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Emission News 08-2016

Practical Information for Emission Trading

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DEHSt Expert Opinion Pulls the EU Register to Pieces – Consus CO2 Fraudster Klapucki Sentenced to 7, Mimran to 8 Years of Prison

The EU register with its software has been in the focus of criticism ever since its introduction in June 2012. Authorized account holders of system operators are forced to occupy themselves with the matter at least two to three times a year, and this if they intend (and are forced) to execute only the most necessary transactions.

Dangers and risks lurking in the context of these activities have been confirmed indirectly and officially by now because a German Emissions Trading Authority's expert opinion attested a complete non-usability on the level of a Word 4 application with MS DOS. Besides, the application of this system causes severe critical and serious problems which use to be the rule and not the exception.

Division Managers, Managing Directors, and Board Directors of enterprises being subject to emissions trading are recommended to occupy themselves once again in particular with these questions as it is known in the meantime that the EU has no plans for essential modifications on this software in the coming years.

This **Emission News 08-2016** include the essential results of the expert opinion. Moreover, the latest occurrences before the start and after completion of French Ellease case will be treated.

The German Emissions Trading Authority DEHSt as German part of the EU emissions trading

registry announced on 29th June 2016 that the result of a study having been commissioned in

is now published and available for reading.

The scientific study was designed as an external expert opinion. Its subject was ergonomics which means the serviceability of the register. This is not only used daily by administrators and

of the EU but above all by the authorized account holders of the system operators.

Target of the study were the minimum criteria of ISO 9241-10, in how far these are fulfilled on application by the users. Especially the following items were concerned:

- a) Serviceability
- b) Efficiency
- c) Satisfaction

The result of the scientifically sound study is above all interesting for the authorized account holders of an enterprise and its managing directors and board directors because those use to be held fully responsible in case of mistakes and as described in an expert opinion of the BBH Becker Büttner Held law office from autumn 2015 (Emissionshändler.com® reported in **Emission News 03-2016 and 04-2016**).

However, the [expert opinion](#) being provided on the German Emissions Trading Authority's DEHSt website is not by the "normal" reader because scientific terms, extraordinary rare foreign words and "Denglish"



words are applied which no normal human being wishes to deal with.

Emissionshändler.com® took over the task to explain the terms to his readers because the study findings **revealed so disastrous results** that also every ordinary citizen being involved in the emission trading directly as authorized person or indirectly as responsible of an enterprise must be interested.

What Kind of “Subject” was Theme of the Study?

Authorized account holders and administrators know for sure: The CO2 register being analysed was the one they are working with.

Other externals as there are for example division managers, managing directors and board directors of enterprises obligated to emissions trading should get a clear explanation as the outside experts of ERGOSIGN formulated:

*“The Union Register can roughly be compared with an **online-banking-system** and serves for*

On this occasion it should be pointed out that the problem in the CO2 register is not only the risk of unjustified transfer/theft of emission certificates away from the account (how and for whatever reason).

A much more serious risk are high sanction payments,

for enterprises if their authorized employees fail to work correctly, in time, and sufficiently in the register system (see also info-box right side). The reasons for such mistakes may also be owed directly and indirectly to the Union register's software.

In such context a usable Union register means a support for authorized account holders and serves as emergency response and also the prevention of sanction payments.

And this is exactly what the EU register is not doing. On the contrary. That is the result of the scientific expert opinion.

The Research Method

The essential method to detect the serviceability of the European register was a combination of three different ways.

- 1) **Questionnaires** – The users were asked about the serviceability by means of a representative number of questionnaires. A difference was made between authorized account holders (exclusively in the German register) on one hand and administrators and responsible persons of European register authorities on the other hand. The tried and tested questionnaire procedure “*System Usability Scale*” and “*ISONORM*” found application here.
- 2) **Contextual Analysis (interviews)** – In interviews administrators and responsible employees how these are judging the register and the nearly daily work with it
- 3) **Heuristic Analysis (expert investigation)** – External experts for software ergonomics investigated under their own responsibility the register's serviceability by taking over the role of an authorized account holder, responsible employee, and administrator.

All three methods – explained in detail on page 9 of the expert opinion – then flew into an overall assessment which, hardly surprising, presented a result of all three methods.

Info-Box

The Account Package of Emissionshändler.com®

*The **account package** of Emissionshändler.com® releases the enterprise to a large extent from high risks which may occur in case of a not properly maintained account management, a bad register software being hardly manageable, or because of technical or human failure which could be the own authorized representatives.*

The failure of authorized account holders and/or their technique or the lack of experience in the handling with critical defaults of the register's software requires a quick and precise intervention by specialists in order to observe legal datelines and consequently avoid non-compliance procedures and sanction payments.

In case of an account package's contractual agreement Emissionshändler.com® will take over in an active or passive role (always in accordance with the operator's request) the permanent role of a third authorized responsible for the register account.

On this way all necessary annual activities in the register can be realized by Emissionshändler.com®, thus avoiding operating errors and misuse of the register software by the own authorized account holders. Detailed scope of service for the CO2 account package under www.emissionshaendler.com or by freecall 0800-5906002 or by mail under info@emissionshaendler.com



The Representative Quantity

Almost 4,000 authorized persons of the Union register's German part were contacted for the questionnaire survey. After deduction of uncompleted data records a number of 414 data records presented a result which could be evaluated. 71 respectively 75 data records could be integrated into the investigation with responsible employees and administrators of the whole EU area. A very representative investigation on the basis of approximately **485 data records** was the result. This investigation was topped off by interviews with

The Scope of the Investigation of "Findings"

For economic and temporal reasons, the scope of the investigation which means the number of the sites considered, functions and formulas of the EU register was limited to 48 "findings" by the ordering party German Emissions Trading Authority DEHSt. This fact is not mentioned in the expert opinion but was communicated to Emissionshändler.com® on the occasion of a phone call with DEHSt on 15th July 2016.

"Finding" is a "Denglish" word which is used by the external consultants and which is often applied in the expert opinion's report. It could be translated primarily with "things found and worth being mentioned".

Thus the scope of the investigations was restricted to 48 findings or in other words: After the 48th finding of positive and negative things being worth to be mentioned (definition like chapter 6.1 in the report) the expert report was finished. As the experts examined every function,

after the call at least one and often several findings had been examined, the expert record could only examine a part of the EU register. A different wording:

The number of the findings detected was so high while the DEHSt budget was too low for a complete assessment of the register

"Findings" being worth to be mentioned, by the way, had been divided by the experts in 7 classifications which could be evaluated by the users (authorized account holders and admin's). In easy words this was in Conformity with a classification of:

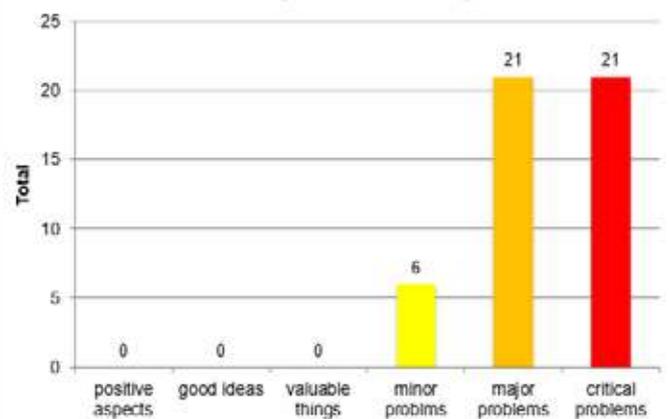
"Information", "Good idea", "Positive aspect", "Neutral", "Slight problem", "severe problem", "critical problem".

It can be said about the findings that

none of 48 findings detected could be evaluated as positive but almost all of them were classified as "severe problem" and as "critical problem"

In this context it is completely correct to attribute the term "finding" in an expert report to the definition "default". And properly, a difference is made only between slight defaults, severe defaults, and critical defaults.

EU-Registry Software - 48 positive and negative Findings



Result of the expert opinion – zero positive aspects, apart from that up to 87.5% severe and critical problems
 Source: Data of DEHSt/ERGOSIGN, graphic Emissionshändler.com®

If the facts are supposed to be considered sarcastically, it could be said that after all only 6 (12.5%) of 48 defaults turn out to be slight. Unfortunately the rest of 87.5% treats severe and critical problems which have to be solved by the users in order to reach the goal.

The Expert Reports' Result in a Survey

The expert reports' result with regard to serviceability, of the Union register is clear:

The respondents who were authorized account holders, government employees, and administrators passed a sentence which results in the term **"Unsuitable"**.

This makes clear that an



A comparison drawn by the experts clarifies the problem:

The present EU register does not obtain the level of a contemporary software but a level like a Word 5 below MS-DOS

of the various examination methods of the Union register the same result was achieved almost every time which was a:

**high-grade deficient usability for regular users as well as for administrators
The usability of the Union register which is in topmost need of improvement is lastingly opposite to an effective, efficient, and satisfactory work with the system.**

Expressed by means of school grades, the register achieves an insufficient usability for both user groups which are administrators and authorized account holders. According to the experts' opinion, especially the low user frequency by the authorized account holders causes concerns (due to their poor experience they are considerably more susceptible to serious mistakes in the system).

The essential defaults of the register software attested by the experts:

- serious usability shortcomings
- an
- missing central functionality
- missing
- a high error rate
- a missing help system for users

A closer consideration of the administrators' judgement, a judgement from experts who are working continuously with the register, with 7 individual criteria presents us the following result – basing on these criteria:



Administrators' evaluation of the EU register in an ISONORM web diagram Source: DEHSu/ERGOSIGN

The neutral value 4 in the scale's centre is not achieved by any of the 7 individual criteria – the values detected are all below the and consequently all in a negative range. In other words:

Not a single positive aspect can be found on the EU register!

The expert report reflects this valuation when the external specialists of ERGOSIGN come more or less to the conclusion **that this register software is the worst they have ever been dealing with**

The coming **Emission News 09-2016** will report about the details from the expert opinion as well as the most essential and critical problems of the EU Register.

The Ruling in the Ellease CO2 Tax Lawsuit in Paris

A judgement was pronounced on 7th July 2016 in the Ellease process against various accused being charged for tax fraud with CO2 certificates (Emissionshändler.com® reported in detail in **Emission News 07-2016**).

Main accused were the Managing Director of Consus, Jaroslaw Klapucki, his business partner Arnaud Mimran and his partner Marco Mouly.

The overview of the EUA price, unfortunately only visible for paid subscribers of emission letter

Photo: Consus founder and 50% shareholder Klapucki, sentenced to 7 years in prison and millions of euros in penalties

The judgement for common evasion of sales tax amounting to 238 millions of Euros at the expense of the French state charged Klapucki with 7 years



of imprisonment and Mimran and Mouly with 8 years of jail each. Furthermore, all three of them are obliged to pay a fine of 1 million Euros each and were condemned to pay back the (vanished) 283 Euros.

Furthermore imprisonments of 4 to 8 years were imposed to other perpetrators of the trading company Ellease.

Why Aren't There More CO2 Tax Fraud Lawsuits?

The evasion of sales tax in emissions trading achieved its climax in the years 2009 and 2010, among others around the French CO2 spot exchange Bluenext. The Bluenext turnovers experienced tremendous growth rates in these years until French authorities put an end to this spook in December 2012.

At this point of time, however, French authorities and those of other countries realized that

trading companies must exist who disappeared with their evaded sales tax or had laundered their money and with another company name.

Apart from France where now quite a number of further litigations are pending, only quite a few suspects experienced a complaint by public prosecutor's offices in Europe.

According to common perception this usually does not happen or only after a long period of time because:

- a) traces of suspects and their residences cannot be found anywhere
- b) a suspicion needed to be proven by means of an extensive research in the EU register
- c) the body of evidence and the staff situation turns out to be difficult because the money
- d) The policy of a country where the suspects reside only shows a slight interest or even none at all in a detection.

No criminal investigations because no traces are found

Considering the 4 above-mentioned items, we can say for sure that point a) may be correct in individual cases. It is in fact true that sometimes traces are covered up so perfectly by means of nested scopes of sub-companies that it would be almost useless to invest appreciable energy in investigative processes.

No Investigations because suspicions needed to be researched in the Union Register

It is clear that the above-mentioned item b) finds no application because at least national authorities as there are for example the German Emissions Trading Authority DEHSt have always been and are in the position to detect suspicious transactions in real time (and not only after the legal vesting period of 3 years) and to report them to tax authorities and to the public prosecutor's office. However, it is in the discretion of the authority if and with how much urgency such a report will really be transmitted. If and to what extent tax authorities and public prosecutor's offices start their investigations is not clear at all. In such a case item d) comes to effect.

No investigations because the Body of Evidence and staff situation are difficult and priorities have to be set

Item c) shows clearly that some countries like the United Kingdom and Germany seem to have the firm intention to clarify tax crimes but can't do so because the corresponding apparatus for research, information, reasoning, etc. is desperately overburdened. For this reason important litigations will preferably be realised safely for the public (see CO2 tax fraud Deutsche Bank) instead of starting uncertain medium-sized and more complex investigations on suspected fraudsters still running around free in domestic territory.

Due to the Union register and its transaction protocols, everybody can understand after a certain training period what persons and which enterprises might be concerned for example in Germany.

No investigations because the Country's Policy has no or only minor interest in a clarification

According to the opinion of investigative journalists, this item listed under d) is the main reason why authorities of a country fail to pursuit relatively clear initial suspicions against enterprises and persons respectively cause an endless delay instead of initiating a process.

This is the case according to some (unfortunately only a few) local media because an atmosphere of brotherhood and insider relationship was generated by means of preferential treatment, bribery, and



corruption. It is even promoted by official or hidden donations.

Preferential Treatments and Donations Transport the “Climate” Between Policy and Economy

Theoretically it is thinkable that intentionally delayed or omitted investigations for suspected CO2 tax cases could happen in every country's policy and society, covered by high donations or preferential treatments. Practically, however, this might be the case less in countries of West or Northern Europe but more often in countries of East and South Europe.

It is also clear, however, that public donations (contrarily to hidden donations) generate a climate of looking away which as a consequence may create a delay in investigations.

Emissionshändler.com® present subsequently a survey about two “cases” having been published recently by investigative journalists. Every reader may judge by himself if and how these cases lay in conformity with the facts or are simply basing on the journalists' presumptions.

The Mimran-Netanyahu Case

Press TV, an Iranian television broadcaster for foreign countries in English language which is maintained by the governmental broadcasting company of Iran since 2007 announced first on 26th March 2016 that the Israeli Prime Minister Benjamin Netanyahu is under suspicion of corruption. The attorney general of Israel was supposed having initiated a criminal investigation against Netanyahu. Press TV published a [beautiful picture](#) of the media part Journalist Fabrice Arfi from August 2003 showing Netanyahu with Mimran on the beach of Monte Carlo, enjoying life.

The essential message of the report was the close financial relationship Netanyahu was supposed to have with Arnaud Mimran at least since the year 2000. Arnaud Mimran was going to be accused in France. It is said that Netanyahu partially received big sums of money from Mimran.

Obviously the present Israeli Prime Minister maintained longer lasting relationships to the Frenchman now being condemned again and who has been sentenced to 8 years imprisonment by a

Paris Court on 7th July 2016 because of evasion of 283 million Euros.

One of various presumptions is that Netanyahu is supposed to have taken million amounts from Mimran during the elections in 2009. Mimran denies this, however.

Beginning of June Mimran stated in his process running in Paris since 2nd May 2016 that he supported Netanyahu with one million Euros, enabling him to finance among other things his election campaign.

After that the well-reputed Times of Israel in its [edition of 6th June 2016](#) could not help reporting about this case, as well as the German-speaking Epoch Times in its [report of 7th July 2016](#).

A first reaction of the Israeli Prime Minister's Office was to declare this assertion as a lie. A few days later at least a donation amount of 40,000 \$ was admitted. This sum flew

to Netanyahu in August 2001. According to the law, however, only a donation of roundabout 2,700 Euros converted is permitted.

Thereupon the Attorney General Avichai Mandelblit initiated an official investigation against Netanyahu after Mimran pronounced his statement

The relationship between Mimran and Netanyahu flew up, too, by the way, because common researches of the Israeli newspaper Haaretz and the French website Mediapart had been published in an investigative report in April 2016. On this occasion it was discovered that Mimran had financed for Netanyahu and his family various holiday trips to the Alps and to the French Riviera, a fact which could have been assumed already because of the Press TV article of 26th March 2016.

A further article reported about a spacious apartment in the Avenue Victor Hugo in the heart of the 16th arrondissement in Paris. This apartment was left at the disposal of the Netanyahu family by Mimran since the beginning of 2000.

Independent from the above statements the Israeli Prime Minister and his family are suspected having taken donations from private organisations before 2005, at a time where Netanyahu still was the finance minister of Israel.



from “foreign enterprises” for family holidays in the years 2003-2005.

Another reason why the relationship between Netanyahu and Mimran is considered to be very amazing is the fact that Netanyahu must have known about the kind of man he was dealing with.

- Mimran was accused in France in the late 1990 years because of tax offences
- In the year 2000, only three years before his common vacation with Netanyahu in Monaco, Mimran was sentenced by a court together with his partners to a fine of 1.2 million Dollars because of insider trading in the USA
- In the years 2000 Mimran was suspected of many crimes but not sentenced.
- According to Press TV Mimran spent 10 months in prison because of various charges including extortion in another case. He could be set free after payment of a 100,000 Euro caution afterwards.
- Mediapart journalist Fabrice Arfi already detected that the Mimran family supported the Likud movement with regular money donations and that they have maintained a tireless relationship management

The investigative journalist Fabrice Arfi of the Mediapart portal carried out various publications about [Mimran und Netanyahu](#) and placed further researches which are close to publication. He is sure in this context that Mimran “**profited from extensive contacts which have delayed his prosecution until now**”.

Thus Fabrice Arfi indicates with such words that Netanyahu was only one of the politicians who could be accused of a delay or obstruction in the prosecution of Mimran and his accomplices submerged in Israel – everybody obviously equipped with Israeli passports.

Another case in which donations and preferential treatment in the context with CO2 transactions could play a role will be reported by Emissionshändler.com® in one of the next editions.

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Our offer

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Kind emission regards

Michael Kroehnert



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The present issue is only partial readable, as it remains free of charge.

Information about the paid version and on how to subscribe to the full version of the newsletter can be found [here](#) and on www.emissionshaendler.com

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