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Mr. Pierre Moscovici,
Commissioner for Economic and Monetary Affairs

Mr. Valdis Dombrovskis,
Commissioner for Euro and Social Dialogue, Financial Stability, Financial Services and
Capital Markets Union

Ms. Corina Crețu,
Commissioner for Regional Policy

Ms. Margrethe Vestager,
Commissioner for Competition

Brussels, 25th January 2019

Dear Commissioners,

I am sending you herewith information recently published by Portuguese media concerning the latest scandals shaking the public opinion in Portugal. They concern the banks “Caixa Geral de Depósitos” (**CGD**), which is State owned, and “Novo Banco” (**NB**), the successor of the collapsed “Banco Espírito Santo”, 75 % of which shares have been sold in 2017 by the Government to the North American Lone Star Fund.

The Portuguese media have had access to an audit report conducted by Ernest & Young, according to which State-owned CGD registers losses amounting to €1200 million euros, as a result of over 40 high-risk loans granted between 2000 and 2015.

One of such Non Performing Loans (**NPL**) amounts to €500 million alone! The report states that, in some cases, successive CGD boards deliberately ignored the legal opinions of internal

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control bodies, while in other cases such opinions were simply never requested. This means that different top managers of CGD actively contributed to the creation of impairments, knowingly granting loans with little or no credible collaterals.

It should be noted that the Portuguese taxpayers have already contributed with €5,7 billion euros¹ to bail out the CGD. While most Portuguese (including myself) believe that CGD must stay a State-owned Bank, they cannot accept the opacity that protects corrupt or incompetent managers and criminal beneficiaries of huge unpaid loans by affording them impunity.

The list of major debtors responsible for CGD's NPL is now in the public domain, frustrating strenuous efforts by the CGD board and the Government (the present and the previous one) to prevent it to be known, even refusing to submit it to the Portuguese Parliament, including by eliciting judicial decisions to that end.

I am sending that list to you and ask you:

1a. Please direct the Portuguese Government to act to ensure that all these major debtors, either individuals or corporations pay their NPLs and to request CGD past managers to face justice for their responsibilities in criminal mismanagement and fraud against CGD, Treasury funds and taxpayers money;

1b. Please also ensure that none of the individuals or corporations behind these NPLs are now, or in the future, benefiting of any EU funded projects.

2.

It has also been reported recently in Portugal that Novo Banco (**NB**), despite having been sold to Lone Star Fund, will need this year an additional 800.000 € injection of public funds because

¹ <http://visao.sapo.pt/actualidade/economia/2017-02-19-Saiba-quanto-ja-lhe-custou-salvar-os-bancos>



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credits and real estate listed as assets were wrongfully overestimated by the experts hired by Banco de Portugal (among them, weirdly, the former Secretary of State of Treasury, Mr. Sérgio Monteiro).

The BES “resolution”, it should be noted, already is estimated to amount to € 8 billion in taxpayers money, despite the privatization to Lone Star Fund.

In addition, what is left of BES Bank, now denominated Novo Bank, is refusing to publicize the names of its main debtors, invoking banking secrecy rules. Again, this opacity strategy is aimed at granting impunity to the criminals who run and robbed bank BES - and I stress that ex CEO Mr. Ricardo Salgado and all of his gang roam around freely, not having been jailed even preventatively. That same strategy helps to let the beneficiaries of NPLs never think of repaying them nor face responsibilities in justice.

I also stress that nothing has been done, so far, by NB or the Portuguese State to recover the assets that belonged to BESA (BES Angola) - amounting to over 3 billion € - that have been integrated meantime fraudulently transferred to and misappropriated by the new “Banco Económico” of Angola.

Nothing is currently known about the outcome of the judicial investigation, demanded by the former Secretary of State of Tax Affairs, Mr Fernando Rocha Andrade, to the “tax blackout scandal”. Through this scheme, composed of mostly BES but also other banks transfers to Panama and other tax havens over 10 billion euros, without any anti-Money Laundering or tax controls in the years 2011-2015, even after BES was already under investigation by the Bank of Portugal.

The Portuguese people have the right to know who are the criminals, to put them to trial and to recover as much as possible from such massive and organized bank frauds, even more so since

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tax payers contributed to bail out the banking sector with over €17 billion euros, besides other costs and sacrifices.

I therefore urge you to:

2a. Demand NB to publish their list of impairments and major debtors;

2b. Direct the Government of Portugal to publicize the contract selling NB shares to The Lone Star Fund and duly scrutinize the sustainability of its stipulations;

2c. Ensure that Portugal dedicates appropriate investigative resources to conduct a fast track investigation into the BES/NB crimes, jails the main culprits such as Ricardo Salgado and his gang members and immediately makes all efforts to recover unpaid NPLs and recovers BESA assets misappropriated by Angolan Banco Económico;

2d. Demand that Portugal ensures resources that enable a fast track investigation on the funds siphoned off into offshores, under the “tax blackout” and “AML blackout of 2011-2015”;

2e. Ensure that none of the Portuguese debtors of persisting NPLs at NB or any Portuguese bank are granted EU funds through any channel or project, until such NPLs are repaid.

Best regards,

Ana Gomes,

Member of the European Parliament

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CC:

Mr. Jo Swyngedouw,
Interim Chairperson of the European Banking Authority

Ms. Danièle Nouy,
Chair of the Supervisory Board at the European Central Bank

Mr. Mário Centeno,
President of the Eurogroup

Mr. Ville Itälä,
Director General of OLAF

Mr. Alfonso De La Fuente Garrigosa,
Chief of Staff of the Secretary-General of the European Court of Auditors

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