LCRM – Legal Resources Centre from Moldova

Recovery of the bank fraud – how good is the Strategy of the authorities?

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The Legal Resources Centre from Moldova analyzed the Strategy for the recovery of funds misappropriated from the banking system of the Republic of Moldova during 2007-2014, which was presented by Moldovan authorities in June 2018. LRCM found that, although Moldova has a strategy for recovery of funds misappropriated from the banking system, it is not clear who approved the document and what is the degree of commitment to its successful implementation. It is not exactly known what amount has been stolen from the banking system. The strategy does not mention the fact that, after three years of investigations, no single leu out of stolen money has been returned yet.

The analysis finds that at least 20% of the amounts stolen from the banking system are not investigated in general. Although the stealing of at least 13.3 billion lei has been found, prosecutors are seeking recovery of only 10.7 billion, as 2.6 billion have been already recovered by selling the assets of the liquidated banks. Prosecutors report that 5.2 billion lei have been identified, although judges of the first instance have found that there is no evidence of 2.5 billion lei misappropriated by Mr. Shor, that is about half of the amount with which prosecutors operate. Similarly, the authorities report receiving a sum of 2.7 billion lei from Ilan SHOR, although there is no court decision to collect this amount. At the same time, almost four years after bank fraud ended, the theft of about 38% (5.1 billion lei) of the stolen amount is still investigated by prosecutors.

The authors of the analysis conclude that, as a rule, such strategies are not made public to ensure the effectiveness of investigations. That Strategy was made public at a press conference in June this year, on the eve of the Moldovan leadership visit to Brussels. The country's leadership used the document as an advocacy tool. These issues raise doubts about the independence of the institutions that made the Strategy public, but also about their involvement in political games. These disclosures, along with the fact that the Strategy mostly concerns activities already covered by legislation, cast doubt on the practical value of the Strategy in investigation of the fraud.

The full text of the Analysis of the strategy for the recovery of funds misappropriated from the banking system of the Republic of Moldova is available here.

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