

**UPDATE 1-Foreign funds worried by Latvia bank takeover move**

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(Adds statement from Amber Trust minority shareholder)

RIGA, Dec 18 (Reuters) - International investment funds said on Thursday they were worried the Baltic state of **Latvia** was treating minority investors unfairly in its efforts to take full control of **Parex** Bank, which the state had to rescue.

The government has already taken control of 85 percent of **Parex** and wants to up its stake to 100 percent, with or without agreement from the minority shareholders who hold the remaining 15 percent.

"In the light of a lack of direct contact with the **Latvian** government, the Ministry of Finance or the management of the Bank, minority investors' concern about unfair treatment of their holdings is growing," East Capital said in a statement. **Parex**'s woes were one of the reasons **Latvia** appealed for a rescue from the European Union and International Monetary Fund.

East Capital, with its headquarters in Stockholm, said it had received a proposal to sell its 4.2 percent stake in **Parex** and was given a deadline of December 15 to agree.

It said the government should aim to protect the interests of the minority shareholders or risk damaging its reputation.

Amber Trust, a vehicle owned by Danske Capital Finland and U.S. Firebird Funds, said in a statement the **Latvian** demand to sell the about 4.6 percent it owned in **Parex** had come like an ultimatum.

"Any attempt at unfair dilution or forced buyout of minority shareholders is against every common sense of justice and is disastrous to **Latvia**'s reputation and investment climate," said Kustaa Aima and Harvey Sawikin, general managers of Amber Trust.

Latvia bought out the two original top shareholders of **Parex** for 1 **Latvian** lat (\$1.98) each. **Parex** has about 60 minority shareholders, including individuals in **Latvia** and elsewhere.

Some of the **Latvian** investors have also protested over the government's plans. (Reporting by Patrick Lannin; Editing by Jon Loades-Carter and Andrew Macdonald)

PAREX/SHAREHOLDERS (UPDATE 1)|LANGEN|ABN|E|RBN|D|M|DA|FN|NW|SW|RNP

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