

Artem Kuznetsov  
mentioned 15 times

Pavel Karpov  
mentioned 13 times

### Witness Questioning RECORDS

City of Moscow

05 June 2008

The questioning started at 16 hours 20 minutes

The questioning ended at 19 hours 30 minutes

In pursuance of Articles 189 and 190 (191) of the RF CPC, S.E. Gordievsky, Investigator for Particularly Important Cases of the Investigative Department of the Southern Administrative District of Moscow of the Investigative Committee at the RF Prosecutor's Office for the City of Moscow, Class I Advisor, questioned in Office 29 as a witness in criminal case No. 374015:

1. Name, patronymic, second name: Sergei Leonidovich Magnitsky
2. Date of birth: April 08, 1972
3. Place of birth: Odessa, Ukrainian SSR
4. Place of residence and (or) registration: Flat 43, 20/1 Pokrovka Street, Moscow; tel: 8 916 675 84 75
5. Citizenship: RF
6. Education: higher education
7. Family status: married
8. Place of work or studies: auditor in CJSC Firestone Duncan
9. Military duty status: liable to military service
10. Records of conviction: previously unconvicted
11. Passport or another identification document of the witness: 45 05 633943, issued by the Police Division of the Basmanny District Internal Affairs Department of Moscow on 15 May 2003
12. Other personal data on the witness: according to the witness's words the witness is not registered with the narcological or psychoneurologic dispensaries

Witness

(signed)

Other participants: Lawyer Dmitry Valerievich Kharitonov, certificate 6075 issued on 24 April 2003 by the Main Department of the Russian Ministry of Justice for the city of Moscow, Moscow City College of Lawyers Gridnev & Partners, Order No. 48

The participants were informed about the usage of technical aids

No technical aids were used

Before the questioning I was explained the witness's rights and duties provided for by Part Four, Article 56 of the RF CPC:

- 1) the right to refuse to testify against oneself, one's husband (wife) and other close relatives as defined by Paragraph 4, Article 5 of the RF CPC. I am aware that if I agree to give testimony it may be used as evidence in the criminal case, including if afterwards I withhold from such testimony;
- 2) the right to give testimony in my native language or in a language I speak;
- 3) the right to use a translator's services for free;
- 4) the right to propose disqualification of the translator participating in the questioning;
- 5) the right to file petitions and complaints to actions (omission) and decisions of the inquiry officer, the investigator, the prosecutor and the court;
- 6) the right to appear for the questioning together with a lawyer in pursuance of Part Five, Article 189 of the RF CPC;
- 7) the right to petition for safety measures provided for by Part Three, Article 11 of the RF CPC.

I am warned about the criminal responsibility for refusal to give testimony in accordance with Article 308 of the RF Criminal Code and for intentional misrepresentation in accordance with Article 307 of the RF Criminal Code.

Witness

(signed)

On the merits of the criminal case I can testify as follows:

By the type of my professional activity I provide advisory services regarding the Russian law.

During the last few years among my clients were: LLC Kameya, LLC Parfenion, LLC Rilend and LLC Makhaon. The original founding documents and the seals of these companies were kept in the office of the Firestone Duncan (CIS) Limited branch at the address: Bldg. 1, 30 Krasno proletarskaya Street, Moscow, where I worked with them. The documents and the seals were kept in the office of the Firestone Duncan (CIS) Limited branch because the branch rendered legal services to the companies on the basis of contracts concluded with them. Legalized copies of the founding documents of the companies' participants that were legal entities-residents of the Republic of Cyprus Glendora Holdings Limited, holding 100% of shares of the Russian LLC Rilend and LLC Parfenion, and Kone Holdings Limited, holding 100% of shares of LLC Makhaon, were also kept in the office of the branch. The director of LLC Makhaon from 1 December 2005 is Paul Wrench; the director of LLC Parfenion from 26 July 2006 is Martin John Wilson, who is also the director of LLC Rilend from 1 December 2005.

In 2006 LLC Kameya, LLC Parfenion, LLC Rilend and LLC Makhaon sold large blocks of OJSC Gazprom's shares that they had bought in the previous years. As a result of the sale of those shares the companies received substantial incomes, the tax on which was paid in February – April 2006 at the rates and at the timings established by the Russian tax law. The amount remaining after the payment of the tax was distributed in favor of the Russian limited liability companies' participants, which, as I have already said, were Cypriot companies.

The amounts of the paid taxes were substantial, which, as it appears, attracted the attention of the police agencies. As far as I remember, in May 2006 the police requested from banks copies of bank documents of the said companies. According to I.S. Cherkasov, General Director of LLC Kameya, I know that at the end of May 2006 A.K. Kuznetsov who worked in the Tax Crime Department at the Main Internal Affairs Department of Moscow tried asking for the source documents relating to Kameya and several other limited liability companies. As I.S. Cherkasov left Russia to work in Great Britain already at the beginning of 2006 and the directors of the other companies were foreigners, the companies authorized my acquaintance A.A. Sandakov to meet A.K. Kuznetsov and give him the necessary explanations. Sandakov provides legal services and was furnished with a Power of Attorney authorizing him to act on behalf of the foreign participants of the companies.

Sandakov and A.K. Kuznetsov had a meeting at the beginning or in the middle of the summer in 2006. According to Sandakov, I know that A.K. Kuznetsov was interested in the operations of the said limited liability companies, showed Sandakov bank statements and some other documents, asked him about where from the money came, where it was transferred, how and at what rates the companies paid taxes.

In the morning on 4 June 2007 I had a call from Jamison Firestone who told me that about 30 police officers were searching the offices of the Firestone Duncan (CIS) Limited branch. Several minutes later I had a call from the Hermitage Capital (Russia) Services Limited branch and heard that the office of the branch was being searched too and the search was directed by A.K. Kuznetsov. I contacted A. Morozov, the lawyer of Firestone Duncan (CIS) Limited, to tell him about the search. Morozov came to the office of Firestone Duncan (CIS) Limited but was not allowed into the branch office and was not able to be present at the search.

From the search records I know that the search was made under the criminal case initiated in connection with activities of LLC Kameya; the copy of the search records also said that before the search started, the police officers had offered to produce documents of LLC Kameya. But

according to my colleagues, who were present during the search in the offices of Firestone Duncan (CIS) Limited, I know that the police officers had lists with the names of around 20 companies, including LLC Rilend, LLC Parfenion and LLC Makhaon, and they seized documents relating to the companies on their lists.

From the copy of the search records I know that the police officers seized specific materials and files with the founding documents of LLC Kameya, with respect to which the search had been ordered for, and with the documents relating to LLC Parfenion, LLC Rilend and LLC Makhaon, as well as the seals of these companies. The police officers also seized files with itemized copies of particular Cypriot participants of the said companies. In the search records it is not précised which documents were exactly seized: the records list only the names of the folders in which these documents were filed and list in detail only some of LLC Rilend's documents, which, as I understand, were not filed in a folder but were found on the table. In any case, I can confirm that the seized folders, which I also used in my work, contained the originals of the latest editions of the Articles of Association of LLC Kameya, LLC Parfenion, LLC Rilend and LLC Makhaon, the original certificates of the tax registration, the original certificates of the legal entity state registration, the original Minutes of meetings and resolutions of the sole participants of the companies, the original legalized certificates confirming the residency of the companies' participants and some other documents. None of the said documents of the listed companies was found in the company's office after the search.

During the search the police officers also seized the computers belonging to Firestone Duncan (CIS) Limited, including servers and work stations, which contained electronic documents of LLC Kameya, LLC Parfenion, LLC Rilend and LLC Makhaon, specifically, texts of the Articles of Association, Powers of Attorney, Minutes of participants' meetings and some other documents. In my opinion, to which I came after studying the copy of the revised edition of the LLC Rilend Articles of Association illegally approved by LLC Pluton, which I received afterwards from the tax authorities, it was exactly the electronic files contained in the computers seized from Firestone Duncan (CIS) Limited during the search that may have been used for drawing up the revised edition of the Articles of Association because its text is practically identical with the text stored in the e-files, which had been prepared by the clients based on their individual peculiarities and was quite specific. The text of the revised edition of the LLC Rilend Articles of Association, we are talking about, even contains the same spelling and stylistic mistakes that were made in the originally drawn up documents.

In the evening, on the day of the search or the next day, I spoke to I.S. Cherkasov by phone and he told me that A.K. Kuznetsov had been present during the search in the office of the Hermitage Capital (Russia) Services Limited branch and said to one of I.S. Cherkasov's colleagues, also present at the search, that if they had agreed to meet when they were offered nothing of the kind would have happened.

In July or August 2007 Investigator P.A. Karpov, to whom the investigation on the LLC Kameya case had been passed, summoned Sandakov for questioning. For some reason Sandakov was not able to come at the appointed time, and once, when I was in the office of the Firestone Duncan (CIS) Limited branch I saw A.K. Kuznetsov who had come to serve to Sandakov another summons or to forcedly bring him to the questioning. On seeing me, A.K. Kuznetsov said he would serve a summons also to me; we went to the meeting room, Kuznetsov took out from the case a pile of summons forms, which were already signed by P.A. Karpov and affixed with some seal, I think, the seal of the Main Investigative Department. A.K. Kuznetsov took some forms and made out summons for Sandakov, me and, it seems to me, also for L.A. Guzheva and handed them to me.

From Sandakov I know that when the lawyer and he came for the questioning to Investigator P.A. Karpov to the Main Investigative Department of the Main Internal Affairs Department of Moscow, there were A.K. Kuznetsov and P.A. Karpov in the room. The questioning was carried out by A.K. Kuznetsov, the investigator only put down questions and answers.

Many times the lawyer of Firestone Duncan (CIS) Limited and the company's representatives requested Investigator P.A. Karpov to return the seized documents that were not related to the case investigated by P.A. Karpov, but the investigator kept delaying the return of the documents saying that there were many documents and it took him much time to finish examining them.

Some, very few, documents were returned on 5 and 14 October 2007, the rest of the documents have never been returned: the documents and the seals of LLC Makhaon, LLC Parfenion and LLC Rilend have not been given back by Karpov up till now.

As for the manufacture of duplicate seals of LLC Makhaon, LLC Parfenion and LLC Rilend, I can give the following explanations.

Although the seals were seized during the search in June 2007, the companies had to submit as before their accounting and tax statements to the Federal Tax Service agencies and the government statistical bodies, and, according to the regulatory documents, such statements had to be affixed with the companies' seals. As it was unlikely to get the seized original seals back from the Main Investigative Department by the days set as due dates for the submission of the statements (that were to be submitted in July 2007 for the second quarter 2007), after consulting legal officers the companies' representatives decided that it was necessary to manufacture duplicate seals. The duplicates were ordered to be made by one of commercial firms manufacturing duplicate seals and stamps; the duplicates were manufactured by using the available impressions of the original seals that could be found in various documents and their copies, provided by the companies' representatives. I cannot say the exact name of the firm that was ordered to manufacture the seals of LLC Makhaon, LLC Parfenion and LLC Rilend because seals of many other companies, the original seals of which had been also seized during the search and with respect to which it was also necessary to prepare accounting statements, were ordered to be manufactured in that very period of time. Around 25-30 seals were ordered and manufactured. That is why now it is impossible to remember exact names of the firms that manufactured those seals.

After their manufacture the seals of LLC Makhaon, LLC Parfenion and LLC Rilend were kept in the office of Firestone Duncan. The general directors of each of the companies, the duplicate seals of which had been manufactured, issued orders on the usage of new seals. The said orders were delivered to the office of Firestone Duncan by courier service, most likely, it was DHL.

The investigator's question: can you present the directors' orders on the manufacture of the duplicate seals?

Answer: now I cannot do that because I don't know where they are, but if you need them I can contact the companies' directors and the documents will be presented.

As for the circumstances under which I learnt that LLC Parfenion, LLC Rilend and LLC Makhaon had been misappropriated from their legal owners, I can testify as follows.

As Firestone Duncan (CIS) Limited provided legal advice and accounting support for LLC Parfenion, LLC Rilend and LLC Makhaon, Firestone Duncan (CIS) Limited representatives regularly examined and received all correspondence coming to the address of the above companies. In the middle of October 2007, during a regular examination of the correspondence sent to the registered addresses: 6<sup>th</sup> floor, Bldg. 2, 13 Staropimenovsky Pereulok and Bldg. 9, 19 Obraztsova Street, Moscow, at which LLC Parfenion, LLC Rilend and LLC Makhaon were registered, it was found out that several letters had been delivered to the address in Staropimenovsky Pereulok, which contained court rulings on the appointment by the Arbitration Court of Saint-Petersburg and the Leningrad Region of court hearings on the claims of CJSC Logos Plus and copies of the claims filed to LLC Parfenion, LLC Rilend and LLC Makhaon. It was found out on 16 October 2007. From those letters and from the information that I found on the same day on the court site I learnt that CJSC Logos Plus had filed to the above companies claims amounting from several millions to almost two billion rubles alleging contracts on the supply of securities, claimed to have been concluded in 2005; I also learnt that under some of the

claims the court had already made decisions, specifically, to recover in favor of CJSC Logos Plus 1.7 billion rubles from LLC Makhaon and 7 billion rubles from LLC Rilend.

I was well informed about the activities of all the three companies but had never heard of their relations with CJSC Logos Plus, so I was surprised to learn that Logos Plus had filed claims for such large amounts. Furthermore, almost at once it became clear that the filing and consideration of the said claims were associated with fraudulent actions because as it followed from the decisions of the Arbitration Court of Saint-Petersburg and the Leningrad Region dated 3 and 7 September 2007 the court hearings had been attended by the LLC Makhaon representative **Yu.M. Maiorova** and the LLC Rilend representative **A.A. Pavlov**, who presented Powers of Attorney said to be issued by those companies and dated 24 August 2007. It means the Powers of Attorney were forged ones because the companies' seals had been seized and were kept at the Main Investigative Department of the Main Internal Affairs Department of Moscow.

I immediately informed I.S. Cherkasov and V.G. Kleiner – who works and worked at that time in the London office of Hermitage Capital – about those documents and information. They were both indignant about the situation and asked me to immediately obtain extracts from the Unified State Register of Legal Entities regarding LLC Kameya, LLC Parfenion, LLC Rilend, LLC Makhaon and several other companies. The extracts were received on 18 October 2008; from the extracts it followed that LLC Parfenion, LLC Rilend and LLC Makhaon were re-registered on 11 September 2007 and on 20 September 2007 at new registered addresses in Moscow. The new sole participant, instead of the legal Cypriot participants, turned out to be some LLC Pluton from Kazan. The new general directors appointed to the companies were: V.G. Khlebnikov in LLC Makhaon, V.A. Markelov in LLC Parfenion and V.N. Kurochkin in LLC Rilend.

I told I.S. Cherkasov and V.G. Kleiner about what I had found out. They confirmed to me that the Cypriot participants had not closed any deals with stakes in their companies, had not appointed new directors and had not resolved on changing the addresses or amending the founding documents. To find out who had arranged for the illegal re-registration of the companies they asked me to take steps to obtain copies of the new Articles of Association of the companies and documents on the basis of which changes had been made in the data recorded in the Unified State Register of Legal Entities from Tax Inspectorates No. 10 and No. 15, with which LLC Parfenion, LLC Rilend and LLC Makhaon were supposed to be registered, and from Tax Inspectorates No. 25 and No. 28, with which the companies were illegally re-registered.

On the same day, 18 October 2008, I received letters with the court rulings and the statements of claim, sent to the address: Bldg. 9, 19 Obraztsova Street, which were identical with the letters delivered on 16 October 2008 by the post office servicing the address: 6<sup>th</sup> Floor, Bldg. 2, 13 Staropimenovsky Pereulok, Moscow.

In the meantime, I went on the site of the RF Federal Tax Service to check the addresses at which the three companies had been re-registered and found out that they were mass registration addresses, at which 30 and 109 organizations were registered.

On 25 October 2008 a copy of the LLC Rilend Articles of Association, approved on 9 September 2007 by LLC Pluton, was received from Inspectorate of the Federal Tax Service No. 25 for the city of Moscow. During the analysis of the text of the copy it became clear that it was fully identical with the text of the previous edition of the LLC Rilend Articles of Association, which was stored as an electronic file on the computers seized during the search in the office of the Firestone Duncan (CIS) Limited branch, as I have mentioned earlier.

The investigator's question: what can you say about the Powers of Attorney issued on behalf of LLC Parfenion, LLC Rilend and LLC Makhaon to Lawyer E.M. Khairtdinov on 17 October 2007?

Answer: As for the Powers of Attorney issued on behalf of LLC Parfenion, LLC Rilend and LLC Makhaon to Lawyer E.M. Khairtdinov I can give the following explanations.

On 16 October 2007, which was Tuesday, we learnt about the claims filed to LLC Parfenion, LLC Rilend and LLC Makhaon with the Arbitration Court of Saint-Petersburg and the Leningrad

Region. We also learnt that the nearest court hearing on one of the cases was appointed to be held in the morning on 22 October 2007, that is the following Monday. So we had to urgently send a representative to attend the said court hearing. As at that time Lawyer E.M. Khairtdinov was already representing interests of LLC Kameya's General Director I.S. Cherkasov, the latter had agreed with the lawyer that he would also represent interests of the three companies, namely, LLC Parfenion, LLC Rilend and LLC Makhaon. On 17 October 2007 Cherkasov told me that the general directors of the three companies, Paul Wrench and Martin Wilson, had signed Powers of Attorney and sent them to the address of the Firestone Duncan (CIS) Limited branch by DHL courier service. I kept a copy of Receipt No. 395 1055 102 regarding the DHL package by which the Powers of Attorney had been sent. The receipt states that the documents were sent on 17 October 2007 from the Island of Guernsey by M. Wilson HSBC Management (GCY). If necessary, the copy of the receipt will be presented.

I think that the draft texts of the Powers of Attorney in the name of Lawyer E.M. Khairtdinov had been prepared by V.A. Kleiner, I.S. Cherkasov or some other Russian-speaking office members, forwarded to Paul Wrench and Martin Wilson, signed by them and sent to the Moscow address of Firestone Duncan. After the Powers of Attorney signed by Directors Paul Wrench and Martin Wilson were received by Firestone Duncan, they were affixed with the duplicate seals manufactured after the seizure of the original seals kept in the Firestone Duncan office and were handed over to Lawyer E.M. Khairtdinov. Now, after some time has passed, it is difficult to affirm with certainty how things may have been arranged, but usually documents signed by the companies' directors in 2007-2008 were executed in the manner as I have described.

I am fairly certain that the Powers of Attorney for Lawyer E.M. Khairtdinov, dated 17 October 2007, issued on behalf of LLC Parfenion, LLC Rilend and LLC Makhaon, had been signed by Paul Wrench and Martin Wilson on the Island of Guernsey, because it is confirmed by Receipt No. 3951055102 of 17 October 2007, to the DHL package sent from the Island of Guernsey. The receipt also states that the sender is one of the directors, namely, M. Wilson; moreover, other documents signed by Martin Wilson and Paul Wrench had been delivered from the Island of Guernsey by DHL before. Usually DHL packages sent from Guernsey were delivered in Moscow on the following day or in a day from the dispatch.

The Powers of Attorney were executed in the Russian language, as I understand, not to lose time for the notarization of the translation from English. Besides, the Powers of Attorney were issued on behalf of Russian companies that are obliged to run documentation in the Russian language in accordance with the Law "On Languages".

An apostille is an instrument substituting for legalization of foreign official documents. Powers of Attorney are not official but commercial documents and do not require mandatory legalization or apostilization.

The Powers of Attorney must have been sealed by me because as far as I remember in October 2007 I had the seals: October is the month of the submission of accounting and tax statements for the third quarter, and Firestone Duncan was submitting its statements exactly at that time.

I cannot give the exact date when the Powers of Attorney were signed, but it appears that they were signed on 17 October 2007 and on the same day they were sent to Moscow, which is confirmed by DHL Receipt No. 3951055102 dated 17 October 2007.

In November and December 2007 V.Yu. Elin, the Firestone Duncan (CIS) Limited representative, to whom Karpov handed over the documents and the seals that had been seized during the search on 4 June 2007, came to Investigator P.A. Karpov several times. According to V.Yu. Elin, P.A. Karpov was ready to return also the documents and the seals of LLC Parfenion, LLC Rilend and LLC Makhaon, but V.G. Kleiner and I.S. Cherkasov asked Elin not to take the seals back from Karpov until the question about initiating a criminal case in connection with the illegal re-registration of the companies and the filing of the claims based on falsified evidence and Powers of Attorney was settled, and also asked him to take back the documents only with a detailed list specifying each document handed over. As a result, those seals and documents remained with P.A. Karpov. The computers seized during the search also remained with Karpov.

because at first he seemed to be ready to give them back but then he refused to return them saying they needed to be handed over as material evidence for the investigation of case No. 374015.

On 14 or 15 January 2008 I had a call from V.G. Kleiner, who was concerned that the persons who had arranged the illegal re-registration of LLC Parfenion, LLC Rilend and LLC Makhaon, might try to liquidate these companies so as to destroy during the liquidation the documents incriminating them. V.G. Kleiner asked me to request extracts from the Unified State Register of Legal Entities to see whether or not the companies were in the process of the liquidation. I checked the status of the companies on the site of the RF Federal Tax Service and found out that on 9 or 14 January 2008 documents were submitted for amending the founding documents of all the three companies. I immediately told V.G. Kleiner about it and asked at Kleiner's request the couriers Dmitriev, Zaitsev and Gavrikov to order extracts and copies of the founding documents of all the three companies. On 17 January 2008 by Letter 06-05/90 Inspectorate of the Federal Tax Service No. 25 informed me that it could not provide copies of the founding documents because the registration file of LLC Rilend had been seized by the Investigative Department at the Internal Affairs Department for the Danilovsky District of the Southern Administrative District of Moscow in connection with criminal case No. 225589. As I learnt later from Lawyer E.M. Khairtdinov, this criminal case was initiated on the application of one of the false directors appointed by the persons who misappropriated these three companies: in the application it was alleged that somebody was trying to illegally change the company's address and steal it from the new director. It seems strange to me that, as I learnt from the copies of the extracts from the Unified State Register of Legal Entities that I received later, LLC Rilend was re-registered at the new address only on 18 January 2008, whereas before the re-registration took place the false director of LLC Rilend had already known about it, had applied for the initiation of a criminal case in connection with that fact, and the Investigative Department at the Internal Affairs Department for the Danilovsky District had initiated such a criminal case and had seized the documents. Inspectorate of the Federal Tax Service No. 28, from which extracts from the Unified State Register of Legal Entities were requested on 25 January 2008, at first refused altogether to accept the request and only on 30 January, after numerous patient demands, agreed to accept the request and on 31 January issued letters, without numbers and dates, stating that LLC Makhaon and LLC Parfenion were not registered with the inspectorate.

Interdistrict Inspectorate of the Federal Tax Service No. 46, also from which extracts were requested on 22 January 2008, refused to accept the request for the extracts pleading that not long before changes in the founding documents of all the three companies had been registered.

All the same, from Filipp Alekseevich, Inspector of Inspectorate of the Federal Tax service No. 28, it became known that the companies had been re-registered at Novocherkassk, Rostov Region. I asked Lawyer A.V. Kozhukhov, whom I know and who lives in Rostov-on-Don, to receive extracts from Interdistrict Inspectorate of the Federal Tax Service No. 13 for the Rostov Region, to which all the three companies had been transferred. Kozhukhov failed to do that because, according to him, at first the officials of the inspectorate wrongfully demanded that he present Powers of Attorney from all the three companies, and then, when he obtained such Powers of Attorney, refused to issue extracts without explaining the reasons. Kozhukhov tried to solve the problem with obtaining the extracts by appealing actions of Interdistrict Inspectorate of the Federal Tax service No. 13 with the Department of the Federal Tax Service for the Rostov Region; as far as I know, the Department instructed Interdistrict Inspectorate of the Federal Tax service No. 13 to issue the extracts but the instruction was never carried out.

At the end of March 2008 I learnt from V.G. Kleiner that on the site of the RF Federal Tax Service he had found information that on 7 March 2008 all the three companies were re-registered again, as a result of which the register now contained records on the newly appointed director Rimma Mikhailovna Starova, the new participant BOILY SYSTEMS LTD, and that all the three companies had been transferred to Khimki.

On 26 March 2008 I arranged for submitting requests for obtaining extracts from Interdistrict Inspectorate of the Federal Tax Service No. 13 for the Moscow Region, but we did not succeed in getting the extracts because the inspectorate stated that the registration file had not been yet delivered to it.

On 18 March 2008 a summons for Directors of LLC Parfenion, LLC Rilend and LLC Makhaon Wrench and Wilson and a number of persons cooperating with the said companies and Firestone Duncamn (CIS) Limited to come for questioning to Investigator of the Investigation Unit at the Main Department of the Russian Interior Ministry for the Central Federal District N.N. Budilo was delivered to the office of Firestone Duncan (CIS) Limited. From 2 April 2008 similar summons started coming to the residence addresses of the specified persons, and all the summons dated 2 April 2008 were signed by **A.K. Kuznetsov** and not by the investigator.

At the end of March 2008 I studied copies of materials of the arbitration cases that were and continue to be run against LLC Parfenion, LLC Rilend and LLC Makhaon, and their active participants, Kone Holdings Limited and Glendora Holdings Limited, in the arbitration courts of Moscow and Kazan. From the said materials I learnt that already on 2 July 2007 a certain V.D. Popov filed a claim on behalf of these foreign companies by using, I assume, their false seals; upon the examination of the claim the court made a ruling, which, based on decision of the arbitration tribunal at LLC Detox No. 12 dated 15 June 2007, recognized LLC Pluton's right to 100% of the stake in the authorized capitals of LLC Parfenion, LLC Rilend and LLC Makhaon, and issued a writ of execution.

On 3 April 2008 Kommersant published an article, which, referring to the law enforcement bodies, said that LLC Parfenion, LLC Rilend and LLC Makhaon had been allegedly used in the "tax avoidance schemes" and that criminal cases had been initiated in connection with these facts. Shortly afterwards, many of my acquaintances whose names may have been mentioned in the Powers of Attorney issued by the said companies started receiving summons for questioning to Investigator of the Investigation Unit of the Main Department of the Russian Interior Ministry for the Central Federal District N.N. Budilo. All such summons were made out on 2 April 2008 by Lieutenant Colonel A.K. Kuznetsov on the letterheads of the Tax Crime Department of the Main Internal Affairs Department of Moscow and were affixed with the seal of this institution. Judging by the numbers of the summons I have seen, all in all 15 such summons were made out. I know that Investigator N.N. Budilo questioned several persons summoned by such summons, and then the questioning was discontinued because the criminal case was evoked by the Investigative Committee at the Russian Interior Ministry.

I also know that right after the purchase BOILY SYSTEMS LTD, whose interests are represented under a Power of Attorney by Lawyer Yu.N. Nikolaev and which had illegally purchased from LLC Pluton the stakes in LLC Parfenion, LLC Rilend and LLC Makhaon, filed a claim with the Arbitration Court of Kazan demanding voidance of the contract between BOILY SYSTEMS LTD and LLC Pluton. BOILY SYSTEMS LTD also demands voidance of the contracts between LLC Pluton and Kone Holdings Limited, allegedly referred to by LLC Pluton as the basis for the purchase of the stakes in LLC Parfenion, LLC Rilend and LLC Makhaon. It seems to me rather strange because as I have found out BOILY SYSTEMS LTD itself was on the list of the companies offered for sale by the off-shore company supplier G.S.L. Law & Consulting (7<sup>th</sup> Floor, Business Center, 24 Krasnaya Presnya Street, Moscow; tel: 234 3833) on [www.lawserv.ru/news/shelf.phtml](http://www.lawserv.ru/news/shelf.phtml) far back on 26 January 2008; in other words, it appears that somebody intentionally bought BOILY SYSTEMS LTD with the aim to close on 8 February 2008 the deal with the stakes of LLC Parfenion, LLC Rilend and LLC Makhaon. The fact that already on 13 February 2008, that is on the third business day after the closed deal, BOILY SYSTEMS LTD filed the claim with the Arbitration Court of Kazan testifies to the fact that the very purchase of the stakes in LLC Parfenion, LLC Rilend and LLC Makhaon may have been arranged solely for the purpose of being able to immediately appeal the foregoing deals as it appears unlikely that for such a short period of time BOILY SYSTEMS could have learnt about the illegality of the purchase of the companies by LLC Pluton, could even have hired a lawyer,



could have prepared a statement of claim and could have filed it to the court clerical office in another city. All this looks as though BOILY SYSTEMS LTD had bought the companies from LLC Pluton after their misappropriation came to the knowledge of their real owners solely with the aim to arrange under a court proceeding re-registration of the stolen companies back to Kone Holdings Limited and Glendora Holdings Limited so as to make it look as though no misappropriation had taken place or as though no damage had been caused to the real owners. This is also supported by the fact that at the press conference organized by BOILY SYSTEMS LTD Lawyer Yu.N. Nikolaev on 9 April 2008 he was not able to explain to the journalists who BOILY SYSTEMS LTD belonged to, in what country the company's office was located, and if BOILY SYSTEMS LTD ran any other business besides purchasing the stakes in LLC Parfenion, LLC Rilend and LLC Makhaon.

So, the aforesaid circumstances are objective evidence that in 2007, three companies: LLC Parfenion, LLC Makhaon and LLC Rilend with all their assets were misappropriated with the possible use of the materials and information seized during the search under the investigation into the criminal case with respect to LLC Kameya's General Director I.S. Cherkasov. The misappropriation was arranged by using forged documents presented in Kazan, Moscow and Saint-Petersburg during the submission of documents for re-registration to the tax authorities as well as during the filing of claims with the Arbitration Court of Saint-Petersburg, Moscow and Kazan. Then, I suppose, unknown persons started actively destroying the evidence of their unlawful activities by re-registering the said companies several times with different tax inspectorates, from which one by one the registration files of the companies disappeared together with all the originals of the forged documents, the information about the notaries who notarized the forged documents, and the information about the persons involved in the misappropriation of the said companies. For example, on several claims filed from CJSC Logos Plus with the Arbitration Court of Saint-Petersburg and the Leningrad Region Justices L.G. Rusakova and T.M. Mukha were impartial in the examination of the distinctively forged claims and ruled for the statements of claims to be returned because the documents attached to the statement of claim were submitted to the court in the form of xerox copies, the address of sending the statement of claim to the defendant was incorrect and no original or duly notarized Power of Attorney to the signatory of the statement of claim was presented. However, despite the fact that the same violations were allowed in the other cases initiated under accepted claims, the proceedings under such cases continued and some of them were adjudged in favor of the fraudsters.

For example, under the claim of CJSC Logos Plus to LLC Parfenion Justice E.A. Orlova decided to recover from the defendant in favor of the plaintiff 2,800,800 rubles and 25,000 rubles of the state duty; under the claim of CJSC Logos Plus to LLC Rilend Justice M.V. Kuznetsov decided to recover from the defendant in favor of the plaintiff 7,557,858,000 rubles and 100,000 rubles of the state duty; under the claim of CJSC Logos Plus to LLC Makhaon Justice S.N. Alekseev decided to recover from the defendant in favor of the plaintiff 1,669,479,000 rubles and 100,000 rubles of the state duty. The superior court revoked all those decisions and remanded the cases for re-consideration to the Arbitration Court of Saint-Petersburg and the Leningrad Region, where the only possible correct decisions were made on all the claims: all of them were dismissed without consideration because the statements of claim were signed on behalf of a person who had used a false passport.

It also seems to me that there is a connection between Investigator N.N. Budilo and Lawyer Yu.N. Nikolaev, who represented BOILY SYSTEMS LTD. Under one of the criminal cases at hand, on 28 March 2008, at the end of the working day and the working week, because it was Friday, Investigator N.N. Budilo seized copies of the allegedly "falsified" documents from V.A. Markelov, who, as I understand, is the suspect under the criminal case in question, being investigated into here, and after the weekend, on Monday 31 March 2008, at 10 o'clock in the morning in the Arbitration Court of the Republic of Tatarstan in Kazan, the BOILY SYSTEMS LTD representative Lawyer Yu.N. Nikolaev petitions in writing for the discovery of the documents given out by V.A. Markelov on 28 March 2008 on the criminal case to Investigator

N.N. Budilo. It is not clear how Yu.N. Markelov could know about those documents without being connected with Investigator N.N. Budilo.

The investigator's question: is there anything that associates you with P. Wrench and M. Wilson?

Answer: I have not personally met P. Wrench and M. Wilson, I know their address on the Island of Guernsey, we have only corresponded with each other.

The investigator's question: did you earlier represent interests of LLC Parfenion, LLC Makhaon and LLC Rilend? Are you financially dependent in any way on these companies (by salary, contractual relations, etc.)?

Answer: I could have Powers of Attorney from these companies for representation of interests because I was able to represent their interests. There were no financial relationships between me and these companies.

The investigator's question: do you know Ivan Gennadievich Znaikin, Yaroslav Mikhailovich Zaitsev, Lyudmila Borisovna Bokova, Ivan Sergeevich Cherkasov? What connects you with these persons if you know them?

Answer: I know all these persons, we are connected by my professional activities of an individual entrepreneur.

The investigator's question: P. Wrench has filed on his own behalf as the director of HSBC Management (Guernsey) Limited (Great Britain), the management company of Glendora Holdings Limited (Cyprus), holding 100% of shares of the Russian LLC Rilend, and the management company of Global (Russia) Administration, which manages Kone Holdings Limited (Cyprus), holding 100% of shares of the Russian LLC Parfenion and LLC Makhaon, a declaration of the misappropriation of the said limited liability companies; what can it be confirmed by at the present moment?

Answer: I do not know what documents confirm that P. Wrench is the director of HSBC Management (Guernsey) Limited (Great Britain) and relations of HSBC Management (Guernsey) Limited (Great Britain) with Glendora Holdings Limited (Cyprus) and Kone Holdings Limited (Cyprus). If necessary, I can request from him copies of documents confirming their relations.

The investigator's question: how can you explain the fact than none of the representatives of the Moscow office of HSBC Bank represents interests of the specified LLC Rilend, Makhaon and Parfenion?

Answer: as far as I know, the bank's Moscow office was not connected with activities of these companies except for maintaining their accounts. As I can see, HSBC Management (Guernsey) Limited (Great Britain) is a separate legal entity that has no relation to HSBC Bank in Moscow.

The investigator's question: do you know anything about the staff size of LLC Makhaon, Parfenion and Rilend?

Answer: for the last 3 years the specified companies had no other employees but directors. These companies were used as an instrument for investing in Russian securities.

The investigator's question: who opened accounts of LLC Parfenion, Makhaon and Rilend with the Moscow HSBC Bank, who now controls the settlement accounts of the listed limited liability companies, for whom of the employees of the listed limited liability companies the bank cards with sample signatures were executed?

Answer: before 30 May 2007 the cards were executed for General Directors Paul Wrench and Martin Wilson; as far as I know, P. Wrench and M. Wilson never signed the bank cards in

Moscow, most likely the cards were certified with the Russian consul in London. I do not know who signed the bank cards that are at the bank now.

The investigator's question: do you know who, according to the data recorded in the Unified State Register of Legal Entities, is the owner-participant of LLC Parfenion, Makhaon and Rilend?

Answer: I know that according to the data of the Unified State Register of Legal Entities BOILY SYSTEMS LTD is recorded to be the sole participant of the listed limited liability companies.

The investigator's question: what assets were possessed by LLC Parfenion, Makhaon and Rilend at the time of the change in the companies' owners? What can confirm this information?

Answer: at the time of the illegal, in my opinion, re-registration of the listed limited liability companies in September 2007, as far as I know the assets of the three companies were the remaining monetary funds on their settlement accounts at the bank. I cannot give the exact amount. This can be confirmed only by the bank statements or by the accounting statements for the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2007.

Witness (signed)

Before, during or after the questioning of the witness, the persons participating in the questioning – the witness S.L. Magnitsky and the defense lawyer D.V. Kharitonov, did not file any requests. Subject matter of requests: ----.

Witness (signed)

Other participants: (signed)

The records were read: in person

Objections to the records: none

Witness (signed)

Other participants: (signed)

Investigator for Particularly Important Cases

SQUARE STAMP:

[TRUE COPY Investigator for Particularly Important Cases of the Investigative Department of the Southern Administrative District of Moscow of the RF Prosecutor's Office for the City of Moscow]