

Some NG-Reports investigated by Roman ANIN - in English

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A Long, Thin Shoulder-Board

Real estate scams in the Defence Ministry have caused layoffs of thousands of ordinary workers. Details of the transactions and their beneficiaries — in the investigation of Roman Anin.

Real estate scams in the Defence Ministry have caused layoffs of thousands of ordinary workers. Details of the transactions and their beneficiaries — in the investigation of Roman Anin.



The most discussed topic of the week were searches at the offices of JSC Oboronservis, a company subordinate to the Ministry of Defence, and apartments of some current and former military officials. The searches were conducted as part of five criminal cases investigated by the Main Military Investigation Department of the Investigative Committee of Russia (GVSU SK). The investigators found that real estate in Moscow and other regions of Russia in the books of JSC Oboronservis were sold at deliberately low prices, causing more than 3 billion in damages to the state.

The searches started on Thursday. According to news reports, the investigators first visited the home of the former head of the Department of Property Relations of the Ministry of Defence, Evgenia Vasilyeva. 33-year-old Ms Vasilyeva is considered to be the closest associate of Minister Anatoly Serdyukov. Moreover, Serdyukov was present during the search at his former subordinate's home.

According to investigators, officials of the Ministry of Defence were picking out from the property complex of Oboronservis the most marketable and prestigious objects and sites. Then, huge amounts of budgetary funds were being pumped in these properties, after which the property was being sold at significantly reduced prices to commercial entities.

The investigators cite several deals. For example, “in the Temryuk district of the Krasnodar Region the officials of the Department of Property Relations of the Ministry of Defence, which is headed by Evgenia Vasilyeva, first illegally seized from the federal government and leased to subordinate enterprises land plots of more than three hectares. **Next, at the expense of the Ministry of Defence a suburban residential complex worth more than RUB 300 million was constructed on that land plot. And later, the site was sold for only RUB 92 million [1]**”. Similar transactions were carried out in Moscow, where they sold buildings and land plots formerly owned by Soyuz Hotel, an enterprise subordinate to Oboronservis, as well as by the General Directorate for Troops Accommodation and the State Design Institute for Special Construction. **Analysing the financial and accounting reporting of these enterprises, *Novaya Gazeta* learned the details of these transactions.**

Soyuz Hotel, located on Universitetsky Avenue, is a subsidiary of Lefortovo Hotel Complex, which is a part of Oboronservis structure. Information about the sale of Soyuz Hotel can be found in the reports of Lefortovo for 2010. On September 13, 2010, the board of directors discussed the sale of the land with a building located thereon, to a Business-Invest LLC. **Whether intentionally or not, the identity of the buyer was not specified**, so finding out among many dozens of companies having the same name the company which bought the building and the land is a tough job. The deal amounted to RUB 600 million, which is one and a half times cheaper than the market value, as believed by the investigators. But the story does not end there. **The explanatory note to the financial statements of Lefortovo said that in connection with the liquidation of Soyuz Hotel, the company had fired 80 people, for which purposes a reserve of RUB 3.6 million was formed, to provide severance pay.**

Still, it doesn't end there either. **The decision to sell the building and the site on Universitetsky Avenue was taken by the board of directors on September 13, 2010, and a month later, on October 15, the same board of directors decided to rent the same building from the same Business-Invest LLC for RUB 3 million a year.** What we have in the end is this kind of scheme: the Ministry of Defence officials sold a building to a commercial enterprise for a much lowered price, fired 80 people whom they had to pay RUB 3.6 million in severance pay, then a month later rented the same building from the same commercial enterprise for RUB 3 million. Persons responsible for the scheme: Alexander

Elkin, General Director of JSC Slavyanka; Lev Vinnik, Advisor to the Minister of Defence; Denis Vasilyev, Head of the Department of Property Relations of the Military Department; Denis Duchkov, Deputy Head of the same Department; Sergey Shtykulin, Deputy General Director of JSC Oboronservis (all of them from June 2010 to June 2011 were on the board of directors of Lefortovo Hotel).

In March 2011, Lefortovo Hotel Complex made another interesting real estate deal. On March 23, the board decided to sell the premises of 149 square meters located at 22/1 Rublevskoe Highway. The transaction amount was not specified, but in the cash flows statement for 2011, under “Proceeds from Sale of Non-current Assets”, stands a sum of RUB 23 million. The property was bought by Karamella Company. According to the Russian Register of Legal Entities, this company is owned, in equal shares, by Alexander and Natalia Kolesov, whose names match the names of the former chief of the Centre for Orders and Deliveries of Material and Technical Supplies of Logistics Services of the Armed Forces of the Russian Federation and his wife.

State Design Institute for Special Construction, subordinate to the Ministry of Defence, is located in the centre of Moscow in Smolensky Boulevard. The Institute's statements for 2011 state that on August 03, 2011, they made a deal for the sale of real property (complex of buildings located at 19 Smolensky Boulevard, buildings 1, 6, 11) to a Teorema LLC. As was the case with Soyuz Hotel, the identity of this Teorema LLC is not indicated, so at this point it's difficult to find out who is behind this company. The transaction price was USD 1.6 billion, which, according to the investigation, is significantly below the market value. Financial statements for the same period show that in early 2011 the buildings were still on the balance of the Institute, and by the end of the year next the line “Buildings” is blank. Which pretty much means: the Institute is still there, but the buildings in which it was located aren't there any more. Persons responsible for the deal: Evgenia Vasilyeva, at that time Head of the Department of Property Relations of the Ministry of Defence; Natalia Dynkova, Director of JSC Agroprom, subordinate to the Ministry of Defence; Elena Kalnaya, Head of a division of the Department of Property Relations; Anton Balanovsky of the same Department; Dmitry Maltsev, Deputy General Director of JSC Oboronservis (all of them, at the end of 2011, were on the board of directors of the Institute).

After the Defence Ministry officials had sold the building, owners of the Institute changed as well. In late 2011, 70% of the shares of the Institute were acquired by VitaProject LLC. This company has an interesting history. Until 2012, it belonged to Expert Center for Legal Support, founded by Ekaterina Smetanova from Saint Petersburg. In the media, Ms Smetanova was called a good friend of the former Head for the Department of Property Relations of the Ministry of Defence Evgenia Vasilyeva. However, in early 2012, Ms Smetanova was having some problems. As reported by *Kommersant*, she was involved in a criminal case, connected precisely with the sale of property of the Ministry of Defence. **According to the investigators, Ms Smetanova had promised to sell to a certain businessman the building of a military commissary (Voyentorg) in Samara, at a significantly lowered price, getting from it a cut of RUB 18 million. She was arrested in the moment of receiving the bribe, but was soon released on her own recognizance.** After all this trouble, Expert Centre for Legal Support has changed its name and owners. However, judging from the transaction with the State Design Institute for Special Construction located in Smolensky Boulevard, all these changes were purely formal. **Especially since the Ms Smetanova's former company today is located at 19/1, Smolensky Boulevard – the very same building that housed the Institute and was sold so cheaply.**

After VitaProject, 29.9% of the Institute were bought by JSC Sosnovoborelektromontazh. This company is a part of Titan-2 Holding, which is controlled by the family of the former Deputy Defence Minister and the current manager of Spetsstroy, Gregory Naginsky.

JSC GUOV (former General Directorate for Troops Accommodation, which was reorganized into a joint-stock company, who is a top contractor for construction of housing for military personnel) is located in the centre of Moscow at 30, Bolshoy Predtechensky Lane. According to the investigators, this building was also sold to a commercial entity with a generous discount. No information about this deal was found in the statements of the company, but what we do know is the fate of this building. **The financial statements of JSC Oboronstroy for 2011 indicate that the company rents the premises located at 30, Bolshoy Predtechensky Lane for RUB 16.8 million. Apparently, here they've used the same scheme as with Soyuz Hotel: the building was first sold very cheaply to a commercial enterprise, then, rented from the same enterprise.**

This is not the only interesting deal of the General Directorate for Troops Accommodation. In its 2011 statements JSC GUOV reported that in January-February 2012 it sold real property (buildings and land plots), previously owned by its construction branches: KZhBI (Reinforced Concrete Plant) No. 211, TsIL (Central Measurements Laboratory) No. 458, KZhI (Reinforced Concrete Plant) No. 162, Baltic Military Construction Department, PK (Production Facility) No. 55. **Total value of the deals amounts to RUB 2.5 billion.** All the real estate was bought by a company Investstroy-15, which belongs to Sergei Khudyakov and Nikolai Avdeev. This company was already a subject of claims of the Audit Chamber. According to the inspectors, Investstroy-15 was receiving contracts from JSC GUOV and then entering into contracts for the same work with the branches of the same JSC GUOV. Thus, all the work was actually performed by employees of the General Directorate, and a large brokerage margin was taken by the commercial entity.

Right now it is difficult to assess whether the price of RUB 2.5 billion for the property sold to CJSC Investstroy-15 was particularly fair. But there is another thing that we do know. **Financial statements of JSC GUOV for 2011 state that due to the sale of property complexes of its branches, these have ceased their activities, and most of the production staff was fired. How many people worked in the sold branches? Judging by the statements of JSC GUOV, 1,650 people, as of 2010.**

On the day when the investigators raided and searched the houses of Anatoly Serdyukov's subordinates, the Defence Minister met with Vladimir Putin. The President instructed him to assist the investigation. We will be monitoring how Mr Serdyukov is fulfilling this order.

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You've gone way over the line-2

The president and prime minister are going to talk about the outcome of their “fight against corruption” only after the elections. Or they might not.

Dmitry Medvedev backed Vladimir Putin's burst of enthusiasm for fighting corruption in state companies. In the best case scenario, will find out the outcome of this order only after the 4 March elections. Meanwhile, the fight against corruption, it seems, is going to become a part of presidential candidate Putin's election campaign rhetoric...



Dmitry Medvedev backed Vladimir Putin's burst of enthusiasm for fighting corruption in state companies. On Tuesday, the president “ordered” the government to provide information on the incomes and property of the executives (and their relatives) of all state companies and corporations by 1 April 2012. Medvedev also “ordered” Putin to take steps to not allow “affiliated entities participate in contracts signed by state corporations and companies.” This means that we, in the best case scenario, will find out

the outcome of this order only after the 4 March elections. Meanwhile, the fight against corruption, it seems, is going to become a part of presidential candidate Putin's election campaign rhetoric.

"You've gone way over the line," Vladimir Putin said on the eve of the New Year's holiday, criticising the business practices of several executives at state energy corporations that had signed dubious deals and shipped the money into offshore accounts.

These unknown executives were soon after fired and the prime minister ordered all state companies to report on the incomes of their executives (and their relatives), as well as disclose the beneficiaries of their counterparties. It's clear as day why the campaign to fight corruption in state companies was announced with the presidential elections just months away. It's also clear why President Medvedev has moved the deadline for fulfilling his order to fight corruption to after the elections. If information about executive incomes and the deals they have signed are to be made public any sooner, then they are unlikely to help presidential candidate Putin's rating (taking into account how many of these people are his friends, colleagues and neighbours from the infamous Ozero summer house cooperative). The only thing that isn't clear is also the most important thing: how is this order going to be carried out?

Let's consider the collection of income and property declarations of state company executives. This seems like the right thing to do, and experts, journalists and anti-corruption activists have been talking about them for a long time. The president and prime minister's orders, however, for some reason don't mention anything about whether this information will be available to the public, whether they will be published in the Internet, who will check them and what will become of those who do not reveal their income and property. If they don't make their income declarations available to the public, then any value from this information is neutralised, turning them into reports from executives to the bureaucrats in special ministries that both guide and protect them.

How they are supposed to report on the beneficiaries of counterparties is also not clear. Take, for example, Russian Railways, a company with hundreds or even thousands of counterparties. If every company that supplies Russian Railways were to disclose their proprietors, then several Khimki forests would need to be chopped down to handle the entire load of paperwork. And who is going to check this heap of paperwork, not to mention how well? It would be much more logical to establish a benchmark, such as, for example, in order for the obligation to reveal beneficiaries to apply to only the parties in a deal worth, we'll say, more than 5 million roubles. This restriction would allow for small and medium businesses to rid themselves of paperwork they don't need. Moreover, it is hard to fathom seeing some small towel suppliers for Russian Railways being affiliated with the monopoly's executives.

It's not clear what the meaning of affiliation means in this case and what deals this ban could apply to? Of course, there are some trite examples when a member of the board at a state company (or his wife, children, etc.) at the same time owns a private enterprise that gets its business from the state company. But what should be done with, for example, Russian Railways President Vladimir Yakunin, whose hunting buddies and co-owners of hunting land are at the same time contractors for Russian Railways? Or what should be done with Prime Minister Putin himself, whose friends for many years now have been living off of Gazprom, Rosneft and other state monopolies? Do the president and prime minister's orders provision for such affiliated relationships and will similar deals become categorised as conflicts of interests?

As long as all these questions remain unanswered, it will be difficult to believe that the war against corruption in state companies is for real, and not just an election campaign trick. Putin, however, as a presidential candidate does have another chance to convince us of the seriousness of his intentions. To do this, all he needs to do is go on live television, set the table and invite all of his numerous friends, KGB colleagues, judo partners, Ozero cooperative neighbours, etc. – in short, all those outstanding people who became billionaires overnight by doing business with the state – and say to them, “That’s enough. You guys have gone way over the line!”

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<http://en.novayagazeta.ru/investigations/50529.html>



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Suspicious activity report. How does the global money laundering machine work?

*A transnational investigation by Novaya Gazeta and the Organized Crime and Corruption Reporting Project (OCCRP)**

Our investigation focused on several offshore companies with turnover exceeding one billion dollars. The bank transactions we obtained show that money was transferred to the accounts of these offshore companies from Russia, the United States, the UK, New Zealand, China and Ukraine among others. We attribute these links to the fact that criminals from all over the world use the same technologies...

**The Organized Crime and Corruption Reporting Project unites several investigative journalists from Eastern Europe.*

This investigation lasted for more than a year and involved dozens of investigative journalists from Russian, Ukraine, Romania, Latvia, the United Kingdom, Serbia and other countries. But we don’t regard it as finished. Despite hundreds of exclusive documents – bank transactions, criminal cases, court decisions from various countries – we understand that we are only at the beginning of the journey, and today’s story is only the first attempt to explain how the global money laundering system functions.

Our investigation focused on several offshore companies with turnover exceeding one billion dollars.

The bank transactions we obtained show that money was transferred to the accounts of these offshore companies from Russia, the United States, the UK, New Zealand, China and Ukraine among others. Each of these transactions probably has its own story and each of these dollars probably has a unique origin: it could have been stolen from the Russian budget or obtained from smuggling in Romania, drug trafficking in the U.S. or the sale of weapons from North Korea. We attribute these links to the fact that criminals from all over the world use the same technologies, thus it's not surprising that the very same platforms can operate in the interests of various beneficiaries.

Yet all these individual stories have one thing in common: the operators of the laundering platforms, i.e. those who have access to bank accounts and know whose money is being laundered in these common pots and to whom it ultimately belongs. These are the people we still must find.

NOMIREX

A Pass to Vladlen Stepanov's money

In January 2011, lawyers from Hermitage Capital Management sent a report to the Office of the Attorney General of Switzerland concerning suspicion of money laundering. The report concerned a well-known case – how millions of dollars ended up in Credit Suisse bank accounts belonging to the offshore companies of Vladlen Stepanov, the former husband of Olga Stepanova (at that time the director of the 28th Tax Inspectorate in Russia), and were then spent on real estate in Dubai and Montenegro. The same Swiss bank account was also used for real estate purchases by Olga Tsareva and Yelena Anisimova, whose names happen to coincide with the names of Stepanova's former deputies at the 28th Tax Inspectorate.

The Hermitage Capital Management lawyers suggested in their statement that this money came from the 5.4 billion roubles that were stolen from the Russian budget in 2007 with the use of fraudulent tax reimbursement schemes. This crime was under investigation by Sergei Magnitsky, who died in a pre-trial detention facility two years ago. Vladlen Stepanov insisted that he had earned the money in his account on his own.

The money took an extremely complicated journey before finding its way into the Swiss account of Vladlen Stepanov. Most of it was transferred from accounts in the Latvian bank Trasta Komercbanka Riga LV, which are owned by the companies Nomirex (UK) и Bristoll Export (New Zealand). These companies, in turn, received the money from the account of a Moldovan firm called Bunicon-Impex SRL. All of these companies and their financial operations are currently being closely scrutinised by Swiss law enforcement agencies, which are investigating the statement filed by Hermitage Capital Management.

The UK-based Nomirex was registered in August 2006 by Meridian Companies House Limited, a company that specialises in the incorporation and management of firms and asset protection. The director of Meridian Companies House, Erez Maharal, told Novaya Gazeta and the OCCRP that his firm registers “shelf” companies that are then sold wholesale to intermediaries, who in turn sell them to someone else – “someone whom they sometimes don't even know themselves”.

For this reason, Maharal said he doesn't know who the beneficiary of Nomirex is, where the company had accounts or where the money went. He believes the banks should be in charge of monitoring operations, however he said not even a bank is capable of inspecting most of

the information it receives from clients. “Especially if the client is a criminal and is deliberately misleading the bank with the help of well prepared documents. After all, honest people have nothing to hide. And the dishonest ones always put someone else in their place. I feel that I was framed”.

From 2007 to 2009, Nomirex filed annual reports with the UK regulatory authorities indicating that it had a balance of zero, meaning that the company did not conduct any kind of economic activities. Nomirex’s involvement, however, in the transit of money to Vladlen Stepanov’s Swiss accounts shows that the company’s annual reports were incorrect. Moreover, Novaya Gazeta and the OCCRP managed to obtain bank transactions showing that over a two-year period dozens of firms from all over the world transferred more than \$365 million to the Nomirex account at Latvia’s Trasta Komercbanka Riga LV! The leaders on this list are dubious Russian companies with accounts in the Russian state-owned banks Sberbank and VTB.

RUSSIAN STATE-OWNED BANKS

Trade Construction Company LLC from St. Petersburg transferred \$234 million to Nomirex’s Latvian account from its Sberbank account. On 30 January 2007, Trade Construction Company LLC made the first payment to Nomirex for \$7.5 million. On the very next day, the St. Petersburg-based firm made three more transactions in favour of Nomirex for \$7.5 million each. Making such transactions on a daily basis for two months, the company transferred a total of \$234 million to Nomirex.

Under the Russian Law “On Combating the Legalisation (Laundering) of Proceeds from Crime and the Financing of Terrorism,” such frequent transfers to a foreign company that describes its business as inactive (and this could easily be verified) and also has a bank account in Latvia (whose jurisdiction is considered susceptible to money laundering according to international classifications) should have been thoroughly investigated by the Sberbank security service.

The press service of Northwest Sberbank told Novaya Gazeta and the OCCRP: “Sberbank conducts its activities in full compliance with the laws of the Russian Federation. The bank sends information in a timely manner to the Russian Federal Financial Monitoring Service concerning all operations as part of the implementation of the Law ‘On Combating the Legalisation (Laundering) of Proceeds from Crime and the Financing of Terrorism’”. The press service declined to comment on specific transactions, citing the law that prohibits banks from providing information on measures it takes to combat money laundering.

According to the Unified State Register of Legal Entities (USRLE), Trade Construction Company only has charter capital of 10,000 roubles and its sole founder and director is 31-year-old St. Petersburg president Vladimir Voronov. Novaya Gazeta and the OCCRP managed to get in contact with Voronov. He told us that he had been unable to find a job for a long time in 2006 until he saw an announcement stating that a certain Northern Capital Regional Law Centre was looking for people to fill the position of nominee director. The agreement signed by Voronov and the Northern Capital Centre (Novaya Gazeta and the OCCRP have a copy of the agreement) says exactly that: Voronov will “serve on multiple occasions” as the founder and director of legal entities in Russia. A total of 27 firms were registered in his name, according to the USRLE.

Voronov says he was promised he would receive his stake in the companies after each firm nominally registered in his name was sold to an end buyer. But Voronov claims he never received any stake and was only paid 100–300 roubles for signing the necessary documents in the presence of a notary as well as for trips to the tax inspectorate.

Northern Capital Regional Law Centre LLC, which signed the agreement with Voronov, was founded in September 2004. The firm was liquidated in March 2007. The sole founder and director of the company was Igor Blinnikov. Novaya Gazeta and the OCCRP managed to obtain a court ruling from 2010 stating that Igor Blinnikov was questioned by the tax authorities as the founder and director of a firm, which the tax authorities believed was being used for tax evasion purposes. According to the court ruling, Blinnikov told the tax authorities that he had registered several legal entities in his name in exchange for payment.

In 2005, another limited liability company was founded with the exact same name – Northern Capital Regional Law Centre. This firm was liquidated in 2010.

Finally, a third company appeared in 2006 with the identical name – Northern Capital Regional Law Centre. According to the USRLE, the company still exists and is registered to one Sergei Lubnin from St. Petersburg. Novaya Gazeta and the OCCRP have a court ruling under which the tax authorities inspected the activities of several phantom companies using various tax evasion schemes, and Sergei Lubnin was listed as the director and founder of one of the firms. Attempting to question Lubnin, the tax authorities sent an inquiry to his place of registration in St. Petersburg and received a reply from the Civil Registry Office indicating that Sergei Lubnin had died on 27 March 2007. At the same time, according to the Comprehensive Information and News Disclosure System database on Russian companies, Lubnin is still listed as the general director at 97 companies.

Vladimir Voronov, the “owner” of Trade Construction Company, which transferred \$234 million from Sberbank to the Latvian account of Nomirex, said he wasn’t the only person Northern Capital Regional Law Centre used as a nominee director: “They hired at least ten new people each day”. We were unable to find any real people who managed the Northern Capital Centre.

The second “leader” on the list of companies transferring a total of \$365 million to the Nomirex account at Latvia’s Trasta Komercbanka Riga LV was the Moscow-based firm Style LLC, which has an account with the state-owned bank VTB-24. The first payment from the Style account at VTB-24 to the Nomirex account was made in July 2008. Then over the course of a month Style transferred \$53 million to the British company! The alleged purchase of construction materials was used as the basis for the payments in each case.

It’s highly doubtful that these payments were legal since Nomirex described its business as “inactive” in reports (and this information should have been available to the VTB-24 security service) and, consequently, could not have sold any goods to Style.

VTB-24 spokesman Artem Bochkarev confirmed for Novaya Gazeta and the OCCRP that “during the specified period the bank did indeed serve a client that was a legal entity with such details. All the identification and review measures established by law were conducted in relation to this client. As a result of the measures taken by the bank, this client’s accounts were terminated”. Bochkarev said the bank was unable to provide any more information “due to the need to observe bank secrecy”.

According to the USRLE, Style was founded in January 2008. The founder of the company was Yekaterina Simchenko and the general director was Alexei Volodkin. A person with the same name as Yekaterina Simchenko was appointed to the board of directors of Magadansky Bank in July 2007, according to the minutes of the bank's general shareholders meeting. A few months later in late 2007, the Central Bank of Russia revoked the licence of Magadansky Bank due to repeated violations of the Law on Money Laundering and Terrorist Financing that occurred specifically in July-August 2007.

In June 2011, Style LLC, which sent the \$53 million to the UK-based Nomirex, ceased to exist: it was reorganised and merged along with four other firms into a company from Vladivostok called Merci LLC, according to the Federal Tax Service. We were unable to contact the people with connections to Style, Yekaterina Simchenko and Alexei Volodkin. The phone numbers are in service, but nobody answered.

In addition to the transfers from major Russian state-owned banks, Nomirex's Latvian account was also replenished by privately owned banks.

From January-March 2007, Ziteron Ltd, a company registered in the U.S. state of Oregon, transferred approximately \$10 million from its account at Moscow-based Nefteprombank to the correspondent account of VTB Bank AG (the German division of Russia's VTB), from which the money was then sent to the Nomirex account at Latvia's Trasta Komerbanka Riga LV. According to the Oregon Business Registry, Ziteron Ltd lists its main place of business as the Ukrainian city of Lviv, while the company president is listed as one Oscar Augusto Cedeño, a 45-year-old lawyer from Panama, who at one time worked in the Ministry of Foreign Affairs of Panama.

In a formal letter to Novaya Gazeta and the OCCRP, Cedeño said that "our law firm, which I run in Panama City as a practicing lawyer, never founded, managed or was a resident agent of the company Ziteron Ltd".

He continued: "Our Moscow client, Oleg Vol, a former employee of Russian Legal Company, appointed me as a nominee director at this company. As the nominee director of Ziteron Ltd, I signed three letters of attorney at Oleg's request. Thus, I declare that I was never aware of the existence of any bank accounts, I never managed them, I had no access to these accounts, and I don't know what operations were performed by this company".

Novaya Gazeta and the OCCRP were able to contact Oleg Vol, a Moscow lawyer who has worked at several medium-sized law firms. Vol told us that he played the role of an intermediary in the founding of the U.S. company Ziteron Ltd. He said that several years ago a person appealed to him for help in establishing an offshore company. "His name was Maxim. I didn't ask for his surname and don't know it to this day. Ziteron Ltd was founded for him and I don't know for what purposes he needed this company". Vol said he met Maxim by chance through mutual acquaintances. Later, Vol tried to contact Maxim again, but he never answered the phone. Vol provided Novaya Gazeta and the OCCRP with five mobile phone numbers that allegedly belong to Maxim, although none of them are currently in service. Other contact information for Maxim included a corporate email address at Nefteprombank, from which the transfers were made to Nomirex.

Nefteprombank President Ivan Gubenko said in a letter to Novaya Gazeta and the OCCRP that the bank "shares and fully supports the active civil position on the investigation of operations involving suspicion of the laundering of illegally obtained money". Gubenko also stressed that the bank is taking all the measures specified by the Law on Money Laundering and Terrorist Financing and is implementing the procedures established by internal

monitoring regulations. But the bank was unable to comment on specific transactions by made Ziteron Ltd to Nomirex due to the provisions of this law.

VIETNAMESE SMUGGLERS

Unfortunately, our investigation into the aforementioned transactions from the Russian banks (Sberbank, VTB-24, Nefteprombank) to the UK company Nomirex does not reveal the true beneficiaries of this money or its origin: in each case we ran up against a wall consisting of several levels of nominee intermediaries who knew nothing or did not wish to disclose the true names of the company owners or information on the money passing through their accounts. We have suspicions, however, about the dubiousness of these operations and we believe that in the run-up to or during the middle of the financial crisis the withdrawal from Russia of \$300 million from the accounts of firms showing features of phantom companies to an inactive British company constitutes sufficient grounds for the opening of an investigation by law enforcement authorities.

The need for such an investigation is enhanced not only by the fact that Nomirex was involved in the transit of money to the account of Vladlen Stepanov, which was then used to purchase real estate, but by the fact that Nomirex was used for the financial interests of a powerful Asian smuggling network operating in Romania.

Court proceedings (Novaya Gazeta and the OCCRP have the investigation materials) are currently under way against members of this network, which is suspected of laundering \$600 million and organising criminal activities on the territory of Romania. As part of searches, computers were seized with information indicating that members of this group also transferred money to the same Nomirex account.



The indictment to members of an Asian smuggling network.

[See full document](#)

According to the **indictment**, this group imported goods from China, Hong Kong and Vietnam from 2006 to 2010 without paying any taxes or duties. The goods were subsequently sold in Romania and the money received was taken by car to Moldova, then on to Ukraine and then transferred to the accounts of offshore companies, which included Nomirex and its account at Latvia's Trasta Komerbanka Riga LV.

One of the members of this group, Hoa Le Duc, agreed to meet with an OCCRP reporter in Bucharest in August 2011. He said that a few years earlier he had met Ngo Trong Tu and another Vietnamese living in Russia named Chu Hai Ha. "They have their own food production business in Russia. They both graduated from Russian institutes and live in Russia. I met them through members of the Vietnamese diaspora". We were unable to get in contact with Ngo Trong Tu or Chu Hai Ha.

When the issue of the group's financial transactions is raised, Hoa Le Duc is not particularly talkative. "It's an ongoing court case. I don't want to comment. Let's just say that some partners asked us to move some money from one place to another. We don't know where the money is now. It's not our business. We were just doing a favour". According to the indictment of the Romanian Attorney General, Hoa Le Duc's group specialised in moving

large sums of money through offshore networks in exchange for two percent of the total amount.

FAINA CARGO SHIP, T-72 TANKS, SWINE FLU VACCINES AND THE 2012 EURO CHAMPIONSHIP

The people connected with Nomirex and the bank transactions lead us not only to Russian tax inspectors involved in the Magnitsky case and Asian smugglers, but also to corruption and weapons controversies in Ukraine.

In July 2009, Lana Zamba was appointed director of Nomirex. It's simply impossible to calculate the exact number of companies around the globe at which the modest yoga instructor from Cyprus is listed as the director: there appear to be hundreds of them. For example, Lana Zamba was the director of the UK company Eurobalt Limited, which in turn owns a 56% stake in the Donetsk-based company Altkom Road Construction LLC. Sorena Export Limited, another UK company, owns a 43% stake in Altkom. Both British companies, in turn, have the same owner – a company from Belize called Trinitron Investments Limited.

The Ukrainskaya Pravda newspaper, which is investigating the activities of Altkom Road Construction, noted that this company is awarded numerous contracts for billions of hryvnia without any tenders being held. Moreover, these contracts just happened to be showered upon Altkom after Viktor Yanukovich and his Donetsk-based team came to power. In April-May 2010, Altkom became the general contractor for the reconstruction of runways at the Lviv airport; in June 2010, the Altkom director announced that his company was prepared to spend 2.5 billion hryvnia on facilities for the Euro 2012 football championship; and in October 2010, Altkom won a tender in which it was the sole participant for the construction of the Lviv-Krakovets highway for a total of 1.4 billion hryvnia.

According to Ukrainskaya Pravda, all decisions related to the selection of contractors for Euro 2012 projects depend on Deputy Prime Minister “Boris Kolesnikov and his National Agency for the hosting of the Euro 2012”. In comments to the newspaper on the choice for the contractors to build the facilities for the Euro championship, Deputy Prime Minister Kolesnikov said that “Altkom was appointed the general contractor because there wasn't sufficient time to hold a tender. They will be the winners of the tenders with one participant at the facilities requiring immediate construction”. In addition to the Euro 2012 facilities, Nomirex has ties to other dubious Ukrainian projects. Along with the Russian firms that transferred \$300 million to Nomirex, we discovered several more companies from other countries with interesting connections. In 2006, a company from Panama called Miller Industrial Inc. transferred \$650,000 to the Nomirex account at Trasta Komerbanka Riga LV. In 2007, a company from New Zealand called ScaNex Limited transferred approximately \$6 million to the Nomirex account. During the same year, another company from New Zealand, Dominus Limited, also transferred about \$6 million to Nomirex. These transactions by three seemingly different companies from New Zealand and Panama all have one thing in common: they all have the same directors and owners – Latvian citizens Sten Gorin and Erik Vanagels, who became known as part of controversies involving weapons sales and the supply of swine flu vaccines to Ukraine.

One of the most controversial ship hijackings by Somali pirates was the seizure of the Faina in September 2008, when it was discovered that the ship was carrying 33 T-72 tanks, heavy weapons and ammunition. The ship was officially travelling from Odesa to the Kenyan port of Mombasa. It has been suggested, however, that the Faina ship's actual destination might have

been Juba in South Sudan. One of the official owners of the Faina was the Panama-based company Waterlux AG, which in turn is managed by another two Panamanian companies, Cascado AG and Systemo AG. Both of these companies – Cascado and Systemo – were in turn managed by the same Latvians, Erik Vanagels and Sten Gorin, who also managed the New Zealand companies that made the payments to Nomirex.

Finally, in May 2011 the District Court of the State of Oregon issued a ruling against the U.S. company Olden Group LLC, which supplied the Ukrainian state-owned enterprise Ukrvaksina with swine flu vaccines from 2008 to 2009. The court ruled that the vaccines were supplied at inflated prices and through a network of offshore companies, some of which had ties to the same Latvians, Erik Vanagels and Sten Gorin, who managed the firms from New Zealand and Panama that transferred millions of dollars to Nomirex.

Компания-плательщик	Банк-плательщик	Компания-получатель	Банк-получатель	Сумма — период	Участие компании-получателя в сомнительных операциях
ООО «Строительная компания «Трейд» (Санкт-Петербург)	Сбербанк	Nomirex	Trasta Komercbanka Riga LV (Латвия)	\$234 млн январь—март 2007-го	1) Транзит денег на счета Владлена Степанова 2) Отмывание денег для азиатской группировки, занимавшейся контрабандой в Румынии
ООО «Стайл» (Москва)	ВТБ-24	Nomirex	Trasta Komercbanka Riga LV (Латвия)	\$53 млн июль-август 2008-го	1) Транзит денег на счета Владлена Степанова 2) Отмывание денег для азиатской группировки, занимавшейся контрабандой в Румынии
Ziteron Ltd (США)	Нефтепромбанк	Nomirex	Trasta Komercbanka Riga LV (Латвия)	\$10 млн январь—март 2007-го	1) Транзит денег на счета Владлена Степанова 2) Отмывание денег для азиатской группировки, занимавшейся контрабандой в Румынии
ООО «Юкон» (Москва)	Инвестсбербанк	Tormex	Baltic International Bank (Латвия)	\$10 млн июль-август 2007-го	1) Отмывание денег для крупнейшего мексиканского наркокартеля «Синалоа»
ООО «Метал-Инком» (Москва)	Банк «Кредит-Москва»	Tormex	Baltic International Bank (Латвия)	\$8 млн июль-август 2007-го	1) Отмывание денег для крупнейшего мексиканского наркокартеля «Синалоа»

Крупнейшие переводы со счетов российских фирм в адрес офшорных компаний, засветившихся в международных скандалах об отмывании денег

TORMEX

Moldovan con artists

Tormex (New Zealand) is the second offshore company that can be considered a part of the financial money laundering platform which we investigated. There is no doubt that Tormex and Nomirex are a part of one whole. Novaya Gazeta and the OCCRP have bank wires showing that \$1 million was transferred from the Nomirex account to Tormex in 2008.

The image shows a bank wire transfer document. The sender is identified as 'NOMIREX LTD' and the recipient as 'TORMEX LTD'. The amount transferred is \$1,000,000.00. The document includes various fields for account numbers, dates, and bank details.

Bank wires showing that \$1 million was transferred from the Nomirex account to Tormex in 2008. [See full document](#)

We managed to obtain a complete statement detailing the movement of money on the Tormex account thanks to a seemingly minor case under investigation in Moldova. In 2008, Moldovan investigators unravelled a story in which some people from Chisinau had proposed to supply a

Romanian businessman with lorry tyres. The buyer was satisfied with the price and transferred \$437,000 to the account specified by the “sellers”. The account was based in Latvia’s Baltic International Bank and belonged to the New Zealand company Tormex. The money disappeared, the Romanian businessman never received any tyres, and he filed a statement with the Chisinau police. The Moldovan police requested a statement concerning the movement of funds on the Tormex account and the documents they received were probably quite a surprise for the Chisinau investigators: the bank wires showed that the monetary turnover on the Tormex account exceeded \$700 million in a matter of only a few years! And the counterparties to the New Zealand firm included companies from all over the globe.

WHITE COLLAR VERSUS THE SINALOA DRUG CARTEL

In 2005, Liverpool resident Martin Woods was hired by the London branch of Wachovia, one of the largest banks in the U.S., as a senior anti-money laundering official. Prior to this, Woods had worked in the drug control agencies of the UK police. From the very first day, Woods began working on the issues falling under his responsibility: monitoring suspicious transactions made through Wachovia. Woods immediately noticed that the bank lacked sufficient information for many clients – information on beneficiaries and payment schedules, which caused concern about possible money laundering. Starting in 2006, Woods began sending one suspicious activity report after another to the Wachovia head office and the British authorities describing the suspicious clients and their transactions. Novaya Gazeta and the OCCRP have copies of these reports, some of which concern Russian clients and banks.

Here are excerpts from the reports: “...Wachovia has established that similar transactions were performed by the companies from the UK and New Zealand through Latvian banks and Raiffeisen Bank. In some of the cases, the Latvian banks reported that the companies had current addresses in Eastern Europe... In all cases, nominee directors were used from the far corners of the earth, including Panama, the British Virgin Islands, New Zealand, the Seychelles, Vanuatu, Belize and others. As a former police officer with experience investigating the laundering of Russian money (a case at the Bank of New York from 1996–2001), I am highly familiar with the features of these companies and the terms used – nominee directors, inaccurate and false reports, dollar transfers, a lack of transparency in operations”.

The most curious part, though, was that Woods’ reports mentioned the company Tormex as well as another New Zealand firm called Keronol, which was also listed by the Hermitage Capital Management lawyers under the dubious transit of money that might have been stolen from the Russian budget as a result of fraudulent tax reimbursements.

Much to Woods’ surprise, his superiors at Wachovia did not show any particular interest in the reports and soon Woods was fired. Scotland Yard and the U.S. Drug Enforcement Administration, however, were highly interested in his work. It turned out that many of the companies that Woods had reviewed were suspected by the DEA of money laundering for Mexico’s largest drug cartel, Sinaloa.

Martin Woods later became one of the key witnesses and his reports served as crucial evidence in a major investigation that ended last year. DEA officers established that money from cocaine sales by Sinaloa was being laundered with the help of offshore companies whose payments passed through the U.S. bank Wachovia (Novaya Gazeta and the OCCRP have a copy of the court ruling). The bank, which pleaded no defence, was forced as part of a

pre-trial agreement to pay one of the largest fines in U.S. history – \$160 million. The most interesting part, however, is that one of the companies involved in the money laundering chain for the Sinaloa drug cartel was the very same Tormex from New Zealand.

WEAPONS FROM NORTH KOREA

Tormex was founded in New Zealand in February 2007 by an international company specialising in the registration of offshore firms with nominee directors, the GT Group. In June 2011, the New Zealand authorities were forced to shut down this company due to controversies in which firms set up by the GT Group were used to launder money for some of the world's largest international criminal groups and terrorist organisations, such as Hezbollah.

The biggest controversy took place in late 2009 when the Bangkok police detained a plane carrying 35 tonnes of explosives and anti-aircraft missiles from North Korea to Iran (the crew consisted of citizens from Kazakhstan and Belarus). The plane had been chartered by the firm SP Trading, which was listed at the same address as Tormex, and both companies had the same founder, the GT Group.

RUSSIAN CONNECTION

Thanks to the case on the Moldovan con artists, Novaya Gazeta and the OCCRP managed not only to obtain the bank transactions of Tormex for an amount exceeding \$700 million, but also internal documents indicating the people who managed this company.

On the day the company was registered, the Tormex director (a 32-year-old resident of the Seychelles Islands) signed a power of attorney on the company's management by Moscow resident Albert M. (we have purposely left out his last name for security concerns). Novaya Gazeta and the OCCRP managed to meet with Albert. He is 40 years old, works as a driver, and leads a modest lifestyle that is entirely incompatible with the hundreds of millions of dollars passing through the accounts of the company he "manages". At first, Albert had no idea what we were talking about. Then he began to recall how several years ago some person, whose name he couldn't remember, proposed that he work abroad in Canada or New Zealand. "I asked what I would have to do," Albert recalls. "He replied nothing. Just sign a couple of papers like a resume. The papers were in English, I didn't understand anything about them, but I signed them." In this way, Albert became the manager of a company with turnover of \$700 million that was involved in the laundering of money for the Sinaloa drug cartel.

The Russian connection in the Tormex story does not end here though: thanks to the bank transactions, we managed to uncover several Russian firms with signs of phantom companies that transferred millions of dollars from Russian banks to the Tormex accounts.

Over the course of January 2008, the Moscow-based firm Kom Stroy LLC transferred more than \$1 million to the Tormex account. The founder of Kom Stroy LLC is 25-year-old Moscow resident Daniil Makogon. According to the USRLE, more than 15 companies are registered in Makogon's name. Novaya Gazeta and the OCCRP were able to get in contact with Makogon. He told us that in 2006 he worked as a courier for a legal company (he couldn't remember the name), which handled the registration of shelf companies. "When I started working there, they asked me for my passport. It was supposedly insurance so that I wouldn't disappear with documents or money. I didn't think anything of it," Makogon said. After he left the company, his passport was returned, but he suddenly began getting calls from

law enforcement agencies. “I’m tired of being called in for questioning about fraud involving companies registered in my name. The people from this firm used my passport”.

In July-August 2007, Yukon LLC from Moscow transferred more than \$10 million to the Tormex account. According to the bank transactions, the money was allegedly paid for some sport of electronic equipment components. Yukon LLC was founded in April 2007 (three months prior to the first payment) by Natalia Kletsko. Novaya Gazeta and the OCCRP have a court ruling indicating that Kletsko was questioned by a detective from the Tax Crimes Department of the Moscow Internal Affairs Department, Alexei Drozanov (he is on Senator Cardin’s list of Russian officials with ties to the death of Sergei Magnitsky and the embezzlement of 5.4 billion roubles from the budget). During questioning, Kletsko said that in January 2007 she met a man named Mikhail, who took her to a notary in order to certify documents and then to the tax inspectorate to register companies in her name. “For her actions, Mikhail gave her 500 roubles for the visit to the bank and 1,000 roubles for the trip to the tax inspectorate,” the court ruling states. We were unable to contact Kletsko.

Yukon LLC transferred money to Tormex from its account at Investsberbank (currently OTP Bank). An OTP Bank representative told us that information on transactions and client accounts constitutes a bank secret and stressed that no claims had been made against the bank by supervisory or law enforcement agencies.

Over the course of ten days in July 2007, another Moscow-based firm called Metal-Inkom LLC transferred approximately \$8 million to the Tormex account. Metal-Inkom used the services of Credit-Moscow Bank. This bank was also mentioned in the reports compiled by Martin Woods. Irina Nikolayeva, the director of the legal department at Credit-Moscow Bank, told us that the information we had requested is classified as a bank secret.

As for the firm Metal-Inkom, it was founded in April 2007 and its director and founder is listed as Elmira Kuzeyeva, a resident of Rostov-on-Don. It is difficult to calculate the total number of companies “owned” by her: according to the USRLE, there are apparently about 200 of them. We have a court ruling stating that Elmira Kuzeyeva was questioned by law enforcement agencies and admitted that she had registered the companies at someone’s request. The court ruling does not indicate this person’s name.

REACTION FROM THE AUTHORITIES

Given the fact that a large portion of the money laundered through the financial platform under investigation is of Russian origin, we appealed to the national supervisory authorities with a request to comment on the situation. Alexander Klimenchenok, the deputy director of the Federal Financial Monitoring Service, told us that “operations involving transfers of substantial amounts of money by legal entity residents from their accounts at authorised banks to the accounts of non-residents opened at banks outside the Russian Federation have long been a subject of interest for the Federal Financial Monitoring Service”. When we asked whether the Federal Financial Monitoring Service has the technical means to track suspicious transactions, Klimenchenok replied that the service has the necessary “specialised analytical instruments to analyse the information”. Citing the provisions of the law, Klimenchenok declined to comment on specific transactions.

At the Central Bank, we received a more definitive reply. We sent the Central Bank (as well as the Federal Financial Monitoring Service) examples of specific transactions and the names

of the companies performing the biggest transfers to the offshore companies that have come to light as a result of the international controversies involving the laundering of criminal money.

Vladimir Khrustov, the deputy director of the Central Bank's External and Public Relations Department, said: "The ascertaining part of the request mentions three Russian companies (Style LLC, Trade Construction Company LLC and Yukon LLC) as well as two foreign companies (Nomirex and Tormex). In 2007–2011, these companies have repeatedly been 'observed' performing dubious operations connected with the withdrawal of monetary funds from the country. The Central Bank has regularly sent information on these operations to the Federal Financial Monitoring Service". Khrustov also said that the Central Bank's top management was aware of the transactions cited in our request.

It's difficult for us to guess why the supervisory authorities, based on their replies, were aware of the transactions we cited originating from Russia for a total of approximately \$500 million and aware of the dubiousness of these transactions, yet were unable to stop them over the course of at least four years despite having all the tools to track them. To reiterate, enormous amounts of money were sent from Russia to the accounts of offshore companies, which had been laundering the money of Asian criminal groups, Mexican drug cartels and weapons traders.

At the same time, it must be understood that the transactions we cited are only a small portion of the huge amount of money that is taken out of Russia each year based on dubious operations. In 2011, the Central Bank announced that approximately 250,000 Russian firms failed to pay any taxes in 2010 and submitted annual reports with balances of zero, describing their business as inactive. According to the Central Bank, however, these firms had total turnover of 4.2 trillion roubles, or almost half of Russia's annual budget.

Experts in matters of taxes and finances suggest that most of these firms are phantom companies used to launder money. According to unofficial statistics, more than half of the 4.5 million Russian firms may be phantom companies and the turnover of the funds laundered with their help may far exceed the country's annual budget. Most of this money is of criminal or corrupt origin. And it's no surprise that money belonging to Russian officials is subsequently laundered abroad in the same pots as the money of the smugglers, weapons traders and drug dealers. They use the same tools, and in this sense there is no difference between them.

The project involved: **Mihai Munteanu** (OCCRP, Romania), **Paul Radu** (OCCRP, Romania), **Arta Giga** (TV3 television station, Latvia), **Inga Springe** (Baltic Investigative Reporting Centre, Latvia), **Vlad Lavrov** (Kyiv Post, Ukraine), **Valerie Hopkins** (OCCRP, Bosnia and Herzegovina), **Stevan Dojcinovic** (Serbian Centre for Investigative Journalism), **Graham Stack** (freelancer, Ukraine, the UK) and others.

Mr Oscar Augusto Cedeño's answer [you can read here](#).

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Постоянный адрес страницы: <http://www.novayagazeta.ru/investigations/50529.html>

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<http://en.novayagazeta.ru/investigations/49509.html>



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Russian money buried in Montenegro

Novaya Gazeta begins a new series on investigating what foreign real estate belongs to Russia's politicians and civil servants. In part one, we head over to Montenegro, around 40% of which already seems to belong to Russians.

Novaya Gazeta sets forth in its quest for real estate belonging to bureaucrats, parliamentarians, the authorities and businessmen close to them in resort countries. We begin with Montenegro, already ubiquitously known as the Russian VIP resort. We were able to get our hands on a complete state cadastral land record, which indicates both landowners and the real estate built on this land...

Together with Organized Crime and Corruption Reporting Project (OCCRP), an international organisation uniting investigative journalists in Eastern Europe, Novaya Gazeta sets forth in its quest for real estate belonging to bureaucrats, parliamentarians, the authorities and businessmen close to them in resort countries. We begin with Montenegro, already ubiquitously known as the Russian VIP resort. We were able to get our hands on a complete state cadastral land record, which indicates both landowners and the real estate built on this land.

Even after have a quick look at the cadastral, we got the feeling that almost half of Montenegro belongs to Russians. We have already unearthed roughly 40 rather intriguing figures among them: bureaucrats, parliamentarians, state-company executives, etc.



Parliamentarians

“Montenegro has been one of the most popular places for Russians for a long time now: Anyone can buy land and apartments here, since the prices are very reasonable. The most desirable places were bought up a long time ago, and Russians to a large extent were the ones to buy them”, says Andrei Sazonov, the director of Mont Estates, an international real estate agency focusing on Montenegro.

The ancient town of Budva, nestled on the Adriatic Sea, has a terrific climate, many various entertainment centres, boutiques and casinos. Together, they make this town one of Montenegro’s most appealing places. The town’s real-estate record is home to dozens of famous Russians.

For example, we discovered that 50% a flat 76 square metres large on the top floor of a large, two-storey building belongs to a one **Lyubov Sliska**, whose name corresponds completely with the name of the State Duma deputy chairwoman, deputy administrator of the United Russia Party, and member of the State Duma commission for considering federal budget expenditures meant for defence and state security. The other half of the flat belongs to **Sergei Sliska**, whose name coincides completely with the name of the State Duma chairwoman’s husband. Sergei Sliska is a former judge with the Moscow Region Court. There is no public information on the property of Lyubov Sliska and her husband. Sliska is one of the few parliamentarians remaining whose income and property declaration has yet to be presented on the State Duma website.

Sazonov says, “Everything on the coast in Budva was bought up long ago. The price on the secondary housing market varies from 500 to 1,500 dollars per square metre of land and 1,500 to 3,000 dollars per square metre of flat space”. These, as other real-estate agencies believe, are the average prices that do not factor in the flat’s layout design and location, which have a huge impact on the prices.

The city of Herceg Novi lies in the prairie by the foot of the Orjen Mountain on the coast of the Bay of Kotor, situated on the Adrian Sea. This city is one of the most popular tourist regions in the country. It is called “the botanical garden of Montenegro” thanks to its epibiotic trees and shrub vegetation. Herceg Novi is also popular for its health clubs and therapeutic mud spas.

M.V.E. Adriatika, founded in 2009, is one of the largest owners of land in Herceg Novi, according to the cadastral. The property of this company (registered in Budva) includes a rather big, for local standards, land plot of 57.7 thousand square metres. Two Russians, **Yevgeny and Stanislav Shlychkov**, are the founders of M.V.E., according to the commercial record of Montenegro. These names file in line completely with the names of well-known politicians in the Saratov Region: Yevgeny Shlychkov has been a deputy for three assemblies of the Saratov Region Duma, and is a member of the budget and taxes committee, the economic policy, property and land relations committee, and is a secretary for the United Russia party, as the Saratov District Duma website states. Yevgeny Shlychkov owns Transmash-GROUP (according to the last annual report, the company’s chief operation is renting real estate).

Shlychkov’s son, Stanislav, is also a member of the United Russia Party, and is a deputy in the Engels Municipal District of the Saratov Region. He owns Arktika (information from a list

of affiliated entities of the factor for 30 September 2011), a company that produces household cleaning products.



Bureaucrats

Lyubov Sliska is joined in Budva by the Engovatov family, owners of a flat measuring 56 square metres. A third of the flat belongs to **Andrei Engovatov**, the same name as that of a state inspector of the department for the surveillance of energy-supply organisations, hydrotechnical structures and heating plants for consumers of the Federal Service for Environmental, Technical and Nuclear Surveillance. The remaining two thirds belong to Svetlana and Aleksandra Engovatov, whose names coincide with those of the wife and daughter of Mr Engovatov. His income declaration on the federal service's website does not list any foreign real estate, but rather only land plots and apartments in Russia.

The company Aurora Development was founded in April of 2010 in the city of Igalo (in the administrative centre of Herceg Novi and is considered to be one of the largest Mediterranean therapeutic and tourist resorts). This company owns a modest 700-square-foot land plot in

Herceg Novi. The plot has a building several stories high with a few flats that Aurora Development owns. The company's founders are five Russians, four of whom could be connected with the Russian Ministry of Finance. **Yevgeny Cheburayev**, the same name as the deputy head of the department of state debt and state financial assets of the Ministry of Finance, owns 20.1% of Aurora Development. Vedomosti reported that Cheburayev was named in a criminal case several years back on the repayment of Russia's debt to the Czech Republic.

Another 20.1% in the company belongs to **Sergei Mironchenko**, the same name as a man who not too long ago was the interim director of the law and legal departments of the Ministry of Finance.

Another of the stakeholders, also with a 20.1% stake, in the Montenegrin company is **Artyom Simonyan**. The name is the same of a man who worked as the deputy director of the Ministry of Finance's law department.

Last but not least, another 20.1% in Aurora Development belongs to **Yuri Sokovykh**. His namesake is on the list of arbitration judges of the non-commercial partnership "Science and Practice". The partnership's website states that Sokovykh used to work as the deputy director of the Ministry of Finance's legal department. Andrei Sazonov says, "In Herceg Novi you can treat yourself to a flat at 1200 to 2000 dollars per square metre".

The town of Krašići is a popular destination for Russians as well; the town is located in the administrative municipality of Tivat. Real estate agencies describe Krašići as a place for being able to vacation in peace and solitude, with a unique view of the deep Tivat Bay is capable of accommodating even the most luxurious of yachts. Russian **Viktor Sulima** is the owner of 272 square metres (adjoined with the sea) of this peaceful Mediterranean corner. This is the same name of the deputy director of the state company "Directorate for the construction of the St. Petersburg by-pass". The directorate is building the ring road in St. Petersburg, a project that has been the subject of numerous uproars.

Another popular place in Montenegro is Petrovac, located in the Budva Riviera. Sazonov says, "Petrovac is a peaceful, elite little town where well-off people can have a good vacation. The knockdown price for a square metre in a flat is around 2000 dollars". You can find bureaucrats from the Moscow government among the flat owners in Petrovac. We were able to find several flats and garages in the cadastral record that belong to **Anatoly and Galina Kochetkov**. The name Anatoly Kochetkov and the address in the cadastral record are a complete match with those of the deputy administrator of the department for the consumer market and services of the Moscow government (he was serving in such a capacity at least as of 2008). He has a wife named Galina, which also matches the cadastral record for land.

State companies

Real estate agencies have announcements on the sale of luxury real estate in the village of Trebesinj, part of the Herceg Novi administrative centre. Agencies describe the village as "a picturesque, ancient village in the mountains with an incredible view of the Bay of Kotor".

Among the real-estate owners here, we found **Sergei Ulin**, the owner of 7.8 thousand square metres, whose name is a perfect match with that of the president of the Diamond Chamber of Russia and vice-president of ALROSA, which is 83% state-owned. Ulin's land plot has a

house measuring 175 square metres and two garages (100 and 150 square metres, respectively).

The village of Milovići is another popular little place that can be found around the Tivat Bay. It offers “peace and tranquillity to those searching for solitude”, as agencies describe the place. We found a land plot in the Milovići cadastral records by the sea measuring 5 thousand square metres that is split between two residents of Moscow. Galina Kanyuka owns half of this plot. Her name and address are a match with those of the wife of the first deputy general director of Gazprom Komplektatsiya **Valery Kanyuka**. This company, owned outright by Gazprom and the centralised supplier of the gas monopoly and its subsidiaries, provides 80% of all product supplies for gas transport and production companies of the holding, as the Gazprom Komplektatsiya website says.

The intermediate report card is that today we have looked at just a sliver of the cadastral records for land in Montenegro. Even so, the list of people already found makes an impression, if not with its high-ranking posts, then at least with its breadth and colourfulness. The fact that there aren't any famous Kremlin or Duma names on the list is not surprising: Montenegro is somewhat average as far as resorts go. We will continue to look for people higher up on the pecking order, somewhere around Cote d'Azur or Sardinia, after we finish with our Montenegrin dwellers.

The following people participated in the project:

Roman ANIN, Andrei SUKHOTIN, Zinaida BURSKAYA (Novaya Gazeta), Miranda Patrucic (Montenegro, OCCRP)

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