

US Treasury suspends company accused of cyber terrorism in Latvia

Published: 09.11.2021.

As a branch supervisor, the State Revenue Service (SRS) has inspected the company “Chatextech” in the field of proceeds of crime and found significant irregularities. As a result of the inspection, the SRS has suspended the company and imposed a penalty of EUR 100,000.

☞ *“The Latvian government is steadfast in its commitment to strengthen the integrity of the financial system and take protective measures in the interests of all members of society, including the most vulnerable ones, against harmful and dishonest activity. We will not tolerate activities carried out to launder criminal proceeds, including through malware and non-transparent transactions using virtual currencies,”* states the Minister for Finance, Jānis Reirs.

Innovative technologies and solutions such as virtual currencies and transactions can have a transformative and positive impact on the diversity of opportunities for the financial system users. At the same time, the rapid development of this market in the world and the anonymity it currently enjoys is attracting criminals and people seeking easy profits in order to cover their tracks behind a seemingly legitimate company. The international collaboration between competent institutions and supervisors is one of the most effective early means against criminals who deploy their schemes remotely, encouraged by the global reach of the digital environment.

As a result of successful collaboration and co-ordinated action, the Latvian SRS as a branch supervisor in the field of proceeds of crime together with American institutions has suspended the company “Chatextech” and imposed a penalty of EUR 100,000 on Monday, 8 November following significant irregularities detected during an inspection. It was concluded that the company was not set up to conduct honest business, but was a shell company potentially laundering ransoms from ransomware attacks in the USA under the guise of providing virtual currency trade support. In addition to the penalty, “Chatextech” officials will be included in the register of persons of risk, which will prevent them from conducting business in Latvia.

The SRS will also report its findings to the Latvian law enforcement authorities. The competent institutions of Latvia will continue to work together and in close collaboration with international partners to prevent and deter the use of Latvia and its business environment for criminal purposes.

For the full USA Treasury announcement of sanctions against the virtual currency trade provider “Chatextech” [and related parties], see: <https://home.treasury.gov/news/press-releases/jy0471>

<https://www.fm.gov.lv/en/article/us-treasury-suspends-company-accused-cyber-terrorism-latvia>