

	Office of the Special Prosecutor		Case number: 090-2009-12	
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Telephone number wiretapped 5500523	Phone call started 16:07	Call duration 16:57	Recorded by HP	

The District Court of Vesturland has issued ruling no. R-22/2010 authorising police authorities to eavesdrop on phone calls made by the above telephone number.

Related telephone number: 550—523/6936969

The Police assume that the below phone call is a conversation between Bjarki Diego (BD), National ID # 190368-3009 and Johannes Runar Johannsson (JRJ), a member of Kaupthing Bank's Resolution Committee, National ID # 251264-4819.

The recording commences 8 minutes and 37 seconds into the conversation.

5500523-2010-04-09-16-07-33

BD: Still, this is just total nonsense. Even though there's a lot of things you could say about it, you know about a lot of things that were done and all that, I still think that they never, they just got ahead of themselves. They never would've risked any interests without a reason.

JRJ: Or give them away

BD: Given them away, that's not...

JRJ: Yep, I totally agree. Hey, what I would like to do, what I want is to, uh, get you guys there to kind of put together kind of a description of general rules within the bank

BD: Ok.

JRJ: Not to, not at all to say anything that's not correct.

DB: No, no

JRJ: I mean, we're not hiding anything, you know what I mean?

BD: No, no

JRJ: I mean, just a description of how things were generally done. I mean, like if sometimes things were approved after the fact, it makes it even more credible, you know, if you tell how things were

BD: Well, the situation was, I mean it's just...But that was never done unless Hreidar had already approved it, and I think that people always made sure that he'd sent an e-mail before they'd do anything like that. He always approved things. And you know, of course sometimes you thought it was a bit precipitous doing things like that, especially for him, getting approval after it'd been done, because what if you don't get approval after it's done?

JRJ: Mhmm

BD: So I mean I always assumed, on behalf of him, that he at least had already spoken to, gone over these things with the chairman of the board. And I assume you know as well as I do that if the chairman of the board said something, it was done.

JRJ: Yes, exactly, exactly

BD: Hreidar could conceivably have been able to say something himself, but

IRI: Uh huh they were talking about him uh huh

~~BD: Oh yes, they were talking about him, um him~~

BD: They conversed a lot and were, they worked very closely together, but Sigurdur wasn't here in Iceland starting in 2005 or something like that, I forget what it was, 2006 maybe

JRJ: Yep, exactly

BD: Yep, I'd be happy to, it'd be great if I could help you out

JRJ: I mean, it's just objectively, not, you don't need to take a position on the matter yourself, approve or disapprove

BD: No no

JRJ: Or the specifics of how things were with regard to this

BD: No no, absolutely, I think I should be able to get this done, I won't talk about if they have any questions, I mean

JRJ: Yeah

BD: I assume you guys have seen it, there was one thing wrong, I mean, it's here, that we'd already pointed out. That, uh, whenever we disbursed money under a loan agreement we always obtained a signed agreement, which uh, went through loan processing and was recorded, and no money was ever disbursed, the girls just wouldn't press the button unless they'd received the credit committee's approval for it. It just wasn't done. And they didn't fool around. There was no way I could say, listen girls, it's ok, we have it, that was just, it wasn't...

JRJ: Yep the document

BD: They said give us the document, there had to be approval by the credit committee

JRJ: Uh huh

BD: So that was nothing. On the other hand, there was the money market option.

JRJ: yep

BD: It, they weren't as, of course there was a group at the currency desks that was trading tens of billions in foreign currency every single day, for them shuttling a few billion here or there was no problem, just based on a phone call. So there was some money market that went out, it was a huge operating risk for the bank, which you can also see because there were losses.

JRJ: Yep, exactly, those are the dangerous loans

BD: They're horrib...and that's where, all the dangerous and crazy stuff when through that

JRJ: And, uh, and in some instances they were converted into loan form, I mean...

BD: Yeah, that was always the goal, later, later it just had to get done so quickly, then you had to finalise the loan agreement, which was handled like that, those CLN structures and all that, I mean

JRJ: Exactly, exactly, yep

BD: They're a clear example of that, I mean

The recording concluded at 12 minutes and 43 seconds into the phone call.

Report compiled by,
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