
15/03/2022

The Tallinn Administrative Court ruled today that Finantsinspektsioon had the right to withdraw the authorisation from GFC Good Finance Company AS on 27 May 2019 and to make this information public. The court rejected the argument of GFC Good Finance Company AS (now bankrupt), Tiiu Järviste, Andrii Danchak and Lada Riisna that there had been factual errors in the press conference held by Finantsinspektsioon to announce the withdrawal of the authorisation, and that this caused damage to the company and the people connected to it. The court also rejected the claims for damages submitted against Finantsinspektsioon.

“Withdrawing an authorisation is one of the most terminal supervisory decisions possible, and Finantsinspektsioon does not take such decisions lightly. In this case, GFC was in serious breach of legal requirements, especially anti-money laundering requirements. The opinion of the court that it was reasonable to publish the decision about GFC and hold a press conference is in the public interest and will help strengthen transparency in the financial sector”, said member of the Finantsinspektsioon management board Siim Tammer.

Background

Finantsinspektsioon withdrew the authorisation to operate as a payment institution from GFC Good Finance Company on 27 May 2019 following serious breaches of the legislation, particularly the anti-money laundering and terrorist financing requirements that had been in place for years, and the requirements for payment and e-money institutions. Large public interest led Finantsinspektsioon to hold a press conference after the authorisation was withdrawn to explain its decision.

There were wide-ranging problems in the operations of Good Finance Company before its authorisation was withdrawn, in its anti-money laundering activities and in its implementation of know-your-client procedures. At the same time the own funds held by the payment institution were not of the legally required minimum amount for a long time despite repeated warnings from Finantsinspektsioon. Finantsinspektsioon applied penalty payments several times, but GFC did not comply with the precepts of the financial supervisor.

The former executives of GFC Good Finance Company, the payment institution that had its authorisation withdrawn, were Tiiu Järviste, Andrii Danchak and Lada Riisna, who argued that Finantsinspektsioon made accurate factual errors in its press conference, and took Finantsinspektsioon to court for non-monetary damages as assessed by the court, and monetary damages that built up through the proceedings to total 13 million euros. They also demanded that Finantsinspektsioon reverse its decision.

Alongside the case involving Finantsinspektsioon, there is a criminal case in which former chair of the board of GFC Good Finance Company Tiiu Järviste, former member of the board Andrii Danchak, and former employee Aleksei Dremov are accused of money laundering. The criminal case is led by

the prosecutor.

The decision to withdraw the authorisation from GFC together with a factsheet and a recording of the press conference can be found on the Finantsinspektsioon website.