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Attached is a translation of a lengthy investigative piece published this week in Russian. It's essentially the tale of a Russian guy, Mikhail Yuman, from dealing with Putin in St. Petersburg in the 1990s to falling into Alfa's orbit and nearly getting assassinated.

Not necessarily anything new here in terms of scandal, but useful to have a new first-hand eyewitness account.

GOVERNMENT EXHIBIT

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Confession of an Oil Trader. What It Is Like to Make Business with Vladimir Putin's Friends

By Anastasia Kirilenko

On September 13, 2016

3790 views

For the overwhelming majority of Russian citizens, the name of Mikhail Youman tells almost nothing. He liked no publicity – unlike his key business partners. Still, his story is a brilliant illustration of the evolution of the relations between the Russian businessmen and the government, from the early 1990s through today. The Insider inquired into some of the chunks of Mikhail Youman's biography, and in the process there emerged many curious details related to the corruption in the entourage of Russia's President Vladimir Putin; corporate wars; and criminal activities embedded into doing business in Russia.

Scams of the 1990s: Vladimir Putin and Danish communists

Mr Youman co-founded his first business in 1990. He was helped by no least that Nikolay Egorychev, a member of the Central Committee of the Communist Party of the Soviet Union and a former ambassador to Denmark. That company was a joint venture, Danish-Russian, to process timber, named InterWood. Mr Youman told *The Insider* personally that in the very first years of the operation of the business it cooperated with Vladimir Putin actively.

“During the collapse of the Soviet Union, a son of the First Secretary of the Danish Communist Party, Jeppe Strange, was left at a loose end; so they decided to help him out by establishing the first ever Russian-Danish joint venture, InterWood, with two directors from the Russian party. I was one of the directors; the other was Anatoly Martynenko. The Board comprised two Danish citizens, namely, John Bremeskov and Jeppe Strange. In just one year, Geoffrey Galmond became our lawyer. The Russian side was represented by the co-founder, Dialog International Association. In St. Petersburg, two companies operated with InterWood, Feniks and Faeton. As far as I know, Martynenko had worked with Putin and carried all negotiation. These two entities, Feniks and Faeton, were the main exporters of the timber, and it was Putin to do go-ahead. The company was closed in 1995.”

In 1992, the St. Petersburg External Relations Committee, headed by Vladimir Putin, granted InterWood with the license for export of timber in exchange for food products. The timber indeed was exported, but no foodstuff was imported. That barter operation caused a check by the commission headed by Marina Salye (member of St. Petersburg Parliament) and the Monitoring Department of the Presidential Administration. Some strange things were discovered. The documents did not match: one batch of documents related to the Russian/Danish joint venture featured the registration of the company in Abu-Dhabi, the other named the company a Swedish/Russian JV (according to the address in the contract papers). In both cases, the documents featured the signature of A.R. Molgachev; still the

signatures differed very significantly. What were the findings of the investigation into the scam? The answer is: nothing. The Monitoring Department was now headed by Vladimir Putin himself, and no record of the investigation was found in the archives.

Another company Mr Youman helped establish was called "Russky Les" [Russian Wood]. It also featured in a similar scandal; but this time, human fatalities occurred. On March 4, 1993, in St. Petersburg, one of the company executives was killed upon his return from business talks in London. His name was Andrey Lazarev. In May of the same year, St. Petersburg Mayor Anatoly Sobchak ordered the head of JV "St. Petersburg Seaport" to ensure the unloading of sugar sand from vessels brought in by Russian Wood from the UK, "with the aim to eliminate the possibility of illegal delivery of that cargo out of the harbor". The document read: "Execution of the order shall be done by the Deputy to the Mayor, Vladimir V. Putin, and the Deputy to the Mayor, Lev V. Savenkov". Still, the cargo kept regularly and mysteriously disappear right in the harbor (cf *Sankt-Peterburgskie Vedomosti*, "Sugar Melts, But It Gets No Sweeter For Us", on September 03, 1993). Another official of the mayor's office entitled to supervise the sugar was the well-known by now Vitaly Mutko. Supervision failed; Mr Mutko "found no criminality".

A son of the head of the Danish Communist Party, Jeppe Strange, had already settled in Russia and in the 2000s was managing supplies of timber for IKEA, so far on behalf of Rusforest, a Swedish enterprise, then he invested in pig breeding. Nowadays he is involved in the development of agriculture in Russia.

Geoffry Galmond, who had represented Mr Youman's interests in InterWood, the Danish company, is a more public man. He features in another corruption story related to the repartition of the Russian telecoms market and the so-called "St. Pete telecom operators", including Minister of the Telecommunications, Leonid Reyman, and Lyudmila Putina, the spouse of Vladimir Putin.

Scams of the 2000s: Vladimir Putin and St. Petersburg telecom operators

As early as November 1994, Geoffry Galmond co-founded OJSC Telekominvest. Mr Galmond directly owned 5% shares via Vasa Invest Consulting, a Danish company later renamed ODEM A/S; the rest of the charter capital belonged to state companies St. Petersburg Telephone Communications and SPb MMT. Then, according to an interview published by *Vedomosti*, a major business news source at that time, the former Telecoms minister Leonid Reyman assured that "The state had lost control over Telekominvest". A remarkable coincidence is that Mr Reyman since then has gained control over the company.

Until 2008, Mr Galmond was seen as the ultimate beneficiary of the 59% shares of Telekominvest Holding, via IPOC fund. Several court proceedings in Switzerland and in the Bermudas resulted in confirmation of Mr Galmond's ownership. The Bermudas court ordered liquidation of IPOC for participation in illegal financial activities. Lyudmila Putina, the spouse of Vladimir Putin, was officially employed by Telekominvest, as Mr Putin declared in the documents of a presidential candidate in 2000.

One of Telekominvest's largest assets was MegaFon, a young mobile operator. The St. Pete telecom operators owned a minority stake in MegaFon, destined for becoming a

majority one in 2001, after Mr Galmond had signed a deal with Leonid Rozhetskin, the co-founder of MegaFon, for buying his stake. MegaFon shares made one of the most enticing stories of corporate wars in the recent history of Russia.

It all started in 2003, when Leonid Rozhetskin made a sudden decision to sell its stake in the company not to the St. Pete telecom operators but to Alfa Group; and left Russia instantly for Latvia, where he owns a country estate. The situation was aggravated by the fact that Alfa Group already was in possession of the blocking stake in Beeline, Russia's second largest mobile company. Thus started the ten-year corporate war for MegaFon, between Alfa and Mr Reyman. In 2004, a lawsuit was filed against Mr Rozhetskin in Russia; he replied in 2008 by filing a counter lawsuit in the United States; in 2008, he disappeared (speculation is that he was abducted and murdered); it was not until 2013 that his corpse was found.

Mikhail Youman found himself in the epicenter of these events, and he shared some details with The Insider. He was on reasonably confidential terms with Leonid Reyman (actually, he was his administrator); they spend weekends together and celebrated the New Year, the holiday most loved of all in Russia. Mr Galmond informed Mr Youman of the details of his business structure.

"He once sketched a diagram showing the way for launder money via the Bermuda; all of it, the way in and the way out."

"In the early years of Galmond in Russia, we once flew first class from Moscow. In the cabin, I asked him 'What exactly do you do? You are a lawyer, you provide legal advice, sure I know all that. But, precisely, what is your business?' He just sketched a diagram showing the way for laundering money via Bermuda, all of it: the way in and the way out. Frankly, I did not need that information; because Denmark is quite open a country for making money honestly. Back then, the offshore schemes were only beginning to come into fashion. I took the A4 sheet of paper, put it into my pocket and forgot about it. For a while."

Later, this sheet of paper would prove fatal in the court case against Mr Galmond and Mr Reyman. Mr Youman did not envisage such a turn at that time. In 2005, the telecoms corporate war already in full swing, and Alfa Group representatives contacted Mr Youman and convinced him into witnessing in the Zurich Arbitration Court against Mr Galmond.

"Knowing my acquaintance with Galmond, a representative of Alfa Group contacted me to ask for help in a legal action against Galmond. (The Alfa Group man referred to Oleg Burlakov, whom I once helped sell his company to Telman Ismaylov, so that the wife of Yury Luzhkov, the then Mayor of Moscow, would not just snatch it like that. They also asked Gleb Fetisov (currently accused by the Chief Investigative Committee of the Russian Federation of fraud with bank assets), to act as an intermediary."

"Gleb Fetisov asks me, whether I know of any fact confirming Geff Galmond's misconduct. I responded 'I am a comrade and a friend of his. Why do you think I could be of use to you?' At that time, Leonid Rozhetskin and Geff Galmond were at full cry to announce that the dispute about the shares is a matter of life or death."

The situation was so tense that fatalities could occur; that corporate dispute was very dangerous to be involved in. In 2008, with Rozhetskin vanished, Alfa Group ordered me to

leave Denmark and spend six month in Nice. I did.”

“Still, I called my own office in Copenhagen and they found that sheet of paper with the Galmond’s sketch. The Alfa guys indicated quite clearly that Geff Galmond had cheated me, pretending to represent my interests. The thing is: in 2001, I filed a lawsuit against Boris Berezovsky, in Moscow. My company, DB Gas & Oil Ab, was then the first foreign entity to file a suit in a Russian court. I won the case against Navoil, a subsidiary of Bahneft, whose beneficiary was Boris Berezovsky. The Russian court decided that I receive \$2.7 million in compensation.”

“To quarrel with Galmond was equal to quarreling with Vladimir Putin”

“Galmond agreed to perform executive proceedings, estimating to earn some \$400,000 out of my pocket, and pay me \$1 million, to settle the case concerning my company, to an account in Svyazbank. I signed the agreement on the lawsuit; then Geff just evaporated. As it turned out, Svyazbank was owned by Reyman. Then I decided to testify against Galmond, but to quarrel with Galmond was equal to quarreling with Vladimir Putin. At that time, people already knew that Lyudmila Putina worked in the Moscow office of Telekominvest.”

“Frankly, Geff never concealed the fact of him being a proxy, just a nominee for that entity, and that was business as usual; the main shareholders comprised the so-called St.-Pete telecom operators, but – headed by Reyman, Putin’s friend. Reyman also bought a country residence in Denmark, and quite a lot of people knew about that. By and large, everyone was aware of Putin being the real co-owner, while Lyudmila was at the controls of all that stuff.”

“I am no altruist to help Alfa make money just upon my good word. Alfa paid almost \$300 million for the blocking stake of MegaFon; Geff filed a lawsuit to prove that these shares were banned for sale. As it turned out, the legal battles between them dragged since 2003, and Alfa was losing. The court had no evidence to suspect any unlawful action by Galmond, while the public had always connected Alfa with the mafia.”

“I made the condition that Alfa provide me with \$10,000 for the living and another \$5,000 for security, which were vital for me because I could quite clearly sense the danger for me as a witness. They had been paying me that allowance for four years, and I testified in the Swiss court. Dactylic expertise of the sheet of A4 paper with the sketch drawn by Galmond was done, and confirmed that he had drawn it. For Alfa, that was the first case in a Swiss court to prove that the entire telecoms business of IPOC, the offshore fund registered in Bermuda, had been built on the money stolen from Russia and then laundered.”

“In 2006, the Swiss court declared that Geff Galmond is not an owner of MegaFon and other telecom assets in Russia. The assets were estimated at \$13-14 billion. The court also decided that the actual owner of the company is the witness number seven. I was witness number fifteen. Number seven was Reyman.”

So, cooperation with Alfa began well; then a conflict emerged. In the words of Mr Youman:

“The representatives of Alfa Group needed data from the Inland Revenues of Denmark to

establish whether Galmond had declared his telecom assets present in Russia. Denmark provides foreign courts with no such data on its citizens. Eventually, I connected the Alfa guys with an acquaintance of mine who was with a Russian tax inspectorate office and had had access to such information. As far as I know, that man was as good as his word and fetched the document, for a bribe. But the compensation was made by Alfa Bank out of my company's funds, and then they accused that man of defaulting on his obligations. These were serious accusations from Alfa Group, and I told them that I was about to appeal to the Danish police to file a request for the search of the money presumably lost by my acquaintance."

"The criminal case was transferred to the Danish Inland Revenues, and in 2008, the latter started an investigation on me. It still continues. I was ordered to pay 700,000 euro in taxes."

"According to the terms of the contract on my paying for services from my compensation (the Danes do not mind which services), Alfa should have paid all taxes. It's official. But the Danes tell me that Alfa is far away; you are here, so it's for you to pay."

In short, having had a quarrel with the St-Pete telecom operators, Mr Youman also failed to make friends with representatives of Alfa Group.

"They made us a cushion for Timchenko"

Mr Youman had time to participate in a scam with another Vladimir Putin's friends, Gennady Timchenko. The latter exported oil and oil products from Russia via its offshore company, Gunvor. It was close to becoming a monopoly, but there was a need to make this business competitive, so "cushion companies" were created. According to Mr Youman, TNK-BP supported Gennady Timchenko in that. Alfa Group, a co-owner of TNK-BP, suggested that Mr Youman be involved in the following scheme. First, TNK-BP sells the oil to Mr Youman's company, then he resells it to BP in Britain, then the latter resells it to Guvnor. Mr Youman provided The Insider with a copy of the contract between its Danish company Vores Energy and TNK-Trade Ltd, a structure of TNK-BP, for purchase of fuel oil. The terms of the contract included deliveries of up to \$150,000 a month during eight month. According to Mr Youman, the deliveries never materialized.

"In 2007, upon meeting top managers of Alfa, we agreed that Alfa gives me the money to establish a company in Denmark, with the charter capital of 888,000 kroner (around USD 150,000 at that time), and for the purpose of participation in tenders held by TNK-BP for purchase of fuel oil. German Khan gave the go-ahead personally. So we signed a contract for delivery of 1,200,000 tons of fuel oil from Novorossiysk to the Mediterranean Sea, and the buyer was my company Vores Energy. The manager of that company, Motek Feldmann, signed the deal with TNK-BP. They convinced him that, since a Danish company should buy the product, the buyer would be the London office of TNK-BP. So that it would seem like a Danish company buys from TNK-BP and sells to a British company. As it was, Gunvor was the ultimate buyer. They made us a cushion for Timchenko.

"We visited BP to start selling that fuel oil, and like that, they say: 'Listen, Mikhail, the contract tells that you are about to buy at the discount of \$3 per one cubic meter, but we

only agree to buy from you at the discount of \$24.’ That meant I would have to pay \$21 for each cubic meter, from my own pocket, and only then sell between TNK-BP and BP. I declined.”

One of diplomatic telegrams posted on WikiLeaks confirms the participation of Alfa Group in such a help to Gennady Timchenko:

From: Russia Moscow

To: Department of Commerce | National Security Council | Russia Moscow Political Collective | Secretary of State

Date: 2008 June 20, 15:34 (Friday)

GOR Intervention Needed

(C) Dudley said Russian Government intervention was needed to convince the AAR partners to negotiate in good faith. However, in that regard, he said he had heard rumors that to curry favor with the Kremlin the AAR partners had agreed to export TNK-BP’s crude oil through a trading company close to the Kremlin. (Comment: He most likely meant Gunvor, whose head is reportedly a close personal friend of Prime Minister Putin.)

On 26 May, 2014, even after the quarrel with Alfa Group, an assassination attempt on Mikhail Youman occurred. “I was on my death bed, four days in a coma. They cleared my apartment of everything, all my archived documents, absolutely all of it. They just ruined my life”. Still, Youman would not elaborate on possible motives or principals to murder.

So far, Mikhail Youman received no reply to his complaints filed with the Supervisory Board of Alfa Bank. Mr Galmond would not comment on the queries from *The Insider*. Mr Galmond now resides in Switzerland and takes no part in any Russian business since he was forced to sell his assets to Alisher Usmanov, in 2008. Same for Mikhail Youman.