judicial authorities in order to **obtain payment of the bail**.

April 29th, 2015, the Latvian Attorney General (Cj 44) **refused his assistance, citing that no agreement in the European Convention of judiciary cooperation in relation to penal matters from April 20th 1959 or from the Second additional protocol**, notably article 24 from the 8th of November, 2011, required him to cooperation with such a measure and that article 257 of the code of penal procedures **did not provide preventative measures for legal persons.**

In his observations dated July 16th, 2015 (for purposes of the motion to dismiss), the council of Mr. PANKOV points out that, in virtue of its statutes, RIETUMU BANK is directed by its shareholder committee which is the only entity authorized to make the most important decisions involving the bank, notably the decision to pay the bail of 20 million euros imposed upon the bank, since it exceeds its threshold of a maximum of 140,000 euros (piece number 1). He therefore does not have the power to organize the payment of the bail imposed on RIETUMU BANKA.

2) The applicable texts in French law

The defense points out that "*any "penalty" foreseen in article 131-39 of the penal code had been "announced" against RIETUMU BANKA. RIETUMU BANKA had never been condemned to the penalties for concealment, for shutdowns, the exclusion from markets or to any prohibition taken from article 131-39 of the penal code. RIETUMU BANKA had never been condemned to the penalty of a fine, a penalty which was foreseen by articls 131-39 of the penal code.* The penal law has a strict interpretation (article 111-4 of the penal code, the previous element to the constitution of offenses would default in this case and point.

It is the case that no penalty had been pronounced against RIETUMU BANKA, which is placed under judicial controls in the framework of the judicial investigation and saw fit to impose a bail of 20 million euros which has not been paid.

Articles 706045 of the code of penal procedure state that the investigative judge can plave a legal person under judicial control and notably impose on him the paymnt of a bail in which the amount and the deadlines of payment, are fixed by him. It clarifies that "***in the case of violation of judicial controls, articles 434-43 and 434-47 of the penal code are, if need be, applicable".***

Article 434.43 paragraph 1 of the penal code states that "*when one of the foreseen penalties from article 131-39 has been pronounced against a legal person, the violation by a physical person of these obligations is punishable by two years of imprisonment and a 30,000 euro fine.*"

It also results that without ambiguity, the combination of these articles, in the case of violation by a physical person of a judicial control imposed by the investigative judge to a legal person, the penalty accrued by the physical person is two years of imprisonment and 30,00 euros in fines. It is the same penalty that is incurred in the case of violation by a physical person of obligations of one of the foreseen penalties pronounced in article 131-39 against a legal person (concealment, shutdown, prohibition). If the penalties incurred are foreseen iby the same article of the penal code, the offense of violation by a physical person of an obligation of judicial control imposed to a legal person, on one hand and the violation of obligations which ensue from a pronounced penalty against a legal person, on the other hand are evidently distinct. The pronouncement of a penalty foreseen in article 131-39 of the penal code, is thus, contrary to what the defense of Mr. PANKOV supports, only a previous element to the constitution of a criminal offense of violation by a physical person of an obligation to a judicial control.

24 The supposed "inapplicability of French criminal law"

The defense supports that, concerning the act Mr. PANKOV is charged with, reportedly committed in Paris and in Riga, of not having facilitated the payment of a bail imposed upon RIETUMU BANK of which he is the director, no element allowed him to relate this non-participation in Paris, or even within the French territory.

The court raises the point that the criminal offense of violation of obligations of a judicial control was committed, at least in part, in the place where one must carry out the obligation. In this case, Mr. PANKOV is charged with not having, in Riga, ordered the payment, to Paris, of the bail imposed on RIETUMU BANKA by a French investigative judge. The wanted offense raises French criminal law and the competence of the Parisian jurisdiction.

25 The disarray maintained regarding the alleged absence in Latvia of the ordered bail in France

The defense again supports that, in regard to the principal of territoriality of laws and repressive judgements, bail is a strictly territorial application, which means that it cannot be put into place outside of the national territory, it must be forcibly dealt with via mechanisms put in place for

judicial cooperation between states, even when the two states concerned are members of the European Union. The judicially ordered bail would be bereft in Latvia.

Following the developments to this matter, Mr. PANKOV's attorneys specify:

"*The judicial service of EUROJUST confirmed* ***the impossibility to execute in Latvia the bail ordered by the investigating magistrate*** *against RIETUMU BANKA in application of the decision 2009/829/JAI of October 23rd 2009 relative to the mutual recognition of measures of judicial controls, for three reasons: the first is that France had not transposed this decision in internal law, the second is that this instrument applies only to natural persons and not legal persons, the third is that the Latvian law of transposition does not hold the measure of bails among the measures of judicial controls that it recognizes and execut3es in its territory, this measure only being pursued in the framework decision (article 8, paragraph 2) (Cj35). (…)*

The impossibility of recognizing the bail in Latvia was also confirmed not only by EUROJUST (Cj34) but also by the services of the Latvian Procurer (Cj44/2, Cj44/3) which, questioned by RIETUMU BANKA, confirmed this analysis February 3rd and April 29th, 2015."

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They conclude:

"*In absence of recognition by the Latvian authorities, the decisions imposed upon RIETUMU BANKA for the payment of a bail would never have any standing in Latvia".*

The court notes that the developments concerning the mechanisms installed consisting of imposing a prior recognition of the decision by the local competent authority- in particular to put in place measures for applying ground of non-recognition – so that this decision can produce its impacts towards the residents of the state of execution, and receive support of that state if a forced execution of acts would prove necessary.

They also relate the modes of forced execution of a judicial control and are without incidence on the infraction of a violation by a natural person of the obligations which make up a judicial control imposed by a French investigative judge to a moral person, foreseen and repressed by a combination of articles 706-45 of the code of criminal procedures and 434-43 of the penal code.

The absence of an obligation for the general procurer of the Latvian Republic to proceed with a forced execution of acts on a surety measure imposed by an investigative French judge, in the case of the pre-trial hearing, would not constitute an obstacle for RIETUMU BANKA for

the spontaneous payment of the bail. It is evidently not the nature to erase obligations of the legal Latvian person in respecting the bail put in its charge by the judicial control ordered in France.

2.6 On the imputability of the decision to not pay the bail and the person responsibility of Mr. Alexander PANKOV

The defense points out that when an infraction results from a decision made by a collective group who represents the legal person, jurisprudence spreads the responsibility to the members of this collective group in lack of being able to assign personal responsibility for the infraction to one or several determined individuals.

2.6.1 The developing explanations of Mr. Alexander PANKOV and of his defense on the referral of collective groups or rather the absence of referral of these groups

For the first time, the Latvian council wrote that a meeting of shareholders had decided to stop the execution of the decision from the pretrial hearing.

Then, on request for communication of the verbal process of this assembly by the investigative judge, the French council of the bank indicated that this decision "*was not a formal decision"* and that in reality "*the matter had not been submitted to the social organization of the bank, including the executive committee presided over by Mr. PANKOV and the shareholders Committee"*.

During his questioning on December 15th, 2014, Mr. PANKOV explained that he had not submitted this to social organizations of the group because he had been informed by his Latvian lawyers of the non requirement to execute the French decision, by a note written from Maitre Alla Ignajeva, barrister in Riga.

However, as the investigating magistrate revealed, this judicial view contradicts the freezing of assets (issues from a framework decision from 2003) with the measures of judiciary control. Advised by the investigating judge of this confusion, Mr. PANKOV brought up another framework-decision, from October 23rd, 2009, relative to the measures of judicial control.

However, this brings up the consultation (Cj34) of the judicial services of Eurojust dating from **March 6th, 2015** that it is not possible to obtain, on the base of this framework decision, that the Latvian judicial authorities made sure to follow up on the payment of the bail (otherwise known as the forced execution of acts), on the other hand the judgment of the pre-trial court iof Paris "*produces all judicial impacts"* in the national French territory, otherwise states , they are enforceable (Cj35).

Secondly, Mr. PANKOV points out that before submitting this to social organizations, he would like to wait for the complementary response of the General Attorney of Latvia. Despite the request of the investigating magistrate, he did not produce in the course of the investigation, these courier exchanges, and notably the first alleged response of the General Attorney which would be dated October 27th, 2014. Supposing, however, that this exchange did take place, it is probably that he emphasized the application of the framework decision of October 23rd, 2009 or that of the convention of judicial cooperation of May 20th, 1959.

In their note in order to dismiss dated July 16th, 2015, the council of Mr. PANKOV noted:

"*in virtue of its statutes, RIETUMU BANK is directed by its shareholder committee which is the only entity authorized to make the most important decisions involving the bank, notably the decision to pay the bail of 20 million euros imposed upon the bank, since it exceeds its threshold of a maximum of 140,000 euros (piece number 1). He therefore does not have the power to organize the payment of the bail imposed on RIETUMU BANKA."*

The verbal process of the administrative council was thus not in anyway reported, which would be held four months later, on the date of March 10th, 2015.

In his order of removal, the investigating judge notes that the question was not to know if Latvia can "*be the strong hand"* against French authorities, but if RIETUMU bank is held responsible for paying the bail imposed on it by the pretrial chambers.

Considering that, if one even supposes that a judicial question could be posed, Mr. PANKOV would have more than entered the judicial organizations on this question. Adding that "*It is now obvious that he did not do this. The negligence to this obligation can characterize the offense of non payment of the bail, foreseen and repressed by articles 434-43 of the penal code and 706-45 of the criminal procedure code".*

Mr. PANKOV'S defense therefore points out by way of conclusions that article 6.7.7 of the statues of RIETUMU BANKA outline that the Executive Board in accoradanve with the

Council of Surveillance act in any payment exceeding an amount of 140,000 Euros which would not be related to the principal activity of the bank.

The court notes that the statutes dated August 29th, 2014 which were produced, in the English language (D 2449/10), mention the agreement of the Council of Surveillance notably to carry out any transaction or undertaking of expenses which are not in line with principal activity of the bank as a credit institution, except if the relevant expenses were included in the budget of the bank, for any amount exceeding 140,000 euros. Mr. PANKOV'S defense supports that it the council of administration, a collective group, who made the choice, in the March 10th, 2015 session, to not pay this bail.

2.6.2 The question of the consent of the Council of Surveillance

The court relates nevertheless that the payment of a bail does not constitute by its nature an expense, registered by definition charges to the account as results of business activity, but it is instead in fixed financial assets, on the balance sheet assets. The bail essentially represents, as all bails and guarantee deposits paid towards outside persons, not an expense but an unavailable residing sum until the embodiment of an achievement of a condition, thus a debt obligation without impact on the revenue account. The payment of a bail, different from that of a fine for example, thus does not constitute "an expense exceeding an amount of 140,000 Euros", such that is targeted in article 6.7.7 in the statues of RIETUMU BANKA.

Also, it brings up that the financial revenues of the bank appear in the observations of the defense (D 2607/22) that this bail of 20 million euros represents less than .58% of the assets of the bank in 2014 (3,475 millions of euros).

The matter of the payment of a bail is distinct in that the provision for risk that tehe bank had for obligations to account for (in respect the principal of prudence) from July 2014 so that its accounts give a sincere image of the business activity and situation of the legal person. It is therefore not demonstrated the administrative council must seek the authorization of the surveillance council before paying the bail charged to RIETUMU.

2.6.3 The verbal process of the administrative council from the 10th of March 2015 produced to the court

It is only at the time that the administrative council of RIETUMU BANKA, presided over by Mr. PANKOV and comprised of 6 other members, that his organization would have deliberated March 10th, 2015 on the question of "*the execution of the decision of the judge of the High Court of Paris from May 23rd, 2014"* (third point of order for the day) and approved the position of the Administrative Council (?) of RIETUMU BANKA SA "*according to which the decision of the judge of the High Court of Paris of May 23rd 2014 cannot be executed before the approval of this decision by the general Procurer for the Republic of Latvia in virtue of the Latvian criminal procedure code."* It brings up the reading of this verbal process (which the existence was not even evoked at the time of the note in order to dismiss dated July 16th, 2015 but which was produced in support of the conclusions in piece number 3) that this decision was made unanimously.

The document produced for the court (translated into French) does not specify which article of the Latvian penal code it references, in a rather astonishing manner, that the spontaneous payment by a private Latvian bank of a bail charged to it by a French pretrial court should be subject to prior approval of the general procurer of the Latvian Republic. It adds again to the disarray maintained between the impossibility for the Latvian authorities to proceed, in the framework of a request for legal cooperation, with the forced execution of the bail payment (article 257 of the Latvian penal code does not outline measures applicable to legal persons and for this reason this measure cannot be executed in Latvia) and the spontaneous payment of this bail by the Latvian bank.

Mr. PANKOV, in his role as president of the administrative council, who after having made the choice to not submit the question to the administrative council before March 10th, 2015, had introduced, at this occasion, a position which, surrounded by his numerous attorneys, he could not have been ignorant that it was judicially erroneous or at the very least voluntarily confused. The consultation of the judicial services of Eurojust dated March 6th, 2015 specified in a perfectly clear manner that it was not possible to obtain, on the basis of the framework decision, that the Latvian judicial authorities made sure to follow up on the payment of the bail (otherwise known as the forced execution of acts), on the other hand the judgment of the pre-trial court of Paris *"produces all judicial impacts"*. The decision having been made unanimously, but also personally, in his role as president of the adminstrtative council, voting against the payment of this bail.

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It results from all of these elements together that, contrary to what he supports, Alexander PANKOV, in his role as president of the administrative council, represented the legal person, and thus has a personal responsibility in the nonpayment of the bail. He knowingly, according the tribunal, abstained from putting into motion the internal procedure for executing the decision of the pre-trial chambers from July 3rd, 2014.

Questioned by the representative of the national finance prosecutor for the court, Alexander PANKOV declared that any provision for risk linked to the present criminal proceeding had not been accounted for in the books to this date in the accounts of RIETUMU BANKA (page 157 I n the court records from March 22nd, 2017). The court notes that, certified by an auditor, these accounts do not respect the principal of prudence, are susceptible to not giving a true representation of the revenues and inheritance of the bank. This choice can also be interpreted as illustrative of the persistent will of RIETUMU BANKA, under the responsibility of its present, to not fulfill payments of which it could, if need be, having been condemned in the framework of French judicial proceedings. It corroborates the intentional nature of the violation of the obligation of bail.

Alexander PANKOV will therefore be declared guilty for the acts for which he is charged.

ON THE APPLICATION FOR REPRIEVES

Position of the defense

By written pleadings dated February 27, 2017, the defense of Nadav BENSOUSSAN pleaded for:

- noting that a procedure of tax audit of the personal situation of Nadav BENSOUSSAN was carried out on October 16, 2016 and that could lead the tax authorities to notify him of financial penalties
- stating that the court is therefore unable to pronounce a sentence proportionate to the acts before that without disregarding the constitutional principle of non bis in idem
- ordering the reprieve of the sentence of this court on the merits pending the final decisions to be taken in the tax audit proceedings initiated on October 10, 2016, concerning Mr. BENSOUSSAN, on the preventive measures related to the complaint

filed by the Tax Administration and concerning the acts related to the personal taxation of the latter, namely the income tax due for the years 2007 to 2009.

In support of its pleadings for a reprieve of the proceedings, the defense relies on the decision of the Constitutional Council on a priority question of constitutionality related to the non-cumulative nature of tax litigation and argues:

- that *"the cumulation of penal and fiscal sanctions was considered constitutional under the imperative reserve that the tax judge is pronounced before the correctional jurisdiction"*
- that the audit of the accounting verification of Nadav BENSOUSSAN on October 10, 2016 is related to his *"individual hidden business"* exercised at 140 Avenue Victor HUGO in the 16th district of Paris and concerns all tax declarations or transactions relating to the period of January 1, 2006 to December 31, 2015; this opinion thus encompasses the three years from 2007 to 2009 for which Mr. BENSOUSSAN is referred to this court; as the scope of the assessment and the related penalties for the period in question are to be determined, the court would be unable to pronounce a sentence proportionate to the acts commited.

The defense points out that, in its decision n° 2016-545 QPC of June 24, 2016, the Constitutional Council declared the conformity to the Constitution of article 1729 of the CGI as well as the words *"either that it deliberately concealed a part of the sums subject to tax"* in the first sentence of the first paragraph of Article 1741 of the same Code. It points out that,

however, the Council attached a reserve to this statement of constitutionality: *"anyways, the disputed statements of Article 1741 of the General Tax Code cannot, without disregarding the principle of necessity of crimes, allow a taxpayer who has been discharged of the tax by a jurisdictional decision which has become final on the ground of the merits to be convicted of tax evasion".*

According to it, it is *"inferrable from the recent decision of the Constitutional Council that the criminal judge must reprieve the proceedings when an administrative procedure has previously been initiated."*

The defense states that a procedure for the tax audit of the personal situation of Nadav BENSOUSSAN was initiated on October 16, 2016 and could lead him, with respect to the income tax due for the years 2007 to 2009 referred to in the preventative measure, to be notified of financial penalties. It is therefore considered that the court is unable to pronounce a sentence proportionate to the acts before it without disregarding the principle of *non bis in idem.*

Consequently, the court should order a reprieve of proceedings pending the verifications carried out by the administration, following the principle of the contradictory defense, and the notification of Mr. BENSOUSSAN of its conclusions, as well as internal and external appeals to the judges of the taxes, which may be subsequently exercised.

Position of the plaintiff and the Attorney General

The Directorate General of Public Finances and the National Financial Prosecutor's Office request the rejection of this request for a reprieve of proceedings. They note that the reserve of the Constitutional Council presupposes the meeting of three conditions:

- the taxpayer has been acquitted of the tax;
- the decision to acquit has been pronounced by a court and is final;
- the acquittal is granted for a substantive reason.

However, since, in the present case, none of these conditions is met, reprieving proceedings would undermine the full jurisdiction of the criminal court and the constitutional objective of combating tax evasion.

They specify that the defense of Nadav BENSOUSSAN interprets the decision of the Constitutional Council by giving it a scope that it does not have: the Council has in no way imposed that the judge of the tax must have made a decision concerning the tax – but only

excluded the possibility of continuing the proceedings in the event of an acquittal of the tax by the administrative judge only on a substantive ground.

Court Analysis

In its decision of June 24, 2016, in which it examined the priority question of constitutionality related to the conformity of Articles 1729 and 1741 of the General Tax Code, the Constitutional Council reaffirmed that *"the principle of necessity" and penalties shall not prevent the same acts committed by the same person from being subject to different prosecutions for the purposes of administrative or criminal sanctions under separate sets of rules. The proportionality principle implies that, in any event, the overall amount of the sanctions which may be imposed shall not exceed the highest amount of any of the sanctions incurred".*

Nevertheless, after having assessed separately the constitutionality of Articles 1729 and 1741 of the General Tax Code, the Constitutional Council, in examining the constitutionality of the combined application of the two articles, seems not to have simply admitted the cumulation of proceedings, but to have defined what looks like a multi-tiered prosecution system.

The Constitutional Council thus considered that the contested provisions *"make it possible to ensure together the protection of the financial interests of the State as well as the equality of the taxes, by pursuing common ends, at the same time dissuasive and repressive" and that "the recovery of the necessary public contribution and the objective of combating tax evasion justify the initiation of additional procedures in cases of the most serious frauds", so that "the judicial controls at the end of which the tax authorities apply pecuniary sanctions may be added to criminal proceedings under the conditions and according to procedures organized by law".*

The Constitutional Council inferred from this that the combined application of Article 1729 and the disputed provisions of Article 1741 respected the principle of necessity of the crimes and penalties which *"cannot preclude the legislature from laying down separate rules allowing the procedures leading to the application of several penalties in order to ensure effective punishment of the offenses" provided that "the provisions of Article 1741 apply only to the most serious cases of fraudulent concealment of money submitted to the tax".*

The Constitutional Council has, moreover, formulated a reservation on the interpretation which strengthens, in the matter of tax evasion, this combined character of the lawsuits by indicating that ***"the provisions contested of the article 1741 of the general code of the taxes cannot, without disregarding the principle of the necessity of crimes, allow a taxpayer who has been acquitted of a tax crime by a court which became a final decision on a substantive ground to be convicted of tax evasion".***

This reservation on the interpretation has the effect of rendering obsolete the old case-law of the Court of Cassation which decided, on a constant basis, that the decision of the tax judge could not, in criminal cases, have the authority of res judicata. The jurisprudence of the Court of Cassation indeed deduced, quite logically, that the tax and criminal procedures are independent, and that the criminal judge did not have to reprieve the proceedings pending the decision of the judge of the tax crimes.

It should be emphasized, however, that in its decision the Constitutional Council has not, formally, required a reprieve of proceedings since it **reserves this situation for the case of a final decision.** On the contrary, the comments of the decision, drawn up by the services of the Council, which have, admittedly, only a doctrinal value, indicate that ***"if a conviction for tax evasion is excluded when a jurisdiction has definitively acquitted the taxpayer of the tax due on grounds of merit, this does not preclude the initiation of the two trials. In addition, the criminal judge retains full independence to assess the other elements of tax evasion. Equally, the judge of the tax will remain bound by the material findings made by the criminal judge when the latter has ruled, but not by the classification or the interpretation which has been made"***, considering de facto the possibility for the criminal judge to rule first.

Contrary to what the defense argues, according to the court, the decision of the Constitutional Council does not imply in any way the obligation for the criminal judge to reprieve proceedings when an administrative procedure has been previously initiated. The Constitutional Council has simply ruled out continuing criminal proceedings in the event of an acquittal of the tax by the administrative judge, only on grounds of merits, and in the case of a final decision.

In this case, the court notes that no challenge, a fortiori any serious challenge, is even raised before the judge of the tax, since the defense of Nadav BENSOUSSAN is not even claiming that a proposal for rectification would have so far been made. No definitive acquittal has therefore been pronounced by a court based on the merits.

Moreover, at the end of the hearings on the merits, the court considers that it was able to assess the income that Nadav BENSOUSSAN was able to derive from his hidden activity during the years 2007 to 2009 (an estimation of the hidden sums is used as a basis for calculation of rights evaded) with the aim of imposing a proportionate sentence on the acts of this case, taking into account, in particular, the increases and penalties that may be charged to him in the context of the ongoing trial.

The present application for a reprieve of proceedings is therefore without any serious foundation. It will therefore be rejected.

ON THE SENTENCE:

The overall acts of aggravated money laundering consisted, for Nadav BENSOUSSAN, through his "nebulous" FRANCE OFFSHORE, of connecting mainly business leaders or self-employed workers residing in France who wanted to hide part of their turnover from the taxes (IS, VAT AND IR) with a Latvian bank whose strategy was essentially development-driven, in a discretionary way through business introducers, non-resident clients and the opening to the West.

On behalf of FOS customers in France, Nadav BENSOUSSAN set up offshore companies and *introduced them* to RIETUMU BANKA in Riga.

RIETUMU BANKA has meanwhile, from 2007 to 2012, for the customers brought by FRANCE OFFSHORE, opened in Latvia bank accounts on behalf of offshore companies run by figureheads and allocated means of payments in France to these customers.

Discretion was the promise of both FOS and the bank, given that Latvia has been independent since 1991 and entered the European Union in 2004, guaranteeing bank confidentiality. Given that the exchange of tax return information with the other European Union countries concerned only individuals residing in Europe, the creation of offshore companies was therefore the necessary and sufficient means to guarantee this discretion for the true economic French beneficiaries of the funds transferred to Riga.

The organization set up by Nadav BENSOUSSAN from October 2008 (the date of the home visit of the tax authorities) was committed to guarantee this discretion and, in a form of fiscal and social cavalry, to complicate the investigations of the tax authorities. FOS customers were received in Parisian offices rented by a lawyer and whose telephone lines were in the name of the lawyer, thus covered by professional confidentiality. The organization has evolved further towards more discretion (installation of the central office in Barcelona and total removal of the back office which still remained in the premises of Maître SCHINAZI) from April 2012, when Nadav BENSOUSSAN started to be investigated in two separate trial files in France and subject to judicial controls requiring the payment of a deposit of 300,000 euros each.

This discretion guaranteed to customers of FOS was accompanied by a real concealment of its activity on the tax plan since Nadav BENSOUSSAN did not even declare the turnover collected on the French bank accounts of companies FFC and NBC for the years 2007 to 2009 to the tax services, before cashing the totality of the turnover of FOS realized "in France on accounts opened on behalf of offshore companies at RIETUMU BANKA in Riga (Laurence Poutney, Portridge ...) without obviously declaring it.

At the end of the debates, given the observations of Nadav BENSOUSSAN, the amounts collected by all FOS entities (turnover), after restatements, can be evaluated at a minimum of 18.5 million euros (note from the hearing on page 200) including the turnover received from 2007 to 2009 on the French accounts of FFC then NBC for 2,754,000 euros (note from the hearing on page 198). For FOS clients, wholly-laundered amounts are estimated at a minimum of 187.5 million euros (see the note on page 200).

These evaluations are carried out solely on the basis of the accounts obtained by international mutual assistance, excluding those listed in a document produced by RIETUMU based on an audit carried out by the firm DELOITTE at its request and those discovered during the search of the French premises of RIETUMU (about fifty additional accounts). They also do not include the ALLIED & UNIVERSAL account (more than 174 million euros) which has different characteristics, whose connection to FOS is disputed and whose connection the court does not consider to be sufficiently established. It is therefore a minimum assessment of the sums laundered since they are based on a few hundred accounts while the letter of the ACPR mentions that the RIETUMU had declared to its

regulatory authority more than 1,440 accounts of French nationals, a figure consistent with the statements of Nadav BENSOUSSAN, who said he had opened 300 accounts per year.

Nadav BENSOUSSAN

Nadav BENSOUSSAN who promised *"fiscal paradise for all"* and did not his will to democratize fiscal fraud coming from fiscal evasion, organized and in a grand fashion. He also allowed knowingly the concealment of funds of which he knew the fraudulent origins of which certain came from swindling in an organized fashion, notably swindling the TVA on carbon taxes.

Nadav BENSOUSSAN also abstained from declaring the revenues cashed out on the bank accounts opened in France in the name of the businesses FFC and NBC in the years 2007 to 2009. He then put into place a sort of judicial cavalry (the constitution of an English sister organization) which allowed him to operate his business activities, in a covert fashion, of cashing his revenues in accounts opened in the heart of RIETUMU (PORTRIDGE INVEST LTD, LAURENCE POUTNEY LTD, and HAUSSMANN CONSEIL LTD), for which he deserves to beeclared guilty notably of fiscal fraud and the laundering of fiscal fraud by FOS.

The public Minister requested against him a punishment of 7 years of imprisonment matched with a mandated fine of 9 million euros.

Nadav BENSOUSSAN, if he presented himself in the media as an old banker, had no education nor degree. He claims to have completed rabbinical studies between 1992 and 1997. He would have quit the family home in Strasbourg at 14 years and did not obtain his high school diploma.

He explained in the framework of another proceeding (D 88/14) being between jobs in 2001. He was a salesperson in technology for the company KELCOM of which he was manager. He then worked in the advertising industry between 2002 and 2005 before launching an property tax auditing company, FFC at the end of 2004 or beginning of 2005.

It comes out in his examination for another proceeding (D 87) that he was placed in custody in 2001 and acquitted in 2005 for acts of complicit swindling before being plaed again under examination in 2009 in another affair and acquitted.

His criminal record only mentions two convictions for driving without a license and lack of insurance.

Nadav BENSOUSSAN was heard as a witness or suspect in diverse criminal investigations in which he was implicated by businesses and/or bank accounts sold by FOS, in France but also in Luxembourg.

It results from the extracts of other joint proceedings to the present judicial information that he had, from 2003 on, worked with Sami SOUIED (who he would have met through Robert BELHASSEN who according to him was *always in his phone*) as well as Marco MOULY. From 2003/2004, he had been approached by Sami SOUIED and Marco MOULY in order to create businesses notably in the domain of telephony , businesses who would eventually be implacted in the “carrousels” of the TVA.

Marco MOULY is today notoriously known for having been convicted in a definitive manner to 8 years in prison in a vast swindling of carbon taxes carrying more than 289 million euros. Sami SOUIED, childhood friend of Marco MOULY, questioned in several swindling proceedings in the advertising industry and suspected of being another organizer of carbon tax swindling, was assassinated in September 2010 at porte-maillot.

Nadav BENSOUSSAN held in the framework of the present affair to take distance from the persons implicated in the carbon tax affair, going as far as claiming not to know Grégory ZAOUI who he however welcomed in the offices of FOS December 10th, 2012 according to the investigations and raids, and who was the carrier of two bank cards related to accounts opened at RIETUMU. Grégory ZAOUI was already at this date under examination in several cases of swindling concerning carbon taxes, notably in the Crépuscule file (146 million evaded from the TVA) in which he is suspected to have played a central role and had been placed in provisory detention in December 2009. The French companies CREPESCULE, AZIMAT, GOLDEN VICTOR had notably opened bank accounts at RIETUMU in Riga from April 2008 on. The manager of the French company Crépuscule declared that these accounts in Riga were opened by an intermediary from Nadav BENSOUSSAN’s FOS office of tax evasion (D 1022/48), which is corroborated by the documents related to the opening of the said account found in the FOS locations at the time of fiscal raid on December 10th, 2008. Nadav BENSOUSSAN was heard on March 25th, 2010 in relation to this file. He explained

having known Grégory ZAOUI by name but not the directors of the French businesses for which the accounts had been opened at RIETUMU.

Nadav BENSOUSSAN was questioned and placed in custody in May 2012 in another important case of tax carbon swindling led by Mr. VAN RUYMBEKE, the business B CONCEPT (D 87).

Contrary to what he tries to make you believe, Nadav BENSOUSSAN during dozens of years had developed in a sphere where he rubbed shoulders with the major acttors of swindling in an organized fashion, passed ad inserts out to the swindlers of the TVA, in the domain of telephony then in the much more lucrative domain of carbon tax. He admitted to having wanted to work with them if *he wanted to make money*.

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Nadav BENSOUSSAN, in the framework of the present proceeding, had not been investigated for previous acts in his interrogation and questions of his first appearance inDecember 2012.

Nevertheless, it results form the elements of the file (Deloitte report, the case of Mr. LUCIANO and observations on the Compadvise account in Hong Kong) that the activity of FOS did not necessarily end with the questionings in December 2012. At the center of the debates, there exists a doubt about whether Nadav BENSOUSSAN could be the source of the revenues cashed out in excess of 2.2 million euros from the Compadvise account opened at HSBC Hong Kong from January 2013 on, which he specifies would only have concerned honoraries renewing offshore businesses. Mr. BENSOUSSAN denied being behind this pursuit of activity, and blames it on Sergejs KARPENKO, Robert LOCHOWITZ and Karl RIVER, his previous associates in LAtiva, who, according to him, profited from his judicial annoyances in France in order to continue without him the exploitation of business funds, while restricting the cashiong out of renewal fees of businesses already created. If this theory is not unlikely, a doubt remains on the issue of the arguments on this point, reinforced by the anonymous courier received by the investigative judge, dated January 7th, 2013, in terms of which NAdav BENSOUSSAN would have, immediately after his questioning, looked for a new partner pank susceptible to opening offshore accounts for his clients, continued his activity from the back office of Riga and would have *installed for himself offices* in Geneva (D 2394).

The court notes in any case that Nadav BENSOUSSAN didn’t hesitate to continue his fraudulent activity after having been questioned in the spring of 2012 on two investigations which concerned carbon tax fraud (B CONCEPT) and placed under judicial control. He had even exercised a determination to continue his illicit activities in proceeding to reorganize them (the installation of a call center in Barcelona, of a back office in Riga and ofa VPN) in view of escaping these pursuits.

Nadav BENSOUSSAN explained (court records page 159) working from then on for WE CONSULTING, a company of which the activity is the development of commercial brands. (*"We bring a commercial brand into the mall").* This company, of which the manger is Mr. HAYAT, *"who works with Carrefour"* employs, according to his explanations, four employees. He demonstrates being an employee, having declared 200,000 euros in revenues in 2015 and collecting 2016 10,000 euros per month of which 8,000 euros were salaried.

For the purpose of justifying his financial situation, he produces:

- a notice of assessment for 2014 on the 2012 revenues showing an amount paid of 25 906 euros
- Pay stubs from WE Consulting since February 2015 figuring a net income at the end of December 2016 of 157 K euros
- an employment contract (CDI) with SARL WE CONSULTING represented by Franck HAYAT dated January 19th, 2015 in his role as manger of development of commercial brands for a salary of 3,000 euros per month following an introducer contract which had been signed January 2nd, 2014

The court notes however that Nadav BENSOUSSAN did not produce his notice of assessments for 2015 and 2016 and thus did not justify having declared his revenues in the years 2014 and 105.

On his personal situation, he declared (page 160 of the court records):

"*I've been married since 2014. The one you are speaking of, it's Mr. BENSOUSSAN from 2017, not the one from 2007. I allowed myself to go with a profession I believed was legal. It was very far from my upbringing. Tax evasion, it's stupid, it's dumb. It's cheating the system. I have the capacity to bounce back. I spoiled my life and that of my family. I'm ashamed. I ask you to believe me. I will never again place my feet in that domain (…) I am not anchored in delinquency. I don't remain in that activity. I am aware of the error of my ways."*

The court could note at the time that the arguments of the accused, clearly ruptured in marketing, had nevertheless looked for explanations on the eacts for which he was charged, without fleeing the responsibilities nor hiding in denial. For the purpose of demonstrating that he had reflected on his actions, he went all the way to contributing to the debates a related document of which he is the author titled "*The prohibition of tax evasion according the biblical law – Morals and fiscal obligation according to the Torah*". This collection questions, according to him, the rapport of Judaism to secular law and opens with a first chapter titled

"*The necessity of the judicial institution"*. Nadav BENSOUSSAN looked to demonstrate certain capacities of elaboration.

It comes out as well from the documents handed over to the debate that Nadav BENSOUSSAN is monitored since 2011 for a pathology needing daily treatment, for an intdetermined amount of time, also a very regular surveillance.

In regards to the elements together, the court notes that it goes along with, despite the raised concerns concerning the anchorage of the accused in delinquency and the determination of which he showed for continuing his fraudulent activity after his investigation in other proceedings, to take the risk of giving him the benefit of the doubt for a certain authenticity In his words and to not compromise the reinsertion of the accused all while favoring the payment of the sums charged to him.

He will therefore be convicted to a penalty of five years in prison of which three years suspended sentence with proof during the duration of the years of obligations:

- to reimburse the civil party
- to pay the fine
- to justify his residence and his work

He will therefore be convicted to a fine of 3 million euros, and conforming to the provisions of article 324-7 of the penal code, the court pronounces against him a definite ban to exercising directly or indirectly business activity at the time of which the infraction was commited, in the case of all advising activity in offshoring, tax evasion, banking introductions and "*advise for business and management*".

As a complementary penalty, the court will pronounce against him the confiscation of seals (Range Rover vehicle and Vacheron-Constantin watch) and of the seized funds (cash and bankaccounts at RIETUMU) in the terms of the devices of the current judgment.

RIETUMU BANKA

These acts of aggravated laundering would not have been possible without the action of the Latvian bank, RIETUMU BANKA, which processed for clients brought by Nadav BENSOUSSAN and FRANCE OFFSHORE, the opening at a distance (*non face to face*) of bank accounts in the name of offshore companies directed by nominal directors and the

procurement in Frane of methods of payments to clients. They belong in the context of the bank's strategy, essentially based on the development, in total discretion, even in a totally concealed fashion, by intermediary introducers, of a non-resident clientele and on the opening to the West. The business activity of the bank in France via the official partnership created with Nadav BENSOUSSAN was designed in a totally obscure manner including in reference to the ACPR, the bank having been placed, as an act of choice of the LPS rather than opening a branch in Frane, under the regulation of only the Latvian authorities.

The representative of the national finance prosecutor requested against the bank a fine in the maximum amount for laundered funds, in cash of 90 million euros.

The court notes the contradictory fashion, not without a certain worry, that the bank continued in March 2017 to propose exactly the same services (paid) of offshore banking on its website in French.

The pricing offered was from 450 euros for clients *"with legalform partnership"*, the category of which Mr. PANKOV specified to the court that the bank had regained offshore businesses, to which they add 100 euros for "*non face to face*" openings, 250 euros for clients "*with notary package of documents"* and another 250 euros for the express opening of a bank account in less than 24 hours. The fees are raised thus for the opening of an offshore company at distance to 800 euros (1,050 euros in case of express opening). It is noted that hat in case of the refusal to open an account, the fees are kept by the bank, in the nature of inciting a French clientele to pass through an intermediary or *introducer* who guarantees the

quality of their file presented and who can ultimately be the one who handles the creation of the offshore company.

The court also notes that SFM, a Swiss structure, who offers, on an interneat site exclusively in French, the creation of offshore societies in conditions very similar to those offered by FRANCE OFFSHORE at the time of the acts, makes reference to accounts opened in Latvia at RIETUMU. Competitor of FRANCE OFFSHORE, SFM appeared already in December 2012 on the agenda of the RIETUMU office in Paris as having been a potential partner of the bank.

The court is equally concerned with the conditions in which the bank, invited following the declarations of Mr. VIBES, representative of the company SCOTT MAC PHERSON, to justify that it would have proceeding to reimburse 30,000 euros in deposits towards the tree associateds of this business, not having put any measures to justify this payment.

Mr. VIBES explained in front of the investigative judge and the Bar of the court that each of the three associates should have blocked a minimum amount of 10,000 euros in the account of each of the offshore societies opened at RIETUMU. The probably nature of these declarations is attested by the mail exchanges seized at the tine of the home raids in the month of October 2008.

According to the explanations of Mr. VIBES, when he wished to recover this *"deposit"*, he would go to the office of representation at Bd Haussman and Sergejs SCUKA pretended to speak neither French nor English. He declared to the Bar to having never recovered these 30,000 euros and not having designed any complimentary solicitation held form the investigation of the company.

Alexander PANKOV was invited to justify the reimbursement which would have intervened or the reason for which these funds would have been blocked, in this case, according to his explanations to the court, following the decision of a French or Latvian judge. The documents produced, incomplete, were not of the nature to justify why these reimbursements had been intervened upon.

These acts of aggravated laundering which unfolded over more than 5 years are of a certain gravity on the part of the credit establishment of a country who is a member of the European Union, authorized by the Latvian regulation authorities, who presents itself as one of the first private banks in Latvia and one of the most important banks in the Baltic stats "*offering services all throughout Europe, in the Baltic states, in Russia, in Ukraine, in Belarus and in other regions"*.

The determination of the bank throughout the procedure to hide behind the respect of hits internal procedures and observations pulled from its internet site on March 19th, 2017 allow one to believe that the bank had not really taken into account the gravity of its action, even the activity of offshore banking notably directed towards a French clientele to this day has not really stopped.

In regards to the combination of these elements, it is suitable, according to the court, taking into account the revenues of the bank for business activities of 2016 (net profits exceeding 80 million euros) and the evaluation of the number of clients and the sums laundered (a minimum of 200 million euros), to convict RIETUMU bank to a fine of 80 million euros.

Conforming to the provisions of articles 324-9 and 131-39 of the penal code, the court will also pronounce against RIETUMU a ban of exercising directly or indirectly any activity in France for a duration of 5 years.

Alexander PANKOV

Alexander PANKOV, held responsible for his operations since 2001 at the center of RIETUMU bank, of which he became administrator, vice-president in charge of internal and external controls from July 20th 2006 onwards then president of the administrative council in

2010, was not ignorant of any of the demands in terms of compliance, nor of the development appreaoch in Europe of the bank, based upon parternships.

He personally signed the partnership contract of November 19th, 2010 with Nadav BENSOUSSAN knowing that, following the audit according to his explanations and not having led to a written report, that Nadav BENSOUSSAN had introduced to the bank before June 2009 offshore companies implicated in tax carbon swindling.

He also could not have been ignorant, knowing full well the policy of *Know Your Customer* that he invokes, that Nadav BENSOUSSAN, client of RIETUMU, cashed out from accounts opened in the name of offshore companies in the books of RIETUMU the honoraries of his French clients who created the revenues of the shady FOS, also concealed from the French fiscal administration. Finally, he could not have been ignorant of the activity of FOS, realizing that the publicity attached to Nadav BENSOUSSAN gave him (internet site, ads in the Riga airport, interviews in the press, marketing operations) but also of the obligation of the bank to know its clients and its partners.

He is thus personally implicated in his role as a representative of the legal person, knowingly in the implication of RIETUMU bank in France with the clients brought by Nadav BENSOUSSAN for the FOS account. His education and his experience allowed him to appreciate the fraudulent character of accounts opened for clients brought by FOS.

Equally, in the framework of judicial information, in his role as president of the administrative council, he knowingly abstained from putting into action internal procedures for achieving the payment of a bail of 20 million euros charged to the bank by the investigative judge and confirmed by the decision of the pre-trial court on July 3rd, 2014.

The acts of laundering which occurred over 5 years are of real gravity. Mr. PANKOV, president of a bank who achieves an operational profit of 170 million euros and a net profit of 80 million euros in 2016, demonstrates to the court a certain persistence to consider that there existed no real reason to not open bank accounts for French residents who hid behind offshore companies and received methods of payment in France associated to this accounts. The observations form the bank's internet site are of a contradictory fashion allowing the court to fear that the bank, of which he is still president, continues to suggest these types of services to a French clientele wishing to open bank accounts in the name of offshore companies.

No conviction exists in the criminal records of Alexander PANKOV, 44 years of age. He is married with two children. He is still president of RIETUMU BANKA and collecgs a slary of 17,000 euros total, 12,000 euros net. He is also a shareholder of the bank in at least .15%. The accused brings to the debate the certifications of which he has total trust notably of the Latvian regulator.

For these reasons together, it appears, according to the court, adept to convict him, for the purpose of dissuading, to a penalty of 4 years of imprisonment with suspension.

Sergejs SCUKA

Sergejs SCUKA, representative of RIETUMU BANKA in France, was the connector between Nadav BENSOUSSAN, partner of the bank of which he indicated that his job consisted of *making him a friend* and the Latvian bank. He was, from the opening of the representation office in France in 2009, at the heart of the implementation of the bank's development strategy in the West, in a totally concealed fashion. He participated in a regular manner in the disarray in regards to clients between Nadav BENSOUSSAN or FOS and the bank (business cards of Nadav BENSOUSSAN found in the representation office, clients received by Nadav BENSOUSSAN in his office at the center of the boulevard Haussmann location in his absence, commissions collected on the creations of offshore companies via IBC). He is implicated, in his role of manager of the Parisian office, in the opening of bank accounts in the name of offshore companies and the remittance of methods of payments to clients in France.

For the determination of punishment, the court takes into consideration the young age of Sergejs SCUKA at the tie of the acts and the relationship of subordination which united him to his employer, RIETUMU.

No conviction exists in the criminal records of Mr. SUCKA, 32 years of age.

He is married, father to two children ages 3 and 3 months. His wife is on maternity leave until May 2018. Following this affair, he returned to live with his parents with his wife and children, in Riga.

He was still an employee of RIETUMU bank during the course of the investigation (until March 2015) but works from now on in a sector without any relation to the world of finance (commercial sector selling pillow and duvets to communities). He collects 18,669 euros in annual salary. His attorney specifies that the average monthly salary in Latvia is 818 Euros per month.

Considering these elements together, he will be convicted to a pusnishment of 12 months of imprisonment entirely suspended.

For sentencing, the court also takes into consideration the young age of Sergejs SCUKA at the material time and the link of subordination that united him to his employer, RIETUMU.

No conviction appears in Mr. SCUKA's criminal record, 32 years old.

He is married, the father of two children aged 3 years and 3 months. His wife is on maternity leave until May 2018. As a result of this affair, he returned to live with his parents with his wife and children in Riga.

He was still a salaried employee of RIETUMU bank during the judicial information course (until March 2015) but is now working in a sector unrelated to the world of finance (commercial, selling pillows and duvets to communities). He receives 18,669 euros of annual salary. His lawyer said that the average salary in Latvia is 818 euros per month.

Considering all of these elements, he will be sentenced to 12 months' imprisonment, which is fully suspended.

Thierry PASZKIER

The representative of the National Public Prosecutor's Office pleaded for him a sentence of 6 months in prison with reprieve and a fine of 50,000 euros.

No conviction appears in the criminal record of Thierry PAZKIER, 45 years old. He is divorced and father of a child.

An osteopath, he created a company importing cosmetics and make-up products from Asia. He explained having met Nadav BENSOUSSAN in a gym, where the latter presented his activity of recovery of property tax.

EURL LIPOFORM was the subject of a tax recovery, and Thierry PASZKIER argues that the company settled a sum of 9,409 euros between June and November 2015, leaving 11,437 euros due (ATD of August 4, 2016). Thierry PASZKIER brings to the debate the accounts of the company for December 31, 2015, showing a turnover of 7,291 euros for the year (subsidies of 5,871 euros), a deficit of 6,493 euros and a new debit balance (accumulated deficits entered in the liabilities) of nearly 44,000 euros. He states that the company is still in business. It justifies

having been convened on October 4, 2016 in the Commercial Court as part of the provisions concerning the detection of difficulties of companies. This appointment of preventative measures has not been followed by any effect.

He reported profits of about 40,000 euros per year but did not produce its tax notices.

Thierry PAZKIER can benefit from the reprieve and will be sentenced to a 6-month suspended sentence and a 30,000 euro fine.

SAS SCOTT MACPHERSON

The representative of the National Public Prosecutor's Office pleaded for it a fine of 200,000 euros.

In support of its pleas for acquittal of the sentence, the counsel for the company argues that the latter has put an end to the setup obtained from FRANCE OFFSHORE itself, before any tax, or criminal, procedure. He adds that the company has paid the full amount owed and claimed and has become again, as its leaders, a taxpayer without records.

He further argues that the tax adjustment of the company, as a corporate tax, as well as a VAT recall for the years 2008 and 2009, was particularly heavy. The amount of turnover that the company SCOTT MACPHERSON has deceived from the tax authorities amounts to 188,850 euros. The company SCOTT MACPHERSON has settled all of its debts with the Taxes Department of the Tax Administration and has therefore already paid, considering the penalties charged to it, 147,218 euros, a considerable sum compared to the tax that it would have paid on its evaded turnover (about 60,000 euros of tax).

He adds that Messrs VIBES, MARI and JASPARD alsopaid the surcharges and penalties due with respect to the tax on their income and social security charges that led to the recovery of the company. The amounts paid represent the total sum of 227,198 euros, while the three of them would have been liable for approximately 50,000 euros with respect to income tax. In other words, for 110,000 euros of taxes evaded, all taxes combined, the tax administration has recovered 374,416 euros.

In these circumstances, according to the defense, it would be particularly harsh and unfair to inflict on SCOTT MACPHERSON a fine that would be added to everything that has already been done.

The damage to the tax administration and to the State has been largely repaired, given the penalties imposed on the company and the total amount of money it has paid. Similarly, the damage resulting from the offense has, according to the defense, ceased.

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The court recapitulates that the tax and criminal proceedings are independent from each other and that the company SCOTT MACPHERSON is prosecuted not for tax evasion, but for laundering tax evasion.

No conviction is included in the criminal record of SCOTT MACPHERSON.

Given the circumstances in which this headhunting company has, from the moment of its constitution, resorted to these arrangements involving three offshore companies, but also taking into account the regularization of the tax situation, the court considers it justified to sentence the company to pay a fine of 30,000 euros.

Frédéric LUCIANO

The representative of the National Public Prosecutor's Office pleaded for him a sentence of 6 months in prison with reprieve and a fine of 30,000 euros.

He claims that he fulfills the conditions allowing him to benefit from a reprieve of sentence.

He also pleads for the sentence not to be recorded in Form number 2 of his criminal record, because AFTERWEB regularly concludes public procurement contracts with local authorities for the provision of IT services, and is currently engaged in a public contract with the Town Hall of MONTLUCON.

No conviction appears in the criminal record of Frédéric LUCIANO, 55 years old. He is married and has a child. He is still working in IT and explains that he makes a profit of 5,000 to 6,000 euros per month.

Frédéric LUCIANO can benefit from the reprieve.

He will be sentenced to 1 month in prison suspended by a reprieve and a 15,000 euro fine.

His plea for the non-registration of this conviction in Form number 2 of his criminal record will be accepted.

Magali SCHINAZI

Magali SCHINAZI chose, shortly after the home visit of the tax administration to the offices of FOS in October 2008, at the beginning of her career as a lawyer, to leave her salaried job and to settle in engaging alongside Nadav BENSOUSSAN, met in a friendly context, becoming his first and main, if not unique, customer. Given her legal training and profession, she could not ignore either the illegal nature of the FOS activity in which she participated or the conditions under which Nadav BENSOUSSAN pursued this activity in

a legal, social and fiscal cavalry to which she also contributed. She did not hesitate, flouting the ethical rules of her profession, to house the management center of FOS (before it was moved to Riga) in her business premises, and participated, placing herself in a situation of subordination to her client in violation of the essential principle of independence of a lawyer, in this vast enterprise whose goal was tax evasion, which she could not ignore.

The representative of the National Public Prosecutor's Office pleaded for her a sentence of 3 years in prison, 2 years in prison with reprieve and a fine of 50,000 euros.

Magali SCHINAZI is a lawyer. She has been married to Abraham Daniel DANINO since May 26, 2008. She was born on December 5, 1970 in Strasbourg. They have two children born in April 2009 and March 2012.

Her criminal record does not mention any convictions.

Placed under judicial control, she paid the sum of 12,500 euros as a security deposit, which was initially set at 25,000 euros before being reduced by half.

Magali SCHINAZI brings to the debate a letter that she would have sent to the Bar Association on November 18, 2014 to request her exclusion from the Paris Bar, effective from November 30, 2014, for *"reasons of personal convenience"*.

She has not produced any document that can justify her professional activity or her income since December 2012. She indicates that she left France to live in Morocco with her husband, who works in real estate. Nevertheless, she brings to the debate a tax notice for 2016 (for the income of the year 2015) under which she is domiciled in the 16th district of Paris at Mr. and Mrs. DANINO's, and declared overall deficits for the years 2013 and 2014 amounting 10,554 euros. Her resource situation is therefore unknown.

Magali SCHINAZI can benefit from the reprieve. She will be sentenced to 3 years in prison suspended by reprieve and fined 50,000 euros.

At the hearing, she did not show any acknowledgement of the seriousness of the acts committed in her professional activity as a lawyer, hiding behind the subordination to Nadav BENSOUSSAN. She does not seem to measure that her subordination to him constituted precisely a violation of the principle of independence, which is essential for a lawyer. Her persistent attitude several years after having carried out the acts is dangerous for other customers. It is therefore appropriate, in the view of the court, as a supplementary sentence, in order to avoit a new crime, to impose on her a prohibition from practicing the profession of lawyer for a period of five years.

Alexandra GILLET

The representative of the National Public Prosecutor's Office pleaded for her a sentence of 3 months in prison suspended by a reprieve and a fine of 20,000 euros.

Alexandra GILLET left school at 16 years old. She has worked in various trades such as dental assistant, saleswoman, and then real estate agent or sales associate. She resumed her studies and obtained a BTS before finding the announcement of FRANCE OFFSHORE on a website.

She lives in Paris and is an employee of a syndicate of co-ownership, earning a monthly income of 2,500 euros.

Alexandra GILLET can benefit from the reprieve. Given the relationship of subordination and the state of economic dependence in which she placed her employment status, she will be

sentenced to a sentence of 3 months in prison suspended by a reprieve and a fine of 20,000 euros.

Sandrine SANCHEZ

The representative of the National Public Prosecutor's Office pleaded for her a sentence of 3 months in prison suspended by a reprieve and a fine of 20,000 euros.

The criminal record of Sandrine SANCHEZ, aged 35, does not show any conviction.

Sandrine SANCHEZ has worked as a customer assistant in the field of wealth management. After two years, she became a customer manager for a Geneva-based subsidiary where she became a management assistant. After a year, she resigned from this job because living in Geneva did not suit her. It was in these circumstances that, while she was looking for work in Paris, she was contacted by Nadav BENSOUSSAN.

She lives in Levallois-Perret, is in a civil partnership and works as a sales coordinator for an annual gross income of 39,000 euros.

Sandrine SANCHEZ can benefit from the reprieve. Given the relationship of subordination and the state of economic dependence in which she placed her employment status, she will be sentenced to 3 months in prison suspended by a reprieve and a fine of 20,000 euros.

Emmanuelle KALFON

The representative of the National Public Prosecutor's Office pleaded for her a sentence

pleaded for her a sentence of 3 months in prison suspended by a reprieve and a fine of 20,000 euros.

The criminal record of Emmanuelle KALFON, aged 37, does not show any conviction.

Emmanuelle KALFON claims to have studied architecture and design before becoming a real estate agent. In 2008, she lost her mother and gave birth to her second child. It is under these circumstances that she has, according to her explanations, met Nadav BENSOUSSAN through her sister, Lisa KALFON, who worked for him.

She now works with her husband, who is a chef, in a company that performs culinary services. Her husband is a partner of the company she is managing. According to her explanations, the company is not making profits yet, but her husband receives 2,500 euros per month from another activity. Emmanuelle KALFON receives unemployment benefits.

Emmanuelle KALFON can benefit from the reprieve. Given the relationship of subordination and the state of economic dependence in which she placed her employment status, she will be sentenced to 3 months in prison suspended by a reprieve and a fine of 20,000 euros.

Bruno RIBEIRO MARTINS

The representative of the National Public Prosecutor's Office pleaded for him a sentence of 3 months in prison suspended by a reprieve and a fine of 20,000 euros.

The criminal record of Bruno RIBEIRO MARTINS, 36 years old, does not show any conviction.

He held a position of "Credit Producer" at FINANTEC in MONACO (from August 2013 to October 2013). On the occasion of a new period of unemployment, Mr. RIBEIRO MARTINS resumed work-study training delivered by CLT INTERNATIONAL obtaining various certificates, from 2014 to date.

Bruno RIBEIRO MARTINS claims to be employed since March 2014 through a permanent contract by LANDMARK MANAGEMENT SAM company in Monaco as an assistant sales manager. His pay slips from January to March 2017 show a net salary of more than 3,000 euros.

Bruno RIBEIRO MARTINS can benefit from the reprieve. Given the relationship of subordination and the state of economic dependence in which he placed his employment status, he will be sentenced to 3 months in prison suspended by a reprieve and a fine of 20,000 euros.

Mendel BRODOWICZ

The representative of the National Public Prosecutor's Office pleaded for him a sentence of 3 months in prison suspended by a reprieve and a fine of 20,000 euros.

The criminal record of Mendel BRODOWICZ, aged 36, does not show any conviction.

He was educated in the same rabbinical school in Brunoy (91) as Nadav BENSOUSSAN. He is married and has three children. He has been registered in the Employment Division and receives benefits of 1,200 euros per month. He claims to work on an import-export project of American products.

Mendel BRODOWICZ can benefit from the reprieve. He will be sentenced to 3 months in prison suspended by a reprieve and a fine of 20,000 euros.

Frédéric BELMA

The representative of the National Public Prosecutor's Office pleaded for him a sentence of 6 months in prison suspended by a reprieve and a fine of 80,000 euros.

The criminal record of Frédéric BELMA, aged 47, does not show any conviction. He is married and has two children.

Frédéric BELMA paid the deposit of 80,240 euros set in the context of the judicial control.

He exhibited having obtained the baccalaureate, then a diploma of BEP Commerce. He worked in food export before setting up a bakery in Asia. He met Nadav BENSOUSSAN through his brother in the year 2010. They become friends through playing sports.

He created a micro-enterprise and worked, according to his explanations, a little bit with a medical event company. Now he sells musical instruments through ads and earns between 1,000 and 2,000 euros per month.

Frédéric BELMA can benefit from the reprieve. For his sentence, the court takes into account Frédéric BELMA's maturity, his unique status within FOS (he was not an employee, but paid only in cash, and worked under a pseudonym), his proximity to Nadav BENSOUSSAN, and the special customers that he was supposed to "deal with".

He will be sentenced to 6 months in prison suspended by a reprieve.

and a fine of 50,000 euros.

Yaakov VOGEL

The representative of the National Public Prosecutor's Office pleaded for him a sentence of 12 months in prison with the effects of the arrest warrant issued against him, and a fine of 100,000 euros.

Yaakov VOGEL will be sentenced to 6 months in prison and a fine of 100,000 euros. The effects of the arrest warrant issued against him by the investigating judge should be ordered to continue.

ON THE CIVIL ACTION:

By regularly filed and supported pleadings at the hearing, the counsel of the Directorate General of Public Finances (DGFIP) and of the French State request that their constitution admissible as plaintiff be declared. They also ask:

- in application of article 1745 of the General Tax Code, to state that, during the period covered by the preventive measure, Mr. Nadav BENSOUSSAN and Mrs. Magali SCHINAZI will be jointly and severally bound with the companies FFC and NBC, legally liable for the tax, for the payment of defrauded taxes, surcharges and penalties related to it
- to sentence jointly Mr. Nadav BENSOUSSAN, Mrs. Magali SCHINAZI, Mr. VOGEL, the bank RIETUMU, Mr. PANKOV and Mr. SCUKA to pay the French State the sum of **1,000,000 euros** as compensation for the damage it suffered as a result of laundering tax fraud committed by the companies forming part of the informal group FRANCE OFFSHORE created by Mr. BENSOUSSAN
- to sentence jointly Mr. Nadav BENSOUSSAN, Mrs. Magali SCHINAZI, Mr. VOGEL, Mrs. Sandrine SANCHEZ, Mrs. Emmanuelle KALFON, Mr. Bruno RIBEIRO MARTINS, Mr. Menahem BRODOWICZ, Mrs. Alexandra GILLET, Mr. Frédéric BELMA, the bank RIETUMU, Mr. PANKOV and Mr. SCUKA to pay the French State the sum of **10,000,000 euros** as compensation for the damage it suffered as a result of tax fraud by customers of FRANCE OFFSHORE

- to sentence jointly Mr. **Thierry PASZKIER**, Mr. Nadav BENSOUSSAN, Mrs. Magali SCHINAZI, Mr. VOGEL, Mrs. Sandrine SANCHEZ, Mrs. Emmanuelle KALFON, Mr. Bruno RIBEIRO MARTINS, Mr. Menahem BRODOWICZ, Mrs. Alexandra GILLET, Mr. Frédéric BELMA, the bank RIETUMU, Mr. PANKOV and Mr. SCUKA to pay the French State the sum of 10,000 euros as compensation for the damage suffered as a result of the acts of money laundering

- to sentence jointly **Frédéric LUCIANO,** Mr. Nadav Bensoussan, Mrs. Magali Schinazi, Mr. Vogel, Mrs. Sandrine SANCHEZ, Mrs. Emmanuelle KALFON, Bruno MARTINS RIBEIRO, Mr. Menahem Brodowicz, Mrs. Alexandra Gillet and Frédéric BELMA to pay the French State the sum of 10,000 euros as compensation for the damage suffered as a result of the acts of money laundering
- to sentence jointly **the SCOTT MACPHERSON company**, Mr. Nadav Bensoussan, Mrs. Magali Schinazi, Mr. Vogel, Mrs. Sandrine SANCHEZ, Mrs. Emmanuelle KALFON, Bruno MARTINS RIBEIRO, Mr. Menahem Brodowicz, Mrs. Alexandra Gillet, Frédéric BELMA, RIETUMU Bank, Mr. PANKOV and Mr. SCUKA to pay the French State the sum of 20,000 euros as compensation for damage resulting from the acts of money laundering
- to sentence in solidum all of the accused to pay the French State the sum of 100,000 euros on the fundament of Article 475-1 of the Code of Criminal Procedure.

I - THE REQUESTS FROM THE DGFIP

The DGFIP constitutes a plaintiff of the point of accusation of tax fraud on the basis of Article L 232 of the Book of Tax Procedures.

It will be declared admissible and well founded in this constitution.

Pursuant to Article 1745 of the Tax Code, it must be said that over the period of preventative measure, Nadav Bensoussan will be jointly and severally liable with the FFC companies and NBC, legal subject to tax, the payment of evaded taxes, as well as surcharges and penalties related it.

Having been acquitted of tax evasion complicity charged to her, Mrs Magali Schinazi will jointly be dismissed in its case.

II - REQUESTS FROM THE FRENCH STATE

2.1 Admissibility

The French state constitutes a plaintiff of the point of accusation of laundering of tax fraud on the basis of Article 2 of the Code of Criminal Procedure.

It will be declared admissible in its constitution as a plaintiff, since the French State is likely to undergo particular damage in laundering of tax evasion.

In a judgment on December 17, 2014 (No. 14-86560), the Criminal Division of the Court of Cassation has indeed approved that the investigating courtroom of the Court of Appeal of PARIS has admitted the principle of the prejudice of the State, because of the following reason: *"the concealment of property and assets evaded obligatorily [engenders] significant financial damage, given the durability, the habit and the importance of fraud, necessarily leading the State to the implementation of judicial procedures to assert its rights and to collect its receivables, regardless of the economic and budgetary damage already present, characterized by the lack of tax revenues due, and especially in this period of significant budgetary deficits at the national level".*

2.2 Assessment of injury

In support of its claims for compensation, the French State Counsel states:

"In the present case, the State suffered particularly considerable damage given the concealment of taxable income in accounts opened on behalf of offshore companies abroad, including accounts opened in RIETUMU bank.

This damage is consecutive to the laundering of tax evasion by Mr. BENSOUSSAN himself, who received the turnover of the activity generated by the group FOS on various accounts opened abroad.

This damage is also due to the laundering of tax fraud by FOS customers.

The information made it possible to quantify part of the amount of the assets thus laundered, since this quantification was the matter of lengthy and contradictory discussions during the

investigative hearing, and gave rise to additional written requisitions from the Prosecutor's Office, following these discussions.

This figure concerns only the sums in the bank accounts opened at RIETUMU bank obtained by international legal assistance, whose history is therefore known, but does not concern the accounts opened through Mr. BENSOUSSAN with other banks, Hong Kong, Switzerland, Liechtenstein and England.

This amount is therefore a minimum figure.

At RIETUMU bank, the amounts credited to the accounts of customers of the group FOS had been quantified by the investigators. The sums amount to 252,346,863 euros, besides 678,760,253 US dollars and various amounts in other currencies, among which is 4,558,568 British pounds (D 1950/2).

The amount of the sums credited to the accounts of the companies of the FOS group had likewise been estimated at 29,462,911 euros, in addition to 6,890,314 US dollars and again various amounts in other currencies, among which is 505,528 British pounds (D 1950/2).

These sums were brought back, after the discussion at the hearing and the additional requisitions of the Prosecutor's Office, and after conversion of all the currencies, to:

- 190,446,288 euros (in addition to 24,642,544 euros for the company ALLIED UNIVERSAL LTD) with regard to the customers,

- 18,572,141 euros for FOS group companies.

The DGFIP communicated during the investigation hearing, on March 14, 2017, a note indicating the amount of the recoveries already made after the judicial control of 48 customers, for the only years not reached by the prescription, amounting to just over 10,400,000 euros. Other judicial controls are in progress or will be committed, which will increase this amount significantly.

With regard to the companies of the FOS Group, the recoveries that may be made, as mentioned above and only for the period covered by the preventive measure of tax evasion, represent a little more than 1,000,000 euros (not including the recoveries under income tax of Mr. BENSOUSSAN).

These sums represent the minimum amount of damage to the State, which can never recover all the taxes (not to mention the penalties) that have been evaded with respect to the assets laundered, thanks to the incidence of preventative measure.

Lastly, the State suffered damage resulting from the laundering of tax fraud committed by Mr. PASZKIER, Mr. LUCIANO and the SCOTT MACPHERSON company."

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The bank RIETUMU and Alexander PANKOV ask that the French State be dismissed in its applications for joint sentence to the payment of its damages, which are neither current nor certain, nor even distinct from the compensation of the general interest pursued by the Attorney General. They argue that the alleged damage is in a null way reported because it is either nonexistent for France Offshore customers under judicial control, who have paid their tax debt, or future for France Offshore customers who are not subject of a final administrative decision but who are not cited by the plaintiff, or even hypothetical for the customers of France Offshore identified but who were not prosecuted.

Frédéric BELMA asks that the French State have all of its claims rejected on the ground that it does not report the justification of the existence and the materiality of the damage for which it seeks compensation. He argues that

the administration does not justify any tax debt or proof of recovery.

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It should be recapitulated that the harm resulting from the laundering of tax evasion differs from that resulting from tax evasion. In fact, the damage is not related only to the income generated by the hidden sums or to all the capital assets that escape the tax base. The concealment of the property and the rights evaded entailed in principle and by nature significant financial damages, given the active prospecting process implemented by FOS with a French customer who could not necessarily have taken the initiative for such fraudulent arrangements, the durability and the importance of fraud, necessarily entailing for the State the procedures to assert its rights and recover its receivables, regardless of the economic damage characterized by the absence of tax revenues, especially in times of large budget deficits at the national level.

Because of all of these elements, uncontested and resulting from the elements of the trial and the debates to the number of customers concerned, to the amount of the evaded sums whose

real value could not be exhaustively evaluated and, finally, the duration of the period of preventative measure, the court considers it justified to grant the request of the plaintiff to take into consideration:

- **1 million euros** as the damage suffered by the State due to the laundering of tax fraud committed by the companies forming part of the informal group FRANCE OFFSHORE created by Mr BENSOUSSAN
- **10 million euros** as the damage suffered by the State due to tax fraud committed by customers of FRANCE OFFSHORE
- **10,000 euros** as the damage suffered by the State because of the acts of money laundering charged to Thierry PASZKIER.

It also appears justified to partially grant up to **3,000 euros** to compensate the damage suffered by the State as a result of the acts of money laundering charged to **SCOTTMACPHERSON**. This company has indeed proved having paid in full the sums noted as part of its reorganization (82,000 euros of rights evaded), in addition to penalties of more than 57,000 euros and the delay interests (8,000 euros).

Given the reclassification as money laundering of only misuse of corporate assets of the acts originally charged to Frédéric LUCIANO (originally laundering of abuse of corporate assets and tax evasion), the French State does not provide proof of any harm that would arise directly from acts of abuse of corporate assets committed against the EURL AFTERWEB SOLUTION. The request made in this respect will therefore be rejected.

2.3 On solidarity

The state pleads the joint and several sentencing of all of the accused declared guilty of criminal conspiracy to repair their damage.

The counsel of the plaintiffs points out that in addition, and in any event, the crimes, charged to all of the accused, are interconnected. This connection also authorizes the State to pleadthe sentencing of all the warned (and not only those accused of criminal conspiracy) to compensate it for its damages (see, for example, Cass Crim, October 15, 1963: 62-93406 Cass Crim, December 17, 1986: No. 86-91661 Cass Crim, June 24, 1992: No. 91-86318).

It is on these bases that the State pleads in particular the joint and several sentencing of:

- Nadav BENSOUSSAN, Magali SCHINAZI, Mr. VOGEL, the bank RIETUMU, and Messrs PANKOV and SCUKA to pay to the French State the sum of 1 million euros as compensation for the damage it suffered as a result of the laundering of tax fraud committed by the companies forming part of the informal group FRANCE OFFSHORE
- Nadav BENSOUSSAN, Magali SCHINAZI, Mr. VOGEL, Sandrine SANCHEZ, Emmanuelle KALFON, Bruno RIBEIRO MARTINS, Menahem BRODOWICZ, Alexandra GILLET, Frédéric BELMA, the bank RIETUMU as well as Messrs PANKOV and SCUKA to pay the French State the sum of 10 million euros as compensation for the damage it suffered as a result of the laundering of tax fraud by FRANCE OFFSHORE's clients
- Thierry PASZKIER and SAS SCOTT MACPHERSON to pay the French State the sum of 10,000 euros for him and 20,000 euros for the company SCOTT MACPHERSON as compensation for the damage suffered due to the acts of money laundering charged to them. Nadav BENSOUSSAN, Magali SCHINAZI, Mr VOGEL, Sandrine SANCHEZ, Emmanuelle KALFON, Bruno RIBEIRO MARTINS, Menahem BRODOWICZ, Alexandra GILLET, Frédéric BELMA, the bank RIETUMU as well as Messrs PANKOV and SCUKA are jointly and severally liable for the payment of this sum.

Article 480-1 of the Code of Criminal Procedure provides that people convicted of the same offense are jointly and severally liable for restitution and damages.

In accordance with the case law of the Criminal Division of the Court of Cassation, the co-author, as the launderer, may be jointly and severally liable for all damages, caused by their common faults, with the main author, notwithstanding the precise participation of each perpetrator of money laundering crimes.

2.3.1 Extension of the Solidarity Concerning the Compensation of the Damage Suffered by the State as a Result of the Laundering of Tax Frauds Committed by Companies in the FOS Group

The court notes that the bank RIETUMU and Messrs PANKOV and SCUKA have not been prosecuted or a fortiori declared guilty of laundering of tax fraud committed by the companies forming part of the informal group FRANCE OFFSHORE.

Mr. VOGEL and Magali SCHINAZI have also not been prosecuted or a fortiori declared guilty of laundering of tax fraud committed by the companies which were part of the informal group FRANCE OFFSHORE.

The request for solidarity with respect to the harm suffered as a result of the laundering of tax fraud committed by the companies forming part of the FRANCE OFFSHORE informal group will therefore be rejected with respect to them.

Nadav BENSOUSSAN will be the only one sentenced to pay to the French State the sum of **1 million euros** to compensate for the damages that it has suffered as a result of the laundering of tax fraud committed by the companies which were part of the FRANCE OFFSHORE informal group created by Nadav BENSOUSSAN.

2.3.2 Extension of the Solidarity Concerning Compensation for the Damage Suffered by the State as a Result of Tax Fraud Committed by FRANCE OFFSHORE Customers

Bruno REIBEIRO MARTINS, by pleadings regularized by his counsel, points out that he has not incurred civil liability with regard to the State, being prosecuted only for acts which are only the execution of a contract of employment, for which he had been specially recruited to carry out an activity of FRANCE OFFSHORE. He claims that, pursuant to the so-called *"Kerviel" case-law, he cannot be jointly and severally sentenced to compensation for the entire damage.*

The court points out that the case-law known as "Kerviel" invoked by the defense of the person concerned conceals the fault of the victim in this case and highlights that whatever the nature of the offenses committed, criminal courts which find the existence of a fault of the victim who contributed to the damage are led to draw the consequences on the evaluation of the amount of compensation due to the latter by the accused.

In the present case, no fault of the French State is even alleged, and this case-law cannot serve as a basis for the defense's request that *"Applying this principle, and remembering the responsibilities of each of the parties, the Court must determine to what extent the employees, and in particular Bruno RIBEIRO MARTINS, should be held liable for the damage alleged by the State."*

Bruno RIBEIRO MARTINS, as the other accused convicted of an intentional criminal offense, will be held in the bonds of solidarity.

Frédéric BELMA, having, like the other defendants, been declared guilty of aggravated money laundering and criminal conspiracy, will be held in the bonds of solidarity.

The court therefore considers it justified to:

- sentence jointly Nadav BENSOUSSAN, Magali SCHINAZI, Mr. VOGEL, Sandrine SANCHEZ, Emmanuel KALFON, Bruno RIBEIRO MARTINS, Menahem BRODOWICZ, Alexandra GILLET, Frédéric BELMA, Bank RIETUMU as well as Messrs PANKOV and SCUKA to pay the French State the sum of 10 million euros to compensate for the damage it suffered as a result of the laundering of tax fraud committed by FRANCE OFFSHORE customers
- sentence jointly **Thierry PASZKIER**, Nadav BENSOUSSAN, Magali SCHINAZI, Mr. VOGEL, Sandrine SANCHEZ, Emmanuelle KALFON, Bruno RIBEIRO MARTINS, Menahem BRODOWICZ, Alexandra GILLET, Frédéric BELMA, the bank RIETUMU as well as Messrs PANKOV and SCUKA to pay the French State the sum of **10,000 euros** to compensate for the damage suffered from the acts of money laundering committed by **Thierry PASZKIER**
- sentence jointly **SCOTT MACPHERSON**, Nadav BENSOUSSAN, Magali SCHINAZI, VOGEL, Sandrine SANCHEZ, Emmanuelle KALFON, Bruno RIBEIRO MARTINS, Menahem BRODOWICZ, Alexandra GILLET, Frédéric BELMA, the RIETUMU bank, and Messrs PANKOV and SCUKA to pay the French State the sum of **3,000 euros** to compensate for the damage suffered from the acts of money laundering committed by **the company SCOTT MACPHERSON.**

2.4 On the request made pursuant to the provisions of Article 475-1 of the Code of Criminal Procedure

The State, as plaintiff, has incurred costs in the present trial. Given the nature of the acts, it would be particularly unfair to leave the costs of this proceeding to the State.

Nevertheless, it appears, according to the court, justified on an equitable basis to exclude from this sentencing *in solidum* the three customers and the *"employees"* of FRANCE OFFSHORE.

Nadav BENSOUSSAN, Magali SCHINAZI, Mr VOGEL, the bank RIETUMU, and Messrs. PANKOV and SCUKA should therefore be sentenced to pay to the French State the sum of 100,000 euros on the basis of Article 475-1 of the Code Criminal Procedure.

FOR THESE REASONS

The court, acting publicly, in the first instance, in correctional matters and respecting the contradictory principles, against SCUKA Sergejs, BENSOUSSAN Nadav, Thierry PASZKIER, SCHINAZI Magali (married surname DANINO), RIETUMU BANKA, KALFON Emmanuelle (married surname ABITBOL), SANCHEZ Sandrine, BRODOWICZ Menahem, RIBEIRO MARTINS Bruno, GILLET Alexandra, BELMA Frédéric, SAS SCOTT MACPHERSON, LUCIANO Frédérick, and PANKOV Alexander, warned;

The DIRECTION GENERALE DES FINANCES PUBLIQUES and the FRENCH STATE, plaintiffs;

by default against VOGEL Yaakov Kopul, warned.

ON THE EXCEPTION OF NULLITY:

DENIES the pleadings of nullity, raised by RIETUMU BANKA, Mr. Alexander PANKOV, Mr. Sergejs SCUKA and Mr. Frédéric BELMA.

ON THE PUBLIC ACTION:

Declares SAS SCOTT MACPHERSON GUILTY of the charging acts of:

- ✓ LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME CHARGED WITH NO MORE THAN 5 YEARS,

committed **from the beginning of 2008 to the end of 2010 in Latvia, the United Kingdom and France**

SENTENCES SAS SCOTT MACPHERSON to pay a fine of eighty thousand euros (80,000 euros).

At the end of the hearing, the President informs SCOTT MACPHERSON that if it pays the amount of the fine within one month from the date on which this decision was pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

*****

RECLASSIFIES the acts of LAUNDERING charged to **Frédéric LUCIANO**:

PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME CHARGED WITH NO MORE THAN 5 YEARS of abuse of corporate assets and tax evasion of corporation tax and income tax.

AS

PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME CHARGED WITH NO MORE THAN 5 YEARS of abuse of corporate assets.

Declares LUCIANO Frédéric Pierre GUILTY of the charging acts of:

- ✓ LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME CHARGED WITH NO MORE THAN 5 YEARS of abuse of corporate assets

acts committed **in 2013, in Latvia and on the national territory**.

SENTENCES Frédéric, Pierre LUCIANO to a one-month imprisonment.

Considering article 132-31 al.1 of the penal code:

It holds that the execution of this sentence will be **FULLY SUSPENDED**, in the conditions provided by these articles;

Given the absence of the person sentenced to the decision, the President, following this sentence, which was accompanied by a simple reprieve, could not give the warning, provided in Article 132-29 of the Criminal Code, to the convicted person, advising that if he commits a

new offense, it may lead him to a sentencing, which will be likely to entail the execution of the first sentence without confusion with the second and that he will incur the penalties of recidivism in Articles 132-9 and 132-10 of the Criminal Code.

SENTENCES Frédéric, Pierre LUCIANO, to pay a fine of fifteen thousand euros (15,000 euros).

Given the absence of the convicted person, the President was not able to inform LUCIANO Frédéric Pierre that, if he pays the amount of the fine within one month of the date on which this decision has been pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

Orders the non-registration of the present conviction to the bulletin n°2 of his criminal record.

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Declares Thierry Daniel PASZKIER GUILTY of the charging acts of:

- ✓ LAUNDERING: PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME CHARGED WITH NO MORE THAN 5 YEARS

Acts committed **from September 2007 to December 2009, in Latvia and France**

SENTENCES Thierry Daniel PASZKIER to a criminal imprisonment of SIX MONTHS.

Considering article 132-31 al.1 of the penal code:

It holds that the execution of this sentence will be **FULLY SUSPENDED**, in the conditions provided by these articles;

Given the absence of the person sentenced to the decision, the President, following this sentence, which was accompanied by a simple reprieve, could not give the warning, provided

in Article 132-29 of the Criminal Code, to the convicted person, advising that if he commits a new offense, it may lead him to a sentencing, which will be likely to entail the execution of the first sentence without confusion with the second and that he will incur the penalties of recidivism in Articles 132-9 and 132-10 of the Criminal Code.

SENTENCES Thierry, Daniel PASZKIER, to pay a fine of thirty thousand euros (30,000 euros).

Given the absence of the convicted person, the President was not able to inform LUCIANO Frédéric Pierre that, if he pays the amount of the fine within one month of the date on which this decision has been pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

*****

DECLARES Alexandra GILLET NOT GUILTY and PARTIALLY ACQUITED of the charging acts of:

PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

acts committed **from 2008 to January 2010 in Paris**

DECLARES Alexandra GILLET GUILTY of the charging acts of:

- ✓ PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

acts committed **from February 2010 to December 2012 in Paris**

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

acts committed from February 2010 to December 2012, in Paris

SENTENCES Alexandra GILLET to a THREE MONTH imprisonment

Considering Article 132-31 al. 1 of the Penal Code:

It holds that the execution of this sentence will be **FULLY SUSPENDED**, in the conditions provided by these articles;

And immediately, the president, following this sentencing accompanied by the simple reprieve, gave the warning, provided for in article 132-29 of the penal code, to the sentenced person, informing her that if she commits a new offense, she may be subject to a conviction that will likely entail the execution of the first sentence without confusion with the second and that will incur the penalties of recidivism in the terms of Articles 132-9 and 132-10 of the Penal Code.

SENTENCES Alexandra GILLET to pay a fine of twenty thousand euros (20,000 euros).

At the end of the hearing, the President informs GILLET Alexandra that if she pays the amount of the fine within one month from the date on which this decision was pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

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DECLARES Sandrine Jeanne SANCHEZ NOT GUILTY and PARTIALLY ACQUITTED of the charging acts of:

PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed from January 2008 to November 2008 in Paris.

Declares Sandrine Jeanne SANCHEZ GUILTY of the charging acts of:

- ✓ PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed **from December 2008 to December 10, 2012, in Paris**

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME

committed **from December 2008 to December 2012 in Paris.**

SENTENCES Sandrine Jeanne SANCHEZ to a THREE-MONTH imprisonment.

Considering Article 132-31 al. 1 of the Penal Code:

It holds that the execution of this sentence will be **FULLY SUSPENDED**, in the conditions provided by these articles;

And immediately, the president, following this sentencing accompanied by the simple reprieve, gave the warning, provided for in article 132-29 of the penal code, to the sentenced person, informing her that if she commits a new offense, she may be subject to a conviction that will likely entail the execution of the first sentence without confusion with the second and that will incur the penalties of recidivism in the terms of Articles 132-9 and 132-10 of the Penal Code.

SENTENCES Sandrine Jeanne SANCHEZ to pay a fine of twenty thousand euros (20,000 euros).

At the end of the hearing, the president informs SANCHEZ Sandrine Jeanne that if she pays the amount of the fine within one month from the date on which this decision was pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

*****

DECLARES Bruno RIBEIRO MARTINS NOT GUILTY and PARTIALLY ACQUITTED of the charging acts of:

PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed from 2008 to November 2010 in Paris

AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME

committed from 2008 to November 2010 in Paris.

Declares Bruno RIBEIRO MARTINS GUILTY of the charging acts of:

- ✓ PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT,

committed from December 2010 to December 10, 2012, in Paris

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

committed from December 2010 to December 2012, in Paris.

SENTENCES Bruno RIBEIRO MARTINS to THREE MONTHS in prison.

Considering article 132-31 al.1 of the penal code:

It holds that the execution of this sentence will be **FULLY SUSPENDED,** in the conditions provided by these articles;

And immediately, the president, following this sentencing accompanied by the simple reprieve, gave the warning, provided for in article 132-29 of the penal code, to the sentenced person, informing him that if he commits a new offense, he may be subject to a conviction that will likely entail the execution of the first sentence without confusion with the second and that will incur the penalties of recidivism in the terms of Articles 132-9 and 132-10 of the Penal Code.

SENTENCES Bruno RIBEIRO MARTINS to pay a fine of twenty thousand euros (20,000 euros).

At the end of the hearing, the President informs RIBEIRO MARTINS Bruno that if he pays the amount of the fine within one month from the date on which this decision was pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

*****

DECLARES Menahem Mendel BRODOWICZ NOT GUILTY and PARTIALLY ACQUITTED of the charging acts of:

PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed from 2008 to August 2010 in Paris

DECLARES Menahem Mendel BRODOWICZ GUILTY of the charging acts of:

- ✓ PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed **from September 2010 to December 2012 in Paris**

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

committed **from January 2008 to December 2012, in Paris.**

SENTENCES Menahem Mendel BRODOWICZ to THREE MONTHS in prison.

Considering Article 132-31 al. 1 of the Penal Code:

It holds that the execution of this sentence will be **FULLY SUSPENDED**, in the conditions provided by these articles;

Given the absence of the person sentenced to the decision, the President, following this sentence, which was accompanied by a simple reprieve, could not give the warning, provided in Article 132-29 of the Criminal Code, to the convicted person, advising that if he commits a new offense, it may lead him to a sentencing, which will be likely to entail the execution of the first sentence without confusion with the second and that he will incur the penalties of recidivism in Articles 132-9 and 132-10 of the Criminal Code.

SENTENCES Menahem Mendel BRODOWICZ to pay a fine of twenty thousand euros (20,000 euros).

Given the absence of the convicted person, the President was not able to inform BRODOWICZ Menahem Mendel that, if he pays the amount of the fine within one month of the date on which this decision has been pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

*****

DECLARES Emmanuelle Rolande KALFON (whose married surname is ABITBOL) NOT GUILTY and PARTIALLY ACQUITTED of the charging acts of:

PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed from January 2008 to August 2009 to December 2009 and from April 2011 to November 2011, in Paris

DECLARES Emmanuelle Rolande KALFON (whose married surname is ABITBOL) GUILTY of the charging acts of:

- ✓ PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed **from September 1, 2008 to July 31, 2009, from January 1, 2010 to March 31, 2011 and from December 1, 2011 to December 10, 2012, in Paris.**

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

committed **from September 2008 to July 2009, from January 2010 to March 2011, and from December 2011 to December 2012, in Paris.**

SENTENCES Emmanuelle Rolande KALFON (whose married surname is ABITBOL) to THREE MONTHS in prison.

Considering Article 132-31 al. 1 of the Penal Code:

It holds that the execution of this sentence will be **FULLY SUSPENDED,** in the conditions provided by these articles;

And immediately, the president, following this sentencing accompanied by the simple reprieve, gave the warning, provided for in article 132-29 of the penal code, to the sentenced person, informing her that if she commits a new offense, she may be subject to a conviction that will likely entail the execution of the first sentence without confusion with the second and that will incur the penalties of recidivism in the terms of Articles 132-9 and 132-10 of the Penal Code.

SENTENCES Emmanuelle Rolande KALFON (whose married surname is ABITBOL) to pay a fine of twenty thousand euros (20,000 euros).

At the end of the hearing, the president informs KALFON Emmanuelle Rolande (whose married surname is ABITBOL) that if she pays the amount of the fine within one month from the date on which this decision was pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

*****

DECLARES Frédéric Elie BELMA NOT GUILTY and PARTIALLY ACQUITTED of the charging acts of:

PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed from 2008 to 2009 in Paris.

Declares Frédéric Elie BELMA GUILTY of the charging acts of:

- ✓ PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed **from 2010 to December 10, 2012 in Paris;**

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

committed **from 2010 to December 2012 in Paris.**

SENTENCES Frédéric Elie BELMA to SIX MONTHS in prison.

Considering article 132-31 al.1 of the penal code:

It holds that the execution of this sentence will be **FULLY SUSPENDED**, in the conditions provided by these articles;

Given the absence of the person sentenced to the decision, the President, following this sentence, which was accompanied by a simple reprieve, could not give the warning, provided in Article 132-29 of the Criminal Code, to the convicted person, advising that if he commits a new offense, it may lead him to a sentencing, which will be likely to entail the execution of the first sentence without confusion with the second and that he will incur the penalties of recidivism in Articles 132-9 and 132-10 of the Criminal Code.

SENTENCES Frédéric Elie BELMA to pay a fine of fifty thousand euros (50,000 euros).

Given the absence of the convicted person, the President was not able to inform BRODOWICZ Menahem Mendel that, if he pays the amount of the fine within one month of the date on which this decision has been pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

*****

DECLARES Magali SCHINAZI (whose married surname is DANINO) NOT GUILTY and PARTIALLY ACQUITTED of the charging acts of:

COMPLICITY IN FRAUD IN A CRIMINAL CONSPIRACY (harming the URSSAF and other social organizations)

committed from 2009 to 2012 in Paris

- ✓ COMPLICITY IN TAX FRAUD

committed between January 1, 2009 and December 31, 2012 in Paris

DECLARES Magali SCHINAZI (whose married surname is DANINO) NOT GUILTY and PARTIALLY ACQUITTED of the charging acts of:

PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed **from January 2008 to September 2008 in Paris.**

DECLARES Magali SCHINAZI (whose married surname is DANINO) GUILTY of the charging acts of:

- ✓ PARTICIPATION IN A CRIMINAL CONSPIRACY IN ORDER TO PREPARE A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed **from October 2008 to December 10, 2012 in Paris**

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

committed acts **from 2009 to 2012, in Paris.**

SENTENCES Magali SCHINAZI (whose married surname is DANINO) to three years in prison.

Considering article 132-31 al.1 of the penal code:

It holds that the execution of this sentence will be FULLY SUSPENDED, in the conditions provided by these articles;

Given the absence of the person sentenced to the decision, the President, following this sentence, which was accompanied by a simple reprieve, could not give the warning, provided in Article 132-29 of the Criminal Code, to the convicted person, advising that if she commits a new offense, it may lead her to a sentencing, which will be likely

to entail the execution of the first sentence without confusion with the second and that she will incur the penalties of recidivism in Articles 132-9 and 132-10 of the Criminal Code.

SENTENCES Magali SCHINAZI (whose married surname is DANINO) to the payment of a fine of fifty thousand euros (50,000 euros).

Given the absence of the convicted person, the President was not able to inform SCHINAZI Magali (whose married surname is DANINO) that, if she pays the amount of the fine within one month of the date on which this decision has been pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

As a complementary sentence:

STATES against Magali SCHINAZI (whose married surname is DANINO) the prohibition from exercising the professional activity which allowed her to commit the crime, in this case, THE PROHIBITION TO EXERCISE HER ACTIVITIES AS A LAWYER DURING A PERIOD OF 5 YEARS.

*****

Declares Yaakov Kopul VOGEL GUILTY of the charging acts of:

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

committed **from 2007 until 2012, in London, Latvia, and Hong Kong.**

SENTENCES Yaakov Kopul VOGEL to TWELVE MONTHS in prison.

SENTENCES Yaakov Kopul VOGEL to pay a fine of one hundred thousand euros (100,000 euros).

ORDERS the continuation of the effects of the arrest warrant issued against Yaakov Kopul VOGEL.

*****

Declares Sergejs SCUKA NOT GUILTY and PARTIALLY ACQUITTED of the charging acts of:

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

committed from December 11, 2012 to October 10, 2016, in Paris and Riga

Declares Sergejs SCUKA GUILTY of the charging acts of:

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

committed **from September 2009 until December 10, 2012, in Paris and Riga.**

SENTENCES Sergejs SCUKA to TWELVE MONTHS of imprisonment.

Considering the article 132-31 al.1 of the penal code;

It holds that the execution of this sentence will be **FULLY SUSPENDED**, in the conditions provided by these articles;

Given the absence of the person sentenced to the decision, the President, following this sentence, which was accompanied by a simple reprieve, could not give the warning, provided in Article 132-29 of the Criminal Code, to the convicted person, advising that if he commits a new offense, it may lead him to a sentencing, which will be likely to entail the execution of the first sentence without confusion with the second and that he will incur the penalties of recidivism in Articles 132-9 and 132-10 of the Criminal Code.

*****

Declares Alexander PANKOV GUILTY of the acts alleged against him for:

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

committed **from early 2007 until December 2012 in Paris, and in Riga;**

- ✓ VIOLATION BY A PHYSICAL PERSON OF A PROHIBITION ISSUED BY THE JUDICIAL CONTROL OF A LEGAL PERSON

committed **as of 24 June 2014 in Riga and Paris.**

SENTENCES Alexander PANKOV to a FOUR-YEAR imprisonment.

Considering the article 132-31 al.1 of the penal code;

It holds that the execution of this sentence will be **FULLY SUSPENDED**, in the conditions provided by these articles;

Given the absence of the person sentenced to the decision, the President, following this sentence, which was accompanied by a simple reprieve, could not give the warning, provided in Article 132-29 of the Criminal Code, to the convicted person, advising that if he commits a new offense, it may lead him to a sentencing, which will be likely to entail the execution of the first sentence without confusion with the second and that he will incur the penalties of recidivism in Articles 132-9 and 132-10 of the Criminal Code.

*****

Declares the RIETUMU BANKA GUILTY of the charging acts of:

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, CONCEALMENT OR CONVERSION OF THE PRODUCT OF A CRIME,

committed **from early 2007 to December 2012 in Paris and Riga.**

SENTENCES RIETUMU BANKA to the payment of a fine of eighty million euros (80,000,000 euros).

as a supplementary sentence:

STATES against RIETUMU BANKA the prohibition from exercising the professional activity which allowed the commission of the offense, in this case, THE PROHIBITION FROM EXERCISING ANY ACTIVITY IN FRANCE DURING 5 YEARS.

Given the absence of the convicted entity, the President was not able to inform RIETUMU BANK that, if it pays the amount of the fine within one month of the date on which this decision has been pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

*****

RECLASSIFIES the acts of FRAUD IN CRIMINAL CONSPIRACY committed from 2007 until December 10, 2012, in Paris
AS
FRAUD
committed from 2007 until December 10, 2012, in Paris.

Declares Nadav Moche BENSOUSSAN guilty of the charging acts of:

- ✓ FRAUDULENT SUBTRACTION FROM THE ESTABLISHMENT OR FROM PAYMENT OF TAX BY OMISSION OF DECLARATION WITHIN THE PRESCRIBED TIME LIMITS - TAX FRAUD

committed **from 2007 to 2010, in Paris;**

- ✓ FRAUDULENT SUBTRACTION FROM THE ESTABLISHMENT OR PAYMENT OF TAX: DISSIMULATION OF AMOUNTS - TAX FRAUD

committed **from 2007 to 2010, in Paris;**

- ✓ FRAUDULENT SUBTRACTION FROM THE ESTABLISHMENT OR PAYMENT OF TAX BY OMISSION OF DECLARATION WITHIN THE PRESCRIBED TIME LIMITS - TAX FRAUD

committed **from 2007 to 2010, in Paris;**

- ✓ FRAUDULENT SUBTRACTION FROM THE ESTABLISHMENT OR PAYMENT OF TAX: DISSIMULATION OF AMOUNTS - TAX FRAUD

committed **from 2008 to 2010, in Paris;**

- ✓ FRAUDULENT SUBTRACTION FROM THE ESTABLISHMENT OR PAYMENT OF TAX BY OMISSION OF DECLARATION WITHIN THE PRESCRIBED TIME LIMITS - TAX FRAUD

committed **from 2008 to 2010, in Paris;**

- ✓ OMISSION OF WRITING IN AN ACCOUNTING DOCUMENT - TAX FRAUD

committed **from 2008 to 2010, in Paris;**

- ✓ FORGERY: FRAUDULENT ALTERATION OF TRUTH IN A DOCUMENT

committed **in 2009 to December 10, 2012 in Paris;**

- ✓ USE OF FORGERY IN WRITING

committed in **2008 until July 2011 in Paris;**

- ✓ USE OF THE SERVICES OF A PERSON EXERCISING A DISSIMILATED WORK

committed **until December 10, 2012 in Paris;**

- ✓ FRAUD

acts committed **from 2007 until December 10, 2012 in Paris;**

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME

committed **during 2008 to December 10, 2012, in Paris;**

- ✓ AGGRAVATED LAUNDERING: HABITUAL PARTICIPATION IN AN OFFSHORE OPERATION, DISSIMULATION OR CONVERSION OF THE PRODUCT OF A CRIME

committed **during 2008 to December 10, 2012, in Paris;**

- ✓ PARTICIPATION IN A CRIMINAL CONSPIRACY FOR THE PREPARATION OF A CRIME PUNISHED WITH AT LEAST 5 YEARS OF IMPRISONMENT

committed **from 2008 to December 10, 2012 in Paris.**

SENTENCES Nadav Moche BENSOUSSAN to FIVE YEARS in prison.

Considering article 132-41 and 132-42 al.2 of the penal code:

States that it will be PARTIALLY REPRIEVED to a period of THREE YEARS, at the execution of this sentence, WITH SOCIAL RESTRICTIONS [SME «surcis avec mise à l'épreuve»] under the conditions provided by articles 132-43 and 132-44 of the Criminal Code;

Fix the period of social restrictions to THREE YEARS.

And immediately, the president, following this sentencing accompanied by a reprieve with social restrictions (SME), gave the warning, envisaged by article 132-40 of the penal code to be aware that:

- if he does not satisfy the control measures and the particular obligations, he incurs the revocation of the reprieve granted today in application of article 132-47 of the Criminal Code;

- if he commits a new offense during the suspended SME period, he may be re-convicted, which may entail the revocation of the reprieve granted today under the article. 132-48 of the Criminal Code;

- inversely, pursuant to Articles 132-47 and 132-53, he has the possibility of having his conviction declared valid by observing perfect conduct;

Stated that this reprieve is accompanied by the following obligations:

- Considering the article 132-45 1 ° of the penal code:

- exercising a professional activity, following an education or professional training;

- Considering article 132-45 2 ° of the penal code:

- establishing his residence in a particular place;

- Considering Article 132-45 5 ° of the Penal Code;

- ordering Nadav Moche BENSOUSSAN to repair the damage caused by the crime;

- Considering the article 132-45 6 ° of the penal code;

- obliging Nadav Moche BENSOUSSAN to prove the payment of the sums due to the public treasury;

SENTENCES Nadav Moche BENSOUSSAN to the payment of a fine of three million euros (3,000,000 euros).

At the end of the hearing, the president informs Nadav Moche BENSOUSSAN that if he pays the amount of this fine within one month from the date on which this decision was pronounced, this amount will be reduced by 20% without this reduction exceeding 1,500 euros.

The payment of the fine does not preclude the right to an appeal.

In the case of an appeal against the penal provisions, it is up to the interested party to request the return of the sums paid.

as a supplementary sentence:

STATES, AGAINST Nadav Moche BENSOUSSAN the FULL PROHIBITION of directly or indirectly carrying on the activity related to which the crime was committed, in this case any offshoring consulting activity, tax exemption, banking introduction and "advice for business and management".

As a complementary sentence:

ORDERS, against Nadav Moche BENSOUSSAN, the confiscation of:

- a Range Rover vehicle registered HN9268, seized on December 13, 2012 (D585) and placed under seal (D662), then delivered to the AGRASC for sale by ordinance of April 8, 2013 (D1028);

- a Vacheron-Constantin watch worth 41,400 euros, under seal "Nadav Search Two" (D1330);

- cash seized for an amount of 4,450 euros (D1331).

as a supplementary sentence:

Requires, against Nadav Moche BENSOUSSAN, the confiscation of the sums seized in bank accounts opened at RIETUMU BANKA by various ordinances of seizure and freezing certificate (D879, D892) transmitted to the Latvian authorities and executed by them:

-in the accounts of the company Compadvise Ltd:

1. LV16TMB0000616806499 - amounting to 7,455.00 euros
2. LV39RTMB00006 [3806651 - amounting to 97,863 euros and amounting to 3,670 US dollars; in addition, by subsequent ordinance, 25,404.40 euros of 1,318.61 Polish Zloty and 4,120 US dollars

3. LV62RTMB9780611610250 - amounting to 527,00 euros

4. LV93RTMB9780611610274 – amounting to 22,362.66 euros

- on the accounts of the legal person IGRUCOM UK Limited:

1. LV03RTMB4280610610838 - amounting to 0.85 Latvian Lats

2. LV25RTMB4280610610830 - amounting to 2.82 Latvian Lats

3. LV26RTMB9780610610731 - amounting to 11.37 euros

4. LV30RTMI34280610610837 - amounting to 3.28 Latvian Lats

5. LV37RTMI39780610610727 - amounting to 16.15 euros

6. LV4IRTMB4280613610655 - amounting to 2.30 Latvian Lats

7. LV49FTMB428061061883 - amounting to 3.03 Latvian Lats

8. LV5IRTMB9780610610669 - amounting to 555.50 euros

9. LV53RTMB9780610610730 - amounting to 59.9 euros

10. LV57RTIV1134280610610836 - amounting to 2.02 Latvian Lats

11. LV66RTMB9780610610884 - amounting to 26.00 euros

12. LV68RTMB4280610610832 - amounting to 2,091 Latvian Lats

13. LV79RTMB4280610610828 - amounting to 0.75 Latvian Lats

14. LV80RTMI39780610610729 - amounting to 1,129.17 euros

15. LV84RTMB4280610610835 - amounting to 2.18 Latvian Lats

16. LV9IRTMB9780610610725 - amounting to 80.42 euros

17. LV95RTMB42806106i083i - amounting to 6.30 Latvian Lats

18. LV96RTMB9780610610732 - in the amount of 7.44 euros.

Established that there is no further reprieve to judge.

Pursuant to Article 1018 A of the General Tax Code, this decision is subject to a fixed procedural fee of 127 euros, each of which is liable to pay:

- GILLET Alexandra;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which she became aware of the judgment, she benefits from a 20% reduction on the total amount to be paid.

- PASZKIER Thierry;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which he became aware ofthe judgment, he benefits from a 20% reduction on the total amount to be paid.

- SANCHEZ Sandrine;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which she became aware of the judgment, she benefits from a 20% reduction on the total amount to be paid.

- the RIETUMU BANKA;

The convicted bank is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which it became aware of the judgment, it benefits from a 20% reduction on the total amount to be paid.

- BENSOUSSAN Nadav;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which he became aware of the judgment, he benefits from a 20% reduction on the total amount to be paid.

- RIBEIRO MARTINS Bruno;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which he became aware of the judgment, he benefits from a 20% reduction on the total amount to be paid.

- the SCOTT MACPHERSON;

The convicted company is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which it became aware of the judgment, it benefits from a 20% reduction on the total amount to be paid.

- VOGEL Yaakov Kopul;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which he became aware of the judgment, he benefits from a 20% reduction on the total amount to be paid.

- KALFON Emmanuelle, married name ABITBOL;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which she became aware of the judgment, she benefits from a 20% reduction on the total amount to be paid.

- SCHINAZI Magali, married name DANINO;

The convicted person is informed that in the event of payment of the fine and the fixed

procedural fee within one month from the date on which she became aware of the judgment, she benefits from a 20% reduction on the total amount to be paid.

- BRODOWICZ Menahem;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which he became aware of the judgment, he benefits from a 20% reduction on the total amount to be paid.

- LUCIANO Frédéric;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which he became aware of the judgment, he benefits from a 20% reduction on the total amount to be paid.

- PANKOV Alexander;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which he became aware of the judgment, he benefits from a 20% reduction on the total amount to be paid.

- BELMA Frédéric;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which he became aware of the judgment, he benefits from a 20% reduction on the total amount to be paid.

- SCUKA Sergejs;

The convicted person is informed that in the event of payment of the fine and the fixed procedural fee within one month from the date on which he became aware of the judgment, he benefits from a 20% reduction on the total amount to be paid.

ON CIVIL ACTION:

DECLARES the constitution of the GENERAL DIRECTORATE FOR PUBLIC FINANCES and the FRENCH STATE ADMISSIBLE as the plaintiff.

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STATED that, pursuant to Article 1745 of the General Tax Code, during the period covered by the preventive measure, **Mr. Nadav BENSOUSSAN will be jointly and severally bound with the FFC and NBC companies, which are liable to pay taxes, to pay the defrauded taxes, as well as surcharges and penalties related to them.**

SENTENCES Nadav BENSOUSSAN to pay the French State the sum of **1 million euros** as compensation for the damage it suffered as a result of the laundering of tax fraud committed by the companies forming part of the informal group FRANCE OFFSHORE created by Nadav BENSOUSSAN

SENTENCES jointly Nadav BENSOUSSAN, Magali SCHINAZI, Mr. VOGEL, Sandrine SANCHEZ, Emmanuelle KALFON, Bruno RIBEIRO MARTINS, Menahem BRODOWICZ, Alexandra GILLET, Frédéric BELMA, the bank RIETUMU, and Messrs PANKOV and SCUKA to pay the French State the sum of 10 million euros as compensation for the damage it has suffered as a result of the laundering of tax fraud committed by FRANCE OFFSHORE customers;

SENTENCES jointly Thierry PASZKIER, Nadav BENSOUSSAN, Magali SCHINAZI, Mr. VOGEL, Sandrine SANCHEZ, Emmanuelle KALFON, Bruno RIBEIRO MARTINS, Menahem BRODOWICZ, Alexandra GILLET, Frédéric BELMA, the bank RIETUMU, and Messrs PANKOV and SCUKA to pay the French State the sum of 10,000 euros as compensation for the damage it suffered as a result of the money laundering crimes charged to Thierry PASZKIER;

SENTENCES SCOTT MACPHERSON, Nadav BENSOUSSAN, Magali SCHINAZI, VOGEL, Sanrine SANCHEZ, Emmanuelle KALFON, Bruno RIBEIRO MARTINS, Menahem BRODOWICZ, Alexandra GILLET, Frédéric BELMA, RIETUMU Bank, and Messrs PANKOV and SCUKA to pay the French State the sum of 3,000 euros as compensation for the damage it suffered as a result of the money laundering crimes charged to SCOTT MACPHERSON;

DENIES the claim for damages for the acts of money laundering crimes allegedly charged to Frédéric LUCIANO, given the reclassification of these acts as laundering as abuse of corporate assets.

SENTENCES *in solidum* Nadav BENSOUSSAN, Magali SCHINAZI, Mr. VOGEL, the bank RIETUMU, and Messrs PANKOV and SCUKA to pay the French State the sum of **100,000 euros** on the basis of Article 475-1 of the Code of Criminal Procedure.

Reject the surplus of the requests.

At the hearings on February 27, 2017 at 1:30 PM, March 1, 2017 at 9 AM, March 2, 2017 at 1:30 PM, March 6, 2017 at 1:30 PM, March 8, 2017 at 9 AM, March 9, 2017 at 1:30 PM, March 13, 2017 at 1:30 PM, March 15, 2017 at 9:30 AM, March 16, 2017 at 1:30 PM, March 17, 2017 at 9:00 AM March 20, 2017 at 1:30 PM, March 22, 2017 at 9:00 AM, March 23, 2017 at 1:30 PM, March 27, 2017 at 1:30 PM, March 29, 2017 at 9:00 AM and March 30, 2017 at 2:30 PM, 32nd Criminal Court, the court was composed of:

President: Mrs. DE PERTHUIS Bénédicte, Vice-President,
Assessors: Mrs. MOUSSEAU Laurence, Vice-President,
Madame DE MAULEON Virginie, Vice President,

Assisted by Madam LAVAUD Sandrine, Registrar,

in the presence of Mrs. Lovisa-Ulrika DELAUNAY-WEISS, Financial Attorney General at the National Financial Prosecutor's Office and Mr. Patrice AMAR, Financial Vice-Attorney General at the National FInancial Prosecutor's Office.

Done, judged and deliberated by:

President: Mrs. DE PERTHUIS Bénédicte, Vice-President,
Assessors: Mrs. MOUSSEAU Laurence, Vice-President,
Madame DE MAULEON Virginie, Vice President,

And pronounced at the hearing on July 6, 2017 at 10:00 AM, of the 32nd courtroom of the Tribunal de Grande Instance of Paris, by Mrs. Bénédicte DE PERTHUIS, vice-president, in the presence of Mrs. Virginie DE MAULEON, vice-president, of Mrs. Marie HIRIBARREN, judge, and Bruno NATAF, Financial Vice-Attorney General at the National Financial Prosecutor's Office, and assisted by Miss Sandrine LAVAUD, Registrar.

and this judgment having been signed by the President and the Registrar.

THE REGISTRAR THE PRESIDENT

[illegible signatures]