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Extraordinary apology leaves Norway's white-collar crime unit facing lawsuits

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Norway's white-collar crime unit (*Økokrim*) suffered an enormous loss of prestige this week and now faces being sued itself. After prosecuting alleged tax evasion at drilling rig company Transocean for the past 11 years, Økokrim dropped the case entirely and issued an extraordinary apology for the trouble it had caused for the defendants involved.

"They have been acquitted and should be viewed as not guilty," conceded Økokrim's chief, Trond Eirik Schea. He also has decided to drop Økokrim's **appeal of the court ruling that acquitted** Transocean, tax adviser Klaus Klausen of Ernst & Young, two other advisers and Arcade Drilling.

'Crusade'

Newspaper *Dagens Næringsliv (DN)*, which has followed the case for more than a decade, reported that Schea based his decision on "an overall evaluation" of the case and the resources involved in continuing to pursue it.

The decision came after Økokrim's main prosecutor on the case, Morten Eriksen, had been accused of conflicts of interest in the case and of being on a "**crusade**" against Transocean. Økokrim's appeal of the acquittal was supposed to go to trial this month, but Eriksen was abruptly taken off the case and now the entire appeal has been withdrawn.

Eriksen had also been accused by one of the acquitted defendants, Oslo tax attorney Sverre Koch, of **dereliction of duties**. Police dropped an investigation against Eriksen but Norway's top state prosecutor had criticized Eriksen, and his removal from the case just before the appeals trial was to get underway came after demands for such from defense attorneys on Transocean's side.

'Uncertain' outcome of an appeal

Schea pointed to the acquittals issued by an Oslo court and noted that uncertainty over the outcome of an appeal, and the amount of resources needed to mount it, figured into his decision to drop the entire case and apologize to those charged. Asked whether he still had confidence in Eriksen, who's been a high-profile Økokrim prosecutor for years, Schea responded that "I have confidence in all my colleagues."

He refused to comment, however, on how Økokrim staff was taking the decision to drop the Transocean case, whether he was reacting to all the criticism about Økokrim's alleged "crusade" against the company or whether he'd been pressured by state prosecutors to drop the case. Asked to respond to claims he should resign himself for not halting the case earlier, he told DN he hadn't thought about that.

Klausen had been under indictment for five years, charged with tax evasion in connection with how drilling rig revenues were handled internally at Transocean. Prosecutor Eriksen of Økokrim had characterized its huge case against Transocean, Klausen and others charged as unprecedented in terms of its size and scope.

'Nightmare over'

Eriksen and colleagues at Økokrim had claimed they could prove that the defendants had evaded taxation on as much as NOK 11 billion in connection with the operations and internal sales of 12 drilling rigs. They failed to do so and now Klausen and others involved appear likely to seek compensation themselves.

"My client's life's nightmare is over," Klausen's defense attorney, Berit Reiss-Andersen, told DN. She said the ultimate victory over Økokrim was "bittersweet," however, "because this has been an unnecessary and lengthy ordeal for my client." She noted that everyone charged had suffered professionally and suffered a loss of integrity. She said it was hard to even imagine "what it means for a grown man to have the last 10 years of his career destroyed. So even though he now can be seen as innocent, he already has served a considerable sentence."

She said compensation claims "clearly" would be put forward, but that it was too early to go into details about the looming legal action against Økokrim itself. One cleared defendant told Norwegian Broadcasting (NRK) Thursday night that compensation claims likely could amount to around NOK 15 million each.