

# **FINANS- INSPEKTIONEN**

1998-10-09

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To  
all Bank Supervisors  
on the Basle Committe contact list

## **INFORMATION- AND WARNING CIRCULAR**

The Swedish Financial Supervisory Authority, Finansinspektionen, has today issued injunction containing a fine on 500.000 SEK (appr. 62.000 USD) requiring First Mutual Sparkassa Ekonomisk Förening (a sparkassa is a Savings & Loan Association) to cease its banking activities with immediate effect.

Further information is attached together with a list of other savings & loan associations which can be suspected for carrying out similar activities as First Mutual Sparkassa.

**FINANSINSPEKTIONEN**

# **PRESS RELEASE**

October 9, 1998

9/1998

## **FINANSINSPEKTIONEN TAKES ACTION AGAINST ILLEGAL SAVINGS & LOAN ASSOCIATION (SPARKASSA)**

**Finansinspektionen has issued an injunction containing a fine requiring First Mutual Sparkassa Ekonomisk Förening to cease its banking activities with immediate effect. First Mutual has been engaged in banking activities in contravention of the provisions of the Swedish Banking Activities Act in connection with its offers of certain investment programmes. This puts First Mutual in breach of the rules regulating the activities of savings & loan associations.**

**According to the United States Attorney, Southern District of New York, the activities of the Sparkassa are subject to criminal investigations in the US, and that a number of individuals, including boardmembers in First Mutual Sparkassa, have been arrested on charges of fraud in connection with investments.**

**Finansinspektionen has in addition to this reported First Mutual Sparkassa to the National Police Board, the Swedish Patent & Registration Office (PRV) and the Consumer Ombudsman(KO).**

**Finansinspektionen has also issued a warning circular to banking regulators and other institutions worldwide concerning the Swedish savings & loan associations (sparkassa).**

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**Finansinspektionen also intend to propose the government a review of the Swedish legislation pertaining to savings & loan associations.**

**A list of such associations registered with, or whose applications are being processed, by PRV is attached.**

**According to Swedish legislation, a Swedish savings & loan association (sparkassa) is a co-operative and not a bank. Formally, it shall be registered with the Swedish Patent- and Registration Office in Sweden. No capital requirements are stipulated for commencing business as a savings & loan association. No enquiries are made regarding the suitability of the members of the board, nor any demands that they shall be Swedish citizens or residents in Sweden. A Swedish savings & loan association is not covered by the Swedish deposit guarantee system.**

**The activities of Swedish savings & loan associations are also being marketed on the Internet in a manner that is a violation of the rules applying to the activities of such associations.**

**Web-site addresses:**

**<http://www.Lastexit.net/30,000.htm>**

**<http://www.offshore.profit.com/ownbank>**

**For further information, please call:**

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List of Savings & Loan Associations (sparkassa) which can be suspected for carrying out similar activities as First Mutual Sparkassa Ek. för.

*Per 1998-10-07 the following sparkassas were registered at the Authority for Registration of Companies and Associations (Patent- och Registreringsverket):*

Caribas Sparkassa Ek. för.	org. nr. 769602-8914
First World Prosperity Ek. för.	org. nr. 769602-6744
First Unicoop Sparkassa Ek. för.	org. nr. 769602-1612
Euro Sparkassa Ek. för.	org. nr. 769602-8328
New Sky Sparkassa Ek. för.	org. nr. 769602-1273
Fidelitas Sparkassa Ek. för.	org. nr. 769603-0464
First Federal Sparkassa Ek. för.	org. nr. 769602-3444
National Savings & Loans Ek. för.	org. nr. 769603-3401
Nordic Union Sparkassa Ek. för.	org. nr. 769603-1561
Alliance Sparkassa Ek. för.	org. nr. 769603-1280

*Per 1998-10-07 the following sparkassas have applied for registration:*

Continental Savings & Loans Ekonomisk Förening  
European Credit Union Ekonomisk Förening  
Mercantile Credit Union Ekonomisk Förening

KreditAnstalt 2000 Ekonomisk Förening  
Sparkassa Uno Ekonomisk Förening  
Spar & Leihkasse Ekonomisk Förening

Société Générale de Banques Suisses Ekonomisk Förening  
Credit Union of Switzerland Ekonomisk Förening  
Schweizerische Kreditanstalt Ekonomisk Förening

Swedish International Credit Union Ekonomisk Förening  
Royal European Credit Union Ekonomisk Förening  
Swedish and Overseas Credit Union Ekonomisk Förening

Norstar Savings & Loans Association Ekonomisk Förening  
Premier Savings & Loan Association Ekonomisk Förening  
Household Savings & Loan Association Ekonomisk Förening

European Investment Sparkassa Ekonomisk Förening,  
Swiss Credit Union Ekonomisk Förening  
Euro Credit Union Ekonomisk Förening

ESM Kredit Anstalt Ekonomisk Förening  
TONOI Kredit Anstalt Ekonomisk Förening  
MNF Kredit Anstalt Ekonomisk Förening

Banco InterFinance Ekonomisk Förening  
InterFinance Savings & Loans Ekonomisk Förening  
InterFinance Credit Union Ekonomisk Förening