

## Lopatinsky's Laundromat (Part 1): AVISMA – A Case Study in Corruption, Corporate Fraud and Money Laundering

By [Don Stanford](#), 17 April 2022

Googling for information on 'Yuri Lopatinsky' (and all the different ways of spelling his name including Yuriy Lopatynskyy, Yuri Lopatinski and Jury Lopatinskyy) has been my life for the last month – ever since journalist [Gordon Blackstock from The Sunday Mail](#) phoned me up to ask about the 'Moscow broker' (as Yuri Lopatinsky is known in [Bill Browder's book 'Red Notice'](#)). I've immersed myself so far down into the depths of the murky world of finance and dirty Russian \$almoney that I need a bloody good scrub down. Welcome to 'Lopatinsky's Laundromat' ([pictured in the photo below is Yuri Lopatinsky in his underground cellar at Château De La Cômbe in Provence, France](#)).



Back in May 2019, [Yuri Lopatinsky's lawyers threatened legal action](#) after I published a report called '[Scottish \\$camon](#)' (at the time Yuri Lopatinsky – “a leading figure in Moscow's financial scene since the mid-1990s” [as reported by The Scotsman newspaper in 2010](#) – was the mysterious owner of The Scottish Salmon Company). Despite his lawyers demand to remove the report I kept it online and really didn't think much of it again until last month when Gordon Blackstock phoned.

As soon as I got off the phone, I Googled ‘Yuri Lopatinsky’ and was shocked to be directed to Hansard. Heart racing, I scrolled down with baited bad breath through the record of a debate in the House of Commons on 17 January 2022. As an ironic aside, [Yuri Lopatinsky made his first half a billion dollars when he sold Rambler - Russia’s answer to Google](#) in the early 2000s.

After much parliamentary bluster, there it was: Yuri Lopatinsky was outed as a Russian spy and named in the same sentence as some decidedly dodgy businessmen. Here is the money shot from [Hansard – delivered by Liam Byrne MP in the House of Commons under parliamentary privilege](#):



The image is a screenshot of the UK Parliament Hansard website. At the top, there is a dark blue header with the UK Parliament logo and name. Below this is a dark blue section with the word 'Hansard' in white. A green navigation bar contains the following links: 'UK Parliament', 'Hansard', 'Commons: 17 January 2022', 'Commons Chamber', and 'Elections Bill'. Below the navigation bar is a green section with the title 'Elections Bill' in white. At the bottom of this section is a dark green bar with the text 'Volume 707: debated on Monday 17 January 2022' in white.

Information I have seen from well-placed sources in the Kremlin shows that Mr Amersi is an associate and business partner of people with all sorts of friends, including some with close connections to the SVR and FSB. They include Yuri Lopatinsky, Ernst Stauffer, and Aleksandr Barunin, with whom Mr Amersi worked on several telecom deals, including the takeover of Megafon, the firm later accused by the Georgians of

“illegal business operations and participation in the military and economic annexation of Georgia”.

Mr Amersi made a fortune helping to sell PeterStar to a Luxembourg-based company, which—surprise, surprise—turned out to be controlled by Leonid Rieman, who was none other than President Putin’s former telecoms Minister. Coincidence? You be the judge, Mr Deputy Speaker.

The next thing I did was try to find the [legal threat from Yuri Lopatinsky which was hand-delivered in June 2019 to my home address](#). After much rummaging around in my office I dug out the legal threat signed by James Thompson at Woods Whur on behalf of his client Yuri Lopatinsky. I Googled James Thompson and discovered he is a [“specialist in the field of corporate crime”](#) and also a [coroner in North East England who investigates “violent and](#)

[unnatural deaths” and “other deaths which the law specifies require scrutiny such as deaths in police and prison custody”.](#)

What this an underlying threat perversely linked to the death of [Sergei Magnitsky](#) (an auditor at Moscow law firm [Firestone Duncan](#) who [died in police custody in Russia](#))? Or was I over-reacting? After all, I'd been up to all hours reading [Browder's 'Red Notice'](#) – including how Yuri Lopatinsky tried to scam Browder's Hermitage Capital Management out of \$87 million in a dodgy deal involving Siberian oil giant Sidanco; [Catherine Belton's book 'Putin's People'](#) and ['Shadow State' by Luke Harding](#). All that talk of murder is enough to make anyone edgy.

After stopping to breathe, I checked under my car. I don't think I was being paranoid – back in November 2021 [The Ferret and The Herald newspaper had revealed](#) that the [chief executive of The Scottish Salmon Company](#) (when owned by Yuri Lopatinsky) had hired a private investigator to write an “intelligence report” on me and Corin Smith (another activist who has carried out covert surveillance inside salmon farms in Scotland). The 51 page dossier included details of where we lived, what cars we drove and a ‘deep dive’ into our financials. And, here comes the clincher, Corin Smith had found a GPS tracking device illegally planted underneath his car leading to a complaint to Police Scotland. Channel 4 News [reported on the salmon spy scandal in December 2021](#) and more documents are available via [‘Salmongate’](#).

So that's the short, back and sides of the Yuri Lopatinsky story which I've pulled together via two draft reports:

[Yuri Lopatinsky: The \\$py Who Laundered \\$almoney for the Russian/Norwegian \\$almafia](#) (8 April 2022)

[Yuri Lopatinsky: His Story \(Chronology/Biography\)](#) (12 April 2022)

I've politely pestered Liam Byrne MP to share his intelligence “from well placed sources in the Kremlin”. He hasn't obliged, yet, and I'm not about to get on a plane to Moscow. But he did provide me with a supportive statement cleared by his source late on Friday 25 March – a quote reported (without the names of the Russian linked tycoons) by [The Sunday Mail](#) and [The Ferret](#) on 27 March.

From: **BYRNE, Liam** <liam.byrne.mp@parliament.uk>  
Date: Fri, Mar 25, 2022 at 11:03 PM  
Subject: Re: Yuriy Lopatinsky  
To: Don Staniford <salmonfarmingkills@gmail.com>

Dear Don

With apologies for delay. Source clearance now secured for the following:

Liam Byrne said

"As Britain throws wide it's sanctions net, it's now vital Yuri Lopatinsky explains any and every relationship with Russian intelligence agencies along with any and every connection to a web of Russian linked tycoons like Aleksandr Barunin, Leonard Bogdan and Ernst Stauffer. Parliament will be ruthless in demanding our Foreign Secretary sanctions every single profiteer from Putin's regime. So now is the time for Mr Lopatinsky to put his cards on the table or face MP's using Parliamentary privilege to lay out the full dossiers of what we've received".

The Sunday Mail (27 March) [featured Yuri Lopatinsky's face on the front page next to his Charlotte Square neighbour, Nicola Sturgeon](#) (the First Minister of Scotland). Gordon Blackstock had got his man (identified from a [Joli Vin video of Yuri Lopatinsky at his 'organic' vineyard in France](#) by none other than Bill Browder).



A few weeks later I was waiting for my kids to finish their swimming lessons and was Googling 'Yuri Lopatinsky' for maybe the 40<sup>th</sup> time that day when I stumbled across the [Minutes of an AVISMA/VSMPO investors' meeting](#) in 1998 which included both Yuri Lopatinsky and Bill Browder as well as Gennady Lopatinsky (believed to be Yuri's older brother) and other would-be Gordon Gekko's:

**· AVISMA/VSMPO investors' meeting on October 14, 1998  
in FMC Group office.**

MH – Michael Haywood of Dart Family Management Inc.  
BB – Bill Browder of Hermitage Capital Management Ltd.  
VK – Vadim Kleiner of Hermitage Capital Management Ltd.  
BS – Brian Steere of Hermitage Capital Management Ltd.  
GL – Gennady Lopatinsky of FMCG  
YL – Yuri Lopatinsky of FMCG  
TB – Tom Balestrery of FMCG  
FB – Frank Baker of Andersen Group  
MM – Michael Matlin of Gabriel Capital



Reading the document through several times – as a layperson it is difficult to keep track but it reeks of a gang of fiscal rapists - conjured up the image of a mafia meeting and [‘The Commission’ scene from the Godfather](#).



YL – I don't think that it would come out of here at all because I don't think the purchase and sale of AVISMA, you mean, would have any mention TMC at all. In fact, there is no legal right to TMC. The point of TMC was to dissolve TMC altogether and bring [ . ] back on-shore. The reason of TMC became an issue is because of the process, the registration process of swapping the shares, which gave investors the right to a certain cash-flow, because we took the risk until the time VSMPO took over AVISMA. The issue was supposed to be resolved right away.

BB – So when you asked them to make a US\$87 million payment they did it on the basis of what?

YL – On the basis that we had US\$2.5 billion of clients... we had worked for three years knew our business and it was successful. Lots of transactions were done...

FB – Are you guys ready to go onto TMC? We can always come back and talk about it after these other guys have arrived here. Bring us up to speed about TMC, Yuri. We talked about it a little bit before to the point where it is inaccurate for me... it is a piece of history in terms of what is written... we bought the company, we created an offshore to raise a lot of money it is clear from Tom's documents and from the inappropriate pricing setup as a skimming device. Huge percentage of the profits of AVISMA ended up in TMC. And we are sort of relying on the good will of the manager there to say you guys raise your right hand I will send you a packet of money.

VK – How it was mentioned, let's say in the verbal agreement? Some kind of terms, cut-off date. How were the assets...

YL – The cut-off date was the 6<sup>th</sup> of December. That is the agreement we had with Rosprom. January 22<sup>nd</sup> when I came back to Russia, I was asked to leave Creditanstalt. After that followed massive changes in management at Creditanstalt. And TMC/VSMPO/AVISMA and many many other projects fell into a huge hole.

FB – Huge cracks!

BB – Did you tell them that there was a problem that needed to be fixed at TMC?

YL – They were aware of the problem with TMC. There was no problem at that time. There was a problem later on when money had been paid out.

FB – Who authorized those payments?

BB – Who was Peter Bond taking instructions from?

YL – Peter Bond was taking instructions from on certain payments from us.

BB – Who was the payment from?

YL/GL – That was me.

BB – ... giving payment instructions to TMC.

YL – What we thought about is a trust structure for the beneficiaries being VSMPO/AVISMA because the Russian government can't get its hands on that. But still I think we get too much scrutiny and you will not be able to sell below market prices to them but if VSMPO can have a TMC type structure finances it at a 150% annualized you can take the margin out of this and can write off against tax the interest expense by the way of transfer pricing as long as the transfer price is for the benefit of the company not for the benefit of investors.

YL – At the same time there is US\$4.8 million stuck in Menatep, which AVISMA lost. We were only able to get US\$1 million out, the rest is stuck in the account at the moment.

BB – Whose money is stuck in Menatep? AVISMA's?

YL – Yes. AVISMA money. Three months ago we ordered the financial director to close all accounts at Menatep to transfer to IMB and so forth. We presumed that it happened, but it turns out on August 17<sup>th</sup> we still had accounts. There were payments made to Menatep by TMC or whoever that were passed down to AVISMA that were stuck in there as well... So since then we have forced the closure of all the accounts in Menatep and moved it all to Sberbank and IMB and we fired the financial director... Another capital expenditure that is going to be necessary for the company is working capital to make it through the difficult winter as well as money to settle the Permenergo debt obviously.

FB – You are saying that some of these accounts have to come out of this US\$12 million. The settlement of Permenergo debt...

BB – That is going to hyper-inflate away.

YL – In order to eliminate the fines and fix a price – that is not free.

YL – Here is the situation with AVISMA. When we took over the company we stopped paying all the various bribes to the regional government. All of a sudden, we don't have a good friend in the administration anymore even the criminal groups are not getting paid. There are people who want to take over AVISMA and run AVISMA.

FB – How much is that? US\$1 million?

YL – No, it is RUR160 million about US\$20 million.

FB – I thought you guys had come up with an overall settlement...How much is that?

Wow, even with my lack of financial training it was obvious that this document was the smoking gun: proof that Yuri Lopatinsky had his fishy fingers in fraud, corruption and was swimming in the shark-infested waters of Russian money laundering.

Going back to Google, the weblink to the incriminating minutes -

<https://www.thekomisarscoop.com/wp-content/uploads/2014/06/Avisma-VSMPO-investors-meeting-Oct-14-98.pdf> - took me to The Komisar Scoop. Explaining who I was and why I was looking for more dirt on the dodgy 'Moscow broker', I emailed award-winning journalist Lucy Komisar.

Winner of Gerald Loeb Award,  
the major US prize for financial  
journalism



## The Komisar Scoop



Lucy Komisar's investigative  
reporting of financial and  
corporate corruption: "Follow  
the money offshore."

HOME

AUDIO/VIDEO

BLOG

CORPORATE/WALL ST.

FEATURED

MAJOR PAST ARTICLES

MONEY LAUNDERING

MUSIC

OFFSHORE

REPORTING

RUSSIA

SCOOPS

TAX EVASION

THE BROWDER HOAX

THEATER

TRAVEL

DONATE

Almost immediately, the winner of [Gerald Loeb Award](#) in 2010 (for her article "Keys to the Kingdom: How State Regulators Enabled a \$7 Billion Ponzi Scheme") emailed me back:

From: **editors** <editors@thekomisarscoop.com>  
Date: Tue, Apr 12, 2022 at 3:35 PM  
Subject: Re: Browder & Lopatinsky: any more dirt?  
To: Don Staniford [salmonfarmingkills@gmail.com](mailto:salmonfarmingkills@gmail.com)

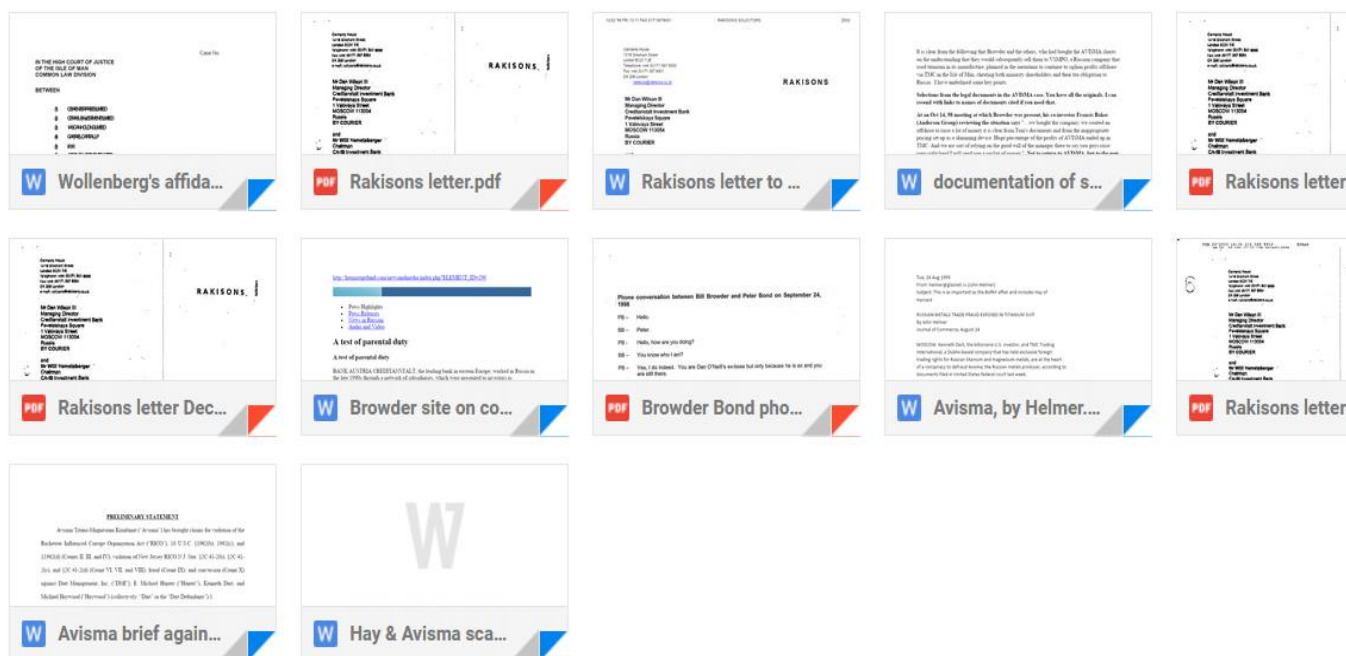
That is one of the documents I linked to in this article:

<https://www.thekomisarscoop.com/2014/06/russian-sanctions-highlight-role-of-western-enablers/>

It is one of the documents in ten banker's boxes of evidence I spent a day going through at the Philadelphia offices of lawyer Bruce Marks who represented VSMPO, which had bought AVISMA, in the RICO suit against Browder and his collaborators. My article links to other key documents. I will do a search of my unpublished documents and see if Lopatinsky comes up.

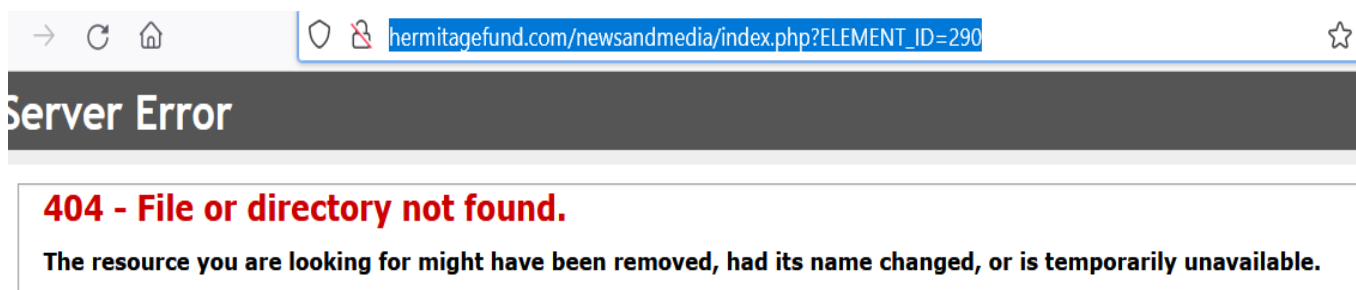
Later that evening, Lucy sent across a treasure trove of documents:

## 12 Attachments



Most of the documents have never been published before – certainly not in the context of the [“Mysterious millionaire oligarch with links to Russian spy”](#) (as The Sunday Mail described Yuri Lopatinsky in their front-page article on 27 March 2022) – or have been buried or long forgotten.

One document details an article on [Hermitage Capital’s website](#) which is no longer available.



The article includes the following quote from Martin Hehemann (a spokesman for Bank Austria):

"Browder should not talk of morals.....The said group of investors have a very good knowledge of the Russian market. In particular, Mr Browder is one of the most experienced western investors in Russia. He should know that in Russia such transactions are usually handled this way. It is as if Mike Tyson said he did not know he could get injured during a boxing match."

If you need more imagery to hammer the Tyson point home:



**M****Boxing**

Mike Tyson sells ear-shaped weed edibles with bite marks



Mike Tyson bites the ear of Evander Holyfield during their second fight in 1997.



Mike Tyson knocks out Trevor Berbick to earn his first world title

Here is the article in full (thanks to Lucy Komisar – download it as a PDF [online here](#)) which highlights the scamming/skimming role of Yuri Lopatinsky (who seems to like the number 87 - \$87 million was also the figure which Bill Browder nearly lost in the Sidanco deal, as brokered by Yuri Lopatinsky and as told in [Browder's book 'Red Notice'](#) – at least in the first edition):

# A test of parental duty

## A test of parental duty

BANK AUSTRIA CREDITANSTALT, the leading bank in eastern Europe, worked in Russia in the late 1990s through a network of subsidiaries, which were presented to investors as Creditanstalt Investmentbank (CA-IB) Russia. Its managing director was banker Yuri Lopatinsky. The network included various offshore entities based in Jersey, Guernsey and Cyprus. One called CIS Emerging Growth (CISEG) was based in Jersey.

In the summer of 1997, titanium company VSMPO made CA-IB Russia the agent for a deal to buy a supplier company called AVISMA. VSMPO wanted to buy 58% of AVISMA from owner the Menatep group. It wanted a transaction in which a group of foreign investors would buy the stake, then sell it on to VSMPO.

CA-IB Russia approached a group of investors, including Hermitage Capital Management, the Andersen Group, Dart Management and Gabriel Capital, to act as the buyers of AVISMA. According to the investors, Lopatinsky assured them that CA-IB would negotiate the best price for the AVISMA stake from Menatep, and that CA-IB Russia itself would take no spread on the deal.

In October 1997, the investors say, CA-IB Russia told them that the deal had gone through, for a price of \$87.6 million, and they were asked to pay the money through its Jersey-based subsidiary, CISEG.

In 1998 Bill Browder, head of Hermitage Capital, was on a flight from London to Moscow when he met a former Menatep employee and struck up a conversation. The ex-employee, illustrating how clever his former boss Mikhail Khordorkovsky was, told how the oligarch had sold a stake in AVISMA to CA-IB Russia for \$71 million, when he had originally bought it for a fraction of that.

Browder immediately recognized the transaction but the price was very different to the \$87.6 million that CA-IB Russia said CISEG had paid. CISEG appeared to have taken a spread, contrary to its agreement with investors.

Hermitage contacted CA-IB Russia but received no adequate explanation from the bank. In October 1998 the investors managed to arrange a meeting with Lopatinsky, who by then was no longer managing director of CA-IB Russia, but remained an adviser to the bank.

He provided inconclusive statements, according to the investors, saying at one point that CA-IB might actually have lost money on the deal.

When CA-IB still failed to clarify the status of the deal or whether CISEG had taken a spread, the investors took the bank to London Court of International Arbitration. In court proceedings, CA-IB said that CISEG had acted on its own behalf. The arbitration court agreed and decided in April 2003 that CISEG had taken a spread, and owed the investors a total of \$8.3 million.

The court also said that CA-IB had no legal obligation to support its subsidiaries in the AVISMA deal, as no signed paperwork explicitly involved the parent bank in the AVISMA transaction, or implied it would support the transaction.

### **Confusing similarity of names**

The London court said that CA-IB Russia employees had presented themselves as employees of CA-IB in Austria, and that the similarity of names could easily confuse investors. It said: "Several of these employees testified that they reported directly to CA-IB in Vienna, which indicates that CA-IB has allowed them to use this confusing name, instead of assuring that they use the proper legal corporate names of the CA-IB subsidiaries to which they were seconded, when appropriate."

Separately, Browder had also received a comfort letter from Bank Austria in Vienna, regarding its relation to CA-IB, which he sought with regard to all the business he was conducting with CA-IB in Russia. The letter said: "It is our policy to support our majority-owned subsidiaries and indirectly their majority-owned subsidiaries by standing ready to use our available resources to provide adequate capital funds to back such subsidiaries to meet their commitments." CISEG is wholly owned by Bank Austria, as a letter of support written in 1998, signed by then chairman of CA-IB Andras Simor, says. That letter, albeit not related to the AVISMA transaction specifically, states: "We shall exercise the rights connected with our shareholding in the Company [CISEG] in such a way as to enable the Company to comply with its obligations."

Nonetheless, the London court ruled that, while there was room for confusion about the legal relationship between CISEG, CA-IB Russia and CA-IB in Austria, under English law there was no legal obligation on the part of CA-IB Austria to support its subsidiary in the AVISMA transaction, when that subsidiary was clearly the principal agent in the transaction contract, even if "individuals ... failed to indicate for which legal entity they acted or ... acted under a confusing name which could lead third parties to believe they acted for CA-IB".

The investors duly claimed the \$8.3 million off CISEG, through CA-IB in Austria, and asked the Jersey courts, where CISEG was registered, to make CISEG pay up. However, they found that as of September 2003 CISEG did not have the funds to pay, and its director was recommending insolvency proceedings. They also found, from financial statements of CISEG dated December 31 1997, that the SPV had proposed to pay a dividend of \$37 million to CA-IB in Vienna.

The investors are still trying to get more information from CISEG's lawyers, Mourant, in Jersey. Mourant wrote to investors in October 2003, saying it was unable to provide much information because, in 1997, "the management of CISEG was effectively carried out outside Jersey by personnel within the CA-IB group". Bank Austria says former employee Yuri Lopatinsky, based in Moscow, was the CA-IB executive with power of attorney over CISEG and maintains that CA-IB Austria "did not take any decisions regarding CISEG". It does not comment on whether the proposed dividend was paid. Lopatinsky did not return calls.

Should the investors have been far more vigilant in ensuring that CA-IB would support its many offshore entities acting in emerging markets? Frank Baker, CEO of Andersen Group, didn't ever seek a comfort letter from CA-IB, as Browder did. He says: "We were doing other business with

CA-IB, which was managing a trade portfolio for us. So it never entered our heads to check the status of its subsidiaries. We saw them as one entity."

Both Baker and Browder say a parent company of the standing of Bank Austria has a moral obligation to support its subsidiaries.

A spokesman for Bank Austria, Martin Hehemann, says: "Browder should not talk of morals. If the investors around Mr Browder claim that, at the time when the transaction was concluded, they proceeded from the understanding that the former CA-IB Investmentbank would be liable for obligations of CISEG, they take a very astonishing view. Quite apart from the award made by the [London] court of arbitration ... it was made unmistakably clear that CA-IB Investmentbank was not liable for obligations of CISEG, the special purpose company. This is the usual way of handling emerging market transactions which involve complex structuring. The very reason for using a special purpose company is that the parent company does not assume liability."

Bank Austria says the investors should expect something like this in Russia. Hehemann says: "The said group of investors have a very good knowledge of the Russian market. In particular, Mr Browder is one of the most experienced western investors in Russia. He should know that in Russia such transactions are usually handled this way." He adds: "It is as if Mike Tyson said he did not know he could get injured during a boxing match."

The investors are indeed very experienced in the emerging markets. Frank Baker of the Andersen Group says he has been doing business in emerging markets for 25 years, and has done hundreds of investments in Russia, the most recent being a major investment in ComCor-TV, which is laying broadband infrastructure in Moscow. He says: "I've never seen anything like this. It is normal practice to support subsidiaries. Subsidiary obligations are considered parent obligations."

Should the case worry investors with any of Bank Austria's many other subsidiaries or SPVs? Hehemann says: "The commercial banks in CEE which are subsidiaries of BA-CA benefit from a comfort letter. Customers of SPVs operating in emerging markets were in exceptional cases entitled to obtain a comfort letter by CAIB Investmentbank. The CISEG customers did not obtain such a comfort letter with reference to the AVISMA deal."

He says Bank Austria's SPVs, which still operate in emerging markets for complex deals, do not usually have letters of comfort.

Browder says he is now contacting the New York state attorney and the department of justice in the US requesting that an injunction be taken out against Bank Austria. Another investor, Gabriel Capital, has filed a \$55 million suit against Bank Austria in New York's supreme court over the AVISMA deal. Gabriel Capital declines to comment. Baker of the Andersen Group says: "I think we'll probably have to go to Vienna and file a case there, but it seems absurd to have to do it."

Bank Austria insists that it should not be held liable for an SPV found guilty of cheating investors. The London court backs it up. But litigation continues. The entire picture of what went on is not clear.



A seemingly identical article – “A Test of Parental Duty” – was [reported by Euromoney in July 2003](#):

**EUROMONEY**

SECTIONS ▾

REGIONS ▾

OPINION

## A test of parental duty

Julian Evans November 01, 2003



**Must a bank always support its subsidiaries? That's the question being raised by two court cases involving Bank Austria Creditanstalt and a group of investors who worked with a subsidiary of the bank on a Russian M&A deal in 1997.**



BANK AUSTRIA CREDITANSTALT, the leading bank in eastern Europe, worked in Russia in the late 1990s through a network of subsidiaries, which were presented to investors as Creditanstalt Investmentbank (CA-IB) Russia. Its managing director was banker Yuri Lopatinsky. The network included various offshore entities based in Jersey, Guernsey and Cyprus. One called CIS Emerging Growth (CISEG) was based in Jersey.

In the summer of 1997, titanium company VSMPO made CA-IB Russia the agent for a deal to buy a supplier company called AVISMA. VSMPO wanted to buy 58% of AVISMA from owner the Menatep group. It wanted a transaction in which a group of foreign investors would buy the stake, then sell it on to VSMPO.

CA-IB Russia approached a group of investors, including Hermitage Capital Management, the Andersen Group, Dart Management and Gabriel Capital, to act as the buyers of AVISMA. According to the investors, Lopatinsky assured them that CA-IB would negotiate the best price for the AVISMA stake from Menatep, and that CA-IB Russia itself would take no spread on the deal.

In October 1997, the investors say, CA-IB Russia told them that the deal had gone through, for a price of \$876

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Back to the documents saved by super sleuth Lucy Komisar – who photocopied the documents “in ten banker's boxes of evidence” she spent a day going through at the Philadelphia offices of lawyer Bruce Marks (he represented VSMPO, which had bought AVISMA, in the RICO suit against Browder and his collaborators). One document is an [affidavit from Anthony Wollenberg, senior partner with English solicitors Rakisons, dated 24 November 1998](#):

**IN THE HIGH COURT OF JUSTICE  
OF THE ISLE OF MAN  
COMMON LAW DIVISION**

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**AFFIDAVIT**

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I, **ANTHONY STEPHEN WOLLENBERG**, of Rakisons, Clements House, 14/18 Gresham Street, London EC2V 7JE hereby **MAKE OATH** and say as follows:

- 1 I am the senior partner of Rakisons, the English solicitors instructed on behalf of the Plaintiffs. I am duly authorised by the Plaintiffs to make this affidavit on their behalf. Save where otherwise appears, the matters to which I depose are based on information provided to me by my clients, being matters within their own knowledge as a result of their participation in the transactions the subject of this application. Where this is not the case, I depose to the source of my knowledge.

Wollenberg's [testimony](#) cites Yuri Lopatinsky as "instrumental" in the fraud and seems to suggest that "the right to certain cash flows" (i.e. skimming/scamming) was just the normal way of doing business in Russia (if the AVISMA fraud was an orchestra, then Yuri Lopatinsky's role would be described as the conductor with Bill Browder playing the trumpet and Gennadiy Lopatinsky on the fiddle):

13 Discussions regarding the proposed transactions took place between CAIB and the Plaintiffs over a period of several months. Yuri Lopatinsky, the managing director of CAIB, led the discussions on behalf of CAIB.

29 I also exhibit at pages 41 to 70 of ASW2 the transcript of a meeting on 14 October 1998 attended, inter alia, by Bill Browder and Yuri Lopatinsky. As I explained above, Yuri Lopatinsky was the managing director of CAIB and was instrumental in the negotiation and implementation of the AVISMA/VSMPO transaction. Yuri Lopatinsky is now employed by First Mercantile Capital Group which I am informed is the investment adviser to VSMPO. During the meeting on 14 October 1998, Yuri Lopatinsky explained that the share swap gave the investors "a right to certain cash flows" in TMC (page 41). He also confirmed that TMC was still accruing profits (page 41). He also confirmed (at page 57) that he had persuaded VSMPO that monies accrued in TMC between 6 December 1997 and 5 October 1998 belonged to the investors. As the Court will already appreciate, 6 December 1997 is the date the investors contend that the acquisition of Rosprom's shares in AVISMA was completed. 5 October 1998 is, I believe, the date on which, the share exchange under which VSMPO acquired the majority stake in AVISMA and issued VSMPO shares in return for AVISMA shares became effective.

30 Accordingly, Mr Bond and Yuri Lopatinsky seem to acknowledge that profits accrued in TMC since 6 December 1997 belong beneficially to the investors who acquired Rosprom's shares in AVISMA. That is in accordance with what was originally intended.

Mr Wollenberg's [affidavit dated 24 November 1998](#) concludes:

"I am gravely concerned that, unless restrained from doing so, TMC will continue to dissipate and charge the relevant assets perhaps irretrievably (as would appear to be the case if monies have been transferred to an insolvent Russian bank possibly earmarked for an anonymous onward destination)."

Chapter 12 of Bill Browder's book '[Red Notice](#)' recounts the cautionary Russian folk tale of the 'Magic Fish' – it may shed light here on Yuri Lopatinsky's *modus operandi*:



Then I remembered why he would do this: because it is the Russian thing to do.

There's a famous Russian proverb about this type of behavior. One day, a poor villager happens upon a magic talking fish that is ready to grant him a single wish. Overjoyed, the villager weighs his options: "Maybe a castle? Or even better—a thousand bars of gold? Why not a ship to sail the world?" As the villager is about to make his decision, the fish interrupts him to say that there is one important caveat: whatever the villager gets, his neighbor will receive two of the same. Without skipping a beat, the villager says, "In that case, please poke one of my eyes out."

The moral is simple: when it comes to money, Russians will gladly—gleefully, even—sacrifice their own success to screw their neighbor.

This was the exact principle on which Potanin and his control group seemed to be operating. Never mind that they'd made forty times more money than us: that a group of unconnected *foreigners* also had a big financial success was unbearable to them. This was simply not supposed to happen. It was not . . . *Russian*.

What *was* Russian was to have your business ruined—which was exactly what would happen to me if I didn't get back to Moscow and fix this

Rakisons tried to fix their problem by writing to the Russian scammers in Moscow, Vienna and Jersey – a [threatening legal letter dated 22 December 2008](#) cited the “pivotal” role played by Yuri Lopatinsky in what a layperson like myself can only describe as pilfering and pillaging:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |   | RAKISONS         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|------------------|
| Mr D Wilson - Creditanstalt Invest Bank<br>Mr W Hemetsberger - CAIB Invest Bank<br>Board of Directors - CIS Emerging                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2 | 22 December 1998 |
| <hr/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |   |                  |
| We write to inform you that, subject to anything which you may say in response to this letter, our clients propose to issue proceedings:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |   |                  |
| (i) to rescind the agreements under which our clients acquired their shares in VSMPO and to <u>recover from you</u> the purchase price of <u>US\$65,640,000</u> paid for those shares; and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |   |                  |
| (ii) seeking, in the alternative, <u>damages for negligence and breach of agreement, equitable compensation for breach of fiduciary duty and an account of all profits wrongfully obtained by you and/or your employees as a result of your wrongful breach of fiduciary duty.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |   |                  |
| CAIB, its officers and employees have not responded to numerous written and oral requests for information from various members of the Investor Group. The Investor Group are astonished by CAIB's refusal to respond to requests for information regarding the initial sale of AVISMA shares. In the absence of an immediate and persuasive response to the issues arising from CAIB's and CISEG's participation in the Transaction, the Investor Group will pursue all available legal means to remedy the harm that has been caused to them by CAIB, CISEG, its officers and employees. You will be aware that your former employee, Yuri Lopatinsky, was pivotal to the Transaction and we should tell you that we now have evidence in our possession involving Mr Lopatinsky which lends weight to the claims of our clients set out below. |   |                  |

The corporate fraud was spelled out in black and white with lots of underlining:

(c) TMC

CAIB explained that under the ownership of the Sellers, AVISMA like many Russian companies, implemented a transfer pricing policy which was designed to divert profits and hard currency away from local tax authorities, currency regulators and minority shareholders. The Sellers controlled AVISMA's acquisition of raw materials and distribution of finished products through a company called TMC Trading International Limited ("TMC"). CAIB represented that TMC skimmed profits using transfer pricing methods which essentially transferred profits from AVISMA to TMC. This was achieved by causing AVISMA to sell its output of titanium sponge at less than market prices to TMC and to purchase related inputs of ilmenite at prices in excess of the market price, to the significant detriment of AVISMA's bottom line profitability. In essence, AVISMA showed profits of US\$2.69 million in 1996 while TMC was estimated to have made up to US\$20 million. The "profit" was going directly back to the Sellers instead of being channelled back to AVISMA.

And the role of the 'Moscow broker' (Yuri Lopatinsky) was clearly documented:

**Documentation and Evidence of the Representations and Agreements**

The representations and agreements are clearly supported by documentary evidence. For your benefit, this section summarises some of this evidence and documentation which is uncontested by CAIB.

1. The representation and agreement that (i) CAIB, or its corporate vehicle, was to act as the agent of the Investor Group in negotiating and concluding the purchase of the Sellers' shareholding in AVISMA and (ii) that CAIB was not to be paid a commission or take a secret profit or a spread, from the Investor Group, on the purchase of those shares were made in, at least, the following contexts:
  - (a) Recital 3(a) of the Agreement on Purchase confirms that CISEG and its affiliates would not receive any fees, commissions or monetary compensation on the acquisition of the majority shareholding of AVISMA;
  - (b) In the initial investment proposal to Hermitage and Fontainebleu made in early September by Yuri Lopatinsky, Tad Berger and Tom Balestrery to William Browder and Michelle Kelner of Hermitage and Tim McCutcheon of Fontainebleu;
  - (c) Again, at a meeting on 17 September 1997 at the offices of Fontainebleu at 9 Dmitrovsky Pereulok, Moscow, Russia when Yuri Lopatinsky, Managing Director of CAIB, represented to William Browder, Michelle Kelner, Benjamin Steinmetz and Mohammed Ameri that the full amount that the Investor Group would be paying by way of the purchase price would be paid to the Sellers;
  - (d) Again, in a taped conversation between Yuri Lopatinsky and William Browder on 17 September 1997, Yuri Lopatinsky represented that there would be no spread between what the buyers paid and the Sellers received. CAIB would be compensated in the form of a fee from VSMPO, but clearly not by taking a spread on the Transaction. In the conversation, Yuri Lopatinsky represented that CAIB's compensation for arranging and facilitating the Transaction would be in the form of 4% options and US\$200,000 cash which would be payable by VSMPO;



And:

- (f) On 14 October 1998 in tapes of a meeting between the Investor Group and former employees of CAIB, Yury Lopatinsky again stated that no spread was taken on the Transaction.
- 2. The representations and agreements that TMC's appointment as AVISMA's sales and purchasing agent was to be immediately terminated and AVISMA was to take control of the distribution of its own product were made in, at least, the following contexts:
  - (a) In the initial investment proposal to Hermitage and Fontainebleu made in early September 1997 by Yury Lopatinsky, Tad Berger and Tom Balestrery to William Browder and Michelle Kerner of Hermitage and Tim McCutcheon of Fontainebleu;

Here's a punch worthy of Mike Tyson in his prime – a reference to Yury Lopatinsky in a meeting with [Mohammed Amersi](#) ([named in the House of Commons on 17 January 2022 by Liam Byrne MP as both being closely connected to Russian spy agencies](#)):

- (e) During the meeting of 17 September 1997 at the offices of Fontainebleu at 9 Dmitrovsky Pereulok, Moscow, Russia attended by Yury Lopatinsky, William Browder, Michelle Kerner, Benjamin Steinmetz and Mohammed Amersi.

And now comes reference to another cog in 'Lopatinsky's Laundromat' – Rafail Turkot of CAIB:

- ✓ The information that the Investor Group has received from independent sources with respect to CAIB/CISEG's true role in the Transaction is also supported by admissions made by CAIB during the Investor Group's post Transaction efforts to learn the truth of CAIB/CISEG's participation in the Transaction. For example, in a taped conversation on 28 August 1998 between Dan O'Neil of Hermitage and Dan Wilson, managing director of CAIB, Dan Wilson acknowledges that CAIB itself (not to mention CISEG, officers, directors or employees) made around \$5.5 million on the transaction. Furthermore, in a taped meeting on 2 September 1998 between Dan Wilson, Gerhard Untergurschnigg and Rafail Turkot of CAIB and William Browder, Brian Steere, Dan O'Neil and Vadim Kleiner of Hermitage, Mr Untergurschnigg stated clearly that CAIB acted as a principal in this transaction, as it does in all transactions, for its own account.
- [ The facts as now known to the Investor Group are wholly inconsistent with the Commission and Agency Representations being true at the time they were made. Far from it being the case that CAIB was to be remunerated by a disclosed commission paid and funded by VSMPO, it now seems that CAIB always intended to deduct secret excessive remunerations from the payments to be made by the Investor Group.

Rafail Turkot was, [according to a filing at Companies House in the UK](#), a Director of Yuri Lopatinsky's Associated Seafoods from 2011 to 2020 and [appointed in August 2021](#) (Rafail Turkot is [listed as working for AGK Partners at 1 Kings Avenue in London](#) – along with another business colleague of Yuri Lopatinsky, [Alex Christofi](#) who is a [Director of Ardyne Estates](#): a company [listed at 10A Charlotte Square in Edinburgh](#) – [Yuri Lopatinsky's residential address](#)).

Finally, Rakisons hammer home the fraudulent message:

Mr D Wilson - Creditanstalt Invest Bank  
Mr W Hemetsberger - CA-IB Invest Bank  
Board of Directors - CIS Emerging

11

22 December 1998

**(A) CAIB and/or CISEG took secret and unauthorised profits in connection with the acquisition of the AVISMA shares from the Sellers**

We have already referred to the basic facts in the context of the Commission and Agency Representation. In our view those facts establish a right to rescind the Transaction. In any event the taking of a secret profit clearly violated the fiduciary relationship of trust and confidence between CAIB, CISEG and the Investor Group regarding the acquisition of the AVISMA shares. It also breached the express terms of the representations and agreements referred to above. The fact that this secret profit was not disclosed also violated clause 3.1.3 of the Agreement on Purchase.

We regard our client's rights to damages, alternatively an account of the secret profits which CAIB and/or CISEG wrongly received, as well established.

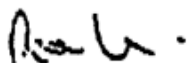
The [letter dated 22 December 1998](#) concludes by taking aim at Yuri Lopatinsky and his colleagues who are accused of having "secretly and unjustly enriched themselves at the expense of the Investor Group" and of acting in an "egregious" manner:

**Conclusion**

The Investor Group's participation in the Transaction was induced by material representations which are now established to have been false at the time they were made. In addition CAIB and CISEG have acted negligently and in breach of agreements and fiduciary duties. They and/or their employees have secretly and unjustly enriched themselves at the expense of the Investor Group and the value of the Investor Group's interest in VSMPO has been eroded as a result of this egregious conduct on their part.

In the light of the facts presented above, the Investor Group is entitled to the fullest of explanations supported by the relevant documentary evidence. We look forward to receiving your written explanation, supported by all relevant documentation, in the next 14 days. If an adequate explanation is not obtained, proceedings will be commenced claiming rescission of the Transaction and the repayment of US\$85,840,000 with a claim for damages and/or an account of profits in the alternative.

Yours faithfully



RAKISON S

A [letter to Robert Rakison from Francis E. Baker \(chairman on the Andersen Group, Inc\)](#) dated [27 January 1999](#) which was copied to Bill Browder and Michael Hunter states: "As Tony [Wollenburg] may have told you, we appear to have run into an immense Russian bank money-laundering scheme in the Isle of Man – clearly a criminal matter".

**Andersen Group, Inc.**

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New York, NY 10022  
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via facsimile  
44-171-577-6950

January 27, 1999

Mr. Robert Rakison  
C/o McDermott, Will & Emory  
International Financial Centre  
25 Old Broad Street, 7<sup>th</sup> Floor  
London, England EC2N 1HN

Re: Avimsa/VSMPO

The key business points for Avisma are:

- 1) Immediate return of the unpaid for inventory stored in warehouses in Finland (see Schedule 1, TMC Settlement Agreement).
- 2) Simultaneous settlement of trading accounts between Avisma and TMC in accordance with Avisma's records.
- 3) Payment of a "lost" check in the amount of \$2.6M which was never received by Avisma.

 As Tony may have told you, we appear to have run into an immense Russian bank money-laundering scheme in the Isle of Man, clearly a criminal matter. However, not being social reformers, our objective is to get the money due us, clear the Avisma accounts and proceed to other matters.

[Francis E. Baker died in 2017: "In 1997, as Glasnost opened up Russia, Mr Baker joined a small group of other Western investors buying a company that became part of VSMPO, the world's largest producer of Titanium," [read his obituary in The Hartford Courant](#). "This led him to explore both Russia's undeveloped roads and it's newly developing legal infrastructure as well."]

Another letter saved by Lucy Komisar – follow her on [Twitter](#) and via the [Komisar Scoop](#) – was sent to [Tony Wollenberg of Rakisons by Francis E. Baker of Andersen Group in November 1998](#) referred to “an unlawful subversion of shareholder funds” and cited Mr. Gennedy Lopatinsky (believed to be Yuri Lopatinsky’s older brother) as “the representative of the western investors”:

## Andersen Group Inc.

515 Madison Avenue, 20<sup>th</sup> Floor  
New York, NY 10022  
Telephone (212) 826-8942  
Fax (212) 888-5620  
Email: [fbaker98@mindspring.com](mailto:fbaker98@mindspring.com)

---

November 10, 1998

Mr. Tony Wollenburg  
Rakisons  
Clements House  
14/18 Gresham Street  
London EC2V 7JE  
DX 206 London

Dear Mr. Wollenburg:

As you know, Andersen Group was a shareholder in AVISMA before exchanging its AVISMA shares for VSMPO. Our purchase funding was provided to Creditanstalt Investment Bank in Moscow who delivered the consideration from us and other western investors to Moscow Bank Manatep who was the prior owner of the controlling block of AVISMA shares. I am advised that purchase transaction with Manatep provided the profits (cash flow) of AVISMA would be for the benefit of the Buyer for the period December 6, 1997 to October 4, 1998 when AVISMA was merged into VSMPO. The new investors were effectively “stepping into the shoes” of Bank Manatep.

The AVISMA cash flow was segregated in an affiliated organization known as TMC, located in the Isle of Man. The reason for the segregation in TMC was related to the need for offshore generation of hard currency and was a pre-existing AVISMA arrangement.

After the purchase of AVISMA shares from Manatep, various shareholders requested a report by public accountants Ernst & Young of the closing transaction. The report of Ernst & Young indicates a number of improper payments to Bank Manatep.

Throughout the period December to October, AVISMA's cash flow continued to aggregate in TMC. This aggregate which was expected to be about \$10M was to be for the benefit of the new AVISMA shareholders. Today, I was apprised of a transfer by TMC of approximately \$2.5M to Bank Manatep without the required authorization of the President of VSMPO and without further authorization of the representative of the western investors, Mr. Gennady Lopatinsky. This transfer is not supported by a vendor account payable or recorded debt.

The payment can only be characterized as an unlawful subversion of shareholder funds. We request that judicial action be taken to freeze any further transfers and that a further accounting be undertaken of the funds sequestered at TMC. When this account is determined we request that TMC be directed to disperse the funds under its control to the account of the new shareholders.



And just yesterday (16 April 2022), Lucy Komisar dug out all 30 pages of the AVISMA Investors' meeting in October 1998 (i.e. another 25 pages from the 5 pages [published via The Komisar Scoop](#)) – read in full [online here](#) and [online here](#) (two different versions of the same file). The Minutes of the AVISMA Investors' meeting included (YL = Yuri Lopatinsky; BB = Bill Browder; FB = Frank Baker; MH = Michael Haywood; TB = Tom Balestrery):

YL - No. There are two issues here: one, bringing money back on-shore, effectively bringing money back on-shore through loans from TMC that will not be repaid from investors and forget about TMC or leave it for the benefit of the company. It is very difficult to run a company to pay proper salaries using large petty cash to pay bribes necessary to keep the business function. There needs to be some sort of monies from TMC to settle US\$2 million to Soda. We had decent relationship more or less...reduces the risk that Mr. Peter Bond will not pay any money out.

BB - Do you have any kind of written agreement with him?

YL – No. There is an understanding that the monies due, no documentation to show that the cash flow belongs to VSMPO. And he has never said anything different. There is a whole...

BB - Do we have any legal recourse if he says "F--- you" I'm keeping this US\$10 million?

And:

YL – Let me just clarify that. I am not going to discuss the role of CAIB, not going to discuss anything which would compromise CAIB's relationship with investors given that there may be legal proceedings in the future. Let me explain the size of the deal. Neither Menatep nor Rosprom was a party to the transaction - these were all companies unaffiliated with Menatep. The number of the shares participating in the swap was 776,000 shares of which 45,000 did not qualify for TMC or participation in the profits.

FB - Yuri, just for all our benefit, let me distribute this around.

(Michael Matlin, Gabriel Capital called in)

FB - Michael, this is Frank Baker from Andersen, we were just ... we have about an hour or so before the accountants arrive and representatives of the company to talk about other subjects so we began this morning,... Yuri was about to begin with a general discussion on the acquisition of AVISMA, the exchange of VSMPO. So, we started going back over the basics on the transaction. Two pieces of paper have been distributed which you obviously can't see – one was a letter to Creditanstalt asking them for transparency and disclosure of particular documents. The second was just a summary that Yuri put out back in April on what the number of shares are that were involved in the transaction. I think that is exactly where you were with the talk Yuri. Do you want to go back over that number of shares again?

And:

YL - 731,000. This was not all one deal. It was supposed to be an agency transaction, but because of the complexity of the transaction and because investors did not pay what they were supposed to pay, Creditanstalt took a big chunk of risk of the sub and also, only in December did we realize that the Menatep stake would not be enough to take full control of the company. The assumption was that the Menatep stake alone in the Registrar would be enough to take 100% cash flow and full management. That was not the case because there are lots of general directors, top management held shares, were awarded shares for free by Menatep and so forth. They had to be taken out so as not to screw up the situation. There was some time lag until new management would come into AVISMA and we only had a few people on the board - Max, the Chairman and Vice-Chairman. With the change in management in Russia there is a lot of theft. We were afraid that things would be moved out. We had to eliminate other people associated with the company.

BB - So, US\$87 million was exchangeable for more than 696,000 shares? It was exchangeable for 731,000 shares?

YL - We were not exactly sure exactly what the dollar amount was until the transaction - you have to look at all. It is not easy to see what the price per share was because lots were minimizing the money because of certain investors not paying what they were supposed to pay. We had to figure different methods of payment. For example...

And:

YL - Actually, in matter of fact, I don't think any other investor was subsidizing. I think they were subsidized by Creditanstalt and Creditanstalt affiliate companies.

BB - Creditanstalt lost money on this transaction?

YL - That may be the case. Take a look at it, since there was not enough cash to go round, other shares were swapped for shares of AVISMA as well at a similar coefficient.

FB - So, why have we got the subsidy?

YL - Because... somebody had to pay for those shares. And times were very difficult and we had to bring in other investors, others who brought in new money that were not part of the deal and Creditanstalt and related funds had to participate because it was more important - I was taking control of AVISMA, making sure that the company functioned. We had no firm obligations from investors, although we as Creditanstalt, had committed.

FB - Yuri, was Creditanstalt a...they were an agent of VSMPO because they took a consultant contract with VSMPO to pull this deal together. Is that right?

YL - That was a nominal contract representative... As a matter of fact, I think, I am sure Creditanstalt lost money because VSMPO never paid. No, that was simply nominal. VSMPO, somebody had to negotiate in good faith with the various organs in order to get this thing done which a lot of money was spent on paying for anti-monopoly approval, the Federal Securities Commission, somebody speaks with Bank, somebody speaks with Soda, somebody speaks with the Property Fund (who tried to investigate the transaction).

And:

FB – I think we are pretty safe on the US\$87 million Bill, because so much of it has been accounted for amongst three or four people.

BB – You put in US\$50 million (Darts)-is that correct? We put in US\$18.64 million, US\$10 million (Ofer), US\$2 million (Andersen).

MH – I think that the question is not the US\$87 million but where the US\$87 million ended up going. Whether there is any extra we can not account for.

BB – How much did you put in (Gabriel Capital-US\$5 million)? Ok, so far I have US\$85.64 million based amongst what we have in the room and US\$85.64 million was exchangeable, as far as I can tell, for 696,626 shares, is that correct?

YL – It is your transaction.

BB – Why is it our transaction? It is not my transaction. 696,626 which are from the Rosprom block and then we have this management for 34,000, which works out to be US\$124.88 per share.

FB – That's very close to what they confirmed at US\$125.

BB – So, US\$87 million, everyone paid the same amount per share – there was no subsidy as far as I can tell and we have this US\$124-125 share price. Are you saying that that amount of money was paid to Creditanstalt?

YL – ... I have a separation agreement with Creditanstalt and I can't discuss ... No one benefited directly from Creditanstalt in this transaction. We had a shit load of problems on the first week of December when we realized that certain investors were changing their investment. We had to find various means to get to our goal. Our goal was to take control of AVISMA...

FB – The issue, of course, will come from Creditanstalt themselves as to where they spent the money. They had US\$87 million, how much did they pay Menatep, how much did they have to pay to the lawyers and all these other services that Yuri has just gone through.

YL – There was due diligence by Le Boeuf, Lamb, due diligence by local law firms.

BS – But I thought this is separate from the purchase price, the expenses were going to be paid by the investors outside of that. That's what the agreements...

YL – But they never did.

BS – That's not the point. The agreements say that. And that money that we paid for the investment was not meant to be going towards due diligence cost, legal costs because we were going to pay that outside of that.

And then the [AVISMA Investors' meeting](#) turns to “garbage” and “a useless piece of paper” which may or may not have been negotiated in good faith:

YL – There was no final status. All this garbage was done so we could present it one day in a Harvard case study. You never do this to begin with. This is a useless piece of paper, like all the pieces of paper that were signed. And we did this so we could present this on a later day. In this transaction we do need this at all.

FB – All this does is that it gives the investors some rights with respect to the overall transaction of transparency and clarity and describes... and limits the amount of fees and so on. Le Boeuf prepared this, I think, on behalf of the bank, I think.

YL – We tried to negotiate it. Tried to get people to make their comments and it was not possible to finalize.

BS – So this was not negotiated in good faith?

YL – What wasn't in good faith?

BS – You didn't negotiate this in good faith because you just saw it as a piece of paper that was irrelevant?

Then Yuri Lopatinsky refers to how “the bank had enormous problems with the representations made” with respect to “antimonopoly approval”:

YL – Yes, the bank had enormous problems with the representations made. This wasn't written by Le Boeuf, it was written by Max Volsky and given to Le Boeuf to structure the proper document. Every single clause there was a problem with the language had to get antimonopoly approval.

FB – The lawyers on this from Le Boeuf certainly performed on this contract. What was the role of Creditanstalt's in-house lawyer?

YL – He is not a real lawyer.

FB – He is not a real lawyer. So a very limited role.

YL – Max Volsky.

FB – There was no other lawyer other than Max in-house?

YL – Max was just trying to save costs.

Then Yuri Lopatinsky admits that “what Creditanstalt did in this trade is fraud”:

YL – Because there is a certain tax liability that the Rosprom Group and those companies incurred.

BB – Did Creditanstalt indemnify them against their own tax liability?

YL – What Creditanstalt did in this trade is fraud.

BB – Why would Creditanstalt get done for fraud?



YL – Because Creditanstalt as you know officially signed the sale and purchase agreement for US\$30 per share in the registrar.

BB – That is their own reporting requirement not Creditanstalt's.

YL – That is fraud. It was done for the benefit of the investors who entered into this transaction.

FB – Are there any there documents that you can remember that would help us unravel the thing?

YL – There was a master agreement which was written and ripped up because the master agreement documents the entire transaction...

FB – It was ripped up when it was signed and it was ripped up when it was finished?

YL – Yes.

FB – That's interesting. So, that would be of help.

YL – ... I am not sure if they have it. If they have a hard copy they may have destroyed it.

Then Gennadiy Lopatinsky (understood to be Yuri Lopatinsky's elder brother) claims "there is no legal obligation on his [Peter Bond] part as there is no legal connection between AVISMA and TMC". "There is no way to prove it....If the US Department of Commerce didn't find it".

from. Obviously there is no legal obligation on his part as there is no legal connection between AVISMA and TMC. \*

FB – I think there is a legal connection.

GL – There is no way to prove it... If the US Department of Commerce didn't find it...

BB – US Department of Commerce is not necessarily the standard...

YL – You can show a relationship between AVISMA, not from US point of view. You can show a relationship between AVISMA and TMC from Russia. The cost of that is enormous, much greater than what TMC is getting.

FB – What E&Y says, roughly, is that there is US\$7 million of extra payments which actually went on to Menatep and that is a big number in this transaction. Over and above any monies that...

GL – I don't see how E&Y can tell how much more money that was supposed to be paid to Menatep that was paid to Menatep. In our estimation they were overpaid US\$2.5 million.

FB – Overpaid US\$2.5 million?

GL – There may have been various [ ] distributed out of that, US\$2.5 million should not have been. That is our understanding. I don't know where US\$7 million come from.

[Read more via The Irish Times which reported in 1999 via [“Dublin-based firm is named in fraud conspiracy claims”](#); and note that in 2002, Peter Bond was “facing disciplinary action after details of his role in a huge money-laundering scam emerged in a US court” ([as reported by The Guardian](#))]

“There is someone stealing,” suggests Bill Browder later in the [AVISMA Investors’ meeting](#):

BS – Why didn’t Creditanstalt then stop that? I guess you can’t answer that. Why didn’t Creditanstalt go in there and explain to Peter Bond, instead of Peter Bond just accepting it from Menatep. Historically, surely it was Creditanstalt’s responsibility to go in there and say we are the new owners. Then a discussion between Peter Bond, Menatep and Creditanstalt.

YL - ... that is something you need to ask them directly.

MH – We have been in a situation here since December to October, there is no accountability and there is no control being executed over Peter Bond’s operation. He is basically running an independent operation whether it is Creditanstalt or investors someone has failed to maintain some accountability, that is what we need to correct right now.

GL – If there were no changes in the management in Creditanstalt at the beginning of the year, then we all would have looked at the transactions much closer and deeper in January/February.

BB – When did you leave Creditanstalt?

GL – I left Creditanstalt 2 months ago.

BB – So you were sitting inside Creditanstalt during this period?

GL – It was not my responsibility in the transaction. My responsibility in the transaction was to make sure that AVISMA was running, that management was not stealing, that there...

BB – But there is someone stealing.

Then Yuri Lopatinsky says: “I think first we should get the money out to some account some place else”.

TB – They are here now, well, Brecht has not arrived but the accountants are still downstairs waiting so may be...

YL – I think we should talk about certain things before Brecht comes in, various options about TMC. I think it will be fairly easy to close TMC, wire the appropriate money out and close TMC and then pursue getting whatever money back as possible. I am not quite sure how it should be done.

GL – It should be done very carefully because, obviously, once you do the first step they will know that TMC is defunct... Bond and company.

YL – So, I think first we should get the money out to some account some place else.

BB – Do you guys know how much it is?

GL - ...

BB – Where does this number come from?

GL – From TMC.

Then Yuri Lopatinsky asks the [AVISMA Investors' meeting in October 1998](#): “The next question is what to do should we have a bag of cash some place...”:

BB – If we were to terminate TMC, is there anything that he does that could not be done by somebody else? Do we know all the tasks that he actually performs?

YL – The problem with TMC is that it has long term contracts with RMI and others.

BB – Why don't we use TMC purely as a tax loop, you know, sell at market prices to TMC?

YL – Then there is no point in TMC. There are two issues: one is taking control of cash flows, which is pretty obvious to everyone. The next question is what to do should we

have a bag of cash some place for the purposes of an investment pool for AVISMA, investments that would normally be made by the company. I would imagine that we need that for 2 reasons: cash to service payments to various organs as well as various expenses that you cannot account for in Russian accounting – salaries to management. One of the major problems that we have been having for the last 2 months, we have been having with the management of AVISMA is largely because they have not been paid for 3 months. No managers have been paid for 3 months. We need a pool cash that we can lend or at least guarantee ... that is almost impossible to borrow from foreign banks, and Russian banks do not exist.

FB – Do you guys like Bond? Is he smart?

GL – Well, he is quite smart when it comes to his own good. He is quite a good banker, he has quite good relationship with Barclays and they have negotiated a US\$5 million credit line which they have not disbursed to AVISMA because they are not sure that TMC is gonna exist. So, they are quite good in what they do.

FB – Do they do any personal sales of sponge themselves?

GL – No.

TB – He has someone who works with him who does. He is also the one who was instrumental in removing the anti-dumping legislation. He was the one who appeared in front of the whole US Department of Commerce and convinced them. This is the first time in the last 25 attempts.



Then the conversation turns to killing off TMC:

BB – It should cost like US\$50 thousand a year to keep this thing going, not US\$800 thousand.

YL – Maybe US\$100,000.

GL – I think it is closer to US\$750 thousand a year.

BB – He told me that it was US\$800 thousand. He sent us a proposal a couple of weeks ago.

GL - \$800,000 was a product he offered to Menatep. We do not need that anymore.

YL – Now, will he take a US\$100,000 for becoming much more legitimate having much less stress. He is open to the negotiations. If not, we can always kill TMC.

And then Bill Browder says (it is not known from the minutes if he is smiling or grinning here):  
“We are an upstanding group of investors”:

BB – I think that it is probably best to just to move on and cancel it good and proper. We are an upstanding group of investors.

GL – After a legal opinion on what the anti-dumping issue is.

BB – There is no anti-dumping issue anymore.

GL – No, no there is no anti-dumping anymore in the United States...doesn't mean that we are not liable for the past 3 years...I think that we need a legal opinion.

YL – But I think that we need a TMC type structure to safeguard against Mr. Tetyukhin's developing of non-core assets and trying to reach full employment for AVISMA/VSMPO...I think we need a similar type structure to TMC either: a new TMC under Peter Bond at a lower price or ownership through trusts for the benefit of VSMPO/AVISMA or whatever. The next question is how we have a check against Tetyukhin spending the money on things he shouldn't be spending the money for.

BB – I think that we have a board or something with co-signatories where there is people represent the interests of the investors.

YL – We also need a structure which we can show results that the company does not look like there is US\$10-20 million disappearing each year.

MH – Why don't we first see about transferring money out of there and see how Bond reacts to that?

BB – He will probably react more favorably if he thinks there is a future for him.

YL – Absolutely.

[As an aside, [AVISMA manufactures titanium from sponge material](#) – a heavy metal [prized by the military and aerospace industries](#): rather apt here since investors seem to be soaking it up]



Then Yuri Lopatinsky refers to “fees necessary or paid to get a line up and running or bribe various officials”:

YL – The point of TMC is not only the sale of sponge, ilmenite and magnesium. The importance of the new TMC company will be to encompass other non-direct sales of VSMPO. Although, our estimate of VSMPO is that it is very clean, VSMPO is not very clean. First of all, it gets slapped with intermediaries and there is money taken out, fairly sure by management and other means. But there is US\$1 to US\$5 million a year that you really can't account for and that is VSMPO. That is not necessarily VSMPO taking money themselves but it may be fees necessary or paid to get a line up and running or bribe various officials – I really don't know.

Then the [AVISMA Investors' meeting](#) draws to a close with a “bullshit” discussion before ‘the Cooper's guy’ comes in (there's a missing page 30 so Frank Baker is cut off):

YL – A new share issue is not an option because they have 50.7% and if they have less than 50%, the government will take it away from them – it is a strategic asset.

BB – Who has got 51%?

YL – Management own Soyuz – that is what is keeping us afloat.

BB – We stick a new share issue into a company that is a Russian company that we own. It is all bullshit, at the end of the day...

YL – It is not all bullshit, there is a big list being prepared right now by Mr. Maslyukov and everyone is negotiating which companies are on the list or not on the list – and these are companies up for nationalization.

FB – Gentlemen, I think we have a lot to talk about and we do have the whole afternoon. Why don't we get rid of the Cooper's guy and then if Brecht is still here we can talk to

[Brecht may refer to Viatcheslav Brecht was [named in the 'Panama Papers'](#); makes an appearance in ['Putin's Counterrevolution'](#) and [describes himself at a 'retired investor' and former Chairman of VSMPO Avisma on his LinkedIn profile](#)]

Please note that I have just included here snippets from the 30 pages of minutes – you can read them in full [online here](#) and judge for yourself who is engaged in what kind of fraud, corporate crime and money laundering.

It is understood that AVISMA was bought off Mikhail Khodorkovsky ([“Russia's richest man who is being held on fraud charges,” as reported the Evening Standard in 2012](#)). “Yukos and Menatep used the [offshore] companies to minimise tax and disperse shares to avoid problems with the Russian state anti-monopoly committee,” said Yelena Collongues-Popova, who used to work for Golubovich and Khodorkovsky in the Nineties. “They wanted it to appear that their companies and enterprises were not owned by a single person, though in fact they were”).

An undated and unattributed [document marked "Documentation of Story"](#) (again copied by Lucy Komisar and understood to be her own notes) adds more weight to the heist story:

It is clear from the following that Browder and the others, who had bought the AVISMA shares on the understanding that they would subsequently sell them to VSMPO, a Russian company that used titanium in its manufacture, planned in the meantime to continue to siphon profits offshore via TMC in the Isle of Man, cheating both minority shareholders and their tax obligation to Russia. I have underlined some key points.

**Selections from the legal documents in the AVISMA case. You have all the originals. I can resend with links to names of documents cited if you need that.**

**At an Oct 14, 98 meeting at which Browder was present, his co-investor Francis Baker (Andersen Group) reviewing the situation says "...we bought the company, we created an offshore to raise a lot of money it is clear from Tom's documents and from the inappropriate pricing set up as a skimming device. Huge percentage of the profits of AVISMA ended up in TMC. And we are sort of relying on the good will of the manager there to say you guys raise your right hand I will send you a packet of money." Not to return to AVISMA, but to the new investors.**

**There's a comment by Browder in that same conversation I found rather ironic. Lopatinsky who arranged the deal via Creditanstalt says "It was not my responsibility in the transaction. My responsibility in the transaction was to make sure that AVISMA was running, that management was not stealing, that there...**

**Browder interrupts: "But there is someone stealing." (He means TNC, but that could just as well apply to the previous and current investors.)**

The [document](#) also includes:

He refers to the Oct 14, 98 meeting which he notes that Browder attended. He said "Yuri Lopatinsky explained that the share swap gave the investors "a right to certain cash flows" in TMC (page 41). He also confirmed that TMC was still accruing profits (page 41)."

"Accordingly, Mr Bond and Yuri Lopatinsky seem to acknowledge that profits accrued in TMC since 6 December 1997 belong beneficially to the investors who acquired Rosprom's shares in AVISMA. That is in accordance with what was originally intended."

And then the [document](#) cites “an immense Russian bank money-laundering scheme in the Isle of Man – clearly a criminal matter”:

- Interesting is this December 98 Rakison's letter to CAIB, a defendant in the Dart et al suit. The first paragraph lays it all out.

"CAIB explained that under the ownership of the Sellers, AVISMA like many Russian companies, implemented a transfer pricing policy which was designed to divert profits and hard currency away from local tax authorities, currency regulators and minority shareholders. The Sellers controlled AVISMA's acquisition of raw materials and distribution of finished products through a company called TMC Trading International Limited ("TMC"). CAIB represented that TMC skimmed profits using transfer pricing methods which essentially transferred profits from AVISMA to TMC. This was achieved by causing AVISMA to sell its output of titanium sponge at less than market prices to TMC and to purchase related inputs of limonite at prices in excess of the market price, to the significant detriment of AVISMA's bottom line profitability. In essence, AVISMA showed profits of US\$2.69 million in 1996 which TMC was estimated to have made up to US\$20 million. The "profit" was going directly back to the Sellers instead of being channeled back to AVISMA."

- **Baker letter to Robert Rakison of the lawfirm McDermott, Will & Emory Jan 27, 99:** "As Tony [Wallenberg] may have told you, we appear to have run into an immense Russian bank money-laundering scheme in the Isle of Man – clearly a criminal matter. However, not being social reformers, our objective is to get the money due us, clear the Avisma accounts and proceed to other matters."

"Cc: Bill Browder (w/attachments)  
Michael Hunter (w/attachments)"

**This means they want to continue siphoning off the money till Avisma was turned over to VSMPO.**

In other words, [Yuri Lopatinsky is indeed a money launderer: Q.E.D.](#)





The [document](#) ends with:

I can't see that all this can be seen as anything except strong proof that Browder et al bought the AVISMA shares with the understanding they would continue siphoning profits offshore till they sold the shares to VSMPO. What else is that but criminal?

The perceived media wisdom is that Bill Browder is a hero – [nay crusader for corporate justice](#) - and not a corporate raider and asset-stripper like Yuri Lopatinsky. However, the AVISMA documents only serve to paint an ugly picture of systemic fraud and a culture of corruption:

**Phone conversation between Bill Browder and Peter Bond on September 24, 1998**

PB – I mean, basically, I am sure you are up to speed, but just to touch base. I mean obviously, several months ago we went to Moscow.

BB – Yes.

PB - And German and Dan were there at the meeting. I think, quite understandably, given what had gone on, there was a "perception" that we were some screwed little offshore company used for nothing other than asset stripping. And we sort of sat there and said, "Hang on a minute, boys, where are you coming from?" And we explained at that meeting what our role was. And hopefully and, shining my own halo at this moment in time, proved that we haven't been used purely for asset stripping. We played an important part within AVISMA's business. But, candidly we understood the basics of that business probably as well as anybody around the table and somewhat better than most I would think I apologize, I am blowing my own trumpet because nobody else will. As a result of that, Dan took us to one side, I'm sure you know this but...

BB - Yes, you'd better repeat it.

PB. - So that we are on the same wave length, Dan rang me up and said can we have a private meeting which we had in the hotel we were staying at and we had a very full and frank conversation about the history as we understood it of the acquisition of AVISMA. And I think that filled a few gaps for Dan, to say the least. And hopefully, went some way to persuading him that we did not have two heads. One of the things we actually said, with all that mucking around that went on, was that we didn't believe that it was a real transaction at one point in time which may have been a quote that has come back to you somewhere through the system.

BB - As it was, we got bits and pieces of it but we didn't get rid of Dan because we didn't like him, he is a very talented guy, we got rid of him just because Russia as you know, is falling apart.



PB - Yes, I would have been surprised if you got rid of him because of cause. I was convinced it was just a question of a meltdown meant that he did not have a job anymore.

BB - Basically, but he shared with me a lot of things and a lot of things slipped through the cracks but I am happy to hear some of them again.

PB - Dan then said "Look, let's keep in touch, because you obviously have a greater understanding than we credited you with. We value what you're doing, we can't say whether it will continue or not but we value what you are doing and we would like to be able to call upon your expertise in relation to our valuation of our investment in AVISMA"...

BB - It is good that you have been involved, I mean, I will tell you what the main issue is and that is just the truth - the issue is just who controls the cash flows right now.

BB - I do not see a reason why the guy who... you come from a reputable firm and you do reputable business and you know the company, and I do not see any reason why assuming we can, sort of.....I am not speaking on behalf of the Group, I am speaking on behalf of myself or should I say on behalf of Hermitage, I cannot make the decision for the entire group but we are trying to nail down where the money is going. So, we can in the future be able to control it. And then there is no reason why we shouldn't have a guy who knows everything about it. Right? That would make sense to me.

PB - At the end of the day, to all intent and purposes we control the cash flow. But not as such if you see what I mean, because we act upon other people's instructions as to what we do with that cash flow.

BB - So, the real question is.....there is this E&Y audit and everything we have a chance to read through and a chance to analyze. Who tells you where to make payments right now?

PB - At the moment we take instructions from Gennady Lopatinsky and Tetyukhin and we get both of them to sign off.

BB - Right. And when did Tetyukhin start signing?

PB - [Um] As soon as the audit procedures were implemented, to be honest. We basically said "Look lads, with all the stuff that is flying around here, unless somebody is prepared to give me something in writing".

BB - You are absolutely right to do that I'm glad. That makes me feel a little more comfortable. Because all this money went out earlier and I do not know where it went.

The [phone conversation](#) turns to the "opaque water" of Creditanstalt (where Yuri Lopatinsky worked) with Browder "trying to figure out what's on the other side of the pond":

- BB - And there is an agreement between anyone and you?
- PB - Yes, there is an agreement which was entered into between me and, well Creditanstalt, the correspondent person at Creditanstalt at the time being, Max Volsky.
- BB - Can we see that agreement to get some clarity? This is not about you, this is about Creditanstalt, they haven't shown us what we are entitled to. I am here sitting, here wading through opaque water, trying to figure out what's on the other side of the pond. Can I see a copy of that agreement?
- PB - Umm [pause] - I don't see any reason why not. I mean it's only a letter agreement.

The [phone conversation](#) then turns to “the curtains” (which I can picture Yuri Lopatinsky hiding behind smiling as he strokes his Russian cat like Ernst Bloefeld in a James Bond film):

- PB - It doesn't actually say we account back to you for all the profits. What it says it says it by omission rather than clear.....
- BB - Well whatever, let me just see what it is. Just because we are sitting here scratching our heads because Creditanstalt won't tell us anything.
- PB - [Pause] Right, I mean, I am not talking to Creditanstalt at the moment by the way. I don't even know those who are responsible.
- BB - Well, I don't know either. The whole thing is like falling apart over there. What is not falling apart is we have a good titanium company and we've got some guys in the Isle of Man that seem to know what is going on over there, we've got some investors that want to make it a better place and want to continue, you know, making money and doing whatever we can do to improve the situation.
- PB - I mean, in summary, if you read the proposal, there is a severe problem, prospect of you becoming too internally focused. The description I have used before, you've got troubles backstage and the management is inclined at the moment to draw the curtains run backstage and try to sort out all the managerial problems you have. If you do that without at least leaving somebody doing a tap dance in front of the curtains to keep the audience entertained, by the time you have sorted out your managerial problems, you will come back and want have an audience. Seriously.



The surreal [phone conversation between Peter Bond and Bill Browder](#) turns to “dead fish” and the mysterious figure of Lopatinsky (it is not clear if this is Gennadiy/Hennadiy Lopatinsky or Yuri Lopatinsky – both are named as [investors in GM salmon giant AquaBounty](#) in a [Securities and Exchange Commission filing in Washington in February 2020 as owners of LLF Financial in Luxembourg/British Virgin Islands](#)).

PB - And, it hasn't got it now. Now what you get told is that Tetyukhin and Brekht are their marketing resource. No disrespect to them, they have forgotten more about the titanium industry than I will ever know but they are also about as user-friendly to a sophisticated western supplier as a dead fish.

BB - OK. You know, I am going to tell you what is going to happen, we are having a big meeting on the 14<sup>th</sup> of October here.

PB - I thought you were having one before then.

BB - Well, I don't know for sure that is happening yet.....

PB - Well, you didn't get it from me but I think you will find out that there is a meeting going on out at Salda tomorrow.

BB - Is that right, with whom?

PB - I think Creditanstalt is there, I think [...?...] Lopatinsky is there, Brekht is there and Tetyukhin is there, I don't know who else is there but I think they are there.

BB - Yes.

PB - I am interested... interesting that you are not. But that is not a dig.

BB - No, no, I am not worried about that. I'm not on an ego thing. It doesn't surprise me, I mean these guys...

PB - It sounds like their preparing for what ever is going on on the 14<sup>th</sup> and that by the way that proposal has gone to you because on Wednesday I got a call from Lopatinsky saying: Where is the proposal? I am leaving for the airport in half an hour to go to Salda and the meeting is on Friday.

“I am sitting on some cash,” says Peter Bond (who [The Guardian reported in 2002](#) was involved “in laundering Russian money” and was “facing disciplinary action after details of his role in a huge money-laundering scam emerged in a US court”):

PB - It hasn't been distributed. There have been some small distributions and I am sitting on some cash.

BB - Right.

PB - And I am waiting for somebody to tell me where that cash should be given to in order to deliver it into the right hands not to anybody else. There has been no leakage.



The [phone conversation](#) refers to “Tetyukhin’s back-pocket company” and a “very complicated structure, which has served a very very significant role in terms of some of the US anti-dumping legislation” (Vladislav Tetyukhin was [described as “VSMPO's minority shareholder and former president” in The Moscow Times in 2013](#)):

- PB - I mean, one of the perceptions is this company gets used to send it off to XYZ that is actually I don't know, Tetyukhin's back-pocket company. But it hasn't happened. I mean, I am not going to tell you what happened before VSMPO acquired AVISMA. Suffice to say that distributions were made and where they went is none of your business. Don't take that wrong way, it sounds like a very rude statement but you know what I mean. If you sold a company to me, it's not my business what you did with your profits before I bought it.
- BB - I wouldn't say that it was.
- PB - Yes, so, but in terms of the profits arisen generally from the VSMPO, sorry, from AVISMA business, in the period since the acquisition, those profits have either been used to be paid to AVISMA in a normal course of business or, some money, has been "distributed" to me and is still held by me. It will be delivered to whomever the shareholders wish to nominate as soon as they get their act together and nominate or can be distributed directly to AVISMA.
- BB - And whom are you taking instructions from for that?
- PB - That was in the days when Creditanstalt was still Creditanstalt, I mean that was Lopatinsky, Volsky and Tetyukhin had confirmed to us that we could do that. [Pause] And when we met with Tetyukhin and Brekht and they said that it is OK for us to act upon the guidance, shall we say so, of our friends. What you got to bear in mind however, that this has been a very complicated structure, which has served a very very significant role in terms of some of the US anti-dumping legislation. So it is not a simple structure, what I am giving you is a very very short-handed view of what is, otherwise, a very complex situation.

Then the [phone conversation](#) refers to Gennady Lopatinsky and “my neck in to a noose”:

- BB - If I could get from you that letter though that would give me something to sort of put into my files and start to be able to build up a clear understanding because I have got to talk to Creditanstalt because they don't tell me anything. I don't know whom to talk to, what is going on over there and if I have something to go on, some place to start...
- PB - Right, would you have any problem with me asking Gennady for the permission to show you that letter? I am a bit loathe having stuck my neck in to a noose on a couple of occasions, I really do not want to find myself getting my head removed when you pitch up with a letter and say “look what I've got, this is the letter”, and he says “Where did you get it from?”
- BB - The problem is that if you ask him, he is going to tell you “no”.
- PB - Or can you confirm to me that you are not going to spread it around on the table and tell everybody where you got it from.
- BB - No, I won't, I confirm to you that I'm not going to spread it on the table anywhere, it is going in to a file, that gives me some documentary sort of link as to what is going on here. There is some, you know, as you say, you own the company and supposedly.....
- PB - I do own the company but what I have said, the company is of no value because it is a bit like being a manufacturer for Marks & Spencer. If AVISMA turns off the tap tomorrow, there is absolutely no value in this company. So, I own it simply because it has no value as such. The value is in the cash flow and we make sure that the cash flow goes where “it is supposed to go”



The same document now details a [transcript of another phone conversation in 1998](#) which refers to Yuri Lopatinsky and Gennady Lopatinsky (understood to be Yuri's older brother and a [partner at First Mercantile – when named as Hennadiy Lopatynskyy](#) and [LLF Financial](#)):

**Transcript of a telephone conversation between Peter Bond (PB) of TMC,  
Brian Steere (BS), German Mikhailov (GM) and Vadim Kleiner, all of HCML,  
on September 9<sup>th</sup>, 1998**

BS - What I understand was one of things that I understand which can't be proven of course is that there was a meeting where you were involved, Yuri was involved and representatives of this office were involved where Yuri quite clearly said that it was the 6<sup>th</sup> of December. We were aware of that date before Yuri said that.

PB - Right.

BS - Now the reason why...

PB - That was a meeting with Tetyukhin and Brecht.

BS - Yes, that's correct. Where the 6<sup>th</sup> of December comes about, and it is very very logical, is that, just a second...

BS - It wasn't that meeting that you are referring to, it was just a meeting with FMC guys: Yuri Lopatinsky, Gennady Lopatinsky, Dan O'Neill, and German, and Vadim where you met all of these guys from the first time, I think. Hello?

Then Rafael Turkot gets a mention (Rafail Turkot was [listed as a Director in Associated Seafoods in a filing at Companies House in the UK in August 2021](#) – Rafail Turkot is also named in relation to [Scottish Seafood Investments in documents published in Luxembourg](#) – a company owned by Yuri Lopatinsky via Northern Link, The Scottish Salmon Company and more recently by Farm Originals LLF via Jersey, Luxembourg and the British Virgin Islands and [Farm Originals which is registered via Companies House at 10A Charlotte Square and owned by Yuri Lopatinsky](#)).

PB - So, when real people started crawling out with the wood work which wasn't until about March.

BS - Alright.

GM - Peter, can you tell me when I have got this information that someone from Creditanstalt, I think it was Rafael Turkot, came down to the Isle of Man at some point may be in January or February.

PB - Yes, we met with Rafael and we met with Max Volsky in Dublin in actual fact.

[Max Volsky is [Chief Investment Officer and General Counsel at LexShares in the US](#)]

The conversation alludes to 'trousering' – [defined by the Cambridge Dictionary](#) as “to get a large amount of money, especially in an unfair and illegal way” – and a “stock pile of old sponge”:

PB - And quite frankly I thought it was something coming out of one pocket and going around somebody's back, coming out from the right hand pocket and going into the left hand pocket of the same pair of trousers.

BS - Yes, I understand. So, you mean you just kept on making payments as normal I guess from TMC to the beneficiary?

PB - Well, no, I mean we knew there was a new accountability.

BS - Yes.

PB - And the accountability for the distributions going forward was to those people we met in Dublin.

BS - Yes.

PB - And we accounted to them.

BS - Yes.

PB - For profitability since that date.

BS - Yes.

PB - There was then a question of a cut-off period, we were told, I mean, I wouldn't say Rafael didn't say to me the 6<sup>th</sup>, I am sure he did. I can't remember him saying to me the 6<sup>th</sup>, there was no clear unequivocal statement that you should, you know...that before the 6<sup>th</sup> belonged to the old people and profits after the 6<sup>th</sup> belong to the new people. It is the deal evolving... they didn't bloody know at that time... “The deal is evolving, we are not sure, there are still discussions about piled sponge, we don't know whether stock pile of old sponge belongs to the old people or whether they belong to the new people. But the cut-off date may be the 6<sup>th</sup> or can it be 31<sup>st</sup>, we don't know”. I mean it was sort of a general discussions along those lines.

BS - Yes.

PB - If he said the 6<sup>th</sup>, I am absolutely sure he wasn't a liar, he is a nice guy. If he said the 6<sup>th</sup>, he said the 6<sup>th</sup> but it didn't go home to me as a clear unequivocal instruction by which I should be bound that the date was the 6<sup>th</sup>.



The [phone conversation](#) (it is not known how or why it was recorded but it reeks of FBI or KGB phone tapping) continued with Peter Bond claiming: “I haven’t actually got a clue who calls the shots, I have got Lopatinsky who is the chief executive of AVISMA and therefore somebody who I have to really deal with”:

BS - I mean, that’s something we need to sit down... because parties are kind of fragmented at this stage. I don’t know whether you are appreciating the shareholding at the moment, it is kind of fragmented...

PB - Well, I don’t, to be honest. I appreciate that this is you, the Darts, I don’t know where their shares are held and I had not been in contact with any representative of them. There is Creditanstalt that seems to be holding some shares for somebody I am not quite sure whom, then FMC who seems to be holding some shares for I don’t know whom, and then there is representatives of VSMPO whoever they may be and however many shares they may or may not be holding. I haven’t actually got a clue who calls the shots, I have got Lopatinsky who is the chief executive of AVISMA and therefore somebody who I have to really deal with.

BS - Yes.

PB - I have Dr. Tetyukhin who is the chief executive of the VSMPO who conduct themselves as if they are the parent company of AVISMA to the extent that at the Farnborough Airshow yesterday they both actually said that VSMPO stroke AVISMA, with AVISMA sitting underneath of VSMPO in a lettering. But in the same ... I have people telling me that “Well, yes, Tetyukhin is an important player but he is not an executive of AVISMA. So, you shouldn’t listen to what he says”.

BS - Yes.

If \$1.8 million was trousered then the person or persons doing the trousering would have to have trousers even bigger than [Donald Trump’s “larger than necessary” pants](#).

PB - Now there is a separate issue: somebody owes us US\$1.8 million, let’s go and find it... whether they do or not.

BS - Yes, agreed. We are as much interested as you are to find out who is, not so much who is calling in the shorts, we know who is calling in the short and we know that VSMPO is the holding company of AVISMA as a matter of fact. On the shareholder record of AVISMA it is quite clear to see that VSMPO holds the most of the shares.



To be clear, the reference to Donald Trump is not a suggestion that Donald Trump was involved in this fraud although [it is well known that Trump has financial ties to Russia](#). There may be a bad joke in there somewhere using [Andy Stewart's 'Donald, where's your trousers?' song](#) as the punch-line. Jokes aside, it seems perfectly clear who was calling the shots and who was trousering the money which had "gone walkabout":

BS - OK, if you are meeting with Tetyukhin then we will try and contact him or other people from the Management Committee of VSMPO next week and try to press this issue alone.

PB - I mean, what would you like to see me discussing with Tetyukhin?

BS - I guess what you have discussed with him so far. I mean you need to state very clearly where position of TMC is right now.

PB - Yes.

BS - Where you see its role in the future and what your problems are right now. You know like saying you are not clear who is actually in control of the process.

PB - Yes, do I do what Lopatinsky tells me or Volsky tells me, do I even talk to you, guys or I only talk to him and act upon his instructions?

PB - I am being absolutely brutally candid with you, I am terribly distressed, US\$1.8 million has gone walk about and if I am in any way, shape or form, in any way responsible for that to a greater or lesser extent, I will be very upset.

BS - I don't think you are, I am sure you are not.

PB - But, at the end of the day, it happened because the new investors just behaved like idiots.

BS - Absolutely, I mean our problem was, we were an investor, we looked at the deal, we weren't organizing and Creditanstalt were and they were meant to take control of the whole process, OK, do the whole due diligence and get everything under their control. Clearly, that didn't happen, I don't know what happened on their side and that is for us to kind of talk to Creditanstalt about getting it resolved.

PB - I know that was the case.

BS - We can't do anything about it because we are a substantial shareholder not the majority shareholder.

PB - Well, then you have to get together a party of shareholders who have some vision and a common aim and get the shareholders pass some resolutions and impose some managerial discipline on the company to take it forward. And that is, if it is Lopatinsky that needs to have a... nobody seems to be capable of taking a decision.



**BS - Ycs, the problem is, as you know, we are dealing with a lot of kind of Russian organizations and it is very difficult to know who is being honest and dishonest, that is our problem.**

Another document shared by the fearless [Lucy Komisar](#) – whose life story is worthy of a Hollywood film and John Grisham novel - is an article in the Journal of Commerce published in August 1999 by John Helmer (reproduced below as it was saved – and [online here as a PDF](#)):

Tue, 24 Aug 1999

From: helmer@glasnet.ru (John Helmer)

Subject: This is as important as the BofNY affair and includes Hay of Harvard

#### RUSSIAN METALS TRADE FRAUD EXPOSED IN TITANIUM SUIT

By John Helmer

Journal of Commerce, August 24

MOSCOW. Kenneth Dart, the billionaire U.S. investor, and TMC Trading International, a Dublin-based company that has held exclusive foreign trading rights for Russian titanium and magnesium metals, are at the heart of a conspiracy to defraud Avisma, the Russian metals producer, according to documents filed in United States federal court last week.

The lawsuit, filed on August 19 in the U.S. District Court for New Jersey, is the first to be brought under the American racketeering statutes alleging that a Russian company had been looted of its trading profits through a pricing conspiracy between management and shareholders.

Similar practices have been alleged in Russia's exports of steel and aluminum, leading in some cases to the imposition of anti-dumping penalties. However, according to Bruce Marks, the Philadelphia-based attorney for Avisma, this is the first time a U.S. court has been asked to rule that these trade practices constitute fraud and money-laundering.

"This case may well deter Americans and other shareholders of Russian companies who have engaged in these trade practices," Marks said. The court claim filed by Marks alleges that the Menatep Bank of Moscow, which controlled Avisma and TMC, and then a group of American investors who took over from Menatep, skimmed **at least \$50 million** from the company, diverting the cash to offshore bank accounts from 1996 through late 1998.

"TMC was the vessel by which the money was laundered," Marks said.

A two-year investigation into TMC Trading has found evidence that it arranged the cash to pay for raw materials for production at Avisma, and then the sale of titanium by the company, primarily to buyers in the U.S.

Boeing is one of the major importers of Russian titanium.

Avisma, whose acronym in Russian means Aviation Special Materials, produces more than 20% of the world's supply of titanium sponge each year. Considered top-secret during the Soviet era, because of the military applications of titanium in aviation, rockets, ship and submarine-building, Avisma was fully privatized under the control of the politically influential Menatep Bank and its industry group, Rosprom.

TMC (the initials refer to Titanium and Magnesium Corporation, though the latter is not the legal title of the company) stresses its Irish ownership and registration. The managing director is Robert Becker.

Becker, who was at work in his Dublin office on Monday, declined to respond to questions about TMC's trading business. Another company official would say only that the company has not traded Avisma metal "recently".

Documents filed in a unpublicized case early this year in a Channel Islands court produced evidence of agreements between Dart and the other American investors; TMC; and the Austrian bank Creditanstalt, which arranged the sale of Menatep's shares in Avisma to the Americans.

Avisma's results for 1997 indicate that output of titanium sponge went up to 21,996 tons, a gain of 30% compared to 1996. After-tax profit of the company increased by 2.2 times, and totalled Rb16.4 million (\$2.7 million).

In 1998, according to public records in Moscow, Avisma's profits jumped to \$39.7 million.

After Menatep took control of Avisma in 1996, TMC shared offices in Moscow with Avisma. Menatep and TMC's Moscow representative, Vladimir Guzenkov, said at the time that TMC pre-paid Avisma for titanium deliveries, thereby assisting the company in purchasing supplies and raw materials for metal production.

According to U.S. court documents, and a statement by Avisma just released, the controlling shareholders in Avisma manipulated this pre-payment scheme, obliging Avisma "to sell its products at below-market prices to offshore companies, which were then to kick back the profits on the resale of the products." The documents also allege that "profits were

siphoned by directing Avisma to purchase raw materials from the offshore companies at above-market prices, with the profits funneled back to Avisma's controlling shareholders through kickbacks."

TMC employs a handful of executives at a St. Stephens Green, Dublin, location, which it shares with two Valmet companies, Riggs Valmet Ireland and Valmet Trust. Riggs is a Washington, D.C., bank. Valmet is a Gibraltar-registered trust company Irish company sources say is affiliated with Menatep. The Russian bank is thought to own at least 20% of the Valmet group.

Irish sources say that TMC "appears to have been set up as a shell. The directors are people who are in the business of running companies for other people."

In 1997 Menatep sold its shareholding in Avisma, according to court documents, to companies associated with Dart and others. He has repeatedly claimed that he is the victim of Russian share fraud perpetrated by the Menatep Bank group.

One of the co-conspirators named in the court claim is Jonathan Hay, an American who was paid by the U.S. Agency for International Development to advise the Russian government on privatization policy. Hay, now the target of a criminal investigation in Washington for profiteering from his official duties, has refused comment on this aspect of his Russian activities. According to court papers, he was associated with Dart Management in New Jersey. He was also elected by Dart votes to the board of directors of Avisma.

Dart and Hay concealed their alleged participation in Avisma's trading through Creditanstalt.

Gennady Lopatinsky, director of corporate finance at Creditanstalt-Grant, has said his bank was the nominal holder of 60% of Avisma shares. Documents submitted to the Channel Islands court early this year identify Lopatinsky as the intermediary in the transaction that transferred control of Avisma from Menatep to Dart. The litigation also revealed a dispute over the \$110 million value of the sale, and the size of the commission that was paid.

A spokeswoman for Dart Management has said she has not seen the details

of the court filing. "We are sure we have done nothing wrong," Sharon Cornwell announced.

Proving that the prices which Avisma received for its titanium, and the prices at which TMC sold the metal, were the product of a racket, and that the funds obtained by the shareholders were diverted as part of a criminal money-laundering scheme, may not be easy, trade lawyers observe.

This is the first case brought by a Russian company to allege violations of the U.S. Racketeer Influenced and Corrupt Organizations Act (RICO). It is also the first attempt by a Russian metals producer to recover funds transferred abroad in the course of metals trading. Under RICO, Avisma may be awarded \$150 million, treble the actual losses claimed. According to the court documents in the Avisma case, the trading scheme was halted when Avisma merged with a Russian magnesium producer, and the new management outvoted the American shareholders in the new company to stop the trading scheme.

Yet another document saved by Lucy Komisar – [an investigative journalist who has an enviable track record in nailing ‘corrupt brokers’](#) and who has a particular interest in [Bill Browder](#) (who describes Yuri Lopatinsky as “one of my favourite local brokers” in his book ‘Red Notice’\*) – is a [59-page legal document saved as ‘AVISMA brief against Barclays Motion to Dismiss’](#).

### **PRELIMINARY STATEMENT**

Avisma Titano-Magnesium Kombinat (“Avisma”) has brought claims for violation of the Racketeer Influenced Corrupt Organization Act (“RICO”), 18 U.S.C. §1962(b), 1962(c), and §1962(d) (Counts II, III, and IV); violation of New Jersey RICO N.J. Stat. §2C:41-2(b), §2C:41-2(c), and §2C:41-2(d) (Count VI, VII, and VIII); fraud (Count IX); and conversion (Count X) against Dart Management, Inc. (“DMI”), E. Michael Hunter (“Hunter”), Kenneth Dart, and Michael Haywood (“Haywood”) (collectively, “Dart” or the “Dart Defendants”).<sup>1</sup>

DMI and Hunter have moved to dismiss the Complaint, as amended (the “Complaint”), primarily arguing that this action arises out of a Settlement Agreement which provides for exclusive jurisdiction in the Isle of Man, or alternatively, on the grounds of forum non conveniens, again in favor of the Isle of Man.



The [undated document](#) refers to the “Illegal Scheme” and “October Conspiracy” (which alluded to dishonor among thieves):

This secret scheme (the “Illegal Scheme”) constituted an outright theft from Avisma and the minority shareholders who owned the remaining 41.68% of Avisma. Complaint, ¶¶10, 50.

**B. THE ASSUMPTION OF THE ILLEGAL SCHEME BY THE INVESTORS AND DART**

In 1997, Creditanstalt Investment Bank (“CAIB”) approached certain investors, including Oba Enterprises, Inc. (“Oba”) and the Andersen Group, Inc. (“Andersen”), (collectively the “Investors”) and solicited them to purchase the Avisma shares owned by Menatep and continue the Illegal Scheme. Complaint, ¶71, Exhibit A (Investors’ Statement of Case ¶¶4, 5), Exhibit B (Wollenberg Affidavit ¶ 21).

**C. THE OCTOBER CONSPIRACY MEETING**

Disproving the adage of “honor among thieves,” the Investors, Menatep, and TMC disputed the distribution of the illegal profits garnered by the Illegal Scheme in 1998.<sup>6</sup> On October 14, 1998, a meeting was held among Baker, Haywood, representatives of other Investors, and representatives of CAIB to discuss the “problem” of TMC not paying the Investors their “fair” cut of funds diverted from Avisma. At this meeting, Dart, through Haywood, agreed and conspired that litigation would be filed against TMC and that the Investors would attempt to keep Avisma from recovering the funds which were due to Avisma (the “October Conspiracy”). Complaint, ¶¶87-101.<sup>7</sup>

The [undated ‘Preliminary Statement’](#) (authored by Egorov Puginsky at Afanasiev & Marks, LLC) referred to “Money Laundering” and “Illegal Monetary Transactions” with the loss of \$50 million by AVISMA including ca. \$10 million during the time ‘the Investors’ controlled AVISMA:

- The “[Money Laundering](#)” by which Menatep, TMC, Investors, and Dart transmitted monies diverted from Avisma (which constituted a felony in Russia)<sup>10</sup> through Barclays and other banks in the United States with the intent of promoting the Illegal Scheme (which was effected through mail and wire fraud) in violation of 18 U.S.C. §1956. [Complaint](#), ¶ 190.
- The “Illegal Monetary Transactions” by which Menatep, TMC, Investors, and Dart transmitted monies in excess of \$10,000 which was derived from the Illegal Scheme (which was effected through mail and wire fraud) through Barclays and other banks located in the United States in violation of 18 U.S.C. §1957. [Complaint](#), ¶¶ 192.
- The “Travel Act Violations” by which Menatep, TMC, Investors, Baker, Browder, Haywood, and Hunter traveled to and from the United States with the intent to promote the Illegal Scheme (which was effected through mail and wire fraud) in violation of 18 U.S.C. §1952. [Complaint](#), ¶¶ 187—188.

As a result of the conspiracy, which was effected through the Predicate Acts, Avisma suffered loss in excess of \$50 million, including approximately \$10 million during the time that the Investors controlled Avisma. [Complaint](#), ¶280.

The [legal brief](#) cited William Browder and Gennady Lopatinski as “fact witnesses”:

- Fact witnesses William Browder and Gennady Lopatinski, who are American citizens;

[Remember that “Mr. Yuriy Lopatynskyy, a citizen of the United Kingdom, and Mr. Hennadiy Lopatynskyy, a citizen of Ukraine, each own half of the equity interests of LLFF” [according to a filing by LLF Financial with the US stock exchange relating to the purchase of shares in GM salmon giant AquaBounty in February 2020](#); and a Hennadiy Lopatynskyy was [listed in a filing at Companies House in the UK as officer of First Mercantile Partners along with Yuri Lopatynskyy](#) – “First Mercantile Partners LLP was established in 1998 by senior managers of Creditanstalt Investment Bank and Coopers Lybrand (now PWC),” [reported Indigo PR in March 2009](#) when investors bought Lighthouse Caledonia (The Scottish Salmon Company). “This brought together senior individuals with extensive investment banking, corporate finance, legal and accountancy experience. With 20 staff, First Mercantile Partners LLP has offices in Edinburgh, Moscow and Cyprus”].

The [legal brief](#) continues to argue against – or is it for (it is impossible to follow) – “fraudulent and illegal conduct”:

Based on the Complaint and the Brescht Affidavit, which must be viewed in the light most favorable to Avisma, it is hard to conceive of a stronger case for overriding a forum selection clause than when a party is advised about a document in a foreign language by a corrupted attorney procured by its adversary to avert attention to the adversary's fraudulent and illegal conduct.

The [legal brief](#) refers to “Russian criminals”, “the defrauded”, “racketeers”, “illegal conduct” and “criminal conduct”:

Rather, the Isle of Man is only relevant to this matter because Russian criminals determined to use that offshore jurisdiction to effect the Illegal Scheme, in which the Investors participated. It is not surprising that a jurisdiction with serious impediments to recovery for the defrauded was chosen. To send this action to the Isle of Man would send a clear signal to racketeers that they have a “green light” to pick their jurisdiction of choice when engaging in illegal conduct, effectively creating a “race to the bottom” managed by the conspirators. This Court must send a message that United States courts will exercise their “virtually unflagging obligation” to exercise jurisdiction to prevent the United States from being used as a base for criminal conduct.

The [legal brief](#) refers to five Cyprus companies who have invested:

Three of the four Dart Defendants are American citizens; at a minimum, Kenneth Dart maintains a business presence in New Jersey through DMI; he is originally a United States citizen although he may have renounced his citizenship for tax reasons. Further, three of the eight investors are United States residents; the remaining five are Cyprus companies.

[Remember [Yuri Lopatinsky's Cyprus connection to convicted Russian spy Arne Treholt](#) via [BAMI First Mercantile](#) and [RIM Investment Management](#)]

The [legal brief](#) cites Creditanstalt (“which structured the transfer of the Illegal Scheme”) and referred to Gennady Lopatinsky as an American citizen:

Second, almost every third party source of evidence, be it documentary or testimony, either maintains an office in or is a resident of the United States. For example, three of the Investors -- Anderson, Gabriel Capital, LP, and International Real Returns, LP -- and their agents, including conspirators Baker, Matlin, and Barker -- maintain offices in New York City, a PATH ride from the Courthouse. Creditanstalt, which structured the transfer of the Illegal Scheme from Menatep to the Investors, and Barclays also maintain a New York City office. Other relevant witnesses, such as William Browder and Gennady Lopatinsky, are American citizens. Even TMC, through which the Avisma funds were diverted, has an office in New Jersey, again minutes from the Courthouse. “[W]here the availability of evidence predominates in the Plaintiff’s choice of forum, the court should be quite cautious in disregarding such an essential fact of the litigation.” *Lony*, 886 F. 2d. at 633.

[Remember that an article [published by Forbes in 2007](#) referred to: “Yuri Lopatinsky, managing director of Creditanstalt Investment Bank (now the owner of the First Mercantile Capital Group)”; and [Euromoney reported in 2003](#): “Bank Austria Creditanstalt, the leading bank in eastern Europe, worked in Russia in the late 1990s through a network of subsidiaries, which were presented to investors as Creditanstalt Investmentbank (CA-IB) Russia. Its managing director was banker Yuri Lopatinsky. The network included various offshore entities based in Jersey, Guernsey and Cyprus. One called CIS Emerging Growth (CISEG) was based in Jersey”]

The [legal brief](#) continued:

In contrast, as set forth in the Affidavit of Miles Benham, numerous discovery problems may arise in the Isle of Man, which is hardly surprising, given that the Isle of Man is a jurisdiction of choice for tax and secrecy reasons. For example, discovery as a general rule is constrained to only parties to the proceedings. Pre-trial fact finding discovery depositions are not permitted of either parties or non-parties. Manx discovery does not permit discovery for the purpose of impeaching or “contravening” what a defendant may say under oath. Moreover, for American witnesses such as Baker, Barker, Browder, Lopatinsky, and Matlin, there is nothing



the Isle of Man court can effectively do to compel them to appear at trial.

The [legal brief](#) referred to the “immense money laundering scheme”; “money-launderers” and “funnel money through bank-secrecy jurisdictions”:

Here, the Illegal Scheme was perpetrated and facilitated from within the United States. Dart’s actions in the United States are established by the letters and other communications emanating from its New Jersey office. The American financial and banking system was used through wire transfers transmitted by Barclays’ New York office to further the Illegal Scheme. The shocking “Baker Conspiracy Letter” originated from Andersen’s offices in New York City. Complaint, Exhibit D. Baker also forwarded correspondence dated January 27, 1999 from Andersen’s New York City office to Hunter in Summit, New Jersey, acknowledging their participation in what he calls an “immense money laundering scheme.” Complaint, Exhibit E.

Contrary to Dart’s frivolous argument, it is hardly an unfair burden to ask United States (or New Jersey) jurors to decide whether New Jersey residents have used the state as a basis for world-wide fraud and money laundering. Unlike the cases cited by Dart, the present case concerns New Jersey residents who committed illegal acts in the United States. Suggesting that the Isle of Man has a stronger interest would end up with the perverse result of permitting American money-launderers to pick their jurisdiction by encouraging them to funnel money through bank-secrecy jurisdictions before returning it to this country.

The [legal brief](#) argued that the ‘Illegal Scheme’ “was an intentional and deceptive sham”:

The Illegal Scheme here was an intentional and deceptive sham with the express purpose of hiding the fact that Investors with only 58.32% of the shares of Avisma, were controlling and siphoning the profits of Avisma for themselves through TMC. Avisma and its minority shareholders were robbed of their interests in profits legitimately belonging to Avisma. The purpose of the Illegal Scheme was to deny Avisma the right to control its own money.<sup>21</sup>

The [legal brief](#) waxed lyrical on the definition of a “scheme to defraud”:

The term “scheme to defraud” is measured by a nontechnical standard. It is a reflection of moral uprightness, of fundamental honesty, fair play and right dealing in the general [and] business life of members of society ... The scheme exists although no misrepresentation of fact is made ... Because the act of smuggling violates fundamental notions of honesty, fair play and right dealing, it is an act within the meaning of a ‘scheme to defraud.’” *U.S. v. Trapilo*, 130 F.3d at 550. Plainly, the instant scheme -- to secretly divert the proceeds of a company to Russian (and American) criminals -- is equally dishonest. In other words, “the infiltration of a corporation ... and the subsequent commission of fraud which results in the looting of the corporation’s assets for the syndicate’s benefit would and should form the basis of a legitimate RICO action.” *Schact v. Brown*, 711 F.2d 1343 (7<sup>th</sup> Cir. 1983).

The [legal brief](#) cited Gennady Lopatinsky in the context of concealing misconduct:

Dart makes the argument that Avisma did not allege that the financial information contained in the reports was false. Dart is wrong. Avisma alleged that the financial reports contained “misrepresentations.” By definition, misrepresentations are “false” and not considered “true” statements. Hence the “mis” prefix to the word representation. The misrepresentation was where Avisma’s profit were going as a result of the Illegal Scheme and the concealment that Avisma’s profits were being secretly diverted.

Courts routinely uphold fraud claims based on allegations that corporate officers (such as Avisma chairman Gennady Lopatinsky), directors, and other insiders conceal misconduct from independent shareholders and directors. *Tabas v. Tabas*, *supra.*; *In the Matter of Lawrence B. Seidman*, 37 F.3d 911 (3d Cir. 1994) (directors had duty of loyalty and duty to avoid conflicts of interest); *Gaffin v. Teledyne, Inc.*, 1990 Del.Ch. LEXIS 198 (1990) (“fraud ... may occur through deliberate concealment of material facts, or by silence in the face of a duty to speak [such as by an officer or director]. Thus, one is equally culpable of fraud who by omission fails to reveal that which it is his duty to disclose”).

[Documents [published online in France](#) shows that Hennadiy Lopatyns'kyi has property in [Callas in Provence](#); Yuriy Lopatynskyy along with Alexandra Lopatinsky and Matvey Lopatinsky are [listed via Companies House as Directors in Chateau De La Combe](#); Watch a [video of Yuri Lopatinsky showing off his 'organic' vineyard and award-winning chateau De La Cômbe wine from Provence in France](#)].

An [article posted online in 2000 by Egorov Puginsky Afanasiev & Partners](#) – the author of the [legal brief](#) posted above – sheds more light on the VSMPO-AVISMA fraud case.



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3 February 2000

## ARTICLE IN THEMETALS WEEK ON VSMPO-AVISMA TITANIUM CASE

### Avisma court case filing targets more banks

Barclays Bank, the Bank of New York and Bank Austria are the latest to be accused of participating in a scheme to defraud Russian titanium and magnesium producer Avisma of trading profits, according to recent filings in a federal district court in New Jersey.

A mid-December court filing cites Barclays Bank of the United Kingdom, operating through its New York branch and other branches; and the Bank of New York, as having allowed their bank accounts to be used for money laundering and fraud tied to Avisma's titanium business since 1995.

"Barclays Bank PLC knew, or should have known but for a policy of 'deliberate blindness', that it was participating in an illegal money laundering and fraudulent scheme by which funds were diverted from Avisma, to the detriment of Avisma, and its minority shareholders," the lawsuit charges.

This is one of the new claims filed by lawyers for Avisma in a case which began in August. Bruce Marks, a partner of the **Moscow and Pennsylvania firm, Yegorov, Puginsky, Afanasiev, and Marks**, which initiated the action, reported to the court on the results of more than three months of international investigations.

Avisma is one of the world's largest producers of titanium sponge with output of about 22,000mt/year. Verkhne-Saldinskoye Metallurgical-Industrial Association, VSMPO, which mills titanium sponge into ingot and rolled products, took control over Avisma more than a year ago in a complex share swap.

The deal ousted a group of American investors, led by Kenneth Dart, from controlling the company's trade. Because Avisma-VSMPO have a corner on the world's titanium supply, control of the trade can be manipulated to produce large, hidden profits.

According to the latest court filing, the original fraud was perpetrated by Menatep Bank, which acquired control of Avisma in 1995 by a government arranged privatization.

Menatep, the court documents allege, "compelled Avisma to sell titanium sponge and other products at below-market prices to offshore companies, who resold the Avisma products on the international market and kicked back the the resale profits to Menatep, and compelled Avisma to purchase raw materials at inflated prices from the offshore companies, with profits again funneled back to Menatep."

The filings allege that "tens of millions of dollars" were earned by Menatep in this way.

The court file also accuses Natasha Garfinkel Kagalovsky, wife of Menatep executive Konstantin Kagalovsky, of arranging accounts at the Bank of New York, where she worked, as the channel for funneling the cash Menatep had diverted into the pockets of "entities unknown."

In pursuit of the money trail, subpoenas were issued Sep 10 to Barclays Broadway branch in New York, as well as to Riggs Bank of Washington, DC, and the Bank of New York. Kagalovsky's wife and the Bank of New York "knew that...accounts [at the Bank of New York] were being used to facilitate the illegal scheme," Avisma alleges.



Kagalovsky and Garfinkel have also been at the center of investigations of other schemes to divert trading profits from Russian raw material exporters and launder the cash for beneficiaries through the Bank of New York. Apart from pro forma denials to the press, they have said nothing in court yet. No criminal charges have been filed against them.

Another bank which has been accused of participating in the Avisma scheme is Bank Austria, operating through a wholly owned subsidiary, and its Russian company, Creditanstalt-Grant. The latest court documents report that in mid-1997 Creditanstalt Investment Bank was the go-between in a plan for Menatep to sell its stake in Avisma to a group of American investors.

The deal, as the Austrian bank explained it, included back-door payoffs to the investors through the same network of bank accounts and offshore entities as Menatep had used.

The latest court documents also provide new evidence about the role played by the American investors who took over Avisma. Dart Management Ltd of New Jersey and Dart, an American investor with other controversial stakes in Russian companies, are identified as the leading shareholders in the investor group. They held about \$ 50-mil of Avisma shares.

According to the court file, Jonathan Hay, an American who lives in Moscow, was instrumental in advising both CAIB and the other investors when they bought the Avisma trade scheme from Menatep.

Hay arranged this through the Institute for Law Based Economy, a Moscow group that was established by the World Bank and the United States Agency for International Development. About \$ 20-mil in US government money was spent on Hay's institute, before USAID inspectors started an investigation in 1997.

According to the new court documents presented by Avisma, Hay "assisted in structuring the transfer of the illegal scheme from Menatep to the investors." In return, the Americans allegedly promised Hay cash and shares in Avisma. He was paid by Dart Ltd, and another of the investors William Browder promised to support Hay for a directorship on the board of the Russian company.

\* As an aside (or perhaps an important point), Bill Browder changed the name of Yuri Lopatinski to Yuri Burzinski in an [updated version of 'Red Notice'](#). Here's the [original edition of Bill Browder's 'Red Notice'](#) published in 2015:

As soon as I was done with the meeting, Svetlana and I jumped into Alexei's beat-up Zhiguli—a type of small, boxy Soviet car that was ubiquitous in Moscow—and pattered back to the office. As we inched through the midday traffic, I called Yuri Lopatinski, one of my favorite local brokers. Yuri was a Russian émigré from New York who'd recently moved back to Moscow to work for the brokerage firm Creditanstalt-Grant. He was not like the other brokers who trafficked in what I called tourist stocks, the banking equivalent of hawking \$10 coconuts on a beach in Fiji when the locals bought them in town for twenty cents.

Yuri was in his early twenties and had a hushed way of speaking, as if he were always telling secrets. It was often difficult to understand anything he said, but when I did understand him, his information was usually interesting.



Here's the revised version (the version I'm reading in the book I bought from my local bookshop and the one which appears [online via Google Books](#)):

As soon as I was done with the meeting, Svetlana and I jumped into Alexei's beat-up Zhiguli – a type of small, boxy Soviet car that was ubiquitous in Moscow – and pattered back to the office. As we inched through the midday traffic, I called Yuri Burzinski, one of my favourite local brokers. Yuri was a Russian émigré from New York who'd recently moved back to Moscow to work for the stockbrokers Creditanstalt-Grant. He was not like the other brokers who trafficked in what I called tourist stocks, the banking equivalent of hawking \$10 coconuts on a beach in Fiji when the locals bought them in town for 20 cents.

Yuri was in his early twenties and had a hushed way of speaking, as if he were always telling secrets. It was often difficult to understand anything he said, but when I did understand him, his information was usually interesting.

Why did Bill Browder change the name of one of his “favourite local brokers” from Yuri Lopatinski to Yuri Burzinski? Did Yuri Lopatinsky take legal action against Bill Browder as he [threatened me back in 2019](#)?

I don't know the answer to that but when I [emailed Bill Browder via his website](#) earlier this month he replied that “I don't have a specific interest in Lopatinsky per se, but always happy to hear what's going on if you have something interesting” before adding: “Please feel free to pass anything you think is relevant along”.

From: **William Browder** <William.Browder@hermitagefund.com>

Date: Mon, Apr 11, 2022 at 12:18 AM

Subject: Re: Bill Browder - Contact

To: dstaniford@gaaia.org <dstaniford@gaaia.org>

Dear Don, I don't have a specific interest in Lopatinsky per se, but always happy to hear what's going on if you have something interesting. Please feel free to pass anything you think is relevant along. Best regards, Bill

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**From:** Don Staniford <[book@billbrowder.com](mailto:book@billbrowder.com)>

**Sent:** Saturday, April 9, 2022 11:07:00 AM

**To:** [book@billbrowder.com](mailto:book@billbrowder.com) <[book@billbrowder.com](mailto:book@billbrowder.com)>

**Subject:** Bill Browder - Contact

**Name:** Don Staniford

**Email:** [dstaniford@gaaia.org](mailto:dstaniford@gaaia.org)

**Message:**

I am trying to get information about Yuri Lopatinsky to you. You mentioned him in Red Notice. I have a dossier of dirt on him - I would like to flush/flesh out more. Yuri's lawyers threatened to sue me and said I was "ill-founded". I would like to become more founded. In January, Liam Byrne MP named Yuri as linked to SVR and FSB and Amersi, Bogdan and Barunin.

The final document saved by [Lucy Komisar](#) was another article by John Helmer – published in The Moscow Tribune in August 1999 (enclosed in full below as it appears in the Word document and available [online here as a PDF](#)) – which includes the statement that “in the grand larceny that has been the Russian economy since 1992, the foreigners were no better than the Russians”:

Date: Thu, 26 Aug 1999

From: [helmer@glasnet.ru](mailto:helmer@glasnet.ru) (John Helmer)

The Moscow Tribune, August 26, 1999

WHEN THE SAINTS COME MARCHING IN

From John Helmer in Moscow

If you never had much of a memory for names, then what difference can you make out between Konstantin Kagalovsky, Kenneth Dart, Jonathan Hay, and Anatoly Bykov?

It won't help that, not too long ago, the first trio were widely regarded as economic reformers, working their fingers to the bone to assure that Russia implemented the criteria of the International Monetary Fund (IMF) for liberalizing its economy, including the American model of shareholding companies, with transparency of dealings and accounts, and legal safeguards for shareholders.

Nor will it be of use to recall that, back then, they were the saints of Russia's economic transition; whereas Bykov, the boxer turned boss of Krasnoyarsk Aluminum Works, was reported to be the devil, accused of doing everything the reformers were sworn to stop -- rigging share emissions, assassinating shareholders and managers, and skimming hundreds of millions of dollars of profits from foreign metal trade into offshore hideaways.

All of a sudden today, Kagalovsky, no longer Russia's IMF representative,

is suspected of involving himself in money-laundering through the Bank of New York, through clients and transactions supervised by his wife.

He hasn't responded, except to have a spokesman claim it's unfair to link him to money-laundering because of his marriage.

Those who know the couple say that, while it may be unlikely for so much money to be manipulated by so few in such a short time -- \$23 million through one account every day for six months, including Saturdays and Sundays -- no one believes Mrs. Kagalovsky would not have worked closely with her husband.

And all of a sudden, in a claim just filed in a New Jersey court, Dart and Hay stand accused of investing in an illegal trade scheme that over-priced raw materials supplied to Avisma, Russia's leading producer of titanium, and then under-priced the titanium that was exported abroad.

The 73% overcharge produced \$5 million in profit, according to the court documents. The under-pricing produced \$45 million. Part of this money was spent on purchasing shares of Avisma, although not quite enough for Dart and Hay -- the latter elected by Dart votes to be a director of Avisma -- to exercise the majority control they thought they had acquired in a complicated transaction last year.

That transaction was arranged by Bank Austria, through a Moscow investment company called Creditanstalt-Grant. The bank traded Avisma shares from Menatep Bank, which first privatized Avisma in 1995, to Dart, Hay and others, on the explicit promise they could divert profits from the trade scheme to the shareholders' bank accounts. When some of the money failed to arrive on time, there was a lawsuit in the Isle of Man and Ireland. That was quietly settled out of court five months ago. But Avisma never got its share of the money back.

Dart's company says it did nothing wrong, and shut the scheme down when it learned about it. Selling high, buying low, and selling even higher may not seem wrong in New Jersey. But the court documents suggest that the skimming went on for at least a year before the scheme was halted -- and maybe only then because the Avisma management was no longer agreeable.

Hay, according to Dart representatives, "did not have any professional arrangement" with Dart. Exactly what the arrangement was when Dart voted Hay to represent their interests on the Avisma board, if not a professional one, isn't clear. Hay won't respond to questions about this. But through his

spokesman, he did call me a "stooge" for reporting court claims that this was the role he performed for Dart.

Nobody would dare call Bykov a stooge, but the charges reported to have been listed in a warrant for his arrest last week, are similar to the ones Kagalovsky, Dart, and Hay are now facing. These include illegal diversion of the profits of Russian commodities trade, and money-laundering to conceal what the rewards were for, and where they were banked.

Noone has ever called Bykov a reformer, nor Kagalovsky, Dart and Hay gangsters. The labels simply helped newspaper readers who had trouble remembering the names, identify who were the saints; and also who to turn to for investment tips.

It won't be news to anyone to hear that Russia's commodities trade has been a multi-billion dollar racket. Nor will the latest police and courtroom moves end the fierce struggle for control of these trade revenues right now.

But now that you know what you suspected all along, only you couldn't remember the names, what is there left to say?

The answer is that in the grand larceny that has been the Russian economy since 1992, the foreigners were no better than the Russians. Reform meant stealing on a grander scale than even the Krasnoyarsk gangs could imagine. Only when that is understood, can the clean-up can commence.

You can read more about the AVISMA scandal via Lucy Komisar's 2014 article [“Russian Sanctions Highlight Role of Western Enablers”](#) - an article never refuted by Bill Browder and the starting point for this report.





Komisar's [forensic investigation](#) is worth including here:

Speaking at Columbia University in November, Browder said, "I started out as an investor in Russia, and when I was investing, I discovered that a lot of the companies I was investing in were having money stolen – large amounts of money stolen by the management – so I became the first shareholder activist in Russia."

However, documents in a little-known case suggest that Browder did what he decried at Columbia — stole profits. Letters, affidavits and other court documents show that Browder and his fellow investors obtained funds that were diverted via an Isle of Man shell from a Russian enterprise in which they had purchased a controlling interest.

The company, AVISMA (Aviation Special Materials), produced titanium sponge for a product used by Boeing airplanes. With partners Kenneth Dart, American billionaire and [Dart cup heir](#), and Francis Baker, C.E.O. of the Andersen Group, a publicly-traded New York manufacturing and investment firm, Browder bought into AVISMA.

At the time of the American investors' purchase, a large portion of AVISMA's profits were being siphoned-off to the controlling stockholders through a "transfer pricing" scheme, documents in a subsequent court case show. A shell company sold raw material to AVISMA at inflated costs and purchased the finished product at below-market prices. The shell company then resold the products on the world market, collecting the difference for the majority stockholders. Browder and the other investors knew about the scheme; their lawyer in an affidavit later said it was what made the AVISMA transaction profitable.

The use of such illicit transfer pricing schemes is growing, "given the growth of the global economy and the ease of conducting cross-border transactions in the new electronic world, often with private bankers and financial service providers developing the structures and attorneys approving them," said Daniel Reeves, who formerly led investigations of global tax evasion and money laundering for the U.S. Internal Revenue Service.

Browder did not respond to calls or emails. He was sent the documents cited in this story, but did not challenge their authenticity. Dart's Grand Cayman spokesperson Kathy Jackson also did not respond to calls and emailed questions. In an interview, Baker acknowledged that profit-skimming had been part of the investors' business plan.

A lawsuit filed in the Isle of Man by the partners, not reported before, provides insights into how Western professionals facilitated Russian corruption and how Western investors claimed the spoils.

### ***Buying In***

The story started when Russian oligarch Mikhail Khodorkovsky's Bank Menatep and its industry group, Rosprom, purchased AVISMA at a knock-down price via one of the "loans for shares" scams in the mid-1990s, in which former Russian President Boris Yeltsin's government took loans it would never repay. [Menatep](#) also bought into an Isle of Man shell company operator, Valmet.

In the late 1990s, Khodorkovsky decided to sell AVISMA. It had a quarter of the world market for titanium sponge— it now claims a third — with \$100 million a year in sales and profits of \$15 million. But those profits were reduced by transfer-pricing. According to AVISMA records, its cost for ilmenite, the raw material used to make titanium sponge, went from \$95 a ton (\$10 above market price) in 1996 to \$130 a ton (\$55 above market) in 1997.

Investors Browder, Dart and Baker obtained Menatep/Rosprom's 60 percent of AVISMA in 1997. They paid more than \$85 million for the shares, with Dart subscribing to the largest part. Browder agreed to buy up to \$20 million and Baker \$7 million.

AVISMA was about to be absorbed by another Russian company, [VSMPO](#), Verknaya Salda Metallurgical Production Company, with the merged firm dominating the market for titanium. The Moscow office of the Austrian Creditanstalt Investment Bank (CAIB) suggested Browder acquire AVISMA, Baker recalled during a phone call. Browder, he said, sought to trade AVISMA shares for a seat on the board of VSMPO.



*William Browder at the Cinema for Peace Gala, Berlin International Film Festival, 2012.*

A later lawsuit by AVISMA alleged it was “a turnkey proposition,” continuing the skimming that defrauded the nearly 40-percent shareholder minority and evaded Russian taxes on profits.

The American investors were told that, “a significant part of the profits which AVISMA was able to earn on the sale of its product were taken offshore through TMC,” Titanium Metals Co., said Anthony Wollenberg, a former attorney for the American investors. Entitlement to the profits “was central to the entire transaction,” he said in an affidavit. “Without the right to those profits, investment in AVISMA was not an attractive proposition.” Wollenberg declined to comment for this article.

Though there are conflicting indications about whether the American investors planned to continue the mispricing scheme, it is clear that the investors wanted to retain the funds already skimmed.

In a December 1998 letter to CreditAnstalt, the investors’ law firm, Rakisons, noted that, “CAIB agreed that as soon as the Investor Group obtained control of AVISMA, CAIB would terminate the transfer pricing operations.”

But the letter also said that, “CAIB represented that any profits which accrued during the dismantling of the TMC transfer pricing operation would be the property of the Investor Group,” not AVISMA.

### ***TMC Continues Skimming***

The sale of AVISMA shares to the investors was signed December 6, 1997 and management transferred December 31st. There ensued an acrimonious dispute with Peter Bond, who ran TMC, over who would get nearly \$2.7 million in profits skimmed in the intervening weeks and millions more taken in 1998. The investors believed Bond kept the money.

Browder attempted to negotiate with Bond in a September 24, 1998 phone call that Browder recorded. Bond was indignant, complaining that, “there was a perception that we are some screwed little offshore company used for nothing other than asset stripping.” He insisted, “We played an important part in AVISMA’s business.”

At a meeting weeks later, Baker summarized the investors’ frustration against TMC which, he said, continued siphoning “a huge percentage of the profits.” “And we are sort of relying on the good will of the manager [Bond] there to say, ‘You guys raise your right hand, I will send you a packet of money,’” Baker said.

The investors discussed whether to continue the TMC arrangement. Browder suggested the investors engage Bond “just as long as it takes to get the money out, and we decide very clearly on an arms-length basis whether there is any reason to use him or anyone else.” The money already skimmed, he said, “goes pro rata to the investors.”

In January 1999, Baker wrote AVISMA’s lawyer Robert Rakison at the London office of the Chicago law firm McDermott, Will & Emery, “As Tony [Wollenberg] may have told you, we appear to have run into an immense Russian bank money-laundering scheme in the Isle of Man — clearly a criminal matter. However, not being social reformers, our objective is to get the money due us, clear the AVISMA accounts and proceed to other matters.” AVISMA later alleged that it hired McDermott on the advice of Baker, who didn’t mention that McDermott was on retainer to his own company.

Baker told 100Reporters, “I do believe the money was being skimmed. I don’t know where it was being skimmed to. It didn’t come to me.”

### ***Investors Sue***

In February 1999, unable to get Bond to provide an accounting of AVISMA revenues, Browder, Dart, and Baker sued TMC for siphoning off \$30 million from the company. The Browder group settled out of court in May for a TMC payment of \$8 million, some of which the investors used to buy more shares of VSMPO and install three people on its board.

But VSMPO, which has since absorbed AVISMA, grew concerned that the investors wanted to take over the company. It hired Bruce Marks, a lawyer with offices in Philadelphia and Moscow who specializes in corporate corruption. Marks met with Rakison. To Marks’s astonishment, the lawyer opened his AVISMA case file. “I don’t think he realized what was in the file,” Marks said.

Documents showed that Barclays Bank had opened accounts for Bond shell companies in offshore secrecy jurisdictions — the Isle of Man, Cyprus and Ireland, Marks said. He found that TMC had funneled the skimmed funds to the offshore accounts and from there to Barclays accounts in the United States.

In August 1999, he filed a RICO anti-racketeering suit against Browder, Dart and Baker in New Jersey federal court, citing the Isle of Man documents and demanding \$200 million in restitution and triple penalties.

The suit claimed that through the settlement of the case against TMC, the investors had illegally taken AVISMA's revenues, which TMC had siphoned from the company using offshore companies and accounts at Barclays and the Bank of New York. It also accused the investors of reneging on promises to turn the settlement funds over to AVISMA, and claimed that AVISMA'S lawyer, compromised by conflict of interest, had failed to advise the company that it could pursue claims against the investors. (McDermott did not respond to a request for comment.)

Baker's Andersen Group denied the allegations in required S.E.C. filings.

However, Baker knew more than he said. He told *100Reporters* that about that time he had received a "gigantic block diagram" from an unidentified source. The diagram "showed how monies put in one end of the machine came out totally clean at the other end of the machine," he said, adding, "It was not a piddling amount."

"When it got to our shores, there was the old Bank of New York," he said. "They moved it through about 20 entities. The bank was very complicit with that."

VSMPO, AVISMA's parent company, and the investors reached a confidential settlement in February 2000, which included a requirement that the investors sell their VSMPO shares.

Bond declined to comment on the mispricing. "The cast of characters are not on my Christmas card list. It was a long time ago and I am happy to leave it there. Frankly, why would I want to revisit any of this?"

Read more from Lucy Komisar via ["The Man Behind the Magnitsky Act: Did Bill Browder's Tax Troubles in Russia Color Push for Sanctions?"](#)



*William Browder testifies before the Senate Judiciary Committee July 27, 2017.*

The Irish Times [reported on the AVISMA fraud in September 1999](#):



## Dublin-based firm is named in fraud conspiracy claims

🕒 Fri, Sep 10, 1999, 01:00



TMC Trading International, an Irish-registered company based in Dublin which held exclusive foreign trading rights for Russian titanium and magnesium metals, is alleged to have been involved in a conspiracy to defraud the Russian metals producer, Avisma, of millions of dollars. TMC rejected the allegations made in an initial written claim before a US court and maintained that they had arisen out of a simple "mistake" by an office clerk at the Dublin office. The allegations revolve around transfer pricing - suggesting that Avisma was paid less than the market price for its titanium and was charged more for raw materials and services in order to reduce the apparent profits of the company which would have to be repatriated to Russia.

Spokesman Mr Chris Samuelson, president of the Valmet Group (which brought Avisma and TMC together), insisted Avisma was paid the market rate for titanium and that TMC transferred all trading profits after fees and costs to Avisma.

The allegations arose out of a lawsuit filed on August 19th in the US District Court for New Jersey. It is the first lawsuit to be brought under the US racketeering statutes alleging that a Russian company had been looted of its trading profits through a conspiracy between management and shareholders.



-  The court claim, filed by Mr Bruce Marks, an attorney for Avisma in New Jersey, alleges that the Menatep Bank of Moscow, which it states controlled
-  Avisma and TMC, and then a group of US investors, who took over from
-  Menatep, skimmed at least \$50 million (€47 million) from the company, diverting the cash to offshore bank accounts from 1996 through late 1998.

TMC acted for Avisma as its foreign trading agent for most of the period involved and court proceedings in the Republic raised questions about the beneficial ownership of TMC.

The story is long and complicated. Long before the US court case was filed TMC, and the then majority Avisma owners, had fallen out.

That disagreement led to court proceedings in the Republic and in the Isle of Man which resulted in the payment of an out-of-court settlement by TMC to Mr Dart and other Avisma investors.

-  The Avisma majority shareholders of the time including Mr Dart and others
-  see this payment as evidence that something improper was happening to
-  Avisma's offshore profits. TMC disputes this, saying that the payment was made when agreement was reached on how much of the surplus held by TMC, as part of its normal trading arrangements with Avisma, was due to the Avisma shareholders.

TMC's version of what happened is simple enough. But the story behind the allegations and counter allegations now before the court in New Jersey is far from simple and TMC's version is not the only one.

TMC pre-paid Avisma for titanium deliveries, thereby assisting the company in purchasing supplies and raw materials for metal production.

But the US court documents, and a statement by Avisma, allege that the controlling shareholders in Avisma manipulated this prepayment scheme, obliging Avisma "to sell its products at below-market prices to offshore companies, which were then to kick back the profits on the resale of the products".



The documents also allege that "profits were siphoned by directing Avisma to purchase raw materials from the offshore companies at above-market prices, with the profits funnelled back to Avisma's controlling shareholders through kickbacks".

The TMC spokesman insists that TMC did not get anything other than its fees for the trading and that any surplus on trading was paid over to Avisma.

Asked if TMC had paid Avisma less than the market rate for its titanium and was involved in charging the Russian company above-market rates for materials/ services, the spokesman maintained: "Of course there was a margin for TMC. But the prices for Avisma were better than those they previously had with Interlink. These accusations are purely each side trying to throw mud." The story begins with Avisma, the largest producer of titanium sponge in Russia. In 1995, the company was taken over by the Menatep Group (which grew out of Bank Menatep) and placed in its sister-holding company, Rosprom. At that time exporting Russian companies usually had to sell through overseas agents because buyers were often unwilling to deal with Russian companies and overseas agents were able to help arrange/provide trade finance. The Rosprom-owned Avisma traded through a company called Interlink.



Some time after Rosprom took over Avisma there was a dispute with Interlink. According to TMC, Avisma then came to Valmet - an international administration services company in which Bank Menatep has a stake - seeking assistance in finding a replacement for Interlink.

TMC was set up to carry out Avisma's foreign trading and established in Dublin for the purpose. Mr Samuelson of Valmet insists that TMC's beneficial owner is financier Mr Peter Bond who, he says, set up the company to act for Avisma. "The agreement was very specific - any surplus earned on trading for Avisma after TMC fees were paid would be paid back to Avisma."

TMC (Titanium Metals Company) Trading International was registered and incorporated in Dublin in June 1995 and is a subsidiary of Isle of Man-based TMC Holdings. In addition there is another TMC company - the British Virgin Islands-registered company TMC Trading Limited which has an office in the Isle of Man. The Dublin company appears to have acted as an agent for this company. But in the High Court late last year Ms Justice Laffoy remarked that the affidavits filed on behalf of TMC raised a fundamental conflict about the ultimate beneficial ownership of the company and the nature of its operations.

-  In December 1997 - the date of the deal is disputed - Rosprom decided to sell Avisma to a group of shareholders including the Anderson Group, Kenneth Dart and the US-based Hermitage Fund with Bank Creditanstalt of Moscow acting as their agent. The new owners hoped to merge Avisma with VSMPO, a Russian processor of titanium sponge.
- 
- 

Avisma continued to sell through TMC with profit payments made through Barclays Bank in Dublin to the Avisma account at Bank Menatep in Moscow, according to TMC.

But in mid-1998 the Russian financial crisis put some of the Russian banks on a precarious financial footing. Around that time Avisma changed the payment instruction to TMC stating that the funds should now be paid to SBER Bank in Moscow.

Some time afterwards the "mistake" which TMC maintains led to the allegations happened.

-  According to TMC, it was instructed by Avisma in early November 1998 to pay \$2.6 million to the Bank Menatep account. The TMC clerk did not spot that the name of the receiving bank was wrong - it should have been SBER Bank -
- 
-  and instructed that the payment be processed through Barclays. According to TMC this caused the Avisma investor group to think it was being defrauded, relations soured and the "mistake" triggered a claim against TMC for the return of Avisma surplus held by TMC. According to TMC it held on to this surplus - excess of sales revenue over funding and other costs and fees - by agreement with Avisma against any liability that could arise. A liability or shortfall could arise, for example, if an Avisma shipment was not of acceptable grade. There was never any doubt but that any surplus was the property of Avisma, he insists. But after the "mistake" Avisma and TMC disagreed on the amount of the surplus and on how it should be divided between the old and new shareholders in Avisma, he says.

This dispute came before the Irish courts where the Avisma investors sought injunctions to stop TMC from reducing its assets below \$20 million. The investors argued that TMC was owned or controlled by Bank Menatep and Rosprom, that a significant part of the profits Avisma was able to earn on its products were taken offshore thorough the TMC companies and that this



portion of the profits was now due to them for the period from which they became majority shareholders. In the court they expressed concern about the \$2.6 million payment to Bank Menatap, calling it "unauthorised" and "improper" - and expressed concern that funds "may be freely moved around" among the TMC companies.

The case was eventually settled out of court in the Isle of Man. According to TMC a surplus amount was agreed and the undisclosed amount - "millions of dollars" - was paid over to Mr Dart's law firm in London, Rackesons. "TMC and Valmet were then released from any liability," he said. But before these legal actions were settled, Avisma in Russia was merged with VSMPO making the majority Avisma investors, including Mr Dart, minority shareholders in the merged group.

It is the new owner of Avisma - VSMPO - which is now suing in the US for the return of the millions of dollars it alleges were taken from the company by the former majority investors through the offshore companies used to sell the Avisma titanium. It is understood that TMC Trading International has now ceased operations in Dublin.

An [OECD report published in 2001](#) cited AVISMA as a case study in 'profit skimming' and 'capital flight':

### **Russia: Profit Skimming and Capital Flight**

In recent years, many immensely profitable enterprises in Russia have been victims of profit skimming by managers and other insiders. This process, also known as "tolling" or "transfer pricing", involves selling goods to an intermediary company at below-market prices; the intermediary then resells the goods at market prices and keeps all of the profits. Often, these transactions are conducted to evade taxes. Tolling transactions become asset stripping when the management or the controlling shareholder of a firm devises these schemes in order to benefit themselves (*e.g.*, when the foreign intermediary companies are owned by the same managers or controlling shareholder). For example, Avisma, a leading titanium producer based in city of Perm in Siberia, was quite profitable prior to privatisation. After Bank Menatap purchased a controlling stake in Avisma, the company redirected foreign sales to an intermediary company, TMC (Holdings), at a fraction of the then-prevailing market prices, instead of selling its titanium directly to customers abroad. TMC (Holdings), a company registered in Ireland, was owned by Valmet, an Isle of Man company, which, in turn, was partly owned by Bank Menatap, the financial institution that bought Avisma when it was privatised. In April 1999, the Russian government retook control of Avisma, alleging that Bank Menatap had siphoned the company's profits and hid them in Valmet's accounts. In certain companies, profits skimming was practised to such an extent that companies soon were unable to pay their workers or invest in new equipment.<sup>1</sup>



Further documents relating to AVISMA are available online via the United States District Court – here is an [affidavit signed by Franco Barone of Rakisons solicitors in October 1999 filed in December 2020](#) (other documents may be available [online here](#)):

Case 1:13-cv-06326-TPG Document 137-16 Filed 10/07/14 Page 2 of 18

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY

41

..... X  
AVISMA TITANO-MAGNESIUM KOMBINAT,  
Berezniki, Russian Federation,

Plaintiff,

- against -

Civil Action No. 99-3979 (JWB)

DART MANAGEMENT, INC., KENNETH DART,  
JONATHAN HAY, MICHAEL HAYWOOD,  
MICHAEL HUNTER, ANDERSEN GROUP, INC.,  
FRANCIS E. BAKER, and JOHN DOES 1 to 100,

Defendants.  
..... X

FILED

DEC 18 2000

AT 8:30 DR  
WILLIAM T. WALSH M  
CLERK

AFFIDAVIT OF FRANCO BARONE

I, Franco Barone of Clements House, 14/18 Gresham Street, London EC2V 7JE MAKE  
OATH and say as follows:

1. I am an assistant solicitor employed by Rakisons of the above address, English solicitors for Oba Enterprises Limited, Cerasus Investments Limited, Pascani Holdings Limited, Gabriel Capital LP, International Real Returns LLC, Apricus Investments Limited, Andersen Group Inc., and Greencastle Enterprises Limited (collectively, the "Investors"). The contents of this affidavit are based on matters within own knowledge.
2. The Investors retained my firm, among other matters, to investigate and advise them respecting certain potential claims against Creditanstalt Investment Bank ("CAIB") and an affiliate. As a result of that work, and on behalf of the Investors, my firm sent

a letter before action dated 22 December 1998 to CAIB and an affiliate. There is now produced and shown to me marked "FB1" a copy of that letter before action.

3. My firm also acted as English solicitors for the Investors in connection with proceedings initiated by the Investors in the Isle of Man and Ireland against TMC (Holdings) Limited and certain affiliates. The proceedings are described in the accompanying affidavit of Edward Paul Kerruish, Isle of Man advocate for the Investors.
4. On behalf of the Investors, I participated in the negotiation and drafting of the settlement agreement described by Mr. Kerruish. In connection with that work, I corresponded with and spoke to Robert Rakison and John Reynolds of the London office of McDermott, Will & Emery, English solicitors for Avisma Titano-Magnesium Kombinat ("Avisma"). Avisma's solicitors reviewed drafts of the Settlement Agreement, commented on those drafts, and participated in its negotiation.

SWORN at



This 28<sup>th</sup> day of October 1999

The court document then included the [letter before action sent by Rakisons on 22 December 2008](#).

Twitter has [featured the AVISMA scandal more recently](#) and the role of [Yuri Lopatinsky's Creditanstalt](#):



**Fisher Ames**  
@nimkef

...

1998: Creditanstalt advised Bill Browder

"AVISMA was about to be absorbed by another Russian company, VSMPO, with the merged firm dominating the market for titanium. The Moscow office of Creditanstalt suggested Browder acquire AVISMA"



100r.org

Russian Sanctions Highlight Role of Western Enablers | 100Reporters

#479885625 / gettyimages.com Russia's President Vladimir Putin signs a law on ratification of a treaty making Crimea part of Russia, during a ceremony in the ...

11:58 PM · Jul 8, 2021 · Twitter Web App



**Fisher Ames** @nimkef · Aug 19, 2021

...

The operation was sold as a "turnkey" operation in 1997 to Browder, Dart, and others who "knowingly and intentionally joined in the illegal scheme in order to capture the kickbacks generated from the looting of Avisma."



1



1



**Fisher Ames** @nimkef · Aug 19, 2021

...

Browder and Hermitage participated in the purchase of the illegal scheme and broke U.S. law in using interstate wires to transfer \$2M to Austrian Creditanstalt Bank (CAIB) to purchase an interest in Avisma in 1997, the company alleges.

The AVISMA scandal has certainly not gone away. Interfax [reported in August 2020](#):

 INTERNATIONAL INFORMATION GROUP

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Police open criminal case over major embezzlement of VSMPO-AVISMA assets



YEKATERINBURG. Aug 14 (Interfax) - A criminal case was opened by the investigative authorities of the police on July 31 over a major embezzlement of assets of the VSMPO-AVISMA corporation, deputy head of the Sverdlovsk regional police's investigative department Maxim Chaplygin told Interfax.

"The investigative department is carrying out a criminal inquiry that was opened [...] over major embezzlement of assets of the VSMPO-AVISMA corporation, a public joint stock company," Chaplygin said.

The case was opened on counts of major embezzlement, Chaplygin said. The police have not identified the defendants in the case.

A source close to the company told Interfax earlier that criminal charges had been brought against former VSMPO-AVISMA General Director Mikhail Voyevodin.

This was confirmed by Rostec, which owns 25% of the corporation's stock.

Voyevodin, who became the head of the corporation in 2009, left his post ahead of schedule in early May. The corporation said in the middle of April that it had adjusted production plans due to the coronavirus pandemic and cut output for 2020 from 39,000 tonnes to 26,500 tonnes of marketable titanium goods, as well as from 44,000 tonnes to 35,000 tonnes of sponge titanium. Additionally, the corporation appointed new top managers and anti-crisis management specialists.

VSMPO-AVISMA is the main titanium supplier to numerous companies in the global aerospace sector, including Boeing, Airbus, and Embraer. Board of Directors Deputy Chairman Mikhail Shelkov is the beneficiary of 65.27% of VSMPO-AVISMA stock, and the Rostec state corporation owns 25% plus one share.

I must admit for falling hook, line and stinker for the image of Bill Browder as a [corporate crusader fighting against the Kremlin](#) and [exposing the global web of money laundering](#).



**BBC NEWS**

You are in: **Business**

Monday, 6 May, 2002, 11:53 GMT 12:53 UK

**Russia's corporate crusader**



William Browder heads Moscow's most successful equity fund.

**By James Schofield**  
reporting from Moscow

Front Page  
World  
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UK Politics  
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Education  
Entertainment  
Talking Point  
In Depth  
AudioVideo



I literally bought into his superhero story – as detailed in his [2015 book 'Red Notice'](#) and his [newly published book 'Freezing Order'](#) (published on 12 April 2022). However, Browder's name change of the '[Moscow broker](#)' in '[Red Notice](#)' - from Yuri Lopatinski to Yuri Burzinski - is not the only red flag. I guess you have to crack a few eggs to make an omelette; kiss a few frogs to win the crown as it were or get your hands dirty to clean up a mess. Delving deeper in the murky world of Russian corporate crime, however, is enough to raise big flashing red alarm bells about Browder as well as Yuri Lopatinsky.



“Browder's paternal grandfather [Earl Browder](#) was born in Kansas in 1891,” [reports Wikipedia](#). “He was a radical and had lived in the Soviet Union for several years from 1927 and married Raisa Berkman, a Jewish Russian woman while living there. After his return to the United States in 1931, Earl Browder became the leader of the [Communist Party USA](#) from 1930 to 1945 and ran for U.S. president in 1936 and 1940. After World War II, Browder lost favor with Moscow and was expelled from the U.S. Communist Party”.

It is not too much of a leap of the imagination to query whether Bill Browder is as closely connected to the Russian spy network and dodgy oligarchs like Mohamed Amersi and Leonard Bogdan as Yuri Lopatinsky is (as [outed by Liam Byrne MP in the House of Commons on 17 January 2022](#) and [named in The Sunday Mail](#) and [The Ferret](#) on 27 March 2022) and his grandfather Earl Browder who was [“an agent of the Soviet KGB”](#).

Or maybe Bill Browder is a CIA double agent like the Yury Lopatinsky operating in Ukraine in WWII ([described as a Ukrainian fascist in CIA Nazi war criminal files](#) and a [“Nazi turned CIA collaborator”](#) who was [buried in New Jersey](#))? If so, it's a state secret he will probably take to the grave.



Yet another Nazi turned CIA collaborator, a veteran of the Nachtigall Battalion, Yuri Lopatinsky, is also buried here, next to Prokop and Lebed. He went on to serve as a CIA spotter for “hot war agents.”



Corruption Watch [reported in May 2002](#) that “Court records in the United States suggest that Browder has not always been so altruistic a fighter for minority-shareholder rights”:



Corruption Watch: May 23, 2002

RUSSIA/U.S.

### **U.S. SUIT CASTS NEW LIGHT ON 'THE LITTLE GUY'**

By Roman Kupchinsky

Are Americans involved in defrauding Russian companies to the point of near collapse and making millions of dollars in illicit profits in the process? If so, can such activities help promote the image of the United States among Russian elites?

Hermitage Capital Management Ltd. and its boss, William Browder, have challenged PricewaterhouseCoopers (PwC), the auditors for Gazprom (see "RFE/RL Crime and Corruption Watch," 3 May 2002). Browder, a U.S. citizen, has claimed that he, as a protector of minority shareholder rights, is waging a campaign to force Russian business to be more transparent and "reform Gazprom." He failed to mention that he was also desperately trying to get a seat on Gazprom's board of directors.

Court records in the United States suggest that Browder has not always been so altruistic a fighter for minority-shareholder rights. In fact, Browder and a group of other investors along with a former adviser to the Harvard Institute for International Development, are accused of having entered into a criminal conspiracy to defraud a Russian company, Avisma Titano-Magnesium Kombinat, in Berezniki, Russia, in the late 1990s.

On 13 December 1999, a civil action was filed in the United States District Court for the District of New Jersey by Avisma Kombinat against Dart Management, Kenneth Dart, Jonathan Hay, Michael Haywood, Michael Hunter, Francis Baker, William Browder, Hermitage Fund, and Barclays Bank PLC.

Was Browder inspired by Berezniki – the [city in the Ural Mountains](#) where [AVISMA is located](#) – in the name change of Yuri Lopatinski to Yuri Burzinski in his [2015 book 'Red Notice'](#)?

Corruption Watch [continued to report](#) on the “landmark case in which a U.S. court is being used to wage a battle in which U.S. businessmen are effectively being accused of asset-stripping in Russia:

Hay is accused of using his position at the institute to structure the transfer of control of Avisma from Bank Menatep to the "investors." Hay was then elected a member of the board of VSMPO as part of the effort to retake control of Avisma and gain control of VSMPO in order to continue the scheme of kickbacks, the plaintiff charges.

Hay is presently the subject of a criminal investigation by the U.S. Attorney's Office in Boston, Massachusetts.

Yet Hermitage Capital, Browder's company, is still going strong. On 5 November 2001, Hermitage lost a lawsuit concerning the Volzhanka chocolate maker -- where, according to Michael Calvey, the managing partner at Baring Vostok Capital Partners, which owned 50.4 percent of Volzhanka -- Hermitage was "greenmailing, or in other words, is using legal technicalities to exert maximum pressure on the minority shareholder so that Barings is forced to pay a higher price...to put an end to the court battles" (see "RFE/RL Crime and Corruption Watch," 3 May 2002).

William Browder, grandson of Earl Browder, the former head of the Communist Party USA, in the meantime has been promoting himself in the American press as a savior of the "little guy" in Russia. He has retained the services of a high-profile lawyer to plead his case against PwC -- a fact that did not stop Gazprom from opting to keep PwC as its auditor. Gazprom appears determined to defend itself from what it might perceive as predatory tactics -- and not follow in Avisma's footsteps.

The trial in the Avisma case has not yet begun, and lawyers have expressed hope that an out-of-court settlement might be possible. But it is still is a landmark case in which a U.S. court is being used to wage a battle in which U.S. businessmen are effectively being accused of asset-stripping in Russia.

How Yuri Lopatinsky, Bill Browder and others were involved in asset-stripping in Russia is for another report. Suffice to say here that draft reports on Yuri Lopatinsky are available online via:

[Yuri Lopatinsky: The \\$py Who Laundered \\$almoney for the Russian/Norwegian \\$almafia](#) (8 April 2022)

[Yuri Lopatinsky: His Story \(Chronology/Biography\)](#) (12 April 2022)

If you have further information on Yuri Lopatinsky please email me via [salmonfarmingkills@gmail.com](mailto:salmonfarmingkills@gmail.com). You can contact me anonymously [online here](#).

The Bill Browder story is another dangerous rabbit hole which is easily to get lost down. J'Accuse News [reported in January 2020](#):

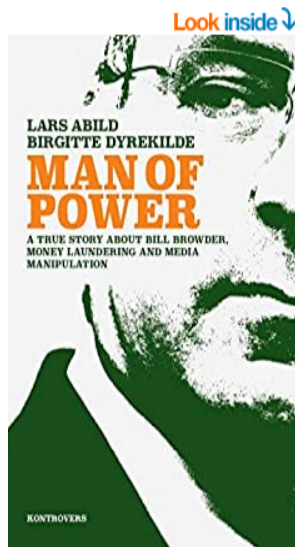


“In the 1990s, along with the arrival of legitimate operators, predatory capitalists invaded the former Union of Soviet Socialist Republics (USSR 1922 - 1991) on missions pecuniary, political, and/or a mixture of both – “carpet-baggers from the West” in the words of David Cornwell (best known as novelist John le Carré),” [reports J'Accuse News](#) who describes Bull Browder as a “pathologically-purposeful purveyor of porkies”. “A scheme to loot Russia’s wealth and park it in the West” is described in great detail by an eye-witness, journalist [Anne Williamson](#) (*Wall Street Journal*, *The New York Times*, *SPY*), who, from the late 1980s until 1997, maintained homes in both Moscow and the United States. [Her US Congressional testimony – before the Committee on Banking and Financial Services of the US House of Representatives on September 21, 1999](#) is [found here in its entirety](#). Among the avaricious and unscrupulous in the “plague of locusts” that descended on Russia is one William Felix Browder, New Jersey, USA-born (23.04.1964) – a con-man who’d worked for the crooked UK+ ‘press baron’ Robert Maxwell until the 1991 death of the “Bouncing Czech” off his super-yacht, *Lady Ghislaine*.”

J'Accuse News is [edited by award-winning investigator Adrian du Plessis](#) who [uncovered fraud in Canada back in the 1990s](#). Adrian would have field day if he put his [forensic talents](#) to digging up dirt on the ‘Moscow broker’. Some of Yuri Lopatinsky’s latest investments may be up his street – with [Yuri Lopatinsky’s Sopica Funds investing in cannabis firm Vext Science in 2021 with a head office at 2250-1055 West Hastings Street in Vancouver](#) (not to mention [Lopatinsky’s investment in GM salmon giant AquaBounty via Sopica/LLF Financial in 2020](#)).



More information on Bill Browder – other than the stories told via [‘Red Notice’](#) and [‘Freezing Order’](#) – can be found via:



## Man of Power - A True Story about Bill Browder, Money Laundering and Media Manipulation Kindle Edition

by [Birgitte Dyrekilde](#) (Author), [Lars Abild](#) (Author) | Format: Kindle Edition

★★★★★ 1 rating

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This is a story about the American financier and PR genius, Bill Browder.

In the 1990s and through the 2000s, Bill Browder built the largest foreign investment fund in Russia. He was a keen fan of Russia's president Vladimir Putin, until several tax issues, a ban from Russia and a dead tax advisor changed all that.

For more than a decade, Bill Browder has pushed the story of his dead "lawyer" Sergei Magnitsky worldwide; a story, which is distorted at best, at worst entirely false. With huge fanfare, he has created a US human rights law in the name of his dead tax advisor.

Bill Browder has been a central figure in the worldwide stories about laundering of Russian money, which have been filling pages in the Western media for almost 10 years. Those stories have had major repercussions in the financial industry - including in the Nordic countries - and have made the prevention of Russian money laundering a top priority in the Western world.

Bill Browder's story is a sensational tale of lies, murder, billionaires and the manipulation of Western media by a single man who loudly claims to be "Putin's enemy No. 1".

At the time of publication, Browder has become a vocal advocate of an aggressive and uncompromising stance towards Moscow, and is playing a central role in the new cold war between Russia and the West.

The book authored by [Birgitte Dyrekilde](#) and [Lars Abild](#) and published in 2020 includes in the introduction by [Flemming Rose](#):

The media coverage of the money laundering case in Danske Bank and its central player, the former fund manager in Russia Bill Browder and his campaign *Justice for Sergei*, are classic examples of pack journalism, where international and local media all run in the same direction. No journalists posed any critical questions regarding leaks or sources or the cooperation between the press and the wealthy British citizen. Nobody dug into the 'established' story of the man who self-claimed to be "Putin's enemy No. 1." This was despite the fact that he was a stable figure in the money laundering saga from beginning to end, and despite the fact that the press coverage made such a huge impact on Danske Bank and the country of Denmark as a whole.

When Steen Thomsen, a Danish professor at Copenhagen Business School, in September 2018 wrote in business paper Borsen that the coverage of Danske Bank was the most one-sided journalism in Danish business history, he ran into serious troubles.

“There is something scary and self-perpetuating in these kind of media-cases, where critics rally round those who are already lying down. They infuriate each other, until the media coverage in itself becomes a self-affirming social fact,” he wrote. This was something he shouldn’t have done. Thomsen’s criticism of pack journalism triggered a huge storm in the Danish media. Soon Thomsen ended up on the frontpage of Danish magazine *Magisterbladet*, portrayed as an all-powerful mafia boss with suspicious connections to the biggest corporations in the country. Several months later, the professor acknowledged in a Danish law magazine, *Djof-bladet*, that he would never had written the article if he had foreseen the reactions it would garner. He took no further part in the debate.

Was the huge negative reaction well-deserved? Probably not. Of course, the professor could have explained his relationship to Danske Bank, so that readers could have taken this into consideration when reading the column. However, those highlighting this need did not insist on such high standards in regard to Bill Browder. It might have led to some difficult questions, such as: what was the relation between Bill Browder and Berlingske? What was Browder’s special relationship to the worldwide media? What were the motives of Bill Browder and why did Berlingske and other media outlets act like useful mouthpieces for Bill Browder? Berlingske didn’t write one single line questioning Bill Browder, nor did they write anything which might cast light on his motives and background and, likewise, why didn’t the international media? Berlingske, like most other news outlets, preferred to uncritically pass on Browder’s own narrative, portraying him as an unselfish fighter for human rights and career

chaser of money launderers. Unfortunately, a great number of Western politicians were also captivated by his narrative.

[‘Man of Power’](#) continues:

In 2002, when Bill Browder was making millions, if not billions, on shares in the Russian jungle economy, Browder publicly concluded that the court of the people was far more efficient than the Russian state of law. He set the agenda in the media, constantly sending complaints to the authorities about various ‘scandals’, affected share prices and because most journalists lost interest in these complaints over the years, they hardly noticed when the authorities came to a different conclusion.

This work method is, of course, legitimate and sometimes the only tool when systems and institutions fail, but it also requires that journalists dig deeper into these cases instead of blindly accepting a narrative, such as that Browder was feeding them. Bill Browder knew about the journalistic processes, the faults, the rivalries within the media and the constant time pressure on everyone in the industry. He knew how to use the media and exploit it to his own advantage.

“You have to understand that the press doesn’t know about the stories, have the ability to understand some of these complicated activities, or can’t afford to do research. We have a lot of money invested. We are affected. We can devote the resources to do what it takes to truly understand what is going on,” Browder explained in 2002.

The book – available [online here](#) – includes:

Browder is a PR genius, a figure, created by the media, who masters the art of making breaking news to promote his version of truth. It’s disturbing to observe how he acts like a fish in water amid

journalists and politicians, while becoming silent and totally forgetful in court, speaking under oath.

For a decade, Bill Browder has pushed the story of his dead “lawyer” in front of him, creating a US Act in his name, the Magnitsky Act, which sanctions Russian officials and businessmen who have been involved in tax cases against him and his Russian tax advisor. He heads a PR campaign in order to expand the reach of the Magnitsky Act to the rest of the Western world. As of today, he’s an advocate of an aggressive and uncompromising stance towards Moscow, and plays a central role in the new cold war between Russia and the West.

[‘Man of Power’](#) continues:

During our research it became more and more apparent that the power of Browder solely lay with the media. In 2019, the international press was dominated by the one strong narrative that Bill Browder had turned into a human rights crusader, a hunter of money launderers, and had become Putin’s enemy No. 1. He was living in constant fear of his life, but nothing could stop his fight. He was a man of power. He was a man entirely created by the media.

During the research, we learned that not only had Browder to protect the story about his tax advisor Sergei Magnitsky, a story that didn’t hold; we also learned that without the mainstream media on his side, his power would likely perish as snow, melting in spring. We realised that he went to great ends to stop anybody picking holes in his stories and uncovering any lies in his self-made narrative.

In fact, he tried to monopolise, the writing of history and truth.

[‘Man of Power’](#) continues names Bill Browder’s grandfather – Earl Browder – as an agent of the Soviet KGB:



In 1950, Earl Browder was called to testify before a Senate Committee investigating Communist activity in the United States. Browder openly criticised the American Communist Party but refused to answer questions that would incriminate former comrades. He also claimed under oath that he had never been involved in espionage activities. Not until 1995, 45 years after the hearing, US secret service revealed that it had decoded encrypted correspondence between the United States and the Soviet Union for years. According to the US counterintelligence program during World War II, dubbed Venona, Earl Browder had been an agent of the Soviet KGB like several other members of the Browder family. “Rulevoy” (helmsman) was his codename.

[‘Man of Power’](#) describes how Bill Browder ended up in Russia in the 1990s (perhaps the same time as Yuri Lopatinsky who became one of his favourite Moscow brokers):

“There were hustlers, businessmen, bankers, crooks, armed guards, brokers, Muscovites, buyers and sellers from the provinces – all of them cowboys on a new frontier.” So Bill Browder described it.

Bill Browder recommended Salomon Brothers to participate in the voucher privatisations of the oil company Lukoil, the electric power holding company UES, and telecommunication company Rostelecom, but otherwise information about his initial investments are shrouded in secrecy.

Bill Browder was very much focused on making a great deal of money during his first years in Moscow for Salomon Brothers. According to himself he then quit his job, because he no longer wanted to listen to headquarter argue about how to split the earnings from its Russian business. Bill Browder had brought 25 million dollars to Moscow in the early 90s, and after a few years the money had grown to 125 million dollars. “I hadn’t made five times my salary for the firm, I had made *five hundred times* my salary, and I wasn’t going to let some empty-suited corporate hacks steal this business away from me.”

[‘Man of Power’](#) features mobsters, missing money and money laundering:

In *Red Notice*, Bill Browder, over several pages, explained about the fraud with the IMF-money, the financial collapse and the following losses. However, neglected to mention the role of Republic National Bank, in wiring the money. In August 1999, rumors began to spread. An organised network of criminals, including a notorious Ukrainian-born Russian mobster, had moved seven to ten billion dollars through a company, named Benex, in the Bank of New York.

It was the first huge “money laundering” scandal, involving Russian money.

In the press, part of the billions were soon linked to the “missing” IMF-loan, the mobster Semyon Mogilevich, the Russian oligarch Mikhail Khodorkovsky and his bank Menatep. Another part was linked to the family of Boris Yeltsin. Part of the money on the Benex account in the Bank of New York, originated from accounts in Safra’s Republic National Bank.

[‘Man of Power’](#) cites the AVISMA fraud and money laundering scheme but does not name Yuri or Gennadiy Lopatinsky:

In December 1999, a civil action was filed in a New Jersey court by Avisma Kombinat against Dart Management, Kenneth Dart, William Browder, Hermitage Fund, Barclays Bank and another four private investors. Avisma sought to recover in excess of 150 million dollars in damages “for harm caused by a scheme of fraud and money-laundering by which tens of millions of dollars were misappropriated from Avisma and diverted to bank accounts maintained by or on behalf of the investors and/or their agents and co-conspirators.”

It seems that an earlier version of the book – or a Danish version at least – was called [‘The Wizard’](#):

In “*The Wizard*” the authors describe how Bill Browder lies and manipulates. He even speaks of Sergei Magnitsky as a lawyer and whistleblower, although he worked as an accountant and tax advisor. A Russian-Ukrainian banker, Alexander Perepilichnyy, who fell in 2012 and died during a jog by his home near London, according to Bill Browder was assassinated because he was a whistleblower for Browder and was to testify in Switzerland. Several media outlets wrote Bill Browder's version of the death but the police and authorities, after years of investigation, concluded the case as one of natural death and the autopsy did not show signs of something criminal.

The authors of “*The Wizard*” question *Berlingske*’s experts, consisting in particular of Jakob Dedenroth, director of *RevisorJura* (auditors), and the whole angle of the narrative.

“Capital flight and tax evasion is not addressed at all in *Berlingske*'s reportage of the case. Capital flight can be a grey zone, but is not necessarily, and tax evasion is, according to the Russian experts, an essential part of the narrative. But the story was not sold as a ‘flightomatat’ or ‘taxomat’ (capital flight, tax evasion, *Editor’s note*) in the West. Maybe because no one would be upset. For who in the West is interested in whether Russians pay taxes or move money out of the country,” asks Birgitte Dyrekilde.

She refers to Andrey Movchan, the economist at the *Carnegie* think tank, who explains that many rich Russians move funds and assets offshore to protect against corporate raids, often led by criminals, but also by civil servants and the executive. This is also the reason why many appoint waitresses or farmers as nominal directors or owners of their companies - not just so they don’t appear in databases that can attract unwelcome interest, but also so as to be able to dispose of the money should anyone ask for it.

Read more [via the Danish magazine Finans](#)





Uncritical reporting has also characterized media coverage of the ‘Moscow broker’ in Scotland.



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# Steppe forward: the Ukrainian buying up Edinburgh's Charlotte Square

**HE IS the latest contestant in the real-life game of Monopoly being played out in one of Scotland's most prestigious squares.**

“A little-known Ukrainian property tycoon can today be revealed as the mystery figure behind a string of big-money purchases in the capital's Charlotte Square,” [reported The Scotsman in March 2010](#) without investigating the source of his wealth. “It emerged yesterday that Yury Lopatinsky, a leading figure in Moscow's financial scene since the mid-1990s, is the key player behind three deals, including the purchase of the National Trust for Scotland's flagship headquarters. His investment fund, which is based in Bermuda, has recently joined forces with another Bermuda-based firm, Fordell, to snap up two other major chunks of Charlotte Square, which is also home of Bute House, official residence of First Minister Alex Salmond. Senior sources at Edinburgh City Council said they understood that Mr Lopatinsky had made a "long-term commitment" to invest in the city and was believed to be eyeing a number of other sites, including on Princes Street. The purchases on Charlotte Square are thought to be his first foray into the UK property market”.

“Mr Lopatinsky has recently set up a base for his firm First Mercantile Capital Partners at nearby Melville Crescent, in the city's West End, after apparently relocating to Edinburgh with his wife and four children about three years ago,” [continued The Scotsman](#) who did not bother to delve deeper down into the dirty world of Lopatinsky's Laundromat or the provenance of his Bermuda-based investment fund. “However, property industry sources in the capital say little is known about the publicity-shy businessman. He has led a host of Moscow-based property and finance firms, including the Russian Federation Fund and CAIB Investment Bank Russia, forming First Mercantile Capital Partners in 1998”.



“These purchases are among the most significant anywhere in the city,” [one ‘property insider’ told The Scotsman](#). “Although little is known about who has bought them or what their plans are, they are a bit of a shot in the arm for the city and its ability to emerge from the recession”.

It seems that the prospect of jobs and an injection of money to the Scottish economy was far too important to ask where the cash came from or for journalists to question whether Yuri Lopatinsky brought dirty Russian money with him to Scotland. That Lopatinsky’s Laundromat has been operating in Charlotte Square since the late 1990s right under the noses of two First Ministers of Scotland (Alex Salmond and Nicola Sturgeon) is acutely embarrassing for the Scottish Government.

**Sunday Mail** March 27, 2022 email: reporters@sundaymail.co.uk web: www.sundaymail.co.uk

**WAR IN UKRAINE** MILLIONAIRE WITH LINKS TO MOSCOW OWNS PROPERTIES BESIDE NICOLA STURGEON'S B

# THE OLIGARCH NEXT DOOR

**Gordon Blackstock**  
Chief Reporter

**A neighbour of the First Minister is a millionaire oligarch with links to a Russian spy.**

Mysterious financier Yuri Lopatinsky, who made his fortune in Moscow after the collapse of the Soviet Union, is linked to a huge property empire next door to Nicola Sturgeon's official Bute House residence in Edinburgh.

A Sunday Mail investigation has revealed his complex connections in Scotland and his close relationship with an notorious KGB double agent.

Our findings prompted former UK Cabinet Minister Liam Byrne to call on the businessman to explain his relationship with Russian intelligence agencies.

In 1998, Lopatinsky, 50, set up a Russian-based investment fund called First Mercantile Capital Group (FMC), which by 2001 had bought a controlling stake in media firm Rambler - Russia's answer to Google.

Eight years later, he launched a finance firm called First Mercantile Partners in Edinburgh.

In 2011, its are security risks to Sturgeon being so exposed

The firm was dissolved in 2016 but Lopatinsky's links to the desirable address have continued and a spokesman for the Charlotte Square Collection, which owns 21 Georgian townhouses in and around Edinburgh's New Town, said it was owned by Lopatinsky through offshore firms.

Professor Anthony Glees, a

**Who's got the keys in the square?**

- 1-4 Charlotte Square**  
Title deeds show ownership was moved from Bahamas-based Colly to a London company Scott's Real Estate Limited last year.
- 5 Charlotte Square**  
Owned by National Trust for Scotland (NTS).
- 6 Charlotte Square**  
Bute House, owned by NTS.
- 7 Charlotte Square**  
NTS visitor site. The Georgian House.
- 8 Charlotte Square**  
Currently being renovated. Also owned by Bahamas-based offshore company Colly and a previous base for Lopatinsky firm First Mercantile Partners.
- 9 Charlotte Square**  
Part of Charlotte Square Collection, owned via firm linked to Lopatinsky, HQ for bank Hampden & Co.
- 10 Charlotte Square**  
Part of Charlotte Square Collection owned via firm linked to Lopatinsky and home to businessman - one of which is Lopatinsky-controlled Farm Originals who own Ardrine Estates Limited who own a farm in Argyll.

**On other corners**  
**11-14** Part of Charlotte Square Collection.  
**15-22** Part of Charlotte Square Collection.

**HOME SWEET HOME** Nicola Sturgeon lives at Bute House. **Main picture** Ross Turpie

The First Minister's official residence in same row as financier with powerful pals

Journalists did not bother to investigate when Yuri Lopatinsky’s Scottish Seafood Investments ([owned originally by Northern Link and The Scottish Salmon Company via an offshore account in Jersey](#) and then by [Farm Originals LLF in Luxembourg](#) – another company [owned by Yuri Lopatinsky called Farm Originals is registered at Companies House in the UK with an address of 10A Charlotte Square in Edinburgh](#)) invested further into the seafood industry in Scotland.

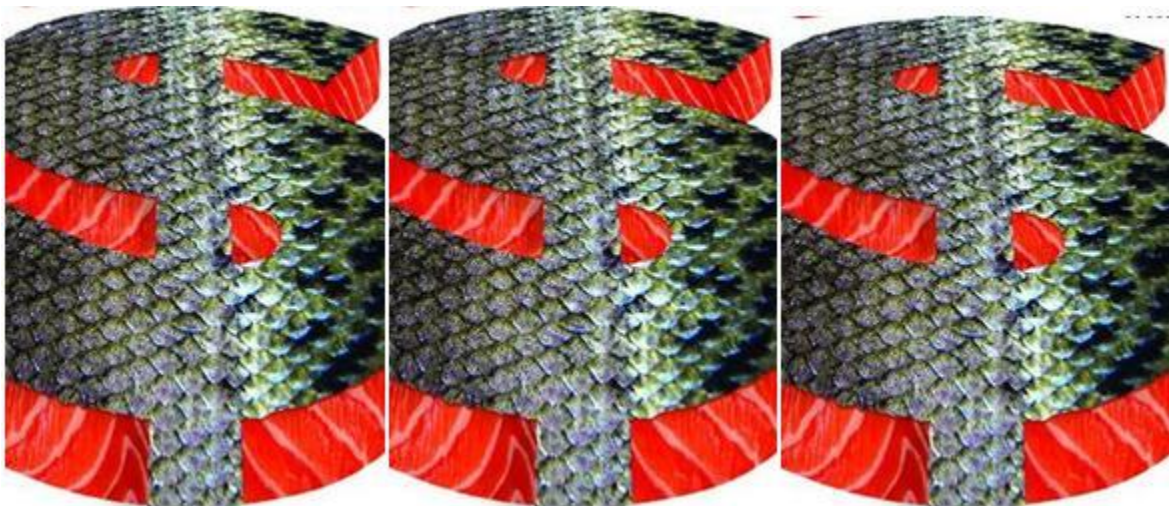
“Associated Seafoods has made its second acquisition in a week by buying prawn processor Moray Seafoods,” [reported BBC News in July 2011](#). “It said the acquisition of the Buckie-based processor would be a springboard for expansion into new markets. The move follows Associated’s takeover of salmon smoker Lossie Seafoods, which is also based in Buckie. Associated Seafoods is a holding company set up by a management team, which includes the chief executive of The Scottish Salmon Company (SSC)....Funding for the purchase came from Scottish Seafood Investments, a joint venture company recently established by The Scottish

Salmon Company and Northern Link to invest in companies engaged in the value-added processing of salmon and other seafood”.

Why did the BBC fail to follow the money (surely the #1 rule in journalism)?

“Dozens of job are being created due to the expansion of a Moray seafood business,” [reported BBC News in September 2021](#). “Associated Seafoods, trading as Lossie Seafoods and Moray Seafoods, has refurbished and expanded its base in Buckie after a £2.7m investment. Forty jobs are being created, and it is hoped there could be a further 60 roles over the next three years. Increased demand from areas including the UK and North America is being credited with the growth. Associated Seafoods managing director Victor West said: “We've been able to make further strides in our ambitious growth plans. “We are proud of our heritage in Buckie and it's fantastic to regenerate the March Road site which enhances our production of quality Scottish smoked salmon and creates opportunities to develop young talent within our industry”.

Was the lure of 40 jobs enough to stop the BBC from asking about the source of the money behind Associated Seafoods?



The same sloppy and shoddy journalism was on display when Loch Fyne Oysters was bought by Scottish Seafood Investments in 2012. “Seafood firm Loch Fyne Oysters is set for an investment boost after being taken over by Scottish Seafood Investments (SSI),” [reported BBC News in February 2012](#). “SSI will invest a seven-figure sum to eliminate debt and inject funds into the company to help it penetrate new export markets. The move marks the end of nine years of employee-ownership at Loch Fyne. SSI is a joint venture between private equity investor Northern Link Ltd and The Scottish Salmon Company”.

How on earth did the BBC fail to spot that Scottish Seafood Investments was owned by a money launderer with close connections to Russian security agencies?

“A fish farming company saved from the brink of collapse in 2008 has changed its name,” [reported BBC News in July 2010](#) (once again failing to follow the \$almony). “Lighthouse



Caledonia, which has its headquarters in Edinburgh and farms across west Scotland, has become The Scottish Salmon Company. The company was rescued by an investment deal worth £17m. It went on to report a record set of profits. Environment Minister Roseanna Cunningham has supported the firm's decision to be rebranded. She said aquaculture was an important asset to Scotland's rural economy”.



## Rescued Scottish salmon company rebranded

© 12 July 2010



| Roseanna Cunningham with salmon company bosses

Perhaps Scotland's Environment Minister should have stopped to ask questions about where the \$almoney came from back in 2010 (instead of posing for the cameras with two executives of The Scottish Salmon Company – then owned by Yuri Lopatinsky)? Even the blurred photo alludes to the [shady nature of Scottish Salmon's ownership](#).

“Smoked salmon specialist Lossie Seafoods has secured £3.2 million expansion funding as it aims to capitalise on strong demand for Scottish fish in overseas markets,” [reported The Herald](#)

[in October 2018](#). “The Buckie-based business expects to use the funding provided by Royal Bank of Scotland to help it win business in new export markets”.

## Salmon smoker secures bank funding amid export drive

24th October 2018



**BY MARK WILLIAMSON**  
GROUP BUSINESS  
CORRESPONDENT  
[@MarkWHerald](#)

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But why did Mark Williamson and The Herald not report on how the owner of Lossie Seafoods (Associated Seafoods) was money launderer Yuri Lopatinsky who was [‘instrumental’](#) in what was described by lawyers as an [“immense Russian bank money-laundering scheme”](#) in the 1990s? What due diligence, if any, did Eileen Tocher of the Royal Bank of Scotland go through with respect to money laundering by the owner of [Lossie Seafoods \(Associated Seafoods\)](#)?

Eileen Tocher, relationship director at Royal Bank of Scotland [told Scottish Financial News in October 2018](#): “Victor and the team at Lossie Seafoods supply the highest quality products possible, which is opening up opportunities for the business, both nationally and abroad. The company has expanded at a rapid rate in the last few years, thanks to the team’s ambitious growth plans and their dedication.”

Why didn’t the Royal Bank of Scotland and other banking institutions, accountants, PR companies, lawyers and other business associated of the secret owner of Lossie Seafoods, Moray Seafoods, Associated Seafoods, Loch Fyne Oysters, the Pride of Scotland and other companies investigate the money laundering and corporate fraud history of Yuri Lopatinsky?

Thankfully, even it is now [over 15 years since Yuri Lopatinsky brought his dirty Russian money to Edinburgh](#) and [13 years since the ‘Moscow broker’ bought into Lighthouse Calendonia \(The Scottish Salmon Company\)](#), forensic questions are finally being asked. The Sunday Mail [reported \(27 March 2022\)](#):



Despite being one of Scotland's most prominent businessmen, Lopatynskyy has never been pictured – until now.

Former business associate Bill Browder, who has exposed corruption in Putin's regime, had frequent dealings with Lopatynskyy in Moscow and identified him from an online video of a vineyard.

It is believed Lopatynskyy now lives mostly in the south of France where he has an award-winning organic wine range called Chateau de la Combe.

In January, he was named by Labour MP Byrne in a House of Parliament speech about "dark money" washing into British politics.

The former Chief Secretary to the Treasury, has now demanded answers about any spy ties Lopatynskyy has.

He said: "As Britain throws wide its sanctions net, it's now vital Yuriy Lopatynskyy explains any and every relationship with Russian intelligence agencies along with any and every connection to a web of Russian linked tycoons.

"Parliament will be ruthless in demanding our Foreign Secretary sanctions every single profiteer from Putin's regime. So, now is the time for Mr Lopatynskyy to put his cards on the table or face MPs using parliamentary privilege to lay out the full dossiers of what we've received."

Byrne also linked Lopatynskyy to controversial Tory donor Mohamed Amersi in his Parliament speech.

Former MSP and land campaigner Andy Wightman said: "The fact property that neighbours the First Minister's official home is owned via secretive offshore firms that disguises who really owns it is scandalous.

"It has always been my view that ownership should only be allowed to UK-registered entities for transparency."

Scottish Labour MSP Sarah Boyack said: "This is a worrying revelation. Every effort must be made to counter the influence of Russian and Russian-aligned millionaires in Scotland and the rest of the UK."

Sturgeon has previously said she was taking legal advice on taking "maximum" action against Putin oligarchs in Scotland.

A Scottish Government spokesperson said: "We will take any action we can within our current powers to ensure that those linked to the Putin regime do not use Scotland as a base for their assets."

The Ferret [reported](#) (27 March 2022):

## **Calls for 'urgent' government Lopatinsky probe**

On 28 February, Scottish Labour's Paul Sweeney MSP tabled a motion in the Scottish Parliament calling on the Scottish Government to investigate and seize the assets of those in Scotland with links to the Kremlin.

"That call was supported by the Scottish Government and I believe a review of this is underway," he said.

Lopatinsky has "apparent links to the Kremlin" and "owns a swathe of properties in Charlotte Square, a matter of metres from the First Minister's official residence, via a company based in an offshore tax haven."

"It is absolutely incumbent on the Scottish Government to investigate this urgently, and if these links are proven to be conclusive they should be seizing these assets."

Sweeney said Scotland cannot allow anyone with apparent close links to the Kremlin "to operate and profit with impunity". He added: "We must do all we can to ensure that those who appear to be linked to that regime are rooted out of Scotland's economy."

The Scottish Liberal Democrats echoed Sweeney's point. Scotland "needs to do its bit to squeeze Putin's regime and the oligarchs who have profited from it," said Willie Rennie MSP, the party's economy spokesperson.

"If there are documented connections between Mr Lopatinsky and Russian intelligence services, it is hard to see why his business empire including these Edinburgh properties are not on the sanctions list. Scotland needs to be much more transparent about who owns what."

## **'Anonymous wealth vehicles' undermining sanctions**

The Tax Justice Network said that if Lopatinsky's links to the Russian regime were substantiated, "there is at the very least a clear public interest in understanding the current status of his apparently once-substantial holdings of Scottish property."

"Once again, however, that understanding is stymied by the use of secrecy jurisdictions that allow anonymous ownership and minimal company filings – most egregiously here, the British Virgin Islands," said Alex Cobham, chief executive.

He highlighted that the British overseas territory is currently under formal investigation by the UK government over corruption concerns.

"The tolerance for anonymous wealth vehicles undermines not only the scope for sanctions, but also national systems of tax and regulation – including of course, the much-abused Scottish Limited Partnerships," added Cobham.

"It is well past time that this tolerance was ended, and that entirely open access, public registers were established for all property, companies, trusts, partnerships and other legal vehicles."

The Scottish Government stressed that it was still checking every person named on UK and EU Russian sanctions lists, as well as "any individuals not currently on those lists coming to our attention, to ensure that they are not in receipt of any public funds in Scotland."

"We will take any action we can within our current powers to ensure that those linked to the Putin regime do not use Scotland as a base for their assets," a spokesperson said.

"The UK Economic Crime Bill will make legitimate business more transparent – so it is harder for those who have gained wealth unlawfully or illegitimately to make use of that wealth in Scotland or the UK."

I wrote a [letter to the UK Government and Scottish Ministers last month \(31 March 2022\) raising red flags over Yuri Lopatinsky's 'shady business interests'](#):



Secretary of State for Foreign, Commonwealth and Development Affairs  
Rt. Hon Elizabeth Truss MP  
King Charles Street  
London  
SW1A 2AH

31 March 2022

Dear Foreign Secretary,

**Red Flag for Yuri Lopatinsky (owner of Associated Seafoods & Loch Fyne Oysters)**

Further to the [comments by Liam Byrne MP in the House of Commons on 17 January 2022 naming Yuri Lopatinsky as a person "with close connections to the SVR and FSB" \(as well as Mr Amersi\)](#), please read a dossier outlining the shady business interests of the 'Moscow broker' (as Yuri Lopatinsky is called in [Bill Browder's book 'Red Notice'](#)) including his current ownership of Associated Seafoods and Loch Fyne Oysters (via [Scottish Seafood Investments](#) which is [owned by Yuri Lopatinsky's Farm Originals](#)):

[Yuri Lopatinsky: The Spy Who Laundered Salmon for the Russian/Norwegian Salmon Mafia](#)

The [letter](#) included:

Even without access to the 'full dossiers' from ["well-placed sources in the Kremlin" \(as Liam Byrne MP phrased it in the House of Commons on 17 January 2022\)](#), Yuri Lopatinsky's close connections to "dark money from dubious sources" are abundantly clear.

I encourage you to read a [prospectus for the Russian Federation First Mercantile Fund listed on the Bermuda Stock Exchange in 2006](#) which includes biography details for 'President' Yury Lopatinsky (his name is spelled in several different ways including Yuriy Lopatynskyy, Yuri Lopatinski and Yuri Lopatinsky) and provides a fascinating insight into the financial investment strategies of Putin's new Russia and how Yuriy Lopatinsky's Russian Federation First Mercantile Fund avoided tax in Cyprus.



An [audit report authored by KPMG Chartered Accountants in Bermuda in September 2009](#) detailed eye-popping assets of the Russian Federation First Mercantile Fund with over \$123 million in assets in 2008 and \$54 million invested in corrupt companies such as Gazprom, Lukoil and Rosneft in 2009:

| RUSSIAN FEDERATION FIRST MERCANTILE FUND LTD.                                      |               |                   |                   |                 |
|------------------------------------------------------------------------------------|---------------|-------------------|-------------------|-----------------|
| Consolidated Schedule of Investments                                               |               |                   |                   |                 |
| March 31, 2009<br>(Expressed in U.S. Dollars)                                      |               |                   |                   |                 |
| Description                                                                        | No. of Shares | Cost              | Fair Value        | % of Net Assets |
| <b>Held by Russian Federation First Mercantile Fund Ltd.</b>                       |               |                   |                   |                 |
| <b>Common Equities</b>                                                             |               |                   |                   |                 |
| Acron JSC ADR                                                                      | 350,000       | \$ 1,281,350      | \$ 490,000        | 1.50%           |
| Aurado Energy Inc.                                                                 | 1,100,000     | 143,000           | —                 | 0.00%           |
| Bank of Georgia GDR                                                                | 12,848        | 231,031           | 30,193            | 0.09%           |
| Chagala Group Ltd. GDR                                                             | 232,815       | 1,929,196         | 209,533           | 0.64%           |
| Gazprom ADR                                                                        | 457,300       | 18,018,450        | 6,790,905         | 20.72%          |
| Kazakhgold Group Ltd. GDR                                                          | 30,680        | 777,863           | 205,249           | 0.63%           |
| Kazvedka Dobycha GDR                                                               | 50,000        | 628,750           | 744,500           | 2.27%           |
| KDD Group NV                                                                       | 100,000       | 395,500           | 7,149             | 0.02%           |
| LSR Group OJSC GDR                                                                 | 27,500        | 398,750           | 22,000            | 0.07%           |
| LUKOIL Holding ADR                                                                 | 292,000       | 14,695,157        | 10,906,200        | 33.28%          |
| MECHEL ADR                                                                         | 20,000        | 400,000           | 84,200            | 0.26%           |
| Mirland Development Corp plc                                                       | 40,000        | 452,376           | 27,454            | 0.08%           |
| JMC MMC Norilsk Nickel ADR                                                         | 276,087       | 4,448,387         | 1,656,522         | 5.05%           |
| RGI International Ltd                                                              | 184,851       | 1,987,148         | 44,364            | 0.14%           |
| Rosneft Oil Company GDR                                                            | 658,000       | 3,741,540         | 2,822,820         | 8.61%           |
| Sistema Hals GDR                                                                   | 200,000       | 2,111,600         | 90,000            | 0.27%           |
| Tatneft GDR                                                                        | 10,000        | 348,795           | 460,500           | 1.41%           |
| XXI Century Investments Public Ltd.                                                | 166,000       | 1,921,616         | 30,858            | 0.09%           |
| <b>Total common equities held by Russian Federation First Mercantile Fund Ltd.</b> |               | <b>53,910,509</b> | <b>24,622,447</b> | <b>75.14%</b>   |

From the financial information detailed above, it seems that the [£17 million used to buy Lighthouse Caledonia in 2009](#); undisclosed investments in Associated Seafoods (Moray Seafoods and Lossie Seafoods) in 2011 and in Loch Fyne Oysters in 2012; and further injections of cash into Lighthouse Caledonia (renamed The Scottish Salmon Company in 2010) came from dirty Russian money.

All the published material – with the prospect of further evidence coming out in the wash via Liam Byrne MP’s [“well-placed sources in the Kremlin”](#) – raises serious question marks regarding the legitimacy of Yuri Lopatinsky’s status in the UK and the circumstances surrounding the award of his British passport (understood to be in the late 2000s). If Yuri Lopatinsky has acted on behalf of [‘Putin’s People’](#) and is still profiteering from Putin’s regime then sanctions must surely be brought swiftly against the neighbour of Nicola Sturgeon.

The assertion that Yuri Lopatinsky is guilty of siphoning dirty money from Russia via a secret network of accounts and companies in Cyprus, Switzerland, Luxembourg, Norway, the British Virgin Islands and Scotland is well founded and grounded in published material and credible source documents. Please cross-reference with your own intelligence and the [“well-placed sources in the Kremlin”](#).

Yuri Lopatinsky's shell game - disguised via companies registered in Luxembourg, Jersey, the British Virgin Islands and the UK - can be summarised as follows:

Farm Originals (owned by Yuri Lopatinsky) owns Scottish Seafood Investments (formerly owned by Yuri Lopatinsky's Northern Link and The Scottish Salmon Company) which in turn owns Associated Seafoods (owner of Moray Seafoods, Lossie Seafoods and R. R. Spink & Sons, which was previously part of the Dawnfresh Group) and Loch Fyne Oysters.

Here's a visual representation of the web of companies owned and controlled by Yuri Lopatinsky at various points in his career (with web-links embedded in the graphics for reference):



## **FARM ORIGINALS LIMITED**

Company number **SC521798**

## **LLF Farm Originals S.A.**

## **Scottish Seafood Investments Limited**

Scottish Seafood Investments S.à r.l.

## **SCOTTISH SEAFOOD INVESTMENTS S.à r.l**

## **SOPICA SPECIAL OPPORTUNITIES FUND LIMITED**

FIRST MERCANTILE FUND LTD

## **FIRST MERCANTILE PARTNERS LLP**

Company number **SO300953**

## **SOPICA PARTNERS LIMITED**

Company number **SC334531**

**BAMI First Mercantile FM Asset Management  
Sopica CIS Small Cap  
Fund Ltd.**

**Six SIS AG**

**ASSOCIATED SEAFOODS LIMITED**

Company number **SC361498**

**MORAY SEAFOODS LIMITED LOSSIE SEAFOODS LTD.**

Company number **SC409689**

Company number **SC145004**

**RR.SPINK  
& SONS**

**SIS SegalInterSettle**

**CHATEAU DE LA COMBE LTD**

Company number **09110419**

**ARDYNE ORGANIC FARMS LTD**

Company number **SC517731**

**ARDYNE ESTATES LIMITED**

Company number **SC433931**

**MINAVEST HOLDINGS LTD Northern Link**

**THE SCOTTISH SALMON COMPANY  
LIMITED**

Company number **SC107275**

**LIGHTHOUSE CALEDONIA LIMITED**

**Russian Federation First Mercantile Fund**

**рамблер**



THE  
CHARLOTTE  
SQUARE  
COLLECTION

The next day (1 April 2022), [the UK Government replied](#):



Foreign, Commonwealth  
& Development Office

Don Staniford

salmonfarmingkills@gmail.com

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**London**  
**SW1A 2AH**

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**[fcdo.correspondence@fcdo.gov.uk](mailto:fcdo.correspondence@fcdo.gov.uk)**

**[www.gov.uk/fcdo](http://www.gov.uk/fcdo)**

Our ref: CTO2022/10622

1 April 2022

Dear Don Staniford,

Thank you for your email of 31 March to the Foreign, Commonwealth and Development Office (FCDO) about sanctions relating to Russia. Your correspondence has been passed to the Correspondence Team in the Foreign, Commonwealth and Development Office for a response.

The [letter](#) included:

We have sanctioned over 1200 Russian and Belarussian individuals, entities and subsidiaries at the heart of, or supporting, Putin's regime. This includes President Putin, Foreign Minister Sergey Lavrov and Russia's leading oligarchs with a combined net worth of £100 billion.

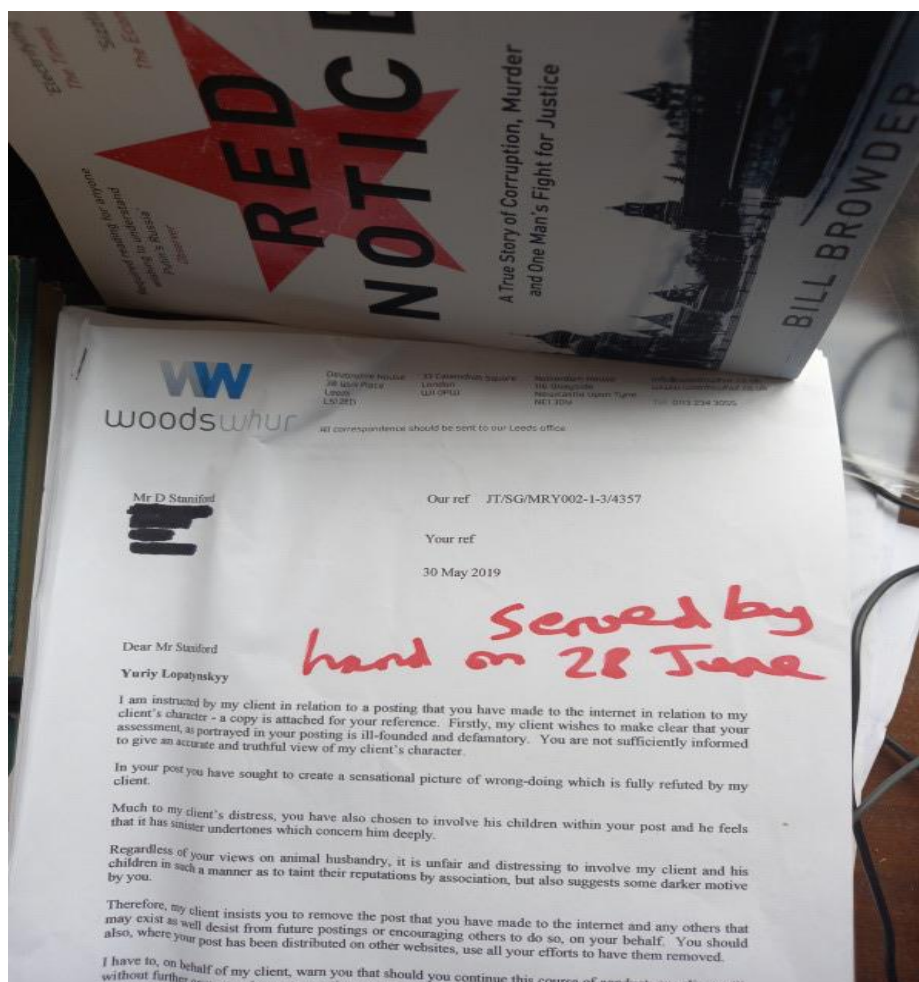
We are working closely with other government departments to maximise the effectiveness of our sanctions. The Foreign Secretary has established an Oligarch Taskforce drawing on expertise from across Government, including the Home Office, HM Treasury, Department for Business, Energy and Industrial Strategy, Department for Levelling Up, Housing and Communities, and the National Crime Agency.

We have designed our overall sanctions package in such a way to maximise the impact on Russia while minimising the impact to the UK economy. Unlike other countries in Europe, the UK is not dependent on Russian gas supply. Less than 3% of our gas was sourced from Russia in 2020. The Government will do everything possible to safeguard our own people from the repercussions for the cost of living, and we stand ready to protect our country from any threats, including in cyberspace.

We are not giving a running commentary on which sanctions may or may not be in the pipeline, as it risks reducing their impact. That being said, nothing is off the table.



Until the 'Moscow broker' is sanctioned, I will continue to follow the \$almon. Yuri Lopatinsky has been served a red notice that his money laundering, corporate corruption and shameless profiteering from Putin's regime must end.



In the spirit of transparency, I am sending this well-founded report to Yuri Lopatinsky's lawyers at Woods Whur; his media advisers at Indigo PR; investigative reporters; forensic accountants and his various business associates in Russia, Cyprus, Malta, Luxembourg, Jersey, Isle of Man, Bermuda, the United States, Canada, Norway, Peru, British Virgin Islands, France, London, Edinburgh and wherever the 'Moscow broker' has pilfered and pillaged. 'Lopatinsky's Laundromat' must be forced out of business. The flow of dirty Russian money must be stopped.

Once again, if you have any further information on Yuri Lopatinsky please feel free to contact me via [salmonfarmingkills@gmail.com](mailto:salmonfarmingkills@gmail.com)

An [anonymous online contact form is also available here](#).

Follow me on [Twitter](#), [Vimeo](#), my blog '[Green Around the Gills](#)' and website '[Scottish \\$camon](#)'.