

Dividend Reclaim Case: Six persons formally charged with defrauding the Danish Treasury of more than DKK 1 billion

Today, the State Prosecutor for Serious Economic and International Crime (SEIC) has raised formal charges against three US nationals and three UK nationals for having defrauded the Danish Treasury of more than DKK 1.1 billion through a German bank. This brings the total number of persons who have been formally charged in various parts of the dividend reclaim case to eight.

Hundreds of fictitious share trades between 27 US one-person pension plans, nine companies, and intermediaries went through the German North Channel Bank in Mainz in the period between March 2014 and August 2015.

The sole purpose of the fictitious trades was to draw massive amounts of money out of the Danish Treasury which neither the US pension plans nor the companies involved were entitled to receive. The Danish Treasury was defrauded of more than DKK 1.1 billion by means of dividend tax reclaims which neither the pension plans nor the companies were entitled to.

Based on extensive and complex investigations over several years, the SEIC has now formally charged six persons with gross fraud in this case.

"We believe that the six defendants were the central principals behind the fraud which was committed by means of help from the German North Channel Bank. It is our view that the six persons are the central principals behind the fraud which amounts to more than 1.1 billion Danish kroner," says Per Fiig, who is the acting State Prosecutor at the SEIC.

In September 2019, the Court of Glostrup imposed a fine of DKK 110 million on North Channel Bank for its participation in the fraud against the Danish state concerning unlawful reclaims of dividend tax amounting to DKK 1.1 billion. The bank received the fine for having contributed to approximately DKK 1.1 billion being unlawfully paid out from the Danish Treasury, which the bank earned DKK 55 million on in fees, etc. The bank's current management – which did not take part in the fraud – acknowledged the bank's role in September 2019 and accepted the fine.

Formal charges have now been raised against the three US nationals and the three UK nationals for having used the bank in the fraud which has been admitted by the bank. This means that formal charges have now been raised in two different investigation trails of the dividend reclaim case. In one of the other investigation trails of the case, formal charges were raised in January against two UK nationals for fraud worth more than DKK 9 billion.

"The SEIC has now raised formal charges against the presumed principals behind the dividend tax fraud for more than 10 billion of the total fraud amount of around 12,7 billion Danish kroner. Investigations in the case continue, and we persist in our efforts to clear up the remaining part of the dividend tax fraud," says Per Fiig.

Formal charges have been raised against the six persons for gross fraud in contravention of section 279 of Danish the Criminal Code, and the maximum penalty for this is eight years' imprisonment.

"We find this case to be so serious that a special section of the law which increases the maximum penalty to 12 years should be applied. We do not expect them to voluntarily show up for criminal

proceedings in which they risk being sentenced to so many years' imprisonment, so we are working on all conceivable options to ensure that the defendants will be present for the upcoming trial. I can't go into further details about what exactly this means at this time," says Per Fiig.

The case is expected to be tried before the Court of Glostrup. No dates have been set for the proceedings yet.

For press enquiries, please contact the Prosecution Service at the press telephone number +45 72 68 90 08.