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Strategic Intelligence & Corporate Security

Intelligence & Security - CX Glass Ceiling

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Contents

- 1.0 Executive Summary
- 2.0 Terms of Reference
- 3.0 Executive Summary
- 4.0 KCS findings so far
- 5.0 Identification of key individuals
- 6.0 Connected individuals
- 7.0 Crossly identified assets
- 8.0 Conclusions and recommendations

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Project:
CX Glass Ceiling
Interim Report

Presented to: Michael Chourdakis - EY Greece

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CX Glass Ceiling II
Interim Briefing Note
14th December 2016

Overview

The investigation into the Malamatina family continues. This phase of the discreet due diligence focused on the financial affairs of Ekaterina and her daughters, as well as any further information on the Mykonos property and the identity theft against Konstantinos.

Summary

In the first instance, it appears that Ekaterina possessed a bank account in the Grenadines but at some point in the past two years, (believed to be in May 2015), named Estefania Malamatina as beneficiary. The exact amount in this account is not known. In any case, Ekaterina is no longer officially associated with any account in Grenadines or Cyprus, although it is entirely possible that she still controls any disposal of funds.

However, Ekaterina is currently the beneficiary of an account in Liechtenstein in her name, with bank reference number BLFLLI2X which holds a substantial sum of at least 15m Euros but which could be much higher. The full address is:

*LGT Bank Ltd
Herrengasse 12
FL-9490 Vaduz
Liechtenstein.*

This is the bank owned by the Princely Family of Liechtenstein.

Estefania also owns a couple of UK bank accounts but the amount in each is under 50,000 Euros (c. £40,000) – hardly significant. She is a director in the following companies in Greece: K Malamatinas Averte Bottling Company, Winery E Malamatinas & Son Commercial and Industrial Company, and SA Doubia Malamatina Bottling Natural Mineral Water.



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Karolina Malamatina does not directly own any bank accounts outside of Greece. As with her sister, she is a director in the following companies in Greece: K Malamatinas Avete Bottling Company, Winery E Malamatinas & Son Commercial and Industrial Company, and SA Doubia Malamatina Bottling Natural Mineral Water.

It is understood that the Mykonos property thought to belong to Ekaterina, was transferred on 3 March 2016 to the joint care of Karolina and Estefania, along with a clutch of other properties.

With regards to the identity theft against Konstantinos Malamatinas, preliminary litigation is underway and a final decision is expected next year, but there is nothing else to report on this issue at present.

Interim Conclusions

There are thus two main candidates for the repository of Ekaterina's funds: her own account in Liechtenstein, and the Grenadines account in the name of Estefania but which Ekaterina may very well still control from behind the scenes. That the amount in the Liechtenstein bank is at least 15m Euros, a highly significant sum, suggests that Ekaterina is consolidating her assets in only a few places.

Further investigation is recommended into these accounts in the Grenadines and Liechtenstein to determine just how much money Ekaterina and her family maintain.

1.0 Overview

The Client has requested a discreet asset investigation and trace. KCS is required to identify and locate all monies lent to the Greek Wine making company, known as Malamatina, through a syndicated Bank Loan. The loan of €40 million once received by Malamatina was allegedly then taken or stolen by the shareholders.

2.0 Terms of Reference

The Client requests that two shareholders, one of which is the President of the company Konstantinos Malamatinas, and the second is Katerina Malamatina or Katerina Tialiou (Konstantinos' ex wife) "be screened" and investigated as part of this assignment. Assets are to be identified in Greece initially, moving subsequently offshore as indicated and where necessary.

Katerina Malamatina is the first to be investigated, with Konstantinos following in the next stage.

3.0 Executive Summary

KCS' initial research in this assignment has seen a flurry of media coverage, lawyers, banks, speculation and rumour, as is to be expected. The battle in the Malamatina family over control of the family business for the last three years has been brutal to say the least.

Konstantinos (the ex-husband and president of the business) accuses his ex-wife of essentially stealing control when she signed the minutes of the board meeting on his behalf in June 2013, where an increase in shareholder capital of €12,000 was initiated, giving her control of the holding company Malamatina - which in addition, also controls the winery.

Katerina Malamatina accuses her husband of being responsible for the company's financial losses and demise after he began an affair with a foreign dancer. She accuses him of taking his 'eye off the ball' and losing control of the business, even to spending the company's money on his mistress. In short, she sees him as the reason for the demise of the company, according to sources close to the target Subject.

Regardless, the husband's appeal to invalidate the decision at the board meeting for increasing the shareholder capital has now been accepted by the Courts, as well as the Appeals High Court. Moreover, he is now suing Katerina for forgery in the penal courts over the same issue. He has asked the courts that she reverts to her maiden name of 'Taliou'.

Of course, this could all be part of a grand plan designed to distract from the theft of the syndicated Bank Loan of €40 million. Yet if it is, it is difficult at this early stage to determine just how it is expected to play out.

Officially at least, Konstantinos' comments suggest he feels the battle has been won. He has successfully wrested back control of his businesses and now that the matter is nearly over, as he has told reporters he is looking forward to a new beginning for his company.

However, Katerina's lawyer, Mr Argiris Argiriades, says that there has not been any irreversible verdict given by the High Courts, and that Katerina is going to battle the decision, which she considers null and void. Interestingly, sources close to her lawyers are not concerned about financial worries. They imply that she has put more than enough funds aside to fight this forthcoming battle!

4.0 KCS' findings so far

Regardless, KCS Sources suggest that to all intents and purposes the family is in financial trouble. The matriarch is not well liked and is losing friends rapidly. There is also gossip and innuendo about her potentially looking to leave the country. It has been said, by those that claim to be close to her, that she has accounts set up in Lichtenstein, Grenadine and Cyprus.

The banks are now however, in charge of all income from the winery, and the two daughters of Konstantinos (not KATERINA's) have all their properties in place, as collateral with the banks. One daughter is also said to be close to a nervous breakdown.

In addition, Sources suggest that their father too has opened offshore accounts for them. KCS strongly recommends these offshore accounts and those of the Matriarch be investigated.

It has been suggested that Katerina has appropriated significant funds over the time since the syndicated loan was granted to the Company and INCOME from the family export business, which is managed by her lawyers. She is the final beneficiary in Cyprus but more so in Lichtenstein and the Grenadines.