

Relations between the United States and the Russian Federation today are tense with disagreements, the origin of which lie in the international satisfaction granted by US lawmakers to a fugitive criminal accused of tax fraud in Russia, a former US citizen – William Browder who in 1998 renounced US citizenship for tax reasons.

In December 2012, after a massive three-year lobbying campaign, the United States passed Sergei Magnitsky Rule of Law Accountability Act of 2012 setting forth the never-existent story of a "lawyer" Sergey Magnitsky, who allegedly exposed corruption crimes and embezzlement from the Russian treasury, for which he was arrested, tortured and beaten to death in November 2009.

This Act was in fact the beginning of a new round of the Cold War between the United States and Russia, putting on the scales the interests of a group of scammers and interstate relations.

At the root of the Act is the story of Sergey Magnitsky, monstrous in its depth, which no one ever even took the trouble of verifying.

According to open sources, the lobbying of the decision against Russia began in 2006, immediately after Browder was banned entry into Russia, several senators and public figures were involved in the process. In 2008, Browder officially announced a lobbying company on the issues between Hermitage Capital and Russia, and after the death of Magnitsky (synchronized with the need to focus attention on the problems of Hermitage Capital) – the lobbying campaign became known as the Magnitsky Act.

In the course of the internal investigation into the reasons for providing political support to Browder in the United States, it was found that from the very beginning of the Hermitage Capital activities in Russia, spearheaded by its chief consultant Browder, the company's largest investor was Ziff Brothers Investments (a group of companies headed by three brothers – Dick, Robert, Daniel, billionaires from New York with serious ties in Washington).

According to available information Ziff Brothers financed the two Obama election campaigns, and the American media call them "the main sponsor of the Democrats". It cannot be ruled out that they also financed Hillary Clinton campaign.

The alliance of the ZIFF Brothers Fund and the Hermitage and Browder was formed after the death of the strategic owner and chief investor of the Hermitage – Edmond J. Safra. Since the end of 1999, the largest client of Browder was Ziff Brothers Investments, through which aggressive buyup of Gazprom shares begins, within a scheme bypassing the legislative ban in Russia for foreign companies to buy those shares in the domestic market.

The scheme employed to buy shares not only allowed them to be purchased at prices 1.5 times lower than it should have been, through American depository receipts, but also allowed the investors and their consultants avoid state control and

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monitoring of sources of capital, its movement and investment activities taxation in the US and Russia.

In the period from the end of 1999 to 2004, owned by these American investors, two companies registered in New York – Speedwagon Investors 1 and 2- owned by these American investors, illegally bought in the names of Russian companies – Cameya, Lori, Excalibur, Sterling Investments – over 133 million shares of Gazprom for the amount exceeding \$ 80 million, through three Cypriot companies Giggs Enterprises Limited, Zhoda Limited, Peninsular Heights Limited.

As soon as Browder's activity became the subject of attention of Russian law enforcement bodies and he was banned to enter the country on a tourist visa, in January 2006 all assets controlled by Ziff Brothers Investments were siphoned off from the jurisdiction of the Russian Federation.

Reportedly, the American owners of the above chain of companies, in 2006 received an income of over \$ 800 million, including 66 million shares of Gazprom they received as dividends.

Roughly estimated, the damage to the budget of the Russian Federation caused by this activity in the form of unpaid taxes amounted to over 1 billion rubles.

At the same time, no information was found in any open sources of tax and investment (exchange) registries of the United States relating to the declaration by those companies of their investment activities abroad and their payment of taxes in the amount of 35%, which may indicate a major tax evasion in the US, as well as of legalization of criminal proceeds from transactions falling within the scope of the United States Foreign Corrupt Practices Act .

Realizing the real risk of exposure to law enforcement agencies of Russia and the United States, as well as to the deceived or misled clients, Browder invents a bold scheme of embezzlement of budget funds from the Treasury of Russia, the main element of which was the creation of an alibi of non-involvement in the embezzlement in the form of imitation of theft from the Hermitage Fund of three Russian portfolio companies.

In order to shift the attention of law enforcement bodies and the public from the illegal activities of the largest American investors in Russia, a major fraud was planned and pulled off through the companies that were part of the Hermitage Fund, managed by another banking structure – HSBC. The story of embezzlement from the budget of 5.4 billion rubles became known as "the Magnitsky case", and the "case" has nothing to do with the real facts.

Browder, moving from country to country, enlists the support of many leading politicians, lobbying for his own interests, repeating the same canned rhetorics and under oath in the European Parliament and the US Congress. Using the grief of the

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family of Magnitsky to his own advantage, Browder exposes them as a human shield to distract attention from the details of his own crime.

However, immediately after the Magnitsky Act was passed, Browder's group faced the fact that its application – namely, the imposition of direct sanctions against specific individuals – was not as simple as it seemed to be at first. They needed an impulse to be given to it in Europe and the US.

To give even more reasoning, Browder starts his political processions across Europe, and in the US he initiates a lawsuit against Prevezon group of companies (Southern District of New York), owned by Russian businessman Denis Katsyv, who had never been mentioned in connection with the Magnitsky case before.

As a result, none of the European countries passed a national law similar to the one they had passes in the US, PACE only passed a resolution based on the report of Andreas Gross, which entirely reiterated the circulated false story of Browder.

But in the course of collection of evidence in the civil case in the United States, Browder was interrogated, and his testimony clearly departs from the information he reported both in the House Foreign Affairs Committee before the adoption of the Magnitsky Act, and in all his public statements. It shall also be noted that Browder would shrink from testifying in court for a long time, until he was forcibly made to testify by Judge Griesa.

The civil case against Katsyv was suspended in view of Browder's motion to dismiss American lawyers after they said in court that they had collected evidence to the fact that the person who had the motive and the opportunity to steal \$ 230 million from the Russian budget was Browder himself and his employees (the hearing was scheduled June 9, with Michael Mukasey (former US Attorney General 2006-2009, judge emeritus) to be the counsel of Prevezon for the appeal.

Browder, realizing that sooner or later his lies will come to light in the jury trial in New York, intensifies his activities on the globalization of his false history and on the confirmation of his alibi during the period of suspension of the case. With the help of his long-time ally Senator Cardin, he has the Global Magnitsky Act passed in the Senate last December, and in April he forwards it to the House Foreign Affairs Committee.

Browder's plan is simple: placing the Global Magnitsky Act on the table of the new President of the United States, to prevent the new Administration from revising the interstate relations between the United States and Russia, so diligently antagonized at the instigation of Browder and those interested in it.

But in the course of consideration of the Act in the Foreign Affairs Committee last month, for the first time in Congress, the story of the Magnitsky case was questioned, and its real initiator, William Browder, was called a crook who walked over the whole Congress (Rep. Dana Rohrabacher). Rohrabacher propose an

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amendment of striking the name of Magnitsky out from the name of the US legislation and proposed to check the objectivity of the whole story history underlying the Act of 2012. However, political nature of the matter, and reluctance to go into this complicated history on the part of the majority of committee members prevented them from conducting an objective analysis of this story.

Nevertheless, despite the fact that the Foreign Affairs Committee passed the Cardin act for subsequent approval in other House Committees, the arguments brought forward during the hearing by Mr. Rohrabacher, and supported by several other members of the committee, worked.

It is expected that on June 14-15, 2016, the Foreign Affairs Committee will hold open hearings with witnesses from the sides of both Browder and his opponents (lawyers, journalists, human rights activists).

Browder's opponents – Russian citizens, will present to Congressmen the facts and evidence of the falsity of Browder's testimony in the same committee in 2012, after which the Act was passed that laid the foundation to open confrontation between our countries, to complications in relations on all key geopolitical issues and to the ban on the adoption of Russian children by Americans.

It is necessary to support the normal hearings of this urgent issue in the house Foreign Committee.

Now there is a unique opportunity to demonstrate in Congress the falsity of the version of events set forth by Browder, and to show his true motives for lobbying this antagonistic Act, his personal attitude to the facts, and not to let politicians who earn their political dividends on fomenting a cold war with Russia to use this false story.

Чтв, 9 Июн 2016 22:10

Re: Meeting confirmed for Donald Trump Jr.



От: Rob Goldstone [REDACTED]

Кому: Наталия [REDACTED]

We will be at trump tower from 345pm so let me or Ike know when you are here
Rob

This iphone speaks many languages

On Jun 9, 2016, at 12:39, Наталия [REDACTED] wrote:

Prefect! Will be there at 4 pm, meeting confirmed.

Отправлено с iPhone

9 июня 2016 г., в 9:55, Rob Goldstone [REDACTED] написал(а):

I would suggest you bring whoever you need in order to make the meeting successful. Please bring them with you and meet Ike for your meeting at 4pm today.
Best
Rob

This iphone speaks many languages

On Jun 9, 2016, at 09:24, Наталия [REDACTED] wrote:

Dear Mr. Goldstone, I am writing to ask you to pass by Mt. Trump my request to include our trusted associate and lobbyist Mr. Rinat Akhmetshin, who is working to advance these issues with several congressmen. He has invaluable knowledge about the positions held by the members of the Foreign Relations Committee that will be very important to our discussion. Mr. Akhmetshin has signed an NDA with us as did Mr. Samochornov. I will be awaiting your decision.
Kind regards, Natalia

Отправлено с iPhone

7 июня 2016 г., в 17:27, Rob Goldstone [REDACTED] написал(а):

Good Afternoon

I have confirmed a meeting for you both at 3pm on Thursday with Donald Trump Jr. at his office at Trump Tower on Fifth Avenue.

I can meet you there and bring you up to his office, introduce you all - and then I shall step away and leave you to the meeting.

Please ensure you have official ID for the very tight security now at Trump Tower. Driver's license and or passport etc.

I will be on my cell on Thursday if you need anything - [REDACTED]

Rob Goldstone
[REDACTED]

Testimony of
NATALYA VESELNITSKAYA

Submitted to
U.S. House of Representatives
Committee on Foreign Affairs

Hearing on

U.S. Policy Toward Putin's Russia

June 14, 2016

My name is Natalia Vladimirovna Veselnitskaya. I am a citizen of the Russian Federation, a managing partner of the Moscow Region law offices of Kamerton Consulting and an attorney admitted to practice in the Russian Federation independent of any government institutions.

In 1998, I graduated with distinction from the Moscow State Legal Academy (now O. Kutafin Academy). Upon graduation from the Academy, I started working at the Central Office of the Moscow Region Prosecutor's Office, where I have come up through the ranks to the position of the Department Head, overseeing the legality of statutes that were adopted by legislators of Moscow Region (the Governor, the Government, and the Duma).

In 2003, I formed a private legal firm, Kamerton Consulting. My firm specializes in legal representation in cases, primarily related to the economy. I have argued and won more than 300 cases involving complicated arbitration issues involving ownership of land and facilities. I also have repeatedly participated in the Presidium of the Supreme Arbitration Court of the Russian Federation. Since 2009 I have been dealing with protection against defamation in the media. I have won more than 20 cases (in all courts) for the protection of honor and reputation of our clients, resulting in the recovery of substantial compensation for moral and material damage.

Since 2009 I began to deal actively with criminal cases, protecting the victims of fraud, extortion, slander, false denunciations and calumny.

Since 2013 I have conducted my own legal investigation into the circumstances of the activities in the Russian Federation of a former U.S. citizen William Browder, who on December 4, 2012, sent a letter that served as the grounds for the complaint filed on September 10, 2013, by the U.S. Attorney for the Southern District of New York to the District Court on behalf of the U.S. Government against Prevezon Group, which was owned by a Russian businessman Denis Katsyv.

I have personally and thoroughly reviewed more than 600 judicial acts, 46 arbitration cases and 13 criminal cases involving the companies managed by Browder. I have also reviewed more than 100 interviews of witnesses, suspects and others accused on matters related to Browder. In addition, I have personally interviewed more than 15 individuals related to the events referred to in the U.S. Magnitsky Act.

The results of my analytical investigation of Browder's story, known as the "Magnitsky case," reveal the motives, reasons and capabilities behind the commission of numerous crimes in the territory of Russia and the United States by a group of persons acting in Browder's interests. These have been confirmed during nine interrogations of the witnesses called by the U.S. Attorney for the Southern District on the above-captioned civil proceedings.

All information which became known to me in the course of my legal investigation is my personal intellectual product developed through no pressure, interference or pre-defined objectives to conceal anyone's illegal actions.

It is my intention, through my testimony, to convey to this Committee and to Members of Congress, that information which I have uncovered about the events set forth in The Sergei Magnitsky Rule of Law Accountability Act of 2012.

Thank you for this opportunity to provide this testimony.

Supplemental Testimony of
NATALYA VESELNITSKAYA

Submitted to
U.S. House of Representatives
Committee on Foreign Affairs

June 14, 2016 Hearing on
U.S. Policy Toward Putin's Russia

My name is Natalia Vladimirovna Veselnitskaya. I respectfully submit this supplement to my written testimony of June 14, 2016.

One critical point of disagreement between the Russian Federation and the United States involves two interlinked laws: the Magnitsky Rule of Law Accountability Act of 2012 and the Dima Yakovlev law. Three years ago, the fate of about 250 children was thrown into uncertainty after Russia passed a law prohibiting Americans from adopting children in Russia. The children would have added to the impressive number of more than 60,000 Russian children adopted by American families following the collapse of Communism. Some of the blocked adoptions were taken up by Russian families, while other children were adopted overseas. But some of the potential adoptees got sick and others reportedly died.

Officially, the Russian law was passed following outrage over the 2008 death of Chase Harrison (Dima Yakovlev was his original Russian name), a toddler adopted by a Virginia family left to die in a car on a sweltering summer day. Unofficially, Russia passed the law in retaliation for the Magnitsky Act, which imposed sanctions on persons supposedly blamed for the death of Sergei Magnitsky in a Moscow prison in 2009. At the time the Magnitsky Act was passed, it was believed that Magnitsky had been arrested for exposing a \$230 million tax refund fraud involving Russian police and tax officials and that he was killed to cover up the crime. New evidence has emerged in US Federal Court case Southern District of New York and in the new western-produced investigative documentary film that Magnitsky, for whom the law was named, was not a whistleblower and was not beat to death in prison.

The Magnitsky story has never been critically examined in the United States. Instead, the extensive lobbying efforts of the original proponents of this legislation, led by former American businessman William F. Browder, misled Congress into believing “facts” that, on further analysis, were misleading (some intentionally so) and, in some instances, demonstrably false. Browder has undertaken an intensive media and lobbying campaign to evade his own responsibility for a separate income tax fraud that he committed in Russia in 2001, which led to his criminal conviction in 2013.

Browder was a U.S. citizen who went to Russia after the Soviet Union dissolved, started what became the largest hedge fund in Russia, Hermitage Fund, which had \$4-5 billion under management. In 1998, Browder gave up his U.S. citizenship when the United States instituted income taxes on worldwide income. He apparently did not want to pay taxes on his substantial income from Russia. He took residence in England.

Since 2013, I have conducted my own investigation into Browder's activities in the Russian Federation. In connection with a civil proceeding against my client, I personally reviewed more than 600 judicial orders and 46 arbitration cases and 13 criminal cases involving the companies managed by Browder. I also reviewed more than 100 interviews of witnesses and suspects on matters related to Browder. I personally interviewed more than 15 people related to the events referred to in the "Magnitsky Rule of Law Accountability Act of 2012," a law passed by the U.S. Congress that sanctions those supposedly involved with the death of Sergei Magnitsky. Many of those named are simply Russian officials and judges who prosecuted, litigated, or held judicial proceedings against Browder, his associates, or companies, but had nothing remotely to do with Magnitsky's death. I conducted a thorough review of the source documents in Russian (many translations provided by Browder on his website are not simply inaccurate; some contain extra paragraphs of text that does not exist in the original). I also reviewed sworn testimony taken in a lawsuit in a New York against my client.

A serious examination of Browder's story uncovers a false story that has poisoned US-Russia relations for some time and will help to expose a fraud that was perpetrated on US Congress and public.

The following statement represents the by-product of my investigation, and I have not been pressured, paid, or otherwise influenced by any person (including the Russian Government). I am providing this statement solely to convey to the members of the U.S. Congress information which became known to me about the events regarding the Sergei Magnitsky.

A. Browder Committed Tax Frauds in Kalmykia

In 2003-04, Browder was found civilly liable in Russian court judgments for income tax fraud in Kalmykia, a remote Russian region located approximately 750 miles from Moscow. Browder actually ran no businesses in Kalmykia; instead, he had registered companies there to take advantage of tax loopholes that reduced the effective tax rate from 35% to just 5.5%: (1) a reduction for employing a majority of disabled employees; and (2) a reduction for making an investment in the Kalmykian economy.¹ (Document 422-16 at 3-4).

One company found civilly liable was Dalnaya Steppe, a Kalmykian company for which Browder was the general director in 2001 and responsible for the tax returns. (Document 281- 1 at 77) The judgment against Dalnaya Steppe was for \$19 million. (Document 281- 1 at 81-82; Document 421-25; Document 509-2 at 125-131).

¹ Many of the documents supporting these states can be found in the publicly available record of 1:13-cv-06326, in the United States District Court for the Southern District of New York. These documents can be located via www.pacer.gov. For purposes of this statement, all such documents will be referenced as "Document" followed by a number descriptor. Mr. Browder's testimony before the Commission on Security and Cooperation in Europe on June 23, 2009 will be referenced as "Browder Helsinki Commission Testimony." Mr. Browder's testimony before the Tom Lantos Human Rights Commission on May 6, 2010 will be referenced as "Browder Lantos Commission Testimony." All other supporting documents will be separately noted. All websites cited herein are valid as of the date of this statement.

Another company found civilly liable was Saturn Investments, a Kalmykian company for which Browder was also the general director in 2001 and responsible for the tax returns. (Document 281- 1 at 58). The judgment found the company liable for falsely representing that it had employed a majority of disabled workers when it had not actually done so. (Document 421-22; Document 421-24; Document 281- 1 at 68-71).

At the time of these civil judgments, Browder was one of Vladimir Putin's most vocal public supporters. Browder claimed that Putin was going to benefit Russia and its economy. Browder also provided public justification for the arrest of Mikhail Khodorkovsky because Browder stated that Khodorkovsky failed to pay taxes. (Document 281-1 at 99-103; Browder PowerPoint, *Seven Big Myths About Russia*²; <https://youtu.be/72q8gNmwpF8>).

Browder could have paid the judgments and the matter would have ended. But Browder did not pay the \$19 million civil judgment owed by Dalnaya Steppe. Instead, he liquidated the assets of Dalnaya Steppe and transferred ownership of the company to his Israeli security contractor, who put the company in bankruptcy. (Document 281- 1 at 81-99; Document 509-2 at 125-131). According to the 2007 bankruptcy judgment, the Russian tax authority was the only unpaid creditor in the bankruptcy proceeding. (Document 422-32; Document 422-33).

Due to the unpaid taxes, a criminal tax investigation started against Browder in 2006. (Document 281-3). That criminal investigation led to charges against Browder and Magnitsky. (Document 419-5; Magnitsky November 25, 2008 Interrogation Statement). Browder was eventually convicted (although the charges against Magnitsky were dismissed, contrary to Browder's repeated public statements). (Document 422-16; Document 422-17).

Browder has testified before the U.S. Congress on two occasions and repeatedly told his story to multiple media outlets. The backstory of his own tax fraud is, by and large, completely omitted.

B. Browder Develops A Cover Story As Part of His Defense

In early 2006, Browder liquidated all of his fund's investments in Russia, including whatever remained of Dalnaya Steppe and Saturn. (William F. Browder, *Red Notice*, at 183-185.). Three of Browder's companies – Parfenion (reconstituted from Saturn Investments), Makhaon, and Rilend – paid approximately \$230 million in income taxes in 2006. (Document 137-19 at 12; Document 281-1 at 154-55; Browder Helsinki Commission Testimony at 43).

In December 2007, the Russian Treasury paid approximately the same amount as tax refunds based upon fraudulent refund applications. Browder claims that he is not responsible for the \$230 million fraud because his companies were supposedly stolen from him. In later years, Browder developed a story that the police who were investigating him for the Kalmykian tax frauds used his three companies to commit the \$230 million fraud. As part of Browder's story, Browder claims that Magnitsky was hired as a lawyer in June 2007. Magnitsky supposedly

² This presentation is found at [http://www.otf.ru/archive/files/Seven_Big_Myths_About_Russia_\(April_2005\).pdf](http://www.otf.ru/archive/files/Seven_Big_Myths_About_Russia_(April_2005).pdf).

uncovered and accused the \$230 million fraud, reported his findings to police, who arrested and tortured him to recant. Magnitsky died in prison in November 2009.

Browder's story, however, does not withstand analysis. It contains numerous falsehoods.

C. Sergei Magnitsky Was Not a Lawyer Hired in June 2007; He Was a Tax Advisor Hired in 1996

In connection with the criminal Kalmykia tax fraud investigation, Russian tax investigators executed a search warrant in June 2007 on both Browder's offices and Firestone Duncan, Browder's law firm. (Browder Lantos Commission Testimony at 19). In response to this search, Browder claims he hired "lawyer" Sergei Magnitsky, who Browder called "one of the smartest lawyers he knew in Moscow" and the "best tax lawyer [he] knew in Moscow." (<https://youtu.be/4HTwnmSqFcE?t=4m50s>; Browder Lantos Commission Testimony at 15; William Browder, *Red Notice*, at 202).

But Magnitsky was not a lawyer – he was an auditor – and he was not hired by Browder in June 2007, he worked for him since 1996. (Document 281-3 at 1; Magnitsky November 25, 2008 Interrogation Statement at 3-4). Magnitsky was the tax advisor who participated in the original tax frauds involving Dalnaya Steppe and Saturn. (Magnitsky November 25, 2008 Interrogation Statement at 4- 5). By calling him a lawyer hired in June 2007, Browder tries to obscure Magnitsky's role in Browder's tax fraud.

Magnitsky, in testimony to Russian investigators, repeatedly calls himself an auditor. (Document 281-3 at 1; Magnitsky June 5, 2008 Interrogation Statement at 1; Magnitsky October 7, 2008 Interrogation Statement at 1).³ Browder himself admits this: he testified under oath that Magnitsky never went to law school or received a law degree. (Document 281- 1 at 25-26, 111-112). Russian law requires a lawyer to have a law degree. (Federal Law of the Russian Federation, No. 63-FZ (May 31, 2002) at Article 9).

Browder has told multiple stories about Magnitsky's qualifications during his prior Congressional Testimony. On June 23, 2009, Browder testified before the Helsinki Commission and called Magnitsky a "legal and accounting advisor." (Browder Helsinki Commission Testimony at 45). Before the Lantos Commission on May 6, 2010, Browder morphed Magnitsky into a lawyer. (Browder Lantos Commission Testimony at 19).

Another claim repeatedly made by Browder was that Magnitsky was hired in June 2007 after the search warrant was executed. (William Browder, *The Russians Killed My Lawyer: This is How I Got Congress to Avenge Him* at 2, Politico (Feb. 3, 2015)). That claim is false too. Magnitsky was a long-time employee of Firestone Duncan (Browder's law firm) since at least 1996, according to Magnitsky's own interrogation by Russian investigators. (Magnitsky

³ Browder has his translation of Magnitsky's June 5, 2008 Statement available at <https://drive.google.com/file/d/0B6nugCIZ1LPPd1VXZE5MRkFIT1E/view> and his translation of the October 7, 2008 statement available at <https://drive.google.com/file/d/0B6nugCIZ1LPPd1VXZE5MRkFIT1E/view>.

November 25, 2008 Interrogation Statement). Firestone Duncan had been doing work for Browder since 1996. (Magnitsky November 25, 2008 Interrogation Statement at 3-4).

D. Magnitsky Did Not Report A Crime to the Police; He was Interrogated for His Role in Browder's Kalmykia Tax Fraud

The central premise to Browder's story is that Sergei Magnitsky was the first to accuse two Russian investigators, Pavel Karpov and Artem Kuznetsov of committing the \$230 million fraud on the Russian Treasury. As a result of Magnitsky's whistleblowing, the two investigators imprisoned Magnitsky and had him tortured in prison to pressure him to recant his testimony.

In his book *Red Notice*, Browder states that Sergei Magnitsky "gave his witness statement, explicitly naming Karpov and Kuznetsov in the crimes." (William Browder, *Red Notice*, at 233). Browder's Congressional testimony to the Lantos Commission provides that: "On October 7, 2008, he [Sergei Magnitsky] went to the officers of the Russian State Investigative Committee (the Russian equivalent of the FBI) and testified against two officers of the Interior Ministry, Lt. Colonel Artem Kuznetsov and Major Pavel Karpov, for their involvement in the theft of the Hermitage Fund companies and the theft of \$230 million from the Russian budget." (Browder Lantos Commission Testimony at 20). Browder later testifies that "Sergei learned that the officers appointed to investigate his case were the same one he had implicated: Kuznetsov and his subordinates." (Browder Lantos Commission Testimony at 20). Finally, Browder testifies that "Sergei then went to the Russian State Investigative Committee and testified that the officers in the Interior Ministry were involved in stealing \$230 million from their own government" and that "one month after he testified, the officers who he testified against arrested him at his home at 8 am . . . with the very specific purpose of getting him to withdraw his testimony against the police officers." (Browder Lantos Commission Testimony at 16).

This story simply is not true. Magnitsky did not go to the Russian State Investigative Committee or other police authorities to accuse police officers of engaging in the \$230 million fraud. He was summoned to be interrogated about Browder's Kalmykian fraud and other matters. He was interrogated in 2006; he was interrogated again in June and October 2008 by the Russian State Investigate Committee in connection with the forgery of documents by some of Browder's lawyers. (Document 281-3 at 1; Magnitsky June 5, 2008 Interrogation Statement; Magnitsky October 7, 2008 Interrogation Statement). He was interrogated yet again before he was arrested in November 2008 about the Kalmykia fraud. (Magnitsky November 25, 2008 Interrogation Statement; Document 419-5).

These interrogation reports also show that Magnitsky did not accuse or, as Browder claimed in his book, "explicitly accused," Russian investigators Karpov and/or Kuznetsov of committing the \$230 million Treasury fraud. Browder, however, posted misleading descriptions of the 2008 interrogations on his website that are not consistent with the Russian language originals. The proper translations show that Magnitsky was being interrogated; he was not reporting a crime or accusing the police.

Browder's website, www.RussianUntouchables.com, contains intentionally misleading translations to justify Browder's story. The description on the website about Magnitsky's June 5,

2008 interrogation provides that “Sergei stated that he had discovered evidence of theft of Hermitage Fund companies (Rilend, Makhaon, and Parfenion) and violations of the law by officers Artem Kuznetsov and Pavel Karpov.”⁴ A proper translation shows that no accusations were made against these two officers. Magnitsky mentions Kuznetsov as the investigator who was looking into the Hermitage companies and their assets (which was done in pursuance of a legitimate tax investigation). (Magnitsky June 5, 2008 Interrogation Statement). Magnitsky also mentions Karpov and Kuznetsov a number of times in connection with providing a summons for an investigation and conducting questioning. (Magnitsky June 5, 2008 Interrogation Statement). In fact, Magnitsky actually states that “unknown persons started actively destroying the evidence of their *unlawful activities*.” (Magnitsky June 5, 2008 Interrogation Statement at 9) (emphasis added). But Magnitsky never made accusations against Kuznetsov or Karpov.

Browder’s Congressional testimony to the Lantos Commission in May 2010 is completely contradictory to Magnitsky’s October 2008 interrogation report. Browder testified to Congress that Magnitsky testified against “Lt. Colonel Artem Kuznetsov and Major Pavel Karpov, for their involvement in the theft of the Hermitage Fund companies and the theft of \$230 million from the Russian budget.” (Browder Lantos Commission Testimony at 20). But those two officers are *not mentioned once* in the October 2008 Magnitsky interrogation statement. (Magnitsky October 7, 2008 Interrogation Statement). Browder’s website again offers a misleading translated summary of this report. The English summary states it is a transcript of Sergei Magnitsky’s statement “in which Sergei confirmed his testimony from 5 June 2008 about his discovery of crime against Hermitage Fund and the involvement in this crime of Artem Kuznetsov and Pavel Karpov. . . . A month after his testimony, Sergei Magnitsky was arrested by Artem Kuznetsov’s subordinates on the basis of fake documents making him a suspect in a case that didn’t concern Sergei” The original Russian version says nothing of the sort.

In November 2008, Magnitsky was specifically arrested for his involvement in the Dalnaya Steppe fraud. A November 25, 2008 interrogation of Magnitsky confirms as much; so too does the November 25, 2008 indictment of Magnitsky. (Magnitsky November 25, 2008 interrogation; Document 419-5).⁵ Both focus exclusively on Browder’s Dalnaya Steppe tax frauds, not accusations by Magnitsky against the police for committing the \$230 million Treasury fraud.

E. Magnitsky Did Not Report \$230 Million Fraud to Police

Even according to Browder’s prior website posting, the \$230 million fraud was first reported to the police by Rimma Starova, not Magnitsky.

Browder’s former website (since removed but still accessible via an internet archive) states that “Rimma Starova files a criminal complaint with the Russian Interior Ministry in Kazan falsely accusing representatives of HSBC’s companies of the theft of state funds” in April

⁴ This website can be found at www.russian-untouchables.com/eng/testimonies/.

⁵ A copy of the Magnitsky’s November 25, 2008 Interrogation Statement is attached to this document as Exhibit A.

2008 – two months before Magnitsky’s interrogation in June 2008. (Archived Website, April 2008 entry).¹⁶ Starova was a former director of the portfolio companies after their ownership purported unauthorized transfers.

Starova’s April 2008 criminal complaint was confirmed both by Sergei Magnitsky’s statement to investigators and a report from a Russian newspaper, Kommersant. Magnitsky told investigators that “On 3 April 2008, Kommersant published an article which, referring to the law enforcement authorities, reported that Parfenion, Limited Liability Company, Realend [sic], Limited Liability Company, and Machaon, Limited Liability Company, had allegedly used tax evasion schemes and criminal schemes were launched to prosecute those at fault.” (Magnitsky June 5, 2008 Interrogation Statement at 8).

Therefore, Magnitsky was not a whistleblower – the story was known two months before the June 2008 interrogation statement from Magnitsky. Magnitsky’s accusation against Karpov and Kuznetsov was not made until November 2009, a year after he was imprisoned, and thus, the accusation could not have been the reason for his arrest. By that time, Browder seems to have developed his story as part of his defense of the Dalnaya Steppe prosecution.

F. Browder Tries to Have Magnitsky Take the Blame for the Kalmykia Frauds

Magnitsky would not have been arrested or kept in prison if Browder paid the \$19 million due from the earlier civil judgments against Dalnaya Steppe and Saturn. Browder, however, actually wanted Magnitsky to accept responsibility for these tax scams. Browder testified under oath at his deposition that “I don’t remember” when asked whether “Did you ever have somebody suggest to Mr. Magnitsky that he should take responsibility for the Saturn and Dalnaya Steppe?” (Document 281- 1 at 376-377). This is an astonishing failure of memory from someone who had made Magnitsky’s death the centerpiece of his public relations campaign. Browder, who had left Russia, wanted Magnitsky to take the fall for Browder’s tax scams.

None of Browder’s public statements ever address his Dalnaya Steppe tax fraud, simply ignoring inconvenient facts when forced to confront them. But Browder’s 2013 conviction was for his Dalnaya Steppe tax scams – which started out as civil judgments until Browder failed to pay the taxes. Browder was sentenced to nine years in prison for his role in the tax fraud. Contrary to public reports promulgated by Browder, Magnitsky was not posthumously convicted for this crime – the charges against Magnitsky were dismissed. (Document 422-16; Document 422-17).

As Browder openly admits in his book, *Red Notice*, his public relations campaign for Magnitsky is for the purpose of convincing public officials that his conviction was politically motivated, and Russia’s requests to Interpol to arrest him should be denied.

⁶ A copy of this archived webpage can be found at <https://web.archive.org/web/20090130125854/http://hermitagefund.com/index.pl/news/article.html?id=899>.

G. Magnitsky Supposedly Made Accusations Against the Police in October 2009, a Year After He Was Arrested

Nearly one year after Magnitsky was arrested, in October 13, 2009, he purportedly accused Russian Tax investigator Artem Kuznetsov of fabricating the criminal case against Browder to steal the companies and their \$230 million tax refund. Magnitsky also accused Kuznetsov of retaliating against Magnitsky by fabricating another criminal case. Russian tax investigator Pavel Karpov is only mentioned as being the subordinate of Kuznetsov, who supposedly ran the whole investigation. This is the first time Magnitsky purportedly accused the police of committing the \$230 million Russian Treasury fraud. This handwritten statement, coming a year after Magnitsky's arrest, cannot justify the story that the police were retaliating against him a year earlier, in November 2008.⁷

Even this statement is suspicious. The handwritten statement that appears on Browder's website does not have any file stamp or other identifying information indicating that Magnitsky gave this statement to Russian authorities. Magnitsky later accused Kuznetsov (Karpov was again mentioned only as a deputy), but at that point Magnitsky had been interrogated or officially questioned over ten times and had never previously accused Kuznetsov or Karpov of wrongdoing.

Magnitsky's statement was nearly word-for-word identical to a typed statement available on Browder's website, but Russian prisons do not have computer or printers. Thus, it appears that Magnitsky was reading a story that Browder's team created a year after Magnitsky's arrest.

Another portion of Magnitsky's court testimony is a typewritten defense to the tax fraud case brought against Magnitsky for his involvement with Browder's Kalmykian tax scams. This statement was prepared in a western style, with formal paragraph numbers. Russians do not draft statements in this format. This statement is not available on the Russian Untouchables website.

Another handwritten statement supposedly attributed to Magnitsky dated November 12, 2009 also lacks any file stamps or other notations indicating that Magnitsky gave it to Russian authorities. Again, no accusations are made against Kuznetsov or Karpov. Magnitsky was questioned that day and made no mention of this handwritten statement.

H. Sergei Magnitsky Was Not Beaten to Death in Prison

One of the essential points in Browder's story was that Sergei Magnitsky was beaten to death in Russian prison. Browder has stated to media that Magnitsky was beaten to death on the last day of his life by eight riot guards for one hour and 18 minutes. (Adrian Humphreys, *I made a vow to his memory: Bill Browder wins fight to ban corrupt Russian business in memory of dead friend*, National Post (Dec. 7, 2012)). The findings to support the Magnitsky Act (126 Stat. 1503) largely mirror Browder's claim, finding that Magnitsky "was beaten by 8 guards with

⁷ A copy of all statements referenced in this section can be found at <http://russian-untouchables.com/rus/testimonies/>.

rubber batons on the last day of his life.” Browder repeatedly cites photographs showing wrist injuries to Magnitsky as proof he was beaten.

However, the contemporaneous evidence and a U.S. forensic examination undertaken for Browder by Physicians for Human Rights show that Magnitsky was not beaten to death. While Magnitsky’s death in prison was tragic, medical negligence was the cause of Magnitsky’s death, not a prison beating. Magnitsky was subject to the same prison conditions as the remainder of the prison population.

The official death certificate for Sergei Magnitsky says “No signs of a violent death detected.”⁸ The forensic review by Physicians for Human Rights conducted for Browder stated the cause of death was untreated pancreatitis that led to septic shock. (Forensic Review of Sergei Magnitsky documentation, Physicians for Human Rights at 4-8 (June 28, 2011). Physicians for Human Rights also concluded that the wrist injuries seen on Magnitsky “are more likely caused by handcuff application.” (Addendum to Forensic Review of Sergei Magnitsky Documentation, Physicians for Human Rights at 8 (Oct. 16, 2012 Report)).⁹

This report from Physicians for Human Rights was not disclosed in Browder’s Congressional testimony or to any extensive measure in the media. Faced with inconvenient facts from reputable U.S. forensic physicians, Browder has chosen to ignore them and hide the results.

I. The Russian Human Rights Council Did Not Determine that Magnitsky Was Beaten and Tortured in Prison

Both Browder and the Magnitsky Act’s Findings make reference to the Russian Presidential Human Rights Council’s Preliminary Report as evidence that Sergei Magnitsky was beaten and tortured in prison. However, the report says that had yet to be finalized by the Human Rights Council: “the complete and comprehensive investigation by authorized agencies of all circumstances of the death of . . . Magnitsky by competition authorities is not complete.” (Document 419- 1). Most of the report consists of preliminary findings from Non-Governmental Organizations – that is, entities other than the Human Rights Council. Even the limited portion of the preliminary report itself attributed to the Human Rights Council was only prepared by working groups of the Council, not the full Council. (Document 419-1 ¶ 7).

One of the members of the Working Group, Kirill Kabanov, has stated under oath that the Human Rights Council Report (and the NGO report it cites) were prepared largely from the unverified materials provided by William Browder or his lawyers, some of which were riddled with errors such as calling Magnitsky a lawyer or trying to proclaim Magnitsky a whistleblower. (Document 419-1 ¶¶ 6-11). He later states that the “Human Rights Council has since gathered

⁸ Browder has made a translation of the death certificate available at <https://drive.google.com/file/d/0B6nugCIZ1LPPUHV1cWhnNzRSbHM/view?pref=2&pli=1>.

⁹ A copy of this report is available at https://s3.amazonaws.com/PHR_Reports/magnitsky-report-july2011.pdf. A copy of the addendum is available at https://www.opensocietyfoundations.org/sites/default/files/PHR-IFP-Forensic-Report_1.pdf.

additional information” and “[a]t this point, the Human Rights Council cannot state what its factual findings will be after obtaining additional evidence.” (Document 419-1 ¶ 23).

Browder also offers misleading translations concerning one of the NGO reports cited by the Human Rights Council. Browder’s website contains inaccurate translations designed to deceive the public into believing that Magnitsky had reported the \$230 million Russian tax fraud earlier. Page 3 of the translation of the Moscow Public Oversight report found on Browder’s website provides that “I believe that [Interior Ministry Lieutenant Colonel Artem] Kuznetsov and other law enforcement officers in conspiracy with him could be involved in the theft of OOO Rilend, OOO Makhaon, OOO Parfenion and the subsequent theft of 5.4 billion rubles from the State Treasury and were extremely interested in suppressing my activity relating to assisting my client in investigating the circumstances connected with these criminal offences. This was the reason for my unlawful criminal prosecution being carried out by investigator Silchenko.” (English Translation from William F. Browder of Report of the Public Oversight Commission at 3). The Russian original does not contain the same statement, a fact confirmed by the translation provided by the United States Government that omits the above quotation. (Report of the Public Oversight Commission, Document 429-3 at 15 (Russian), 35 (English)).¹⁰

J. Browder’s Version of the \$230 Million Fraud Does Not Withstand Scrutiny

In December 2007, the Russian Treasury paid refund requests of approximately \$230 million to Browder’s three companies – Parfenion, Makhaon and Rilend, the approximate amount they had paid in income taxes the prior year. The refunds were based upon fraudulent tax refund requests that claimed new liabilities from fraudulent contracts. Browder claims he is not responsible for the fraudulent refund requests because the three portfolio companies were supposedly stolen; their ownerships were transferred to new companies such as one called Logos Plus. (Browder Helsinki Commission Testimony at 41). The transfer was supposedly effectuated using phony powers of attorney that authorized a supposedly unrelated individual to transfer the companies. Browder contends that the same Russian police who were investigating him for the Kalmykian tax fraud committed the crime, using the original corporate seals and other original corporate documents seized during the search of his offices in June 2007. (Browder Helsinki Commission Testimony at 44-45).

However, this story falls apart quickly when examined critically.

Corporate Certificates and Seals. The police (or whoever supposedly stole the companies) did not have to steal the original certificates and seals to transfer ownership of the companies to a third-party. Russian law allows company transfers to occur using certified copies of certificates. (Federal Law of the Russian Federation No. 129-FZ (Aug. 8, 2001) at Articles 12(c) and 14(1)(b)).

The seals could be easily recreated by nearly any seal manufacturer using a copy of the printed seal (similar to the practice in the United States, I am informed).

¹⁰ Browder’s translation can be found at <http://russian-untouchables.com/docs/D24.pdf>.

As one of the Russian investigators explained in an interview, Browder's accusation against the police makes little sense because police would not be so open and obvious in committing a massive tax refund fraud by using the same exact documents the police seized from Browder.

In addition, the police official, Pavel Karpov, holding the certificates and seals confiscated during the search of Browder's offices offered to return those documents but a Browder employee told him to retain the documents until the investigation was concluded. (Magnitsky June 5, 2008 Interrogation Statement at 6-7). Browder has acknowledged that at least one forensic study shows the same seals were not used to transfer the companies' ownerships. (Document 281- 1 at 115-116).

Powers of Attorney. According to Browder, to re-register the companies in Russia, phony powers of attorney supposedly were used to complete the re-registration process. (Browder Helsinki Testimony at 42). Under Russian law, a holder of a power of attorney can re-register a company using certified copies of the corporate documents. (Federal Law of the Russian Federation No. 129-FZ (Aug. 8, 2001) at Article 9). Therefore, Browder claims powers of attorney signed by his corporate service providers in Cyprus – two law firm secretaries who acted as directors of the Cypriot companies that owed Rilend, Makhaon, and Parfenion – were falsified. (Browder Helsinki Commission Testimony at 42). To justify this contention, Browder cites to documents from his Cypriot's law firm's secretaries claiming that the powers of attorney were fraudulent.

But during sworn deposition testimony, the Cypriot law firm secretaries (who were directors of Browder's Cypriot companies) that signed the powers of attorney identified their signatures as legitimate. (Document 422-35 at 62-63; Document 421- 18 at 72-74; Document 421- 19). The powers of attorney were not forgeries but, rather, were authorized by Browder's own corporate service provider. The Cypriot law firm secretaries also testified that they signed documents stating the powers of attorney were forged only because their employers – the Cypriot law firm Browder retained – told them to do so. Otherwise, the secretaries were unaware of what the documents stated because they do not understand English, the language of the documents Browder's law firm had the secretaries sign. (Document 42 1-18 at 74-78; Document 422-35).

Fraudulent Contracts and Lawsuits. After the purported unauthorized re-registration of the Browder's three companies, he contends that fraudulent contracts were created and lawsuits were filed in July 2007 based upon those fraudulent contracts. To supposedly execute the \$230 million tax fraud, losses wiping away the companies' profits needed to be reported to Russian tax officials. The judgments against the three companies, entered in September 2007, were then falsely represented as losses on the companies' amended tax returns, thus justifying refunds totaling nearly \$230 million in taxes the companies had paid in 2006.

When Browder discovered these lawsuits is critical to his version of events. If Browder had timely notice of the lawsuits, he should have had a lawyer show up in court to fight these lawsuits. But he did not defend those suits.

On this critical point, Browder has told two different stories to Congress about when he supposedly learned about these lawsuits, both contradicted by the documentary evidence. In June 2009, Browder testified before the Helsinki Commission that “[n]either we nor HSBC were notified of these claims since the registered addresses for the companies had been fraudulently changed along with the other ownership details.” (Browder Helsinki Commission Testimony at 41). A year later, in May 2010, Browder testified before the Lantos Commission that he did receive notice of the lawsuits; but not until October 2007 when a bailiff called his offices and alerted it to the lawsuits, leading his lawyers to check the corporate mailboxes. (Browder Lantos Commission Testimony at 19).

Neither story matches the documentary evidence. Lawsuits against Parfenion, Rilend, and Makhaon were filed on July 24, 2007. (Document 422-29; Document 422-21; Document 422-25). Attached to each lawsuit was a certified mailing receipt indicating the date of mailing and a confirmation number for each shipment. (Document 422-29 at 4; Document 422-21 at 7; Document 422-25 at 7). Envelopes produced by the United States Government (which originally came from Browder) contain a matching confirmation number. (Document 422-30; Document 422-23; Document 422-27). Three such lawsuits and envelopes were provided, one each for Parfenion, Rilend, and Makhaon. The confirmation number on each envelope matches the respective confirmation number on each certified mailing receipt.

The address on each envelope also matches the address Browder’s offices provided to its bank, HSBC, to receive monthly statements throughout 2007. (Document 422-31; Document 422-24; Document 422-28). In addition, Jamison Firestone, an attorney for Browder, testified under oath that the address for Rilend was the same address Firestone also used for his law firm. Firestone further testified that he had a system in place to receive notification about any legal process he would have received at that address. (Document 422-5).

In short, Browder was given timely notice of the lawsuits filed by Logos Plus in July 2007 – months before Browder claimed he had discovered the lawsuit. Browder’s false Congressional testimony is an attempt to cover-up the fact that he knew about these lawsuits months earlier than October 2007.

Browder should have shown up to contest these lawsuits if they had no involvement with the tax fraud. But he did not send his lawyers into court to object to the lawsuits, which likely would have stopped the \$230 million fraud before it occurred. Browder’s purportedly made reports of an ongoing fraud to various Russian authorities in December 2007, but those reports claim that the assets of his companies were being stolen – not tax refunds – when Browder has admitted those companies’ assets had been liquidated in early 2006, almost two years earlier. Magnitsky did not purportedly report the \$230 million fraud to police until June 2008, more than six months after the fraud was executed; in reality, Magnitsky was being questioned as part of an ongoing criminal investigation, not making a voluntary report of a crime. These many inconsistencies demonstrate the falsity of Browder’s prior testimony and continued public campaigns and raise serious unanswered questions about Browder’s conduct.

K. The Parliamentary Assembly Council of Europe Report Was Based On Evidence Provided By Browder

The Report of the Parliamentary Council of Europe's ("PACE") Rapporteur Andreas Gross attempts to exonerate Browder for any criminal wrongdoing in Russia. That report claims that Browder committed no wrongdoing and the Russian Government was engaged in a cover-up about the \$230 million tax refund fraud and Magnitsky's death. Browder cites this report as evidence that he had done nothing wrong and the Russian government officials are responsible for the \$230 million tax fraud and Magnitsky's death.

When asked to testify under oath about his conclusions in my client's lawsuit, Andreas Gross refused to appear. The U.S. Government offered Gross as a potential witness in a New York lawsuit, but he refused to testify on the grounds that he would be embarrassed by U.S. lawyers (Document 457- 2).

Gross had good reason to be concerned. His report is based almost exclusively on information provided by Browder. It contains nothing more than a compilation of hearsay statements, verbatim recitations of persons affiliated with Browder, and documents provided by Browder (including false translations of those documents). (Document 456 at 4-5). The citations relied upon by Gross are largely from Browder and his affiliates, including passages directly quoting Browder's attorneys, extensive citations to Browder's websites and foreign complaints, and even reliance upon unnamed sources. (Document 456 at 4-5). In contrast, no relevant Russian officials are even cited (let alone quoted extensively like those affiliated with Browder).

Gross has no expertise in Russian tax law but spends much of his report defending Browder's tax schemes in Russia and other aspects of Russian law. (Document 456 at 9-10). But the abuse of those same tax schemes was heavily criticized by an international arbitration tribunal comprised of highly experienced arbitrators (who heard expert testimony on these issues), leading to a substantial reduction in damages recoverable. (*Yukos Universal Ltd. v. The Russian Federation*, PCA Case No. AA 227 (July 18, 2014) at 14-15, 106-125, 138-140, 203-04).¹¹

PACE was also predisposed to its conclusion. Before any investigation had even begun, PACE had already deemed the report "Refusing Impunity for the Killers of Sergei Magnitsky." (Document 402-2). PACE did not conduct an impartial investigation; it simply found facts to fit its prejudged conclusion.

L. None of the Funds Attributed to the Russian Treasury Fraud Can be Traced to Any Recipient

Browder proclaims that he has traced funds from the Russian Treasury fraud to numerous persons, including various Russian officials who supposedly received funds from the fraud. But

¹¹ A copy of this document can be found at <http://www.italaw.com/sites/default/files/case-documents/italaw3279.pdf>.

an expert hired by the U.S. Government testified that he could not trace any funds directly from the Russian Treasury to an entity buying real estate in New York because he lacked sufficient records to do so and too much money that had nothing to do with the Russian Treasury Fraud was commingled with supposedly tainted funds. (Document 422-9 at 9-13 explaining he cannot trace money; Document 468-3). These same infirmities affect his tracing for all persons allegedly receiving funds outside of Russia: the bank records do not exist and too much money has been commingled to properly account for where the funds had gone.

M. Pavel Karpov Sued Browder for Defamation in England

Pavel Karpov sued Browder in the English High Court of Justice for defamation, not the act of a guilty man. While the suit was dismissed because Karpov does not have a reputation in England, the English Court criticized Browder for falsely accusing Karpov of being involved with Magnitsky's death, stating:

The link which is made between the arrest and imprisonment on the one hand, and Sergei Magnitsky's death on the other hand, is that the latter was the 'reasonably foreseeable' consequence of the former, 'not least' because of high mortality rates in Russian prisons. The causal link which one would expect from such a serious charge is wholly lacking; and nothing is said about torture or murder." (*Karpov v. Browder*, [2013] EWHC 3071 (QB) ¶ 128 (Oct. 14, 2013)).¹²

Later, the English Court said that Browder was "not in a position to justify the allegations that he caused, or was party to, the torture and death of Sergei Magnitsky, or would continue to commit, or be party to, covering up crimes." (*Karpov v. Browder*, [2013] EWHC 3071 (QB) ¶ 141 (Oct. 14, 2013)). Simply put, Browder is willing to make unsupported accusations that are proven by evidence.

N. Browder Fought to Avoid Testifying Under Oath and Has Abused The Judicial System

Browder has repeatedly attempted to avoid testifying under oath in the money laundering lawsuit in New York and he has suppressed media efforts to examine his story.

Browder literally hand-delivered a case against my client to US authorities. The US authorities did not investigate the accuracy of Browder's information before filing a lawsuit and seizing property, a situation the Federal judge found "troubling." (Document 310 at 27). Although he was the complaining witness, Browder refused to testify under oath voluntarily, evaded subpoena service, and fought testifying in courts once served. (Document 281- 1 at 12-13). The Federal judge criticized Browder for making illusory claims of threats to his safety:

¹² A copy of this document can be found at <http://www.5rb.com/wp-content/uploads/2013/10/Karpov-v-Browder-and-Others.pdf>.

Apparently the credible threats did not prevent him from going on *The Daily Show* on February 3, *Fox and Friends* on February 3, appearing on Sirius on February 3, going on *CNBC Squawk Box* on February 3, going on MSNBC on February 5, going on Greg Greenberg's program on February 6th. Apparently the threats didn't prevent him from doing that." (Document 261 at 45).

Browder even ran away from a process server, down West 51st Street in New York, upon existing *The Daily Show* while on his book promotion blitz. (<https://www.youtube.com/watch?v=KE0AwlwQhMs>). An article by the *New Republic* questions why Browder attempted to evade this subpoena. (Jason Motlagh, *Fighting Putin Doesn't Make You a Saint*, *The New Republic* (Dec. 31, 2015)).

When Browder did testify under oath, he could not give the basis for much of his oft-repeated story but deferred to his unnamed staff who have also refused to testify. (Document 281- 1 at 128-129; 132-133, Document 81-1 at 53-55, 167). Browder's testimony was so bad a *Wall Street Journal* article criticized his evasive testimony. (Christopher M. Matthews, *Hedge Fund Manager's Credibility Questioned In Russian Laundering Case*, *The Wall Street Journal* (May 13, 2015)).

While refusing to testify under oath regarding a case he helped initiate, Browder is using the judicial system to attack any critics. A prominent anti-Putin filmmaker, Andrei Nekrasov, has recently made a documentary examining Browder's story. Browder threatened Nekrasov with world-wide defamation suits for attempting to show his documentary. The documentary was funded exclusively by western (i.e., non-Russian) sources. Browder also threatened NBC News with defamation suits to prevent it from publishing an article examining Browder's story, which was revealed during the markup of the Global Magnitsky Act by this Committee. It seems that Browder will stop at nothing to prevent critical analysis of his story.

O. Browder Renounced His U.S. Citizenship to Save Money on Taxes

In the 1990s, Browder, then a U.S. citizen, organized a hedge fund that he called the Hermitage Fund that invested in Russian companies. In 1998, Browder became a U.S. tax exile, renouncing his citizenship in 1998 and taking residence in England. (Jason McCormick, *5 Citizens who left the U.S. to avoid paying tax*, *CBS News* (July 11, 2012)); Department of the Treasury, *Quarterly Publication of Individuals Who Have Chosen to Expatriate*, 63 Fed. Reg. 204 at 56696-98 (Oct. 22, 1998)). At that time, the Hermitage Fund (Browder's hedge fund focused on Russian investments) was starting to become profitable in Russia.

In 1996, the tax expatriation rules changed as part of the Health Insurance Portability and Protection Act so that persons who expatriated without a principal purpose of tax avoidance were not required to pay additional taxes, provided the expatriating citizen obtained a ruling from the IRS that expatriation was done in good faith without trying to avoid taxes. (Robert Woods, *Ten Facts About Expatriation*, *Forbes* ¶ 4 (March 23, 2010)). Expatriation was made even easier in 1998, when the IRS changed its rules to permit individuals to expatriate without tax consequences unless the IRS stated in a specific ruling that the principal basis for expatriation was based upon tax avoidance. (Internal Revenue Service Bulletin No. 1998-27 at 30 § 2 (July

6, 1998)). In 2004, the rules changed again so that all persons expatriating from the United States were required to pay additional taxes. (Robert Woods, *Ten Facts About Expatriation*, Forbes ¶ 5 (March 23, 2010)).

In another tax avoidance maneuver, Browder has used the notorious Panama Papers Law Firm Mossack Fonseca to establish shell companies throughout the world. These shell companies have been used to purchase U.S. property and take part in The Hermitage Fund, Browder's hedge fund. (Document 246-5).

CONCLUSION

From my investigation, the conclusion is inescapable that the Magnitsky Accountability Act of 2012 was based upon the false premise that Mr. Magnitsky was a whistleblower who was arrested, detained and murdered in retaliation for his accusation against police officials. The U.S. Congress was misled by the testimony of a convicted fraudster, William F. Browder, who had a secret motive to evade responsibility for his criminal conduct. While Mr. Magnitsky's death was tragic due to inadequate medical care, he was imprisoned because Browder refused to pay a \$19 million civil tax judgment, which led to a criminal investigation and later Browder's conviction. Magnitsky remained in prison because Browder continued to refuse to pay his taxes, and Browder even tried to convince Magnitsky to take responsible for his own wrongdoing. Those who have supported Browder have been misled by a false story and misleading translations of Russian documents. My critical examination of the original Russian documents has now revealed the dishonesty of Browder's well scripted, but ever changing narrative.

Browder's deceit has had the tragic consequence of escalating tensions between the United States and Russia, making hundreds of Russia children and U.S. families his victims. The passage of the Magnitsky law and the response of the Dima Yakovlev law has halted adoptions of Russia children by ready and willing American families. Both sides have suffered.

Congress should authorize a critical review of Browder's story by an independent examiner who can review and analyze the hundreds of documents that led to my testimony.