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Andrea Enria
Chairperson of the European Banking Authority (EBA)

Brussels, 29 April 2016

Dear Chairperson,

I wish to bring to your attention a paper that I produced (using information that is mostly public) concerning the source of wealth - originally linked to the illicit trade of diamonds - of Ms. Isabel dos Santos, daughter of the President of Angola, Mr. José Eduardo dos Santos. I believe that this information is useful in the context of your enquiries with Portuguese authorities in the follow up of the letter from 16 of October 2015 from the Intergroup on Integrity, Transparency, Corruption and Organised Crime, concerning the purchase of EFACEC by Ms. Isabel dos Santos.

As you are aware of, Ms. Isabel dos Santos has investments in Portugal for about ten years in a value which, according to the Portuguese press, amounts to 3 billion EUR. I produced this paper to attempt to clarify the apparent systematic lack of compliance by financial and credit institutions of European anti-money laundering legislation and the apparent inertia of supervisory institutions in Portugal - Banco de Portugal (BdP) and Comissão do Mercado de Valores Mobiliários (CMVM) with regard to the multiple business relationships established with Ms. Isabel dos Santos.

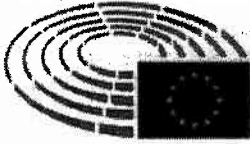
According to Article 3 (8) of the Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing ("The Directive"), Ms. Isabel dos Santos, as the daughter of the President of Angola, is a Politically Exposed Person (PEP) originating from a third country. Ms. Isabel dos Santos is a prominent public figure, widely known in Portugal, where she is projected as a "very professional entrepreneur" via a paid orchestrated public relations campaign.

Article 13 of the Directive ("Enhanced Customer Due Dilligence") determines:

4. In respect of transactions or business relationships with politically exposed persons residing in another Member State or in a third country, Member States shall require those institutions and persons covered by this Directive to:

(a) have appropriate risk-based procedures to determine whether the customer is a politically exposed person;

(b) have senior management approval for establishing business relationships with such customers;



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(c) take adequate measures to establish the source of wealth and source of funds that are involved in the business relationship or transaction;

(d) conduct enhanced ongoing monitoring of the business relationship.

The Financial Action Task Force, to which Portugal is a Member, has provided guidance for the implementation of Article 13 (4).¹ In particular, on what concerns the establishment of the source of wealth (entire body of wealth) and source of funds (particular assets which are the subject of the business relationship in question) by obliged entities under the Directive, the FATF provides a list of "Red Flags", that can be used to assist in the detection of misuses of the financial systems by PEPs during a customer relationship.²

I highlight a few of them:

- *Use of corporate vehicles (legal entities and legal arrangements) to obscure the beneficial owner.*
- *Use of corporate vehicles without valid business reason.*
- *Use of intermediaries when this does not match with normal business practices or when this seems to be used to shield identity of PEP.*
- *Use of family members or close associates as legal owner.*
- *Funds are repeatedly moved to and from countries to which the PEPs does not seem to have ties with.*
- *The PEP has a substantial authority over or access to state assets and funds, policies and operations.*
- *The PEP has control over regulatory approvals, including awarding licences and concessions.*
- *The PEP has the formal or informal ability to control mechanisms established to prevent and detected ML/TF.*
- *The PEP (partially) owns or controls financial institutions or DNFBPs, either privately, or ex officio.*
- *A PEP is linked with a considered "high risk industry", namely:*
 - *Banking and finance*
 - *Businesses active in government procurement, i.e., those whose business is selling to government or state agencies.*
 - *Construction and (large) infrastructure.*
 - *Mining and extraction.*
 - *Provision of public goods, utilities.*
- *A PEP uses certain delivery channels or industries, which can become especially vulnerable, such as:*
 - *Dealers in precious metals and precious stones, or other luxurious goods.*
- *The foreign or domestic PEP is from a higher risk country (as defined by the FATF in Recommendation 19, or the Interpretative Note to Recommendation 10).*

¹ FATF GUIDANCE - POLITICALLY EXPOSED PERSONS (RECOMMENDATIONS 12 AND 22), <http://www.fatf-gafi.org/media/fatf/documents/recommendations/Guidance-PEP-Rec12-22.pdf>

² *Idem*, see Annex 1, from page 27.



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- *Foreign or domestic PEPs from countries identified by credible sources as having a high risk of corruption.*
- *Foreign or domestic PEPs from countries that have not signed or ratified or have not or insufficiently implemented relevant anti-corruption conventions, such as the UNCAC, and the OECD Anti-Bribery Convention.*
- *Foreign or domestic PEPs from countries with a mono economies (economic dependency on one or a few export products), especially if export control or licensing measures have been put in place.*
- *Foreign or domestic PEPs from countries (including political subdivisions) with political systems that are based on personal rule, autocratic regimes, or countries where a major objective is to enrich those in power, and countries with high level of patronage appointments.*
- *Foreign or domestic PEPs from countries with poor and/or opaque governance and accountability.*

Having these criteria in mind, and analysing the information in the documents that I send you, it becomes clear that Ms. Isabel dos Santos' case clearly seems to fulfil these "Red Flags" highlighted.

It is striking, therefore, that Ms. Isabel dos Santos was able build a business empire in Portugal over the past decade, without ever - at least publicly - having been prevented from investing in the country either by Portuguese financial institutions and major corporate conglomerates, or by criminal authorities and supervisory authorities.

I urge you, therefore, to continue the investigation involving the Portuguese authorities and bring clarity into this situation, in the light of European laws.

Best regards,

Ana Gomes

Ana Gomes
Member of the European Parliament