

Dinkic visit raises doubts over 'laundering' claims

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(From The Washington Post)

The visit this week of the Governor of Yugoslavia's Central Bank, aims to dispose of any doubts over the viability of claims that Cyprus has harboured money-laundering operations by deposed Serb leader Slobodan Milosevic or his web of accomplices.

For several weeks now, Cyprus has tried to put on a brave face, rejecting any reports that money or gold was transacted through Cyprus-based accounts of offshore companies.

Over the past few days, politicians have even gone as far as to defend Cyprus' integrity in the whole matter denying any foul play on the part of Cypriot officials.

However, as was the case during the visit of Carla Del Ponte, chief prosecutor for the U.N. International Criminal Tribunal for the former Yugoslavia in The Hague, the Cyprus authorities seem to have toned down their adamant rejections to a stance of willingness to cooperate and to investigate.

Prior to Del Ponte's previous visit, the authorities rejected the existence of any companies or persons involved in any such wrongdoing. However, 15 companies were later investigated for their alleged links to Milosevic or his accomplices.

"We will work together in the coming months to establish whether ... billions of dollars belonging to the Yugoslav people were channelled through Cyprus and are deposited in local accounts," Foreign Minister Ioannis Kasoulides said yesterday after a meeting with Dinkic. The meeting was also attended by Finance Minister Takis Klerides, Attorney General Alecos Markides and Central Bank of Cyprus Governor Afxentis Afxentiou.

Dinkic has handed the government specific evidence about "illegal activities", account numbers and offshore companies belonging to Yugoslavs. He said Cyprus is the first country which undertook the concrete step of cooperating, noting that other countries, such as Switzerland, Germany, England, South Africa and China, were also used by the Yugoslav regime as a transit point.

Kasoulides said the sole purpose of the meetings is to look into allegations that money belonging to the Yugoslav people was wrongly taken from them by former officials or others and was filtered through the system in Cyprus.

"It has always been our policy to cooperate, if any evidence, information, suspicion or lead was given to us," Kasoulides said.

This is a differentiation from past administration statements that no such evidence ever existed, while other officials fell short of calling Dinkic a liar when in December he suggested that documents were never handed to him from Cyprus.

At the time, the tension was also expected to lead to the deterioration of diplomatic ties between Cyprus and Yugoslavia, while with the Nicosia administration's fresh found willingness to investigate all allegations thoroughly seems to have satisfied the Yugoslav investigators.

The thorn in the side of the two countries' relations has been the operation of the

branch of Beogradska Banka in Nicosia, allegedly used to launder millions of dollars with the instructions of Milosevic and his accomplices.

Currently under investigation in Belgrade is Borka Vucic, until recently Milosevic's obedient Minister for International Financial Relations and formerly a manager and director of Beogradska in Cyprus and other banks overseas.

Local law firm Tassos Papadopoulos & Co. has also appeared in the limelight, with half of the infamous companies being investigated by Del Ponte, registered by this law firm. A leading partner has reiterated in the past that the law firm has never been aware of the actions of the owners or directors of these companies. Locally, banks, audit and accountancy firms, the JAT Yugoslav airline office and even members of the Yugoslav diplomatic mission are also being investigated for any involvement in illegal transactions.

Dinkic said that he came here with some "concrete evidence" to establish the nature of transactions Beogradska has carried out in Cyprus. As a branch, Beogradska has maintained accounts in Cyprus as well as in Belgrade. However, the alleged delay to file full accounts for 1999 were the pretext used by the Cyprus Central Bank to close down the bank and liquidate its assets, effectively sealing any prospects of further investigations here. The case is in appeal at the Supreme Court.

Dinkic said the evidence he has brought relates to certain account numbers, company names, offshore companies that belong to Yugoslavs, information dating back to 1989 up to the present.

"I can tell you that Cyprus was only one of many countries which were used by Yugoslavs," Dinkic said, replying to questions, pointing out that the governments of the various countries are not in fact guilty.

Cyprus, he added, is the "first country which has undertaken the concrete step of cooperation" and said he looks forward to cooperating with Switzerland where he knows "definitely" that some frozen deposits of high ranking Yugoslav officials are.

Replying to questions, Kasoulides said the Central Bank is already investigating Cyprus-based "MCC" company, said to have sold Yugoslav gold, to establish the real facts surrounding the allegations.

The minister said nine accounts the chief prosecutor of the Hague Tribunal has asked to be frozen are already frozen, adding that the cabinet has frozen another 18 accounts, which are currently under investigation.

Accounts belonging to the Central Bank of Yugoslavia, he said, were not frozen and explained that the Central Bank of Cyprus believes these funds cannot be moved away from Cyprus because of a Security Council resolution which stipulates that the countries,



A cyclist rides past a billboard depicting former Yugoslavian president Slobodan Milosevic and anti-riot police beating demonstrators with the titles "who is guilty" (top) and "People's movement Resistance" (lower). Yugoslav National Bank governor Mladjan Dinkic is in Cyprus on the trail of billions of dollars in state assets and gold, allegedly laundered by former president Milosevic.

successors to the former Yugoslavia, have to agree on the distribution of the assets.

One case that remains unresolved is the claim of conspiracy by a Cyprus-based Yugoslav businessman, Predrag Djordjevic, who is currently suing Laiki Bank for about CYP 300,000. He also has a claim against Beogradska and a Yugoslav-owned company, Antexol, alleging some sort of intrigue, whereby bank accounts were opened without his consent containing doubtful amounts or that he was not allowed access to moneys owed to him from a trade deal that had been approved by the U.N. sanctions authorities in Yugoslavia.

US welcomes cooperation with Cyprus

The US has welcomed the cooperation between Cyprus and Yugoslavia and between Nicosia and the International Tribunal in the effort to stop the flow of Yugoslav assets through the island, noting that the Cypriot government has taken steps to that effect.

Government Spokesman Michalis Papapetrou said it was important that the US recognizes the government's full cooperation with Yugoslavia into the allegations. Following US press allegations of involvement of Cyprus in money laundering, State Department

spokesman Richard Boucher has said "the Cyprus authorities have taken some steps to stop flows of Yugoslav assets through Cyprus, including closing the Beogradska Bank's offshore banking unit and freezing accounts held by suspect Yugoslav nationals."

Boucher, who served here as US ambassador, said "the US would like to see the fullest possible cooperation between Nicosia and the new authorities in Belgrade and obviously, we welcome the cooperation that exists."

Serb secret service sold drugs in the west, former policeman says

Belgrade (dpa) - The Serb secret service sold drugs in the West for profit, Blic newspaper reported on Monday, quoting a former senior police officer.

The report came days after narcotics worth nearly 30 mln dollars were found in vaults controlled by the Interior Ministry.

Mirko Nicovic, former chief of the Belgrade criminal police and now deputy chairman of an international police association, told the daily the discovery gave credence to suspicions the deposed regime of Slobodan Milosevic was directly involved in international drug trafficking.

"There is no doubt," Nicovic said. "It is an enormous amount for the relatively small domestic market. You cannot find a buyer for 10 kilos of heroin here, much less for half a ton ... and while a kilogram costs 50,000 dollars in Serbia, it is half a mln in New York." Serb Interior Minister Dusan Mihajlovic announced last week hundreds of kilograms of undeclared drugs had been discovered in official vaults and in banks.

Most of it, nearly 700 kilograms, was heroin, and Nicovic said the discovery gave credence to suspicions that Yugoslavia had made money by selling impounded narcotics, rather than destroying them, during the period of its exclusion from international police structures.

Western countries have investigated possible channels used by Milosevic's regime to smuggle the drugs, including Yugoslav diplomatic missions.

"The embarrassment is huge ... (it indicates) that Yugoslavia has become a crossroads for smugglers of drugs, counterfeit money and slavery," he said, without speculating on how the trade was organized or where the proceeds went. He warned the discovery would delay Yugoslavia's return to international structures. "Ninety-eight% of officials from Milosevic's time remain in position," he noted. Yugoslavia's position straddling the drugs trafficking corridors between Europe and the Middle East, along with a decade of wars, the unclear status of Kosovo and the breakdown of border controls, have exacerbated the problem.

Yugoslavia - Europe's most corrupt country

Belgrade (dpa) - Yugoslavia is Europe's most corrupt country, the head of the Serbian anti-graft programme, Predrag Jovanovic, said Monday in Belgrade.

Citing a survey of 90 countries conducted by the Transparency International (TI) organization, he said Yugoslavia occupied the second to the last place worldwide, Beta news agency reported. TI regional director Miklos Marshall, speaking to journalists, described corruption as "one of the greatest obstacles" to foreign investment in Yugoslavia and to its development. Jovanovic blamed former president Slobodan Milosevic's deposed regime for the level of corruption in Yugoslavia, but warned that mechanisms encouraging it have not yet been removed. In Yugoslavia, corruption has become a part of everyday life, starting with small businesses seeking approvals and reportedly ending in huge official deals, such as the sale of the Serbian Telekom to Italian and Greek partners in 1997. Offers of money or gifts are expected even when parents seek to enroll their children in schools and when seriously ill people need treatment in overcrowded and poorly equipped hospitals.

BELGRADE — The gold bars arrived at the airport here in the trunks of passenger cars without a police escort, investigators say. Brought from Yugoslavia's immense Bor mining complex, the bars were packed inside custom-built, velvet-lined wooden boxes. But on Yugoslav customs documents, the bars were listed as copper.

In several such shipments between 1997 and last year, Swissair jets flew the gold bars to Switzerland, where it was sold on metals markets. The proceeds totaled at least \$6.8 million, most of which was transferred to a tiny company in Cyprus, MCC Overseas Trade Ltd, which refused to name its owners.

The shipments were strictly illegal, according to the Yugoslav central bank, because the gold bars produced by the Bor mines must go to the national treasury. Central bank governor Mladjan Dinkic says his staff is investigating the case, but he benefited, with a focus on aides of former President Slobodan Milosevic and perhaps Milosevic himself.

The probe is part of an immense worldwide hunt for Yugoslav treasure set in motion by Milosevic's fall from power in October. Other leads are investigators from the new democratic government of Yugoslavia, the U.S. Treasury Department, Western intelligence agencies and the United Nations' chief war crimes prosecutor.

Investigators say evidence so far suggests that Milosevic's family and perhaps 200 other businessmen-politicians who controlled much of the nation's state-run companies skimmed anywhere from hundreds of millions to a billion dollars of public money for personal use.

Much of it, investigators say, was sent out of the country, sometimes as cash stuffed in suitcases, sometimes as seemingly legitimate electronic transfers. Officials say the trails lead not just to Cyprus and Switzerland, but also to Greece, France, Germany, Italy, Russia, the United Kingdom, Liechtenstein and South Africa.

Milosevic "stole a big amount of money," says Carla Del Ponte, chief prosecutor for the U.N. International Criminal Tribunal for the former Yugoslavia in The Hague. Her staff is scrutinizing 25 cartons of bank records that she obtained two weeks ago from the Cyprus central bank.

Swiss authorities have already disclosed two Milosevic family members and 35 other close to him held accounts in Switzerland, some of which had balances of more than a half-billion dollars last year.

In perhaps the biggest single case, Yugoslav officials are attempting to find roughly \$1 billion of the \$1 billion paid in 1997 by Italian and Greek phone companies for the state-owned cell phone company PTT Serbia. The \$200 million was never deposited in state accounts, Del Ponte says. An additional \$350 million of the payment allegedly went to companies controlled by Milosevic's friends and has never been accounted for.

In an interview last month with an Italian newspaper, his first with the foreign press since October, Milosevic denied enriching himself in office. He told La Stampa newspaper "everything that has been written about me is a lie" and that the new government was planning to try him for "crimes that they invent sitting at their desks." He had "only my salary" and no other accounts, he said.

Nearly six months after a popular uprising drove him from office, Milosevic remains living under police surveillance in a comfortable Belgrade house and meeting with members of the Socialist Party.

The last of the communist-era leaders in Eastern Europe, Milosevic presided over devastating wars in neighboring Croatia, Bosnia and national economic ruin; he ended a 78-day NATO bombing campaign over Kosovo and indictment by Del Ponte's tribunal on crimes charges.

Senior officials in the new government predict that Milosevic will be arrested on corruption charges later this month. Still, officials acknowledge that they have not discovered evidence that ties him to the looting of the country.

Instead, an examination of the main elements of the case emerging against the former president and his colleagues reveals a web of circumstances and evidence that investigators say bears all the hallmarks of Milosevic's influence, if not his fingerprints.

The Gold Source

The Bor mining complex is a sprawling network of 19 companies at the foot of