

US Department of Justice

Director of Office of International Affairs

Ms. Mary Ellen Warlow

Office of International Affairs
U.S. Department of Justice
1301 New-York Avenue, N.W.,
Suite 800, Washington, DC 20005

08/12/2014 35/87-9C-2014
182-44601 dated 03/20/2014

Dear Ms. Warlow,

The Office of the Prosecutor General of the Russian Federation presents its compliments to the Department of Justice of the United States of America and sends response to request No. 182-44601 under MLAT, as well as the attached materials.

We hope for further fruitful cooperation between our agencies in the sphere of legal assistance in criminal cases.

Exhibits: 255 pages.

Yours respectfully,

Chief of the International Legal Cooperation Directorate

signed

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signed

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Office of the Prosecutor General of the Russian Federation
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RESULTS

of consideration of the US request in respect of the case of Prevezon Holdings

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SUBJECT MATTER OF THE REQUEST

US Department of Justice addressed the Office of the Prosecutor General of the Russian Federation with a request for assistance in the investigation of the case of Prevezon Holdings, against which the Government of the United States filed a civil forfeiture claim.

It follows from the submitted documents that in September 2013 the US Government filed a complaint with the SDNY Court against Prevezon Holdings group of companies and the owner thereof D.P. Katsyv seeking forfeiture of property which according to the US was purchased in order to launder and legitimize the previously stolen funds.

It is alleged in the complaint that in July-December 2007 a criminal organization, including Russian corrupt officials, fraudulently stole Russian companies Rilend, Parfenion and Makhaon owned by W.F. Browder, controlling which defrauded the Russian Treasury of 5.4 bln rubles or \$230 mln previously paid as income tax.

After that, according to the US Government, the organization participants and their partners engaged in laundering the stolen money. In particular, through the accounts of a number of Moldovan companies (Bunicon-Impex and Elenast-Cor) in February 2008 they transferred to Prevezon Holdings \$857,000, which were then spent to purchase real estate in New York for a total amount exceeding USD 22 mln.

Taking this into account, the United States request that the Russian Federation provides them with financial, banking and tax documents related to the circumstances set forth in the complaint, as well as with the court records, registration documents of Russian companies and other information.

The Office of Prosecutor General of the Russian Federation studied the complaint of the US Government filed against Prevezon Holdings and their related companies. Information contained therein was compared to the results of the investigation carried out in the territory of Russia and a number of other countries. Some of the circumstances specified in the complaint were further verified in the course of investigation.

It was found that the main part of the complaint was the version of W.F. Browder already reviewed and refuted as false, put forward by him and widely replicated for the purpose of concealing his involvement in the commission of a number of serious offences in economics in Russia and discrediting the law enforcement and judicial authorities in Russia investigating his criminal activities. Therefore the claims brought by the US Government against Prevezon Holdings do not constitute a claim in the legal sense of the word. They serve as a quasi-claim because they do not contain independent grounds and reliable information.

Since, as can be seen from the claim, the United States do not have complete and reliable data on W.F. Browder and structures and individuals controlled by him, as well as on the defendants and their connection with the circumstances related to the embezzlement of 5.4 billion rubles from the budget, the Office of Prosecutor General of the Russian Federation finds it possible to report on the results of the investigation carried out in its territory.

Aforementioned attitude of the Russian Federation towards the claim of the US Government filed against Prevezon Holdings is entirely and exclusively based on objective data which at any time can be verified and confirmed.

FACTUAL BACKGROUND

It was found in the course of investigation of Browder's activities that in 1996 he, being a citizen of the United Kingdom of Great Britain and Northern Ireland, came to Moscow (Russia) in violation of the migration legislation, and decided to start illegal acquisition of stock of Russian companies that fell under restraint of being sold to non-residents – foreign citizens.

To implement his plans W.F. Browder involved D.R. Firestone, S.L. Magnitsky and other people, who developed a criminal scheme designed to seize the stock of large Russian companies, derive enrichment by illicit stock turnover, tax evasion and fraudulent tax refund from the budget of the Russian Federation.

Pursuant to the criminal plan accomplices of the aforementioned persons – I.S. Cherkasov and V.G. Kleiner incorporated shell companies in the territory of the Russian Federation – Makhaon, Rilend, Parfenion, Dalnaya Step, Saturn Investments, Kameya, Rifl, Orient-K and others, which were registered at the same address: Republic of Kalmykia, Elista, 301 Lenins str., where over one thousand other different shell companies were registered.

However, the aforementioned companies were not seated at that address, they were actually managed by Hermitage Capital and Firestone Duncan in Moscow. Initially W.F. Browder was the head of the incorporated companies, later the position was occupied by persons he authorized – P. Wrench, M. Wilson, I. Cherkasov.

Using these companies for criminal purposes, W.F. Browder concealed from their counterparties and registrars his actual participation as a non-resident in purchasing shares of Russian companies. Purchasing shares, formally in the names of Russian legal entities, W.F. Browder avoided getting the permit mandatory for non-residents, from the Federal Commission on Capital Market and Securities and from the Government of the Russian Federation, and eventually, during the period of 1999 through 2004 unlawfully acquired at least 131,574,722 of Gazprom shares without their consent.

The aforementioned actions by W.F. Browder and his accomplices caused damage amounting to no less than 2 billion 985 million rubles. A case was initiated and an investigation was opened into this fact, under which W.F. Browder has been avoiding testimony, and has been put on the federal and international wanted lists.

In 2004 it was found in the course of tax audits that companies formally registered in the Republic of Kalmykia, did not carry on business in that territory, no disabled people were employed in the companies, they were fictitiously taken on the staff, fake certificates of special economic zone residents containing fake signatures of the Minister of Economy of the Republic of Kalmykia were submitted to the tax authorities. It was found out that the employed taxation scheme allowed W.F. Browder's companies illegally getting tax benefits, reducing their tax burden from 35% to 5.5 % with income tax alone.

Using the tax evasion scheme designed by S.L. Magnitsky, the companies owned by W.F. Browder submitted false information to the Russian tax authorities, which allowed Browder's companies (Hermitage Capital companies) to evade paying income tax in the amount of 522,595,514 rubles for the taxable period of 2001 alone.

Criminal cases were initiated over this fact in 2004, investigation of which was repeatedly suspended due to search for Browder. In 2012 the investigation was completed, the case was taken to court.

By the final decision of Tverskoy District Court of the City of Moscow dated July 11, 2013 W.F. Browder was found guilty of a multimillion deliberate tax evasion and sentenced to 9 years of imprisonment, and put on the federal and international wanted lists.

It was also found out that after the sale in 2006 of illicitly acquired shares held by all the companies controlled by W.F. Browder, the same group of persons employed illegal tax schemes, and subsequently income taxes paid under such schemes were fraudulently refunded from the budget.

In respect of one case of deliberately low income tax withholding rate, in May 2007 criminal proceedings were initiated against I.V. Cherkasov, in the course of investigation it was established that damage was inflicted on the Russian Federation in the amount of about 600,000,000 rubles.

In the course of investigation of this criminal case in February 2008 Russian law enforcement authorities revealed that tax on income from sales of shares in the amount of 5.4 billion rubles paid by Rilend, Makhaon and Parfenion – companies controlled by Browder, were stolen from the Russian budget under the guise of returning overpaid income tax by way of misleading the tax authorities, based on pre-arranged sham contracts forming losses in these companies precisely for the amount of taxes paid.

The episode with 5.4 billion rubles mentioned in the US complaint was related to the implementation of exactly that scheme.

Investigation of these circumstances revealed that a group of persons composed of V.G. Khlebnikov, V.A. Markelov, V.N. Kurochkin, S.M. Korobeinikov, O.G. Gasanov, and S.K. Magnitsky and E.M. Khairtdinov acting for the benefit of W.F. Browder was involved in the embezzlement of 5.4 billion rubles.

The plan for stealing the taxes on the sale of shares paid in 2006, developed no later than May 2007, provided for the replacement of the owners of the taxpayers – Rilend, Makhaon, Parfenion by fronts formally unrelated to anyone from Hermitage Capital, so that the organizers of the criminal scheme were free to receive the stolen money to the accounts of entities controlled by them abroad, and subsequently say that the companies were stolen from them, thereby diverting suspicion from themselves.

In the course of the committing the specified offense and for the purpose of concealing the involvement of W.F. Browder, the owners of Russian companies were substituted by front men by way of re-registration of 100% of shares of those companies to the name of Pluton, Limited Liability Company. To that effect, directors of Cypriot companies Kone Holdings and Glendora Holdings which were constituent parts of Hermitage Capital owned by W.F. Browder, on July 2, 2007 issued a power of attorney to O.G. Gasanov authorizing him to make transactions with shares in the Companies' authorized capitals on their behalves, including to determine the conditions of transactions independently. Based on that power of attorney on July 31, 2007 O.G. Gasanov makes a contract of sale and purchase of shares of Rilend, Makhaon and Parfenion with a front formally unrelated to Hermitage Capital fund and to W.F. Browder, but controlled by them – Pluton, Limited Liability Company with V.A. Markelov in charge of it.

After re-registration of constituent documents people engaged by O.G. Gasanov were appointed to the positions of directors of these companies - V. Khlebnikov, V. Markelov and V. Kurochkin, who subsequently took part in the deception of the tax authorities as to their having reason for the return of previously paid income tax in the amount of 5.4 billion rubles.

As co-executor of the fraudulent scheme and having the most complete data on financial activities of Makhaon, Rilend and Parfenion, S.L. Magnitsky calculated the sum of the tax allegedly overpaid to the budget, prepared false tax returns and primary accounting documents confirming them, certified them with duplicate seals, then handed them to O.G. Gasanov and V.A. Markelov, who together with V.N. Kurochkin and V.G. Khlebnikov used them to misinform tax authorities and steal the 5.4 billion rubles.

S.M. Korobeinikov in his turn, as the owner of CB "Universal Savings Bank", opened accounts for that organisation, deposited the money stolen from the budget under the guise of tax refund and contributed to subsequent legitimization thereof (transfer to other banks and other credit institutions of the Russian Federation and the subsequent transfer of the money abroad).

Based on the documents prepared by S.L. Magnitsky, Federal Tax Service Inspectorates No.25 and No.28 made a decision on tax refund in the amount of 5,409,503,006.48 rubles, which on December 26, 2007 were transferred to the accounts of the companies by the Federal Treasury of the Ministry of Finance of the Russian Federation.

Realizing that the above criminal activities of W.F. Browder and his controlled persons can be detected by law enforcement authorities of Russia, one of the lawyers of W.F. Browder – E.M. Khairtdinov – starts taking steps prearranged in the criminal action plan to take W.F. Browder out of the range of people who could be suspected of stealing the 5.4 billion rubles.

Since December 2007 he starts spreading information that the specified companies were stolen from W.F. Browder (from Hermitage Capital), and that Russian law enforcement officers were involved in these events, justifying it by the fact that in June 2007 in the course of a search they had seized the constituent documents of Rilend, Makhaon and Parfenion, and later used them to re-register these firms in the names of other persons.

After another change of legal owner of Rilend, Makhaon and Parfenion (Pluton, LLC) to a new front – "Boily Systems" (British Virgin Islands) E.M. Khairtdinov arranges secret withdrawal from tax authorities of the forged documents prepared by S.L. Magnitsky and used by O.G. Gasanov, V.A. Markelov to steal the 5.4 billion rubles and subsequently keeps them at his place. Following the discovery of a number of the specifies tax documents during a search at E.M. Khairtdinov, the latter left the territory of the Russian Federation and according to the available information is still in the UK, where since 2006-2007 the majority of people from Browder's group engaged in a multi-year system-organized fraudulent activity have been hiding out.

By decisions of Tverskoy District Court of the city of Moscow dated April 28, 2009 and March 10, 2011 V.A. Markelov and V.G. Khlebnikov were found guilty of committing a crime specified in Part 4 of article 159 of the Criminal Code of the Russian Federation (large scale complex fraud). They were sentenced to five years imprisonment. Money in the amount of 685,024,893.29 rubles was forfeited to the State. Investigation into the stealing of 5.4 billion rubles in respect of V.N. Kurochkin, S.M. Korobeinikov, O.G. Gasanov and S.L. Magnitsky was discontinued owing to their deaths. E.M. Khairtdinov was put on the wanted list.

INCONSISTENCY OF THE COMPLAINT

The identified non-compliances of all the key circumstances and accompanying circumstances of the embezzlement of funds from the Russian budget in 2007 with the investigation results confirmed by legally effective court decisions indicate the failure of the claim of the US Government.

1) Allegations of embezzlement of 5.4 billion rubles by a "Russian criminal organization, including corrupt government officials" are incorrect. It was established in the course of investigation that the crime was committed by a group of persons including W.F. Browder, S.L. Magnitsky, V.G. Khlebnikov, V.A. Markelov, V.N. Kurochkin, S.M. Korobeinikov, O.G. Gasanov and E.M. Khairtdinov who were not government officials.

Involvement of employees of tax authorities into the embezzlement of 5.4 billion rubles was checked in the course of investigation. They were interrogated and undergone face-to-face questioning. Searches and seizures were conducted at their place of work and residence. Telephone calls of relevant persons were monitored. However, no evidence linking government officials to the above-mentioned criminal group was found. At the time of the decision to refund the 5.4 billion rubles they were misled.

The involvement of other persons, including police officers – P.A. Karpov and A.K. Kuznetsov, was also checked and was not supported by evidence. It was found that their existing property was purchased by them and their families using the funds received from legal sources, and long before the embezzlement.

2) The arguments that the members of the "organization" – P.A. Karpov and A.K. Kuznetsov, for the purpose of stealing "the corporate image of the «Hermitage Capital» companies, in 2007 actuated a search at the Russian office of the «Hermitage Capital», in the course of which the police officers seized the original corporate seals, tax documents and constituent documents of Rilend, Makhaon and Parfenion, and then used them to re-register these companies in the names of the three members of the "organization", are incorrect.

It was found out in the course of the investigation that P.A. Karpov did not make the decision of conducting a search and of seizing the specified items and documents, and did not take part in the search. By the time P.A. Karpov took up the case, constituent documents and stamps of Rilend, Makhaon and Parfenion had already been seized by the previous investigator and were stored, packed and sealed, in a place designed and suitable for storing seized property. P.A. Karpov did not open the packages and did not use the specified items and documents.

It was established in the course of expert studies that the seal impressions of Rilend, Makhaon and Parfenion in the documents used for the embezzlement of the 5.4 billion rubles, were not made by the seals that had been seized by MIA investigators in the Russian offices of "Hermitage Capital" and "Firestone Duncan".

In the fraud duplicate seals were used, which, as admitted by S.L. Magnitsky, he had made following the instructions of the management of the companies after the search conducted by the law enforcement agencies. Those duplicates, according to S.L. Magnitsky's testimony, were at the disposal of the "Firestone Duncan" employees, including S.L. Magnitsky himself.

3) Allegations that members of "organization" committed theft of companies owned by "Hermitage Capital" – Makhaon, Rilend and Parfenion, based on the decision of the arbitral tribunal at Detox, LLC as of June 15, 2007, having seized their constituent documents and stamps during searches conducted on June 4, 2007, and using them re-registered the companies in the names of other members of the "organization" and subsequently used these companies to steal money from the budget, are not true.

It was found out in the course of the investigation that the theft of rights to Rilend, Makhaon, Parfenion never took place. An integral part of the plan of stealing 5.4 billion rubles was a change of owners of the Russian companies.

The fact of seizure by the investigating authorities of constituent documents and company seals on June 4, 2007 and effecting transactions of shares sale and purchase on July 31, 2007 allowed W. F. Browder

supporting his version of Russian companies being stolen from Hermitage Capital, by publicly accusing the law enforcement officers of being involved into that offense.

The fact that the seizure and storage by the law enforcement officers of documents and corporate seals of Rilend, Makhaon and Parfenion were used for the benefit of W.F. Browder by persons from his inner circle, was confirmed by S.L. Magnitsky's testimony.

Being interrogated on the criminal case against E.M. Khairtdinov, a lawyer, S.L. Magnitsky testified in June 2008 that investigator P.A. Karpov back in November and December 2007 was ready to return the corporate seal and the documents of Rilend, Makhaon and Parfenion seized in the course of a search conducted on June 4, 2007, but V.G. Kleiner and I.S. Cherkasov asked him not to return them until the investigators initiate criminal proceedings upon their own complaint of Russian companies being stolen from Browder's group.

Later, the fact of constituent documents and corporate seals of Rilend, Makhaon and Parfenion being seized by the investigators would be used by Browder's group as the only justification for the involvement of law enforcement officers into the alleged theft of Russian companies from Hermitage Capital, and for the subsequent embezzlement of budget funds.

Lack of theft of Russian companies from Hermitage Capital also follows from the statement of representatives of Hermitage Capital in dozens of arbitration cases instigated by them with similar claims, formally aimed at getting back corporate governance of Russian companies.

In none of these arbitration cases persons controlled by W.F. Browder (Hermitage Capital companies), stated that they had not entered into the transactions in which first on July 31, 2007 Pluton, LLC became the owner of the companies and then from February 08, 2008 it was Boily Systems, and that the power of attorney under which the transactions were effected was not issued by them.

The only ground for a judicial return of 100 % of shares of the Russian companies to them was the failure to apostilize the power of attorney issued in the name of O.G. Gasanov, which failure was committed by themselves.

These circumstances were repeatedly considered in arbitration proceedings, most of which were closed due to the abandonment of claims.

In the only case considered on its merits, relating to the rights to shares of Rilend, Makhaon and Parfenion where the claim was not abandoned by Browder's companies, the court first in 2010 and then in May 2011 found that the transfer of rights to the Russian societies from the Cypriot companies Kone Holdings and Glendora Holdings to Pluton, LLC and then from Pluton to Boily Systems was implemented at the will of Kone Holdings and Glendora Holdings, expressed by them in the power of attorney dated July 02, 2007, issued to Mr. O.G. Gasanov who effected the deals to the best of their interests and on their behalves.

The non-apostilized powers of attorney issued to O.G. Gasanov, that served as the ground for the claims on the part of Kone Holdings and Glendora Holdings, even subject to recognition of the claim by the defendant (ultimate owner of shares- "Boily Systems"), were not recognized by the court as violation of international and Russian legislation, and since no allegations of falsification of power of attorney or other form of forgery were made by the claimants, and no other arguments on the lack of authority of O.G. Gasanov was produced, by the ruling of the Tenth arbitration court of appeal dated May 31, 2011 in respect of case No.A41-8992/09 the claim was dismissed. This judicial act was upheld by all courts, including the Supreme Arbitration Court of the Russian Federation.

In fact, the shares of Rilend, Makhaon and Parfenion, referred to by the US Government as "corporate identities of the Hermitage Capital companies", not only were not stolen from Hermitage Capital companies, but rather they were re-registered by themselves in the name of Pluton, LLC and then in the name of "Boily Systems", remaining under control of W.F. Browder.

All judicial acts of arbitration courts of the Russian Federation together with the catalogue of progress of relevant cases are available to the public at the official web-site of the Supreme Court of the Russian Federation (www.kad.arbitr.ru).

4) Arguments that the participants of the "organization" – the officials of the tax authorities approved the claims for refund of tax the day they were filed, and within two days 230 million US dollars were paid to the participants of "organization", are not true.

It follows from the investigation materials that V.G. Khlebnikov, V.A. Markelov and V.N. Kurochkin filed amended tax returns prepared by S.L. Magnitsky with the tax authorities in October and November 2007, favourable decisions on them were only passed by the tax authorities on December 26, 2007.

During this period the tax inspectors were not idle, as it is wrongly asserted in the complaint, but according to the Tax Code of the Russian Federation they conducted an in-office audit, in the course of which they

subpoenaed and studied the tax ledgers, accounting statements, contracts of sale and purchase, invoices, payment documents and other financial documents, and interviewed the managers of Makhaon, Rilend and Parfenion.

Inspectors also notified the RF representative offices of CITIBANK and HSBC-Bank, which is the holding company of Hermitage Capital, of the ongoing audit and requested data confirming the need for a tax refund, in response to which request HSBC-Bank provided relevant documents.

However, the means of tax control were not enough to identify the criminal intent of W.F. Browder and his accomplices, as well as the forged documents they made that resulted in the refund of money from the budget.

Furthermore the claims asserted in the complaint seeking forfeiture of 230,000,000 US dollars as an amount equal to the amount of funds stolen from the budget of the Russian Federation, do not match the amount in the currency of theft, which is equal to 5,409,503,006.48 rubles or 218,834,569 US dollars at the exchange rate on the day of fraud (December 26, 2007), set by the Central Bank of the Russian Federation and applicable by virtue of Article 53 of Federal Law No.86-FZ of July 10, 2002 "Concerning the Central Bank of the Russian Federation" and clause 9 of the of the Regulation No. 286-P on establishing official rates of foreign currencies to Russian ruble by the Central Bank of the Russian Federation, approved by the Central Bank of the Russian Federation on April 18, 2006.

5) Information that S.L. Magnitsky was a lawyer, an employee of a law firm, that he exposed the involvement of the Russian law enforcement officers into the fraud, is inaccurate.

It was found out in the course of the investigation that S.L. Magnitsky, being qualified as an accountant and having the status of a private entrepreneur, and a degree in economics, rendered services to the companies of W.F. Browder of maintaining the accounting records and tax records. S.L. Magnitsky never was a lawyer and had no legal training or degree in law.

No evidence was found to the fact that S.L. Magnitsky conducted his own investigation and revealed any offense, including the embezzlement of 5.4 billion rubles from the budget of the Russian Federation, in which government officials of the Russian Federation were involved. It also follows from his testimonies in various criminal cases.

6) Allegation that S.L. Magnitsky was unjustly arrested on a false charge and by order of a member of the 'organization' is not true.

The investigation of criminal activity of W.F. Browder and of his accomplices, including Magnitsky, was initiated in 2004, i.e. long before the theft of 2007 and his arrest on November 24, 2008. Therefore, there are no objective reasons to believe that prosecution of S.L. Magnitsky was initiated and continued in response to the actions of the members of the "organization" and was related to the revealing of fraud, which he did not actually reveal, rather he participated in the fraud himself.

S.L. Magnitsky was arrested in November 24, 2008 in the manner prescribed by law, by investigator of the Investigative Committee of the Russian Interior Ministry O.F. Silchenko, who was not a member of the so-called "organization", not a subordinate of or otherwise connected with P.A. Karpov and A.K. Kuznetsov. Investigator P.A. Karpov did not prosecute S.L. Magnitsky for tax evasion. He conducted a case against another accomplice of W.F. Browder – I.V. Cherkasov.

The criminal case against S.L. Magnitsky was only conducted by A.K. Kuznetsov at its initial stage. During the period of imprisonment and detention of S.L. Magnitsky A.K. Kuznetsov no longer conducted operational activities and had nothing to do with the case.

Based on the totality of the evidence collected in the case, on November 25, 2008 charges were served on S.L. Magnitsky under sub-clauses "a" and "b" of part 2 of article 199 of the Criminal Code of the Russian Federation (tax evasion on a large scale).

On November 26, 2008 Tverskoy District Court of the city of Moscow, after verifying the reasonableness of charges served on S.L. Magnitsky, took him into custody, since it was established that he threatened witnesses, took steps to conceal and destroy evidence, had the intention of hiding from the investigation and judicial bodies abroad.

7) Information that S.L. Magnitsky died in prison as a result of false accusations, tortures, and was later found guilty posthumously, is not true.

The investigation into the death of S.L. Magnitsky revealed that since November 24, 2008 he was retained in custody on the above charges.

On November 16, 2009 at the stage of familiarization with the case materials the state of his health deteriorated sharply and he died of congestive heart failure developed against secondary dilated cardiomyopathy.

The court reviewed the actions of officials and of the medical staff of the pre-trial detention centre where S.L. Magnitsky was kept. At the end of the trial on December 28, 2012 deputy chief of the pre-trial detention centre in charge of medical department was declared not guilty in the absence of a causal link between the diseases S.L. Magnitsky had, and the quality of treatment he received, and his death.

During the investigation into the death of S.L. Magnitsky all versions and speculations about the cause of his death set out in the media and in the citizens' appeals, including those of his relatives, members of the Presidential Council for the development of civil institutions and human rights and others, were considered. However none of them was adequately proved.

The illegal arrest of S.L. Magnitsky allegedly committed by the officers of the Russian Ministry of Interior O.F. Silchenko, P.A. Karpov, A.K. Kuznetsov with the assistance of other persons, improper imposition of a measure of pre-trial restraint in the form of detention and the creation of such conditions of detention of the said person in detention centres, which directly resulted in his death were also not proved.

Conclusions similar to the conclusion made the Russian investigation and court were made by the High Court in London (United Kingdom of Great Britain and Northern Ireland) in respect of the case in the action by P.A. Karpov against W.F. Browder and J.R. Firestone, stating in clauses 127-129 of its ruling dated October 14, 2013, that the causal link, which would be expected to be found between the arrest and imprisonment, on the one hand, and the death of S.L. Magnitsky, on the other hand, is lacking completely, and "there is no evidence of torture and murder", and that "The defendants adduced no evidence to prove their warrant in libel".

In view of the clarification by the Constitutional Court on the rights of decedent defendants to rehabilitation, and in response to numerous complaints, publications, statements in the press and in various official authorities, including the relatives of S.L. Magnitsky who died in the status of defendant, for the purpose of reviewing the grounds for his rehabilitation the case was referred to the only competent authority whose powers in any modern-civilized, rule-of-law state include establishment of involvement or non-involvement of a specific person in illegal events – the judicial authority. In this case, based on the rules of judicial and administrative jurisdiction over cases such authority is Tverskoy District Court of the City of Moscow, which in an open public hearing lasting over six months, reviewed each evidence to which the preliminary investigation agency and the prosecutor referred in their report, and, revealing the full involvement of S.L. Magnitsky to the offenses W.F. Browder was accused of, denied S.L. Magnitsky posthumous rehabilitation having terminated the criminal case against him (ruling of the Tverskoy District Court of the City of Moscow dated July 11, 2013).

INVOLVEMENT OF PREVEZON HOLDINGS AND D.P. KATSYV

In the course of a lengthy and thorough investigation, as well as of a set of special investigation activities no connection was traced between D.P. Katsyv and his partners (T. Krit, A. Litvak) on the one hand and the persons which are in any way involved in the embezzlement and laundering of 5.4 billion rubles. The owners of Prevezon Holdings never knew the established accomplices of W.F. Browder. They were not even indirectly connected.

Study of banking operations and other documents revealed that Prevezon Holdings receive no funds from the accounts of Rilend, Parfenion, Makhaon and other persons employed for the purpose of embezzlement and laundering the 5.4 billion rubles.

The fact that Prevezon Holdings received 857,354 US dollars from "Bunicon-Impex" and "Elenast-Com" in February 2008 was due to contractual relations between L.D. Petrov, as investor, on the one hand, and T. Krit, as the beneficiary of Prevezon Holdings, on the other hand. According to the obligations arisen between them the specified funds were transferred to Prevezon Holdings as a loan, they were used as investments first for the intrabank projects, and subsequently converted into a different currency and transferred as payment for the acquisition of corporate package of investment project in the Netherlands.

Persons involved into embezzlement and laundering of 5.4 billion rubles had nothing to do, directly or indirectly, with reaching these agreements, with delivery and implementation thereof.

It was established in the course of reviewing the sources of capital of D.P. Katsyv, who since June 2008 is the only owner of Prevezon Holdings, that investment capital of the company steered since the end of 2009 into property in the United States was formed from their own funds received from their activities in the territory of the Russian Federation.

The transaction scheme set forth in the complaint is untrue and has no relation to the activities of Prevezon Holdings on the territory of the requesting party – the USA.

Allegations that on the days specified in the complaint certain transactions were effected between such companies as "ZhK" (RF) and "Bunicon" (Moldova), or "ZhK" (RF) and "Krainy Sever" (RF), "Krainy Sever" (RF) and "Bunicon" (Moldova), as well as between "Unvers" (RF) and "Elenast" (Moldova), or "Unvers" (RF) and "Krainy Sever" (RF), "Krainy Sever" (RF) and "Elenast" (Moldova), were not provided support for. No evidence of the existence of the specified transactions was found.

It was also established in the course of audit of the Moldovan firms – "Bunicon-Impex" and "Elenast-Com", from whose accounts Prevezon Holdings received 857 thousand US dollars, that they had enough evidence to prove their competence and capacity (representative, account holder, legal documents, liquidity, state registration, taxes and fees paid).

Banks providing services to these companies had no doubts in their cash and validity of their activities, for which reason they opened accounts for them and provided services to them for a long period of time. Biggest banks in the US worked closely with "Bunicon-Impex" and "Elenast-Com" (including CitiBank), and over a long period of their working with them found in their activities no signs of illegality, including laundering crime proceeds.

On the eve of transfer by "Bunicon-Impex" and "Elenast-Com" of 857 thousand US dollars to the account of "Prevezon Holdings" in the "UBS" bank (Zurich), dollar accounts of these Moldovan companies replenished from other sources, including direct transactions with CitiBank (USA):

Date of transaction	Amount of write-off	Amount received	currency	Beneficiary/Payer Account Number	Beneficiary / Payer
Account statement of SC BUNICON-IMPEX SRL. Account: 22511018404106					
02/05/2008		300,815	USD	103220084027	CITIBANK N.A. NEW YORK, SUA
02/06/2008		1,191,300	USD	103220084027	CITIBANK NA, NEW YORK, SUA
02/06/2008	410,000		USD	CH780023023046738169Y	(N) PREVEZON HOLDINGS LTD, GOUDION STREET, AGIOS ANDREAS, P.S. 1095
Account statement of SC ELENAST-COM SRL. Account: 22513018404162					
02/12/2008	410,000	1,196,575	USD	103220084027	CITIBANK NA, NEW YORK, SUA
02/13/2008	447,353		USD	CH780023023046738160Y	(N) PREVEZON HOLDINGS LTD, GOUDION STREET, AGIOS ANDREAS, P.S. 1095

Numerous residents of the European Union (including the United Kingdom of Great Britain and Northern Ireland) also worked closely with "Bunicon-Impex" and "Elenast-Com" and none of them ever questioned the integrity of "Bunicon-Impex" and "Elenast-Com".

Funds totalling over 102 million US dollars were transferred in 206 transactions from the accounts of the specified Moldovan companies to over 88 companies in 21 countries of the world during the period in question. And 42 % of those funds (43,386,226 US dollars) were transferred to companies registered in the UK.

The fact that "Bunicon-Impex" and "Elenast-Com" were not found at the place of registration does not indicate that they were involved in laundering the stolen property, and that all their transactions are

necessarily of dubious origin, because this circumstance does not contradict the civil law of the Republic of Moldova. According to Moldovan rules, a legal entity may be registered at one address (legal address), but actually be located at a different address (actual address).

Therefore, no indirect and direct evidence of a link between the fraudulent embezzlement of budgetary funds and acquisition on behalf of Prevezon Holdings of both European companies package, and real property in the USA was procured, as well as evidence of any knowledge of owners and the management of Prevezon Holdings of the alleged criminal nature of the funds received from the Moldovan companies.

CONCLUSION

The above data based on the results of official investigations and judicial proceedings, including in the courts of foreign countries, indicate that the Russian Federation does not have the documents requested by the US Department of Justice that could confirm the information contained in the complaint of the existence of fraud and of involvement of Prevezon Holdings into the process of laundering part of the crime proceeds.

Since inaccuracy of the information contained in the complaint relating to the details of the embezzlement and laundering of the 5.4 billion rubles indicates possible use of the competent authorities of the United States for illegal purposes, the Russian Federation offers to the requesting party to hold a joint or separate investigation into the circumstances of receiving such information, as well as into the intentions of the source of this information, and the reasons of misrepresentation of the information.

The consent of the US can significantly affect the outcome of the complaint, clarify and reveal the true basis of the circumstances set forth therein.

In the case of consent to investigation, the Russian Federation is ready to participate and to submit the required documents.