

## **Bill of Particulars (Conviction) of Mikhailovsky GOK shares fraud (3 March 2006)**

### **Extracts:**

Pages 96-99 of the Conviction, extracted from Volume 26, pages 51-53 of the Case:

### **Witness testimony of Mr Klyuyev D.V., as of 4 August 2005:**

“Commencing from February 2005 I have been working as a General Director of Consulting Center Satellite LLC. This firm provides audit and accounting services to a number of companies on a contractual basis, however, at present the firm is in dormant status due to recent reorganization. As a result new staff has not been yet recruited. Before this I was a director of Chelter LLC and InformAuditActiv LLC. Both companies were also engaged in providing audit and accounting services to other companies. Prior to the reorganization in Consulting Center Satellite LLC, it used to have on its payroll former employees of Chelter LLC and InformAuditActiv LLC. Both companies were located at: 3 Novoslobodskaya street, Moscow, which subsequently, from June 2005, became the office address of Consulting Center Satellite LLC. At present we do not rent any premises.

Since March 2005 I was traveling around South-East Asia and subsequently was in a number business trips in Europe. As such I was rarely been in Moscow within this period. During the recent few months there were a lot of publications in the media, as well as a program made on TV concerning an attempt to steal all shares of OJSC “Mikhailovsky GOK”. In this last TV program “Chestny detektiv” (“Honest detective story”) it was alleged that I was the one, who was standing behind this fraud. I would like to state that is not true and would like to explain the circumstances of this matter:

In December 2004 I was contacted by my acquaintance - Mr Kiselyov Oleg Vladimirovich, who requested me to arrange for an arrest of all shares in issue of OJSC Mikhailovsky GOK. Mr Kiselyov was a president of CJSC “Investment Company Renaissance Capital”. I knew him since end of 2003, when he was introduced to me by my old acquaintance Mr Sagaidak Yury Petrovich, who is currently a Vice-president and Head of security of “Investment Company Renaissance Capital”.

Mr Kiselyov did not explain to me why he required arresting all shares of Mikhailovsky GOK. Mr Kiselyov did not explain, who were the owners of the shares, i.e. what legal entities these shares were registered for, but just indicated that all shares were in the possession of some entities, which were controlled by Mr Boris Ivanishvili, who was also the owner of IMPEX Bank. Mr Kiselyov O.V. requested me to arrange for such shares to be arrested not later than January 13<sup>th</sup>, 2005, otherwise he would not be interest in this sham at all. Mr Kiselyov O.V. neither explained to me for how long this arrest of the shares should be in place. For this assignment, which should be completed by January 13<sup>th</sup>, Mr Kiselyov O.V. promised me a million US dollars. We agreed that half of a million US dollars should be paid in advance. The amount was transferred around December 26<sup>th</sup> or 27<sup>th</sup>, 2004 to an account of a firm in one bank, which owned by my associate bankers. I instructed Mrs Kudinova E.V. - the head of the accounts department of Chelter LLC to handle the cash transfers from Mr Kiselyov and for these purposes I gave her a telephone number of Mr Kiselyov O.V. and his secretary Julia. By oversight I provided her with mobile phone number of Mr Kiselyov, although my intention was to provide her with his office business number. Once Mrs Kudinova sorted out all technicalities with the cash transfer, she informed me about it. Upon completion of the transfer, cash was withdrawn from the account and delivered to me by the bank’s courier. At the moment I do not

recall the name of the bank and the name of the entity used for such cash withdrawal, but I will try to find out and provide this information later. As well I can not recall the payers, which made such transfers.

Due to the fact that I was about to go to South-East Asia for my vacations, I personally could not complete Mr Kiselyov's assignment in arranging for an arrest of the shares. As such before my departure I asked my assistant Mr Sergei Albaev to find a way of freezing Mikhailovskiy GOK shares, i.e. the maximum possible amount. I furnished him with internet printouts in relation to Mikhailovskiy GOK shares and I told him that all legal matters with respect to this assignment should be addressed to my acquainted lawyer Mr Andrei Pavlov. Mr Pavlov at that time shared the same office with us, as his one was under repair. To be on the safe side I also asked Mr Albaev S.A. to arrange for freezing court orders to be issued thru two or three Russian courts. I also told Mr Pavlov A.A. that I instructed Mr Albaev to prepare freezing documents for the shares, and that the latter might be in contact with him in case there would be problems with the execution. I did not disclose any other details to Mr Pavlov, however, explained to him that the freezing of the shares was requested by Mr Kiselyov O.V. Prior to my departure I told Mrs Kudinova E.V. that my assistant - Mr Albaev might incur some expenses and would be required some cash, as such I instructed her to provide him with cash upon his first demand. For that purposes left her some money.

Soon thereafter, Mr Albaev told me that was inquiring among known to him lawyers on the procedure for imposing an arrest on the shares and they advised him to obtain a bank guarantee for instituting the litigations, as according to the effective arbitration regulations, any court could object to issue a collateral order, in case the claimant provided the court with its counter-collateral for instance in the form of a bank guarantee or in the form of a cash deposit pledged with the court. I told Albaev that I have no problem with this.

In order to obtain the required bank guarantee I contacted Mr Zhlobitsky Igor, who was at that time the Chairman of the Board of Directors of Commercial Bank "Universal Saving Bank" [or "Universalny Bank Sberzheniy"]. Actually it was my bank. I bought this bank in November 2004 from the former owners and re-registered it to a number of companies effectively controlled by me, where nominal directors and shareholders of such companies were friends of Mr Orlov Sergei, who I knew several years. The Board of Directors of the bank was also a nominal body and consisted by the same friends of Mr Orlov. All banking operations were managed by me and Mr Zhlobitsky was my employee. Mrs Steganova Alevtina and Mrs Khasanova Olga were also employees of the bank, both of worked for me in were auditors in Chelter LLC and from the day I bought the bank they were moved to the bank accordingly. Mrs Steganova A.E. was appointed as the Chief Accountant and reported to Mr Zhlobitsky. I personally had had no influence on Mrs Steganova A.E., since she was moved from Chelter LLC to the bank and I never gave her any business instructions.

On December 27 or 28, 2004 I called Mr Zhlobitsky and told him that I needed him to issue two bank guarantees in the amount of 3 million rubles each. I did not explain to him for what purposes I need these guarantees, but just told him that further information and details on this matter I would provide thru courier. Thereafter I asked Mr Albaev to prepare all required details for issuing such guarantees for Mr Zhlobitsky, deliver them to him and pick up these two bank guarantees. Mrs Steganova did not have anything to do with issuing these two guarantees; I never gave her any instructions in relation to this matter. I have no knowledge on who exactly picked up these guarantees from Mr Zhlobitsky, as I left Russia by then, i.e. on December 28, 2004.

Commencing from December 28, 2004, I controlled further developments only over the phone. Mr Albaev called me from time to time advising me that everything was performed as planned, that the documents were prepared for courts filings; that the guarantees were received from Mr Zhlobitsky; that claims were filed with the courts and then that the courts issued required arrest orders on OJSC Mikhailovsky GOK shares. Finally he called and told me that all the shares were arrested at the Registrar's level. Mr Pavlov also called me several times keeping me informed that he was actively assisting Mr Albaev in resolving the technicalities further confirming that the arrest order and the writ were issued by the Arbitration court of Rostov region, and that on this basis further enforcement proceedings were instituted in Moscow and that on January 12<sup>th</sup>, 2005 the arrest of all OJSC Mikhailovsky GOK shares was made in ING Bank (Eurasia) (Moscow) – the Registrar (depository) for these shares. At the same time additional arrest order for the shares and a writ was issued by the Arbitration Court of Irkutsk region [*a back up plan*]. Neither Pavlov, nor Albaev told me who made all the work in this region.

On January 13<sup>th</sup>, 2005, I came back to Moscow. In the office I received from Mr Albaev all appropriate documents in relation to the arrest of the shares (the courts' orders and writs, enforcement proceedings orders and documents, the protocol of issuing arrest on the shares by the registrar, as well as the registrar's statement for shares OJSC Mikhailovsky GOK). Based on these materials it became clear to me that the arrest on the shares was made on the basis of an alleged claim made by an offshore company "Colchester Group Trading" against a [*Russian company*] TerraSoft LLC, which allegedly defaulted on its obligations under a sale-purchase agreement to deliver some shares of OJSC Mikhailovsky GOK. The representative of Colchester Group Trading in the courts, as well as in the Registrar - ING Bank Eurasia (Moscow), when the arrest of shares was executed was Victor Sorokin. At that time I had no idea who this man was. Further during my conversation with Mr Albaev, the latter told me that it was actually his associate Mr Pechkin Aleksei, who introduced himself as Victor Sorokin. Then I recalled that after I instructed Albaev to make an arrest of the shares, Mr Albaev asked me to get a photo of Mr Pechkin Aleksei from Mr Orlov. Mr Pechkin was working for Mr Orlov with others, who acting as nominee shareholders or directors for a fee, in many companies, which were used by Chelter LLC. On my request Mr Orlov gave me the photo of Mr Pechkin and I handed over it to Mr Albaev.

I have no knowledge of who and how fabricated the courts' claims for arranging arrest of the shares and falsified the passport of Mr Sorokin. I never asked Mr Albaev about all of these.

After I got all the documents on OJSC Mikhailovsky GOK shares arrest from Mr Albaev I agreed with Mr Kiselyov O.V. to see him. I delivered all such documents to him personally in his office in CJS "IK Renaissance Capital". I have no further knowledge what happen to these documents and Mr Kiselyov did not tell me anything about the purpose of the arrest of the shares. Mr Kiselyov O.V. thanked me for meeting the deadline and promised to transfer the remaining remuneration to me.

In a few days I met Mr Sagaidak Y.P. – the Vice-president of CJSC IK Renaissance Capital. During our meeting Mr Sagaidak told me that he was informed by Mr Kiselyov O.V. that I by his request arranged for the arrest of OJSC Mikhailovsky GOK shares. Also Mr Sagaidak Y. P. explained that this arrest was made on a personal initiative of Mr Kiselyov O.V. and that CJSC Renaissance Capital had nothing to do with this. On his request I told him all details related to the arrest of the shares. After our conversation Mr Sagaidak on his own initiative decided to report this to the owner of IC CJSC "IC Renaissance Capital" – Mr Stephen Jennings, who, based on Mr Sagaidak's opinion, was not aware what had happened. Then I understood that the owners of CJSC "IC Renaissance Capital" had no knowledge about this arrest and actions taken by Mr Kiselyov O.V. and learned about all of these after the arrest of the shares took place.

At the end of January or in the early February, 2005, I learned from the press that a criminal case was opened to investigate this OJSC Mikhailovsky GOK shares arrest fraud. The criminal case was opened based on the provision of article 159 of the Russian Criminal Code. I do not remember whether Mr Kiselyov O.V. discussed this situation with me thereafter.

At the end of February 2005, Mr Albaev asked me for holidays, as he felt sick lately. Mr Albaev was a fat person, often took alcoholic beverages and on several occasions in the office he used to have heart attacks. In the early March 2005 Mr Albaev took a leave and in the early April I learned that he died from a heart attack.

As I testified before, from March 2005 and until recently I was away on business in South-Asia and then was traveling on business in Europe. I came back to Moscow just recently and then learned that the situation got worth and that it was given much of attention in the media then I decided to voluntarily testify on this case”;

(volume 26, reference to 2-6)

**- Witness testimony of Mr Klyuyev D.V., as of 9 August 2005:**

“In addition to my earlier witness testimony, I would like to provide the following:

In accordance with my request the former Head of the accounting department of Chelter LLC Mrs Kudinova E.V. did find, in the archive, records of receipts for the period from December 2004 to January 2005, which clearly shows receipts of the payments made for the contemplated work related to the arrest of CJSC Mikhailovsky GOK shares in accordance with the prior agreement on this matter with the President of CJSC Renaissance Capital Mr Kiselyov O.V.

During the period from December 17, 2004 to January 24, 2005, the wire transfers were made by five installments from the banking accounts of “Fora-M” LLC and “Forus Inotech” LLC to the banking account of “Sonex” LLC with Commercial bank “Test”. The appropriate documents and explanations on such payments could be provided by Mrs Kudinova E.V. to the investigators if required.”