

Dividend Reclaim Case: Two British Nationals Formally Charged with Fraud Worth More Than DKK 9 Billion

The Danish State Prosecutor for Serious Economic and International Crime has formally charged two British nationals with using a carefully planned fraud scheme to obtain more than DKK 9 billion in unlawful refunds of dividend tax from the Danish Treasury. The investigation against other suspects in several other tracks of the dividend reclaim case continues.

In one of Danish history's largest fraud cases, we have today formally charged a presumed principal organiser and his presumed helper with gross fraud in one of the main tracks of the reclaim case. The two men are both suspected of having defrauded the Danish state of more than DKK 9 billion.

One is a British national who is resident in Dubai, and one is a British national who is resident in the United Kingdom.

This information is provided by Per Fiig who is acting State Prosecutor at the Office of the State Prosecutor for Serious Economic and International Crime which has been responsible for the extensive investigation of this case.

"This is a case of extremely serious and extraordinarily extensive crime committed against the Danish state, and we believe that the two defendants committed cynical and meticulously planned fraud in a scheme where they defrauded the Danish state of DKK 9 billion. On the basis of extensive and complex investigations, we have therefore today raised formal charges for fraud of an aggravated nature and attempted fraud worth a total of DKK 9.6 billion against the two British nationals in one of the main tracks of the dividend reclaim case," says Per Fiig.

The State Prosecutor believes that – on behalf of a number of investors and companies – the two men used a well-designed and organised fraud scheme to submit more than 3,000 applications to unlawfully receive more than DKK 9 billion in dividend tax refunds from the Treasury.

Assets of more than DKK 3 billion seized

Based on the entire investigation in the reclaim case, the State Prosecutor's Office has seized assets worth around DKK 3 billion thus far in the entire reclaim case from various persons and companies in a number of different investigation tracks – including the track in which formal charges have now been raised.

"It is our experience from major fraud and money laundering cases that the proceeds originating from crime are often paid out to organised criminal networks which distribute the money globally through clever systems. This generally means that it is very difficult or almost impossible to get to the money again – and, as a rule, all seized assets must be shared with the country which carried out the actual seizure. We are obviously still working to get our hands on all assets we can get to so that we can return as much of this money as at all possible to the Treasury where it belongs. And we will continue the hunt even though we have now raised formal charges in one of the main tracks of the case," says Per Fiig.

Other suspects remain

In the investigation against the two defendants, the State Prosecutor examined a wide range of complicated international company constructions and cash flows which were analysed in relation to the unlawful applications for dividend tax refunds.

The State Prosecutor believes that this involves a setup of 24 Malaysian companies and 224 US pension plans. In addition, more than 70 companies incorporated in places like the British Virgin Islands, Cayman Islands, the United Arab Emirates and the United Kingdom participated in the transactions.

Due to the size and complexity of the reclaim case, the investigation has been an international collaboration under Eurojust since 2016 including Denmark, the United Kingdom, Germany and Belgium; with Denmark heading the team. Moreover, Europol has been involved, and the United States authorities participated as observers.

The dividend reclaim case involves fraud worth a total of DKK 12.7 billion. This means that, even though formal charges have been raised today against two persons for fraud and attempted fraud worth DKK 9.6 billion, the investigations will continue. The investigations are conducted in various tracks in which the State Prosecutor's Office is investigating a number of different networks of people.

"In one of the tracks, we have now raised formal charges against the two British nationals for fraud worth more than DKK 9 billion. In this track, there is still a number of other suspects. We still need to complete a few interviews and investigative measures, and we expect to decide whether we will be raising formal charges against the other persons within a few months," says Per Fiig.

"In addition, we have several other tracks in which we are investigating a number of different networks of people for the remaining part of the fraud totalling more than DKK 12 billion. It will take a while longer before our investigations show whether there are grounds for raising formal charges," says Per Fiig.

The two British nationals are suspected of fraud of a particularly aggravated nature in contravention of section 279, read with section 286(2), of the Danish Criminal Code, for DKK 9,025,205,871 and attempted fraud of a particularly aggravated nature for DKK 553,346,302.

The maximum penalty is imprisonment for eight years. Due to the severity of the case, the size of the amount, the length of the period in which the crimes were committed, and the organised nature of the fraud, the State Prosecutor will seek to apply a special section of the Criminal Code – section 88(1) – under which the maximum penalty may be increased to 12 years in particularly serious cases.

We expect the case to be heard before the Court of Glostrup. It has not yet been set down for trial.

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