

**VERDICT**  
**In the name of the Russian Federation**

City of Moscow

December 29, 2017

Tverskoy district court of Moscow composed of: Presiding Judge **D.S. Gordeyev**, in the presence of the Court Secretary **A.V. Pavlenko**, with participation of: public prosecutors – Senior Prosecutors of the General Prosecutor’s Office of the Russian Federation **M.V. Reznichenko**, **M.S. Digaeva**, **A.V. Kulikov**, representatives of the aggrieved party **K.V. Mostovoy**, **L.I. Rudakova**, **D.O. Shushin**, **S.V. Kirillov**, **S.G. Lebedeva**, **O.A. Gorchakova**, lawyers for the defense – **A.A. Golovin**, **O.V. Panchenko**,

having considered in an open court session the materials of criminal case against:

**Browder, William Felix**, date of birth: April 23, 1964, place of birth: New Jersey, USA, citizen of the United Kingdom of Great Britain and Northern Ireland, education: college degree, domiciled at: United Kingdom of Great Britain and Northern Ireland, London, Golden Square 2-3, Grafton House, 3<sup>rd</sup> storey, convicted: on July 11, 2013 by the Tverskoy District Court of Moscow for the commission of two offences under clauses "a,b" of part 2 of article 199 of the Russian Criminal Code, using part 3 of article 69 of the Russian Criminal Code, with the final punishment administered in the form of deprivation of liberty for the term of 9 years in a general penal colony, with deprivation of the right to engage in entrepreneurial activities on the territory of the Russian Federation for the period of 3 years,

accused of crimes under part 3 of article 33, clauses “a,b” part 2 of article 199, part 3 of article 33, part 2 of article 199.1, part 3 of article 33, article 196 of the Russian Criminal Code,

**Cherkasov, Ivan Sergeevich**, date of birth: November 7, 1967, place of birth: Moscow, Russian citizen, education: higher, marital status: married, employment: Hermitage Capital Management, Director, domiciled at: United Kingdom of Great Britain and Northern Ireland, London, Golden Square 2-3, Grafton House, 3<sup>rd</sup> storey, with no criminal record:

accused of the commission of the offences under clauses “a,b” of part 2 of article 199, part 2 of article 199.1, article 196 of the Russian Civil Code,

**FOUND THE FOLLOWING:**

**W.F. Browder masterminded non-performance for personal purposes of the tax agent of duties on calculation, deduction and transfer of the taxes which in accordance with the legislation of the Russian Federation on taxes and fees are to be calculated, deducted from the taxpayer to the relevant budget, on a massive scale.**

**I.S. Cherkasov committed non-performance for personal purposes of the tax agent of duties on calculation, deduction and transfer of the taxes which in accordance with the legislation of the Russian Federation on taxes and fees are to be calculated, deducted from the taxpayer to the relevant budget, on a massive scale.**

The offence was committed under the following circumstances:

Not later than 1995, unidentified persons from among the managers of the foreign banking group HSBC, who possessed information that the Russian Federation is the world leader in the production and sale of natural gas, composed of "HSBC Republic Trust Company (Guernsey) Limited" ("HSBC Republic Trust Company (Guernsey) Limited"), "HSBC Republic Investments (Guernsey) Limited" ("HSBC Republic Investments (Guernsey) Limited"), "HSBC Republic Holdings (Luxembourg) SA" ("HSBC Republic Holdings (Luxembourg) S.A."), "HSBC Republic Bank (Guernsey) Limited" (HSBC Republic Bank (Guernsey) Limited"), incorporated in Guernsey – British Channel Islands, possession of the British Crown (the “Group of foreign companies”), the beneficiaries of which were nationals and companies of USA, UK and other countries, had

intentions of making super profits and of getting access to management of global energy oil and gas companies, including the Russian joint stock company (RAO) Gazprom (since June 26, 1998 - Open Joint Stock Company (OAO) Gazprom, since July 21, 2015 - Public Joint Stock Company (PAO) Gazprom), in order to participate in the distribution of their income in their own interests, to determine its economic strategy, including the volume of production and the selling price of gas in international and domestic markets.

For the development and achievement of these goals, the management of the Group of Foreign Companies engaged W.F. Browder, who had experience as an investment analyst.

Knowing for a fact that the shareholders of the Russian Joint-Stock Company RAO Gazprom (RAO Gazprom, the Company) in accordance with the provisions of the Articles of Association of the Company, approved by Decree No.138 of the Council of Ministers – the Government of the Russian Federation of February 17, 1993 “On the establishment of Russian Joint Stock Company “Gazprom” (the Articles of Association) get the right to participate in the management of the Company, distribute its property, change and amend the Articles of Association of the Company, elect the Chairman of the Board of Directors and its members, release them from their positions, determine the amount of dividends, make decisions on the sale and other alienation, lease of real estate, and by joining the Board of Directors to determine the priority areas of activity of the Company, its credit and financial policies, W.F. Browder, in the period of 1996-1997, suggested to the heads of the Group of Foreign Companies to develop a scheme for the purchase of highly liquid shares of the Company, which allowed to participate in the management thereof, while producing significant income through increasing their value and receiving dividends.

Under clause 7.4. of of the Articles of Association of the Company: “The Company's shares in an amount that secures over 3 percent of the total maximum number of shareholders' votes may be acquired by one individual or legal entity, as well as by persons associated with such persons or having mutual interests (affiliated), only with the prior written permission of the Company's Board. The share of all foreign participants of the Company and their affiliated individuals and legal entities shall not exceed 9 percent of the total maximum number of votes of the Company's shareholders. Foreign participants of the Company and their affiliated individuals and legal entities may purchase ordinary (voting) shares of the Company only with the prior written permission of the Board of the Company. Shares purchase in excess of the established limits, in violation of the rules provided by the Articles of Association, cannot participate in the voting, give no right to receive dividends or participate in the distribution of the Company's property after its liquidation.”

Given the paramount importance for the Russian economy of RAO Gazprom, on May 28, 1997, the President of the Russian Federation issued Decree No.529 “On the order of transacting in the shares of the Russian Joint Stock Company Gazprom”, establishing the procedure for the purchase of the shares of the Company for non-residents (legal entities and individuals operating in Russia, permanently registered in foreign countries), necessitating to obtain permission from the Federal Commission of the Russian Federation for Securities to be issued in accordance with the decision of the Government of the Russian Federation.

In an effort to circumvent the legal and regulatory restrictions then in force in the Russian Federation governing the acquisition by non-residents of shares of RAO Gazprom in an amount that allows the shareholder to participate in its management and to influence the decisions taken by the management Board of the Company, в in late 1995, W.F. Browder, residing in Moscow, Russian Federation, sought legal advice from Firestone Duncan, a commercial organization that during the period of 1995 through to 2008 had various organizational and legal forms (Moscow representative office of foreign company Firestone Duncan Legal Services Limited, ZAO FDS Consulting (renamed later to ZAO Firestone Duncan), OOO Firestone Duncan, foreign company Firestone Duncan Limited, foreign organization Firestone Duncan (CIS) Limited, ZAO Firestone Duncan Audit) (hereinafter referred to as “Firestone Duncan”), providing services in registration of legal entities, as well as in the field of taxation, accounting and audit, managed by US citizen Jamison Reed Firestone (hereinafter – Jamison Reed Firestone, J.R. Firestone) who was also one of the owners of the company, temporarily residing in the Russian Federation. With the help of employees of Firestone Duncan, W.F. Browder developed a mechanism for the acquisition of shares of RAO Gazprom by foreign companies, for the purpose of which he organized companies controlled by him in the offshore zone of the Republic of Cyprus, which in turn established legal entities in the Russian Federation completely dependent on them, for the acquisition of the shares of RAO Gazprom. To give a veneer of legality to this scheme, W.F. Browder organized the registration in the Russian Federation of legal entities in the name of controlled Russian citizens for the

acquisition of the shares of Gazprom, including employees of Firestone Duncan. Subsequently, the founders and managers of such Russian legal entity, through formal organizational and legal procedures, were replaced by other persons, including non-residents, also controlled by W.F. Browder.

Legal entities were incorporated under the control of W.F. Browder in the Republic of Kalmykia, which provides for the exemption of the taxpayer from payment of regional and local income tax of 24%, and when using the labor of disabled citizens the number of which totals to more than 50% of the payroll of employees of the entity, the amount of income tax to be withheld and paid to the Federal budget was reduced to 5.5% instead of 11%.

W.F. Browder proposed to unidentified leaders of a group of foreign companies to create an investment fund to raise funds for the purpose of their use for the acquisition of shares of RAO Gazprom. He also decided to incorporate a foreign company on the island of Guernsey, British Channel Islands, which would be an investment advisor to the fund. The specified company had to open a representative office in the territory of the Russian Federation to coordinate the activity of the legal entities created in Russia for the purpose of acquisition of shares of Gazprom.

Hiding foreign participation in Russian legal entities, which were planned to be used for purchase and sale of shares and receipt of dividends on them, W.F. Browder and other unidentified persons developed schemes of their incorporation by citizens of the Russian Federation controlled by them. After that, Russian companies acquired from each other a share of 51%, the remaining shares of 49% would be acquired by offshore foreign companies controlled by W.F. Browder, and the founders of Russian legal entities would resign from membership. As a result, two Russian legal entities would become members of each other (with a share in the authorized capital of 51%), and a foreign company controlled by W.F. Browder would become a member of both companies (with a share in the authorized capital of 49%). Thus, the offshore company deprived of independence, the real beneficiaries of which were W.F. Browder, the Fund, HSBC foreign group of companies, and other unidentified persons in fact fully owned Russian legal entities that were the shareholders of RAO Gazprom.

No later than March 6, 1996, W. F. Browder along with foreign companies HSBC Republic Investments Limited, HSBC Republic Holdings (Luxembourg) S.A., HSBC Republic Bank (Guernsey) Limited, acting in the interests of a foreign banking group HSBC, joined the members of Hermitage Capital Management Limited (hereinafter – Hermitage Capital Management Limited) created on February 20, 1996 and registered on February 23, 1996 on the island of Guernsey. W.F. Browder, Dunning Paul, A. Leigh Robertson and Andrew Pucher became members of the Board of Directors of the company. Paul Dunning was Chairman of the Board of Directors of the company, and W.F. Browder was the CEO.

Subsequently, on March 19, 1996, HSBC Republic Trust Company (Guernsey) Limited, acting on behalf of the foreign banking group HSBC, established The Hermitage Fund (the “Hermitage Fund”, the “Fund”), an investment fund, on the island of Guernsey, Normandy Islands, the British Crown Estate, which, in accordance with the agreement of September 26, 1997, was jointly managed by Hermitage Capital Management Limited represented by W.F. Browder, and HSBC Republic Management (Guernsey) Limited, and HSBC Republic Bank (Guernsey) Limited. The Fund was a collective investment scheme and investors’ funds management institution. W.F. Browder used the Fund’s assets to acquire Gazprom shares. HSBC Republic Management was the Fund’s manager, responsible for the management of the Fund and its subsidiaries, and for its investment related activities. The Fund’s trustee and owner of all its assets was HSBC Republic Bank (Guernsey) Limited, and Hermitage Capital Management Limited was the Fund’s investment advisor for investment, selection and disposal of assets. However, the Fund benefited from investing in Gazprom shares, increasing its assets by removing profits from the Russian Federation as dividends, and the investment advisor – Hermitage Capital Management Limited – received cash in the form of remuneration in the amount of 2% of the Fund’s assets, and a bonus in the amount of 20% of the increase in the value of the Fund’s shares. Thus, W.F. Browder had a vested interest in disposing of the money received from the Fund and increasing the assets and value of the Fund’s shares in any way that directly affect the amount of remuneration received by W.F. Browder.

Using a power of attorney issued by Hermitage Capital Management Limited of March 6, 1996, its Managing Director, W.F. Browder established and headed the Moscow office of Hermitage Capital Management Limited (hereinafter referred to as “the Moscow office”), which was accredited on April 15, 1996 by the State Registration Chamber under the Ministry of Economy of the Russian Federation, which was registered with the State Tax Inspectorate for the

city of Moscow and assigned Taxpayer Identification Number [7700076946](#) at its registered address: 125047, Moscow, Butyrsky val, 1. In fact, from April 1996 to August 2003 the Representative Office was located at: Moscow, Dmitrovsky Lane, 9, 4th floor, and from August 2003 to July 2007 at: Moscow, Paveletskaya Square, 2, block 2, 18th floor.

Between May 1996 and February 2005, W.F. Browder with the help of employees *и* Firestone Duncan and the Moscow office of Hermitage Capital Management Limited, organized the establishment of various limited liability companies, including:

- Riland LLC (INN [0814067290](#), registered at: Republic of Kalmykia, Elista, Lenin Street 2496 apartment 505, later re-registered at: Moscow, Staropimenovsky Lane, 13, block 2, 6th floor, actually located at: Moscow, Krasnoproletarskaya Street, 30, block 1, 4th floor);

- Dalnaya Step, LLC (Taxpayer's ID [0814067290](#), registered at: The Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, was later re-registered at: Elista, Gubarevich Street, 6/7, actually located at: Moscow, Staropimenovsky Lane, 13, block 2, 6th floor);

- Kameya LLC (Taxpayer's ID [0814111817](#), registered at: The Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, was later re-registered at: Moscow, Krasnoproletarskaya Street, 30, block 1, 4th floor, actually registered at: Moscow, Paveletskaya Square, 2, block 2, 18th floor);

- Oasis M, LLC (Taxpayer's ID [0814112088](#), registered at: Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15);

- Baikal-M, LLC (Taxpayer's ID [0814112257](#), registered at: The Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, actually located at: Moscow, Krasnoproletarskaya Street, 30, block 1, 4th floor);

- Makhaon, LLC (Taxpayer's ID [7715508532](#), registered at: Moscow, Obratsova Street, 19, block 9, actually located at: Moscow, Krasnoproletarskaya Street, 30, block 1, 4th floor);

- Parfenion, LLC (Taxpayer's ID [7715398270](#), registered at: Moscow, Obratsova Street, 19, block 9, actually located at: Moscow, Krasnoproletarskaya Street, 30, block 1, 4th floor);

- Saturn Investments, LLC (Taxpayer's ID [0814103679](#), registered at: The Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, actually located at: Moscow, Obratsova Street, 19, block 9);

- Orient-K, LLC (Taxpayer's ID [0814111408](#), registered at: The Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, actually located at: Moscow, Krasnoproletarskaya Street, 30, block 1, 4th floor);

- Rifle, LLC (Taxpayer's ID [7703318270](#), registered at: Moscow, Bolshata Dekabrskaya Street, 3, block 12, actually located at: Moscow, Obratsova Street, 19, block 9);

- Pifagor Investments, LLC (Taxpayer's ID [7710534024](#), registered at: Moscow, Staropimenovsky Lane, 13, block 2, 6th floor), which carried out transactions for purchase and sale of Gazprom shares with the Fund's money.

Besides, between 1995 and 2005 W.F. Browder involved the companies established in the Republic of Cyprus: Zhoda Limited, having been its director during the period of April 11, 2002 through to July 24, 2004, that was established on January 18, 2002 by Chanticleer Professional Services Limited, a Cypriot company acting on his behalf; Peninsular Heights Limited established by Cypriot companies Chanticleer Management Limited and Chanticleer Professional Services Limited acting on his behalf, registered on June 03, 1999; Giggs Enterprises Limited established by Cypriot companies Chanticleer Management Limited and Chanticleer Professional Services Limited acting on his behalf, registered on June 03, 1999; Glendora Holdings Limited established on May 21, 1996 by Cypriot companies Arbiter Nominees Ltd, Apropos Investments Ltd acting on his behalf; Cerasus Investments Limited established in 1995 by Cypriot companies Chanticleer Professional Services Limited and Chanticleer Management Limited acting on his behalf; Sedena Holdings Limited established by Cypriot company Chanticleer Professional Services Limited acting on his behalf, registered on February 3, 2004, and its director was I.S. Cherkasov who was employed at Hermitage Capital Management Limited; Apricus Investments Limited, **established by Cypriot companies** Chanticleer Professional Services Limited and Chanticleer Management Limited acting on his behalf, registered on **December 29, 1995**; Kone Holdings Limited established **by Cypriot company** Chanticleer Professional Services Limited acting on his behalf, registered on October 24, 2005, Rivercanal Holdings Limited established on March 04, 2005 by The Children Investment Master Fund and TCIF BLUE FUND acting on his behalf, registered on April 12, 2005; TCI Cyprus Holding Limited registered on April 26, 2004 in the Republic of Cyprus. The companies specified above had no independence and were actually managed by W.F. Browder, the

Fund and other unidentified persons in the interests of HSBC banking group for the purpose of exercising control and siphoning off of funds, acquiring and withdrawing shares of Gazprom.

When carrying out business activities in the Russian Federation, W.F. Browder knew that in accordance with the provisions of Art. 246 and 247 of the tax code of the Russian Federation, foreign organizations receiving income from sources in Russia are recognized as income tax payers in the Russian Federation, including income received in the form of dividends paid to a foreign organization that is a shareholder (participant) of Russian organizations. Russian company, in the case of payment of dividend to a foreign shareholder, is regarded as a tax agent. At the same time, W.F. Browder had a criminal intent, according to which he, pursuing the purpose of obtaining benefits of pecuniary nature for himself and the Fund, acting in the interests of HSBC banking group, decided to arrange to their personal advantage for non-fulfillment of the duty of the tax agent – limited liability companies he created for the acquisition of shares of RAO Gazprom, the ones he managed when calculating, withholding and transferring to the appropriate budget of taxes from the profits paid to the participants of those companies - offshore companies under the guise of payment of dividends, illegally applying the Agreement between the Governments of the Russian Federation and the Republic of Cyprus for the avoidance of double taxation with respect to taxes on income and on capital, dated December 5, 1998 (the Agreement). W.F. Browder involved I.S. Cherkasov, his subordinate at the Moscow representative office, as well as other unidentified persons, to assist in the commission of the specified crime.

For example, W.F. Browder knew for sure that in accordance with Law No.2116-1 of the Russian Federation of December 27, 1991 "On income tax of enterprises and corporations", the Tax Code of the Russian Federation (the Russian tax code) and the Agreement, the Cyprus offshore companies controlled by him, when receiving profit in the form of dividends and the Russian companies when paying them have no right to apply tax privileges provided by the above Agreement at calculation, deduction and payment of taxes, as offshore companies controlled by W.F. Browder, the Fund and therefore by HSBC banking group, **with limited powers concerning the received dividends which make them no more than the authorized person or the administrator acting as intermediaries in the interests of a third party which is the owner of profit (W.F. Browder, the Fund and HSBC banking group) that receives the actual benefit from income, determines its further movement without being a resident of one of the Contracting States.** Thus, the offshore companies managed by W.F. Browder and the Fund in the interests of HSBC banking group, had no actual right to income, were in fact flow-through entities, and carried out intermediary functions without taking any risks when paying such income, and, therefore, had no right to apply the Agreement.

However, W.F. Browder together with I.S. Cherkasov and other unidentified persons, in the interests of HSBC banking group, to their personal advantage, when calculating, withholding and transferring taxes to the budget of the Russian Federation, decided to arrange for illegal application of clause "a" part 2 of Art. 10 of the Agreement, according to which **dividends may be taxed in the State of which the company paying the dividends is a resident, and in accordance with the legislation of that State, if the person having the actual right to dividends is a resident of another State, the tax charged shall not exceed 5 percent of the total amount of dividends, if the person having the actual right to dividends, directly invested in the capital of the company an amount equivalent to at least 100,000 US dollars. For this purpose, W.F. Browder, at the expense of funds placed in offshore companies without any economic expediency, to create the appearance of a legal right to use a preferential tax rate, arranged for an increase in the authorized capital of Russian companies controlled by him, and then its reduction after the illegal withdrawal of all their assets.**

To execute this criminal intent he had masterminded together with I.S. Cherkasov and other unidentified persons, W.F. Browder arranged for the use of Riland limited liability company established on May 27, 1996, in Elista, Republic of Kalmykia.

On July 8, 1996 on the basis of Minutes No. 2 of the meeting of the founding parties, with the simultaneous cessation of membership of the Russian participants of the company, Glendora holdings limited, a Cyprus company controlled by W.F. Browder became its member, and Dave John Elzas, citizen of the Republic of Cyprus was appointed the Director of Riland, LLC.

Further, on June 3, 2002 the employees of Firestone Duncan, acting at W.F. Broeder's witting who was executing a criminal intent he had masterminded together with I.S. Cherkasov and other unidentified persons aimed at evading the duties of the tax agent, prepared a decision of the sole participant of Riland, LLC - Glendora Holdings Limited represented by L.A. Guzheva an

employee at Firestone Duncan, acting on behalf of W.F. Browder, to increase the charter capital of Riland, LLC by making an additional contribution of 3,287,109 rubles, which is equivalent to 105,000 USD (based on ruble exchange rate of the Central Bank of Russia as of the date, amounting to 31.5476 rubles per 1 US dollar). 3,287,109 rubles was transferred by payment order No.2 dated July 11, 2002 from current account No.40814810900001000944 of Glendora Holdings Limited, opened with OOO HSBC Bank (RR), to current account No.40702810800001100001 of Riland, LLC opened in the same bank, as payment of 100% of the authorized capital of the company.

Pursuant to the decision of May 13, 2005 the sole shareholder of Riland, LLC - Glendora Holdings Limited, represented by I.S. Cherkasov, its attorney-in fact acting under power of attorney dated April 15, 2005, acting at the witting of W. F. Browder, L. B. Bokova was appointed Director General of the company. All of the specified persons were employees of the Moscow representative office.

By decision of November 28, 2005 of the sole participant of Riland LLC – the representative of Glendora Holdings Limited I.S. Cherkasov acting for the purpose of executing the criminal intent designed together with W.F. Browder and other unidentified persons, the powers of Director General L.B. Bokova have been terminated, and Martin John Wilson was appointed Director General of the company.

Also, for the execution of their criminal intent, W.F. Browder, I.S. Cherkasov and other unidentified persons using employees of Firestone Duncan arranged for the involvement of Kameya and Baikal-M limited liability companies established in Elista, Republic of Kalmykia on March 9, 1999, by Russian individuals, of which Directors General were L.D. Adyanova and S.L. Bochkaev, respectively.

Also, W.F. Browder, I.S. Cherkasov and other unidentified persons through the employees of Firestone Duncan, organized the preparation of the following documents:

- Memorandum of Association dated June 11, 1999, of Baikal-M, LLC, according to which Kameya, LLC represented by Director General L.D. Adyanova owns 51% shares of Baikal-M, LLC, the remaining 49% are owned by Peninsular Heights Limited, a Cyprus company controlled by W.F. Browder, I.S. Cherkasov and other unidentified persons, represented by L.A. Guzheva, an employee of Firestone Duncan;

- minutes No.2 dated June 11, 1999, of the the General meeting of shareholders of Baikal-M, LLC who removed S. L. Bochkaev from the office of the Director General of Baikal-M and appointed W.F. Browder to the position since July 02, 1999, and who decided to acquire a share in the authorized capital of Kameya, LLC in the amount of 51%;

- Memorandum of Association of Kameya, LLC dated June 30, 1999, according to which Baikal-M, LLC represented by its Director General S.L. Bochkaev holds 51% of shares in the charter capital, the remaining share of 49% is held by Peninsular Heights Limited, a Cypriot company represented by L.A. Guzheva;

- minutes No.3 dated June 30, 1999 на the general meeting of shareholders of Kameya, LLC who removed L.D. Adyanova from the office of Director General, and appointed W.F. Browder to the position since July 02, 1999;

- minutes No.4 dated July 16, 2003, in accordance with which the members of Baikal-M, LLC – Director General of Kameya, LLC W.F. Browder and attorney-in-fact of Peninsular Heights Limited A.A. Sandakov who worked at Firestone Duncan, terminated the powers of the Director General of the company W.F. Browder and appointed I.S. Cherkasov to the position of the Director General of Baikal-M, LLC since July 22, 2003;

- minutes No.8 dated July 16, 2003 of the general meeting of participants of Kameya, LLC – Director General of Baikal-M, LLC W.F. Browder and the attorney-in-fact of Peninsular Heights Limited A.A. Sandakov terminating the powers of the Director General of the company W.F. Browder and appointing I.S. Cherkasov to the position of the Director General of Kameya, LLC since July 22, 2003;

- minutes No.6 dated July 2, 2004 of the general meeting of participants of Baikal-M, LLC, represented by their representatives W.F. Browder and L.A. Guzheva who appointed L.B. Bokova, an employee at the Moscow representative office to the position of the Director General of Baikal-M, LLC since July 05, 2004;

- minutes No.11 dated July 2, 2004 of the general meeting of participants of Kameya, LLC, represented by their representatives W.F. Browder and L.A. Guzheva who appointed L.B. Bokova to the position of the Director General of Kameya, LLC since July 05, 2004;

- minutes No. 12 dated September 22, 2004 of the general meeting of participants of Kameya, LLC represented by L.B. Bokova and A.A. Sandakova, that granted membership to Zhoda Limited, a Cypriot company controlled by W.F. Browder, with simultaneous increase in the charter capital of Kameya, LLC to 6,502,163 rubles 40 kopecks and an obligation imposed on Zhoda Limited to make a contribution to the charter capital of in the amount of 3,016,000 rubles (103,226.87 USD) until December 1, 2004. The shares of participants of Kameya LLC were as follows: Zhoda Limited – 48.9332%, Baikal-M, LLC - 51%, and Peninsular Heights Limited – 0.0667%;

- Memorandum of Association of Baikal-M, LLC dated September 22, 2004, according to which Zhoda Limited represented by L.A. Guzheva holds 49% of shares in the charter capital, the remaining part amounting to 51% is held by Kameya, LLC represented by its Director General L.B. Bokova;

- minutes No. 16 dated November 28, 2005, of the general meeting of participants of Kameya, LLC, according to which their representatives D.I. Dorofeev and L.A. Guzheva, who were at the same time employees at Firestone Duncan, terminated the powers of the Director General of Kameya, LLC L.B. Bokova and appointed I.S. Cherkasov to the position since December 1, 2005;

- minutes No. 10 dated November 28, 2005, of the general meeting of participants of Baikal-M, LLC, according to which their representatives D.I. Dorofeev and L.A. Guzheva, who were at the same time employees at Firestone Duncan, terminated the powers of the Director General of Baikal-M, LLC L.B. Bokova and appointed I.S. Cherkasov to the position since December 1, 2005;

- minutes No.17 dated December 1, 2005 of the general meeting of participants of Kameya, LLC according to which it was decided to reconstruct Kameya, LLC and to merge Baikal-M, LLC to it.

Thus, Zhoda Limited, a Cyprus company managed by W.F. Browder, I.S. Cherkasov and other unidentified persons for the benefit of HSBC banking group became the sole participant of Kameya, LLC.

Furthermore, I.S. Cherkasov, executing the criminal intent designed by him together with W.F. Browder and other unidentified persons, and acting in the interests of the HSBC banking group, by decision No.1 dated January 27, 2004, incorporated Makhaon, LLC registered on February 3, 2004 in Interdistrict Inspectorate No.46 of the Ministry for Taxes and Levies of the Russian Federation in and for the city of Moscow, appointing himself its Director General, which the specified persons intended to use for acquisition of the shares of RAO Gazprom.

In accordance with the Memorandum of Association of October 12, 2004, prepared by employees of Firestone Duncan, acting with the knowledge and in the interests of W.F. Browder, I.S. Cherkasov and other unidentified persons, Sedena Holdings Limited, a Cyprus company controlled by W.F. Browder became a participant in Makhaon, LLC with the share size of 49%, and the remaining share of the authorized capital in the amount of 51% was held by I.S. Cherkasov.

Also employees of Firestone Duncan acting with the knowledge and in the interests of W.F. Browder, I.S. Cherkasov and other unidentified persons, prepared the following documents:

- minutes No.2 dated November 28, 2005 of the general meeting of participants of Makhaon, LLC according to which their representatives terminated the powers of the Director General of the company I.S. Cherkasov and appointed Paul Wrench who was director of HSBC Republic Management (Guernsey) Limited to the position since December 1, 2005 ;

- minutes No. 3 of the general meeting of participants of Makhaon, LLC dated December 1, 2005, according to which their representatives made Kone Holdings Limited, a Cyprus company controlled by W.F. Browder made participants of Makhaon, LLC, with the simultaneous increase by Kone Holdings Limited of the authorized capital of Machaon, LLC by 2,906,699 rubles 20 kopecks (101,000 US dollars). The shares of participants of Makhaon LLC were as follows: Kone Holdings Limited – 99.6571%, Sedena Holdings Limited – 0.168%, and I.S. Cherkasov – 0.1749%.

Thus, Kone Holdings Limited, a Cyprus company managed by W.F. Browder, I.S. Cherkasov and other unidentified persons for the benefit of HSBC banking group became the sole participant of Makhaon, LLC.

In addition, W.F. Browder, I.S. Cherkasov and other unidentified persons arranged for the preparation and execution on February 9, 2005 of a merger agreement between Saturn Investments LLC, the participants of which were Orient-K LLC and Glendora Holdings limited, a Cyprus company, holding shares in the authorized capital amounting to 51% and 49% respectively, and Rifle, LLC the sole participant of which was Saturn Investments, LLC. Under that agreement, a new legal entity was created – Parfenion LLC, with the authorized capital of 6,682,200 rubles,

whose participants became Glendora Holdings Limited, a Cyprus company, and Orient-K LLC with their shares amounting to 49% and 51% respectively.

Also, W.F. Browder, I.S. Cherkasov and other unidentified persons arranged for the preparation and execution of the following documents:

- minutes No. 1 dated February 10, 2005 of the collective meeting of participants of Parfenion LLC, according to which their representatives W.F. Browder and I.S. Cherkasov appointed L.B. Bokova to the position of the Director General;

- minutes No. 8-1 dated November 28, 2005 of the general meeting of participants of Orient-K LLC, according to which their representatives D.I. Dorofeev and I.S. Cherkasov terminated the powers of the Director General I.S. Cherkasov and appointed L.B. Bokova to the position since December 1, 2005;

- minutes No. 1 dated June 21, 2006 of the collective meeting of participants of Parfenion LLC and Orient-K LLC, according to which their representatives L.B. Bokova, I.S. Cherkasov and D.I. Dorofeev decided to join Orient-K LLC and Parfenion LLC, causing Glendora Holdings Limited, a Cyprus company, to become the sole participant of Parfenion LLC.

On July 19, 2006 amendments were made to the Uniform State Register of Legal Entities, according to which Martin John Wilson was appointed Director General of Parfenion LLC.

Thus, Glendora Holdings Limited, a Cyprus company managed by W.F. Browder, I.S. Cherkasov and other unidentified persons for the benefit of HSBC banking group became the sole participant of Parfenion, LLC.

Also, W.F. Browder, I.S. Cherkasov and other unidentified persons arranged for the preparation by Firestone Duncan employees and execution of the following documents:

- minutes No. 1 dated March 12, 2004 of the constituent meeting, according to which J.R. Firestone and TCI Cyprus Holding LTD, a Cyprus offshore company, represented by L.A. Guzheva, created Pifagor Investments LLC with authorized capital in the amount of 3,003,123 rubles 12 kopecks (105,105 US dollars) with the following shares in the authorized capital: TCI Cyprus Holding LTD – 99.9%, J.R. Firestone – 0.1%;

- minutes No. 3 dated April 1, 2004 of the general meeting of participants of Pifagor Investments LLC, according to which its participants admitted Timoleon LLC controlled by W.F. Browder to Pifagor Investments LLC with the share of 51% (3,125,699 rubles 57 kopecks), and increased the authorized capital of the company to amount to 6,128,822 rubles 69 kopecks, reducing the share in the authorized capital of TCI Cyprus Holding LTD to 48.951%, and that of J.R. Firestone to 0.049%;

- minutes No. 9 dated July 1, 2004 of the general meeting of participants of Pifagor Investments, LLC, in accordance with which its members terminated the powers of the Director General J.R. Firestone and appointed Christopher Anthony Hon to that position on July 2, 2004;

- minutes No. 5 dated July 1, 2004 of the general meeting of participants of Timoleon, LLC, in accordance with which its members terminated the powers of its Director General and appointed Christopher Anthony Hon to that position since July 2, 2004;

- minutes No. 8 dated December 30, 2005 of the general meeting of participants of Timoleon, LLC according to which its participants decided to merge Timoleon, LLC to Pifagor Investments, LLC;

- minutes No. 14 dated December 30, 2005 of the general meeting of participants of Pifagor Investments, LLC according to which its participants decided to merge Pifagor Investments, LLC to Timoleon, LLC;

- agreement dated December 30, 2005 of merger of Timoleon, LLC to Pifagor Investments, LLC, according to which the share of Timoleon LLC in Pifagor Investments, LLC in the amount of 51% was transferred to the latter, the only participant of which was TCI Cyprus holding LTD, a Cyprus offshore company, with its share amounting to 49%;

- minutes No.1 dated March 9, 2006 of the collective meeting of participants of Pifagor Investments LLC and Timoleon LLC, according to which the share of Timoleon LLC with a nominal value of 3,125.699 rubles 57 kopeks that makes 51% of the authorized capital of Pifagor Investments LLC was transferred to the latter.

Thus, TCI Cyprus Holding Limited managed by W.F. Browder, I.S. Cherkasov and other unidentified persons for the benefit of HSBC banking group basically became the sole participant of Pifagor Investments, LLC.

For further implementation of the criminal plan of W.F. Browder, I.S. Cherkasov and other unidentified persons, the limited liability companies actually managed by them for the benefit of the



Hermitage Fund and HSBC banking group acquired ordinary registered uncertified shares of RAO Gazprom (shares of RAO Gazprom): Kameya during the period of 1997 to 2005 – 201,031,501 shares; Makhaon in 2005 – 23,703,324 shares; Parfenion in 2005 – 72,676,695 shares; Riland during the period of 1996 to 2005 – 40,385,250 shares; Pifagor Investments during the period of 2004 to 2005 – 57,043,172 shares.

Subsequently, W.F. Browder, I.S. Cherkasov and other unidentified persons intended to arrange for the sale of shares, and to direct the proceeds from that sale in the form of dividends to the accounts of Cyprus offshore companies controlled by them.

In addition, in order to facilitate the implementation of their criminal intentions, W.F. Browder, I.S. Cherkasov and other unidentified persons by the beginning of 2006, transferred to Firestone Duncan located at: Moscow, Krasnoproletarskaya street, 30, bldg.1, the required statutory documents of Kameya, Makhaon, Parfenion, Riland, Pifagor Investments limited liability companies with the seals of these companies, for the employees of Firestone Duncan to prepare the documents to be used in the commission of their crime.

Also, for the same purposes, W.F. Browder, I.S. Cherkasov and other unidentified persons caused for powers of attorney to be prepared dated July 27, 2005 from the Directors of Giggs Enterprises limited and Zhoda Limited, based on which I.S. Cherkasov had the authority to open and manage their accounts with ZAO Citibank, hold the securities they owned, receive dividends, withhold and pay any taxes, sign documents and carry out necessary actions in various bodies and organizations in the Russian Federation on behalf of these Cypriot companies.

In order to implement the same criminal intent, the Director General of Kameya LLC I.S. Cherkasov acting with the knowledge and in conjunction with W.F. Browder and other unidentified persons based on agreements No. 01, 02 and 03 dated January 10, 2006 sold securities to the offshore company Giggs Enterprises Limited – shares of RAO Gazprom in the amount of 66,044,756 shares for the amount of 13,274,995,956 rubles.

In pursuance of these agreements, I. S. Cherkasov, acting on behalf of the Cyprus company Giggs Enterprises Limited, during the period of February 9, 2006 to February 19, 2007 transferred the specified funds in payment for the acquired shares of RAO Gazprom from its current account No.40818810400001520301, opened in ZAO CB Citibank to the account of Kameya LLC No. 40702810600701611002, opened in the same Bank.

Further, with the knowledge of W.F. Browder, I.S. Cherkasov and other unidentified persons, employees of Firestone Duncan prepared decision No. 1 dated April 10, 2006, of the only participant of Kameya LLC – Zhoda Limited controlled by W.F. Browder, signed by the Directors Chrystalla Argiridou and Yanna Alexandrou, of distribution at the end of the first quarter of 2006 of the company's profit in the amount of 11,454,146,000 rubles and payment thereof as dividends to Zhoda Limited. In the period of April 19 to April 25, 2006 the funds received from the above transactions, in the amount of 10,438,881,700 rubles, were transferred by I.S. Cherkasov from current account No.40702810600701611002 of Kameya LLC opened with ZAO CB Citybank, to current account No.40807810700501261017 of Zhoda Limited, opened in the same Bank, on the basis of payment orders: No.1 dated April 19, 2006 for the amount of 800,000,000 rubles, No.2 dated April 19, 2006 for the amount of 809,418,067 rubles 50 kopecks, No.3 dated April 19, 2006 for the amount of 900,000,000 rubles, No.4 dated April 19, 2006 for the amount of 214,244,250 rubles, No.5 dated April 20, 2006 for the amount of 1,500,000,000 rubles, No.6 dated April 20, 2006 for the amount of 1,191,569,700 rubles, No.7 dated April 21, 2006 for the amount of 1,500,000,000 rubles, No.8 dated April 21, 2006 for the amount of 1,109,326,700 rubles, No.10 dated April 24, 2006 for the amount of 839,182,700 rubles, No.9 dated April 24, 2006 in the amount of 1,500,000,000 rubles, No.16 dated April 24, 2006 for the amount of 517,697,282 rubles 50 kopecks.

Kameya LLC represented by its Director General I.S. Cherkasov, acting in accordance with article 24 of the Tax Code as a tax agent, in accordance with article 57 of the Constitution of the Russian Federation and articles 3, 289, 309, 310 of the Tax Code of the Russian Federation was liable for the payment of the legally established taxes from each payment of the income to a foreign organization, as well as for submission to the tax authorities at its location of tax calculations, reflecting the amount of tax withheld from the income of such foreign organisation and transferred by the tax agent to the federal budget.

In pursuance of the criminal intent masterminded by him together with W.F. Browder and other unidentified persons, I.S. Cherkasov, acting for their mutual personal lucrative purposes, with the overall objective of obtaining pecuniary benefit consisting in the increase of the amount of

funds transferred as dividends to their controlled foreign organization, decided not to pay the tax at the specified payments, by illegal application of the lowered tax rate. Thus, W.F. Browder, I.S. Cherkasov and other unidentified persons, being the actual heads of Cypriot and Russian legal entities, knowing that pursuant to article 275, sub-clause 2 of clause 3 of article 284, article 310, article 312 of the Russian Tax Code were to apply the rate of 15% when paying dividends, deliberately when calculating, withholding and remitting income tax applied a tax rate of 5%, knowing that they were not entitled to apply that rate of income tax, provided by clause "a" of part 2 of article 10 of the Agreement, because Zhoda Limited in fact **conducted no independent financial and economic activity, had no actual right to income in the form of dividends, possessed no real authority in relation to the disposal of these revenues, carried out intermediary functions in respect of such income in the interests of W.F. Browder, and the Fund, which receiving such income directly from sources in the Russian Federation were not entitled to the application of the Agreement.**

Thus, immediately after the payment of dividends to Zhoda Limited on April 25, 2006, its representative - Director General of Kameya LLC I.S. Cherkasov, with the knowledge of the actual acting head of the company W. F. Browder, for the purpose of non-payment of income tax, which in accordance with article 310 of the Tax Code is to be withheld at each dividend payment, remitted to the budget the money in the amount of 572,707,300 rubles, instead of 1,718,121,900 rubles as income tax on income paid to a foreign organization, illegally applying the tax rate of 5% to the taxable base in the amount of 11,454,146,000 rubles, instead of the tax rate of 15% provided for in sub-clause 2 of clause 3 of article 284 of the Russian Tax Code, thereby deliberately not paying 1,145,414,600 rubles to the budget of the Russian Federation.

Moreover, by continuing their criminal actions, in pursuance of the criminal intent designed together with W.F. Browder and other unidentified persons, I.S. Cherkasov not later than May 17, 2006, in the office of Firestone Duncan located at: Moscow, Krasno proletarskaya Street, 30, block 1, arranged for the preparation by Firestone Duncan employees and execution of the "Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes" for April 2006 (Appendix approved by order No.CAЭ-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 "information about the foreign organization": in the "name of the foreign organization" field – Limited Liability Company "Zhoda Limited", in the "address of the foreign organization" field – "16 Kyriakou Matsi Avenue, Eagle House, 10<sup>th</sup> floor, Ayol Omoloyte, Nicosia, Cyprus", in the "country of permanent residence" field – "Republic of Cyprus", in the "tax reference number of the organization in the foreign state" field – "12127397A"; in clause 1.2 "Tax assessment", namely in the "type of income" field – "dividends", in the "amount of income before tax" field – "11,454,146,000", in the "currency name" field – "Russian ruble", in the "date of payment of the income" field – "April 25, 2006", in the "date of transfer of tax to the budget" field – "April 25, 2006", among others, in the "tax rate%" field information that was knowingly false for I.S. Cherkasov, W.F. Browder and other unidentified persons was entered – "5%", instead of "15%" provided for in article 284 of the Russian Tax Code, in the "tax amount to be transferred to the budget" "572,707,300" instead of "1,718,121,900", signed on behalf of I.S. Cherkasov.

After that, the above tax calculation was sent by I.S. Cherkasov by a registered letter, received on May 25, 2006, to Inspectorate No. 7 of the Federal Taxation Service for the Central Administrative District of Moscow located at the following address: Moscow, Dolgorukovskaya street, 33

On July 10, 2006, in accordance with decision No.2 of the sole participant of Kameya LLC - Zhoda Limited, prepared by the employees of Firestone Duncan with the knowledge of I.S. Cherkasov, W.F. Browder and other unidentified persons, signed by the Directors Christalla Argiridou and Yanna Alexandrou, at the end of the first quarter of 2006, the company's profit in the amount of 24,400,000 rubles was distributed.

Executing the criminal intent designed by him together with W.F. Browder and other unidentified persons, and acting for their mutual personal lucrative purposes, with the overall objective of obtaining pecuniary benefit consisting in the increase of the amount of funds transferred as dividends to their controlled foreign organization, Director General of Kameya LLC I.S. Cherkasov, who was at the same time the representative of Zhoda Limited, on August 3, 2006, paid money in the amount of 23,180,000 rubles as dividends to the specified Cyprus offshore company transferring them from current account No.40702810600701611002 of Kameya LLC,

opened in ZAO CB Citibank, to current account No. 40807810700501261017 of Zhoda Limited, opened in the same Bank.

The same day I.S. Cherkasov, executing the criminal intent designed by him together with W.F. Browder and other unidentified persons, for the purpose of evasion of income tax, which in accordance with article 310 of the Russian Tax Code must be withheld at each dividend payment, transferred funds in the amount of 1,220,000 rubles to the budget as income tax on income paid to a foreign organization, instead of 3,660,000 rubles, illegally applying at calculation thereof the tax rate of 5% to the tax base of 24,400,000 rubles, instead of the 15% rate provided for by sub-clause 2 of clause 3 of article 284 of the Russian Tax Code, thus intentionally evading payment of 2,440,000 rubles into the budget of the Russian Federation.

Further, by continuing their criminal actions, in pursuance of the criminal intent designed together with W.F. Browder and other unidentified persons, I.S. Cherkasov not later than September 2006, in the office of Firestone Duncan located in Moscow, at the following address: Krasnoproletarskaya Street, 30, block 1, arranged for the preparation by Firestone Duncan employees and execution of the "Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes" for August 2006 for Kameya LLC (Appendix approved by order No.CA9-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 "information about the foreign organization": in the "name of the foreign organization" field – "Zhoda Limited LLC", in the "address of the foreign organization" field – "16 Kyriakou Matsi Avenue, Eagle House, 10th floor, Ayol Omoloyte, Nicosia, Cyprus", in the "country of permanent residence" field – "Republic of Cyprus", in the "tax reference number of the organization in the foreign state" field – "12127397A"; in clause 1.2 "Tax assessment", namely: in the "type of income" field – "dividends", in the "amount of income before tax" field – "24,400,000", in the "currency name" field – "Russian ruble", in the "date of payment of the income" field – "August 03, 2006", in the "date of transfer of tax to the budget" field – "August 03, 2006", among others, in the "tax rate%" field information that was knowingly false for I.S. Cherkasov, W.F. Browder and other unidentified persons was entered – "5%", instead of "15%", in the "tax amount to be transferred to the budget" – "1,220,000", instead of "3,660,000", signed on behalf of I. S. Cherkasov.

After that, the above tax calculation was sent by I.S. Cherkasov by a registered letter, received on September 22, 2006, to Inspectorate No. 7 of the Federal Taxation Service for the Central Administrative District of Moscow located at the following address: Moscow, Dolgorukovskaya street, 33.

With the knowledge of W.F. Browder, I.S. Cherkasov and other unidentified persons, employees of Firestone Duncan prepared decision No. 3 dated November 10, 2006, according to which the sole participant of Kameya LLC – Zhoda Limited, a Cypriot offshore company represented by L.A. Guzheva, reduced the authorized capital of the company to 10,000 rubles, reducing its participation interest in Kameya LLC and by paying off the share owned by the company, with the nominal value of 3,143,386 rubles 4 kopecks by payment thereof and transfer on February 20, 2007 of funds in the amount of 3,010,116 rubles to Zhoda Limited, Cypriot offshore company.

As a result of the above criminal actions, W.F. Browder, I.S. Cherkasov and other unidentified persons failed to their personal advantage to perform the duties of a tax agent on calculation, withholding and remittance of taxes to be calculated, withheld from a taxpayer pursuant to the Russian legislation on taxes and fees, and remitted to the Federal budget, by illegally applying the tax rate of 5% and paying income tax to the budget in the amount of 573,927,300 rubles, instead of 1,721,781,900 rubles to be paid had the 15% tax rate been applied, that is, they underpaid tax in the amount of 1,147,854,600 rubles to the budget of the Russian Federation, which is tax default on a large scale.

In furtherance of their collective criminal actions in order to implement criminal intentions aimed at non-performance for the personal benefit of duties of a tax agent on calculation, deduction and remission of taxes to be calculated, withheld from a taxpayer pursuant to the Russian legislation on taxes and fees, and remitted to the Federal budget, W. F. Browder, I.S. Cherkasov and other unidentified persons caused employees of Firestone Duncan to prepare agreements Nos.01 and 02 dated January 10, 2006, according to which the Director General of Makhaon LLC Paul Wrench sold to Cerasus Holdings Limited, a Cypriot company controlled by W.F. Browder, securities - shares of RAO Gazprom in the amount of 6,228,856 shares for the amount of

1,252,000,056 rubles, and 8,124,468 shares for the amount of 1,633,018,068 rubles, respectively.

Also, W.F. Browder, I.S. Cherkasov and other unidentified persons with the same purpose caused the employees of Firestone Duncan to prepare minutes No. 4 dated April 7, 2006 of the general meeting of participants of Makhaon LLC of decision made by authorized representative of Global Administration (Russia) LTD, Paul Wrench who was also the trustee of the share (representative) of I.S. Cherkasov, Director of Sedena Holdings Limited Galatia Sazeidou, Director of Kone Holdings Limited Yanna Alexandrou, on the distribution between the participants of Makhaon LLC of profit in the first quarter of 2006 in the amount of 1,249,130,000 rubles: 2,184,728 rubles 37 kopecks to I.S. cherkasov, 2,098,538 rubles 40 kopecks to Sedena Holdings Limited, and 1,244,846,733 ruble 23 kopecks to Kone Holdings Limited.

In pursuance of the criminal intent, W.F. Browder and I.S. Cherkasov, essentially acting as the heads of Makhaon LLC, and other unidentified persons, I.S. Cherkasov, acting for their mutual personal lucrative purposes, with the overall objective of obtaining pecuniary benefit consisting in the increase of the amount of funds transferred as dividends to their controlled foreign organization, decided not to pay the tax at the specified payments, by illegal application of lowered tax rate. Thus, W.F. Browder, I.S. Cherkasov and other unidentified persons, being the actual heads of Cypriot and Russian legal entities, knowing that pursuant to article 275, sub-clause 2 of clause 3 of article 284, article 310, article 312 of the Russian Tax Code were to apply the rate of 15% when paying dividends, deliberately when calculating, withholding and remitting income tax illegally applied tax rates of 5% and 10%, knowing that they were not entitled to apply those rates of income tax, provided for in clause "a" of part 2 of article 10 of the Agreement, because Sedena Holdings Limited and Kone Holdings Limited in fact **had no actual right to income in the form of dividends, possessed no real authority in relation to the disposal of these revenues, carried out intermediary functions in respect of such income in the interests of W.F. Browder, the Fund, and HSBC banking group, which, receiving such income directly from sources in the Russian Federation, were not entitled to the application of the Agreement.**

In particular, using the decision on payment of dividends, Director General of Makhaon LLC, Paul Wrench with the knowledge of Browder W. F., Cherkasov I. S. and other unidentified persons, acting as his principals, implementing their criminal intentions, on May 17, 2006, paid the money received from the above transactions in the amount of 43,766,284.48 US dollars, as income in the form of dividends, transferring them from the current account of Makhaon LLC No.40702840900000100231 opened with OOO HSBC (RR), to current account No. 30114840400001000001 of Kone Holdings Limited, an offshore Cyprus company, opened with the same bank. Before this payment, the tax base was 1,244,846,732 rubles 95 kopecks, from which in accordance with sub-clause 2 of clause 3 of article 284 of the Russian Tax Code, income tax in the amount of 15% was payable in relation to the income received in the form of dividends by foreign organizations from a Russian organization.

Despite this, before the payment of the specified income to a foreign entity, Browder W. F., Cherkasov I. S. and other unidentified persons in fact acting as the heads of Makhaon LLC, for the purpose of non-payment of income tax, which in accordance with article 310 of the Russian Tax Code is to be withheld at each dividend payment, intentionally caused calculation, deduction, and on May 17, 2006, based on payment order No. 11 to Makhaon LLC, payment to the budget of the Russian Federation of income tax in the amount of 62,242,336 rubles 65 kopecks, reliably knowing that they illegally applied the tax rate of 5%.

Similarly, on 17 May 2006, Browder W. F., Cherkasov I. S. and other unidentified persons, in violation of sub-clause 2 of clause 3 of article 284 of the Russian Tax Code, providing for the application of 15% tax rate, organized a dividend payment from the current account of Makhaon LLC No. 40702840900000100231 opened with OOO HSBC Bank (RR), to the participant of Makhaon LLC – Sedena Holdings Limited LLC – to current account No. 40807810300501264016, opened with ZAO CB Citibank, in the amount of 1,888,684 ruble 20 kopecks, having calculated, deducted, and paid to the budget of the Russian Federation on the same day on the basis of the above payment order No.11 income tax on income paid to a foreign organization in the amount of 209,853 rubles 80 kopecks, reliably knowing that they illegally applied the tax rate of 10%. The tax base was 2,098,538 rubles.

Further, W. F. Browder, I.S. Cherkasov and other unidentified persons, no later than June 10, 2006, caused employees of Firestone Duncan located at the following address: Moscow, Krasnoproletarskaya Street, 30, block 1, of the “Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes” for May 2006 (Appendix approved by

order No.CA9-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 “information about the foreign organization”: in the “name of the foreign organization” field – “Kone holdings Limited LLC”, in the “address of the foreign organization” field – “3105, Limassol, Arch.Makariou III Avenue 284, Fortuna Court, Block B, 2nd floor”, in the “country of permanent residence” field – “Republic of Cyprus”, in the “tax reference number of the organization in the foreign state” field – “12167095Z”; in clause 1.2 “Tax assessment”, income information, namely in the “type of income” field – “dividends”, in the “amount of income before tax” field – “46,069,773”, in the “currency name” field – “US dollar”, in the “ruble exchange rate on the date of tax remittance” – “27,0209”, in the “date of payment of the income” field – “May 17, 2006”, in the “date of transfer of tax to the budget” field – “May 17, 2006”, among others, in the “tax rate%” field information that was knowingly false for I.S. Cherkasov, W.F. Browder and other unidentified persons was entered – “5%”, instead of “15%”, in the “tax amount to be transferred to the budget” field - “62,242,337” instead of “186,727,009.94”, signed on behalf of Paul Wrench.

Also the following information was entered in the specified Tax calculation (information): in section No.1 clause 1.1 “information about the foreign organization”: in the “name of the foreign organization” field – “Sedena holdings Limited”, in the “address of the foreign organization” field – “16 Kyriakou Matsi Avenue, Eagle House, 10<sup>th</sup> floor, Ayol Omoloyte, Nicosia, Cyprus”, in the “country of permanent residence” field – “Republic of Cyprus”, in the “tax reference number of the organization in the foreign state” field – “12145272Q”; in clause 1.2 “Tax assessment”, income information, namely in the “type of income” field – “dividends”, in the “amount of income before tax” field – “2,098,538”, in the “currency name” field – “Russian ruble”, in the “date of payment of the income” field – “May 17, 2006”, in the “date of transfer of tax to the budget” field – “May 17, 2006”, among others, in the “tax rate %” field information that was knowingly false for W.F. Browder, I.S. Cherkasov, and other unidentified persons was entered – “10%”, instead of “15%”, in the “tax amount to be transferred to the budget” field - “209,854” instead of “314,780.7”, signed on behalf of Paul Wrench.

After that, W.F. Browder, I.S. Cherkasov and other unidentified persons, using employees of Firestone Duncan, caused the specified Tax calculation (information) to be sent by registered letter that was received on July 3, 2006, to Federal Tax Service Inspectorate No. 15 for the North-East Administrative District of Moscow located at the following address: Moscow, Rustaveli street, 12/7.

Also, on July 20, 2006, Browder W. F., Cherkasov I. S. and other unidentified persons in fact acting as the heads of Makhaon LLC, arranged for payment from current account No.40702840900000100231 of Makhaon LLC opened with OOO HSBC Bank (RR), of dividends to the participant of Makhaon LLC – Sedena Holdings Limited, an offshore company, in the amount of 12,852 rubles, to current account No.40807810300501264016 opened with ZAO CB Citibank, and having calculated, deducted, and paid to the budget of the Russian Federation on the same day on the basis of the above payment order No.23 income tax on income paid to a foreign organization in the amount of 1,428 rubles, illegally applying the tax rate of 10% instead of the tax rate of 15% provided for in sub-clause 2 of clause 3 of article 284 of the Russian Tax Code. The tax base was 14,280 rubles.

Besides, on July 20, 2006 W.F. Browder, I.S. Cherkasov and other unidentified persons arranged for transfer from current account No.40702840900000100231 of Makhaon LLC opened with OOO HSBC Bank (RR), to current account of Kone Holdings Limited offshore company opened with the same bank, of dividends in the amount of 297,438.25 US dollars. Before the payment of the specified income to a foreign entity, W.F. Browder and I.S. Cherkasov arranged calculation, deduction, and on July 20, 2006, based on payment order No. 23 to Makhaon LLC, payment to the budget of the Russian Federation of income tax in the amount of 423,542.68 rubles (based on the ruble exchange rate determined by the Central Bank of Russia on the specified date – 27.0554 rubles per 1 US dollar), illegally applying the tax rate of 5%, instead of the tax rate of 15% provided for in sub-clause 2 of clause 3 of article 284 of the Russian Tax Code%. The tax base was 8,470,853.50 rubles.

Continuing with their criminal activities, W. F. Browder, I.S. Cherkasov and other unidentified persons, no later than August 10, 2006, arranged preparation by employees of Firestone Duncan located at the following address: Moscow, Krasno proletarskaya Street, 30, block 1, and signing on behalf of Paul Wrench of the “Tax calculation (information) on the amounts of

income paid to foreign organizations and withheld taxes” for July 2006 (Appendix approved by order No.CA9-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 “information about the foreign organization”: in the “name of the foreign organization” field – “Kone holdings Limited LLC”, in the “address of the foreign organization” field – “3105, Limassol, Arch.Makariou III Avenue 284, Fortuna Court, Block B, 2nd floor”, in the “country of permanent residence” field – “Republic of Cyprus”, in the “tax reference number of the organization in the foreign state” field – “12167095Z”; in clause 1.2 “Tax assessment”, namely in the “type of income” field – “dividends”, in the “amount of income before tax” field – “315,420”, in the “currency name” field – “US dollar”, in the “ruble exchange rate on the date of tax remittance” – “27.0554”, in the “date of payment of the income” field – “July 20, 2006”, in the “date of transfer of tax to the budget” field – “July 20, 2006”, among others, in the “tax rate%” field information that was knowingly false for I.S. Cherkasov, W.F. Browder and other unidentified persons was entered – “5%”, instead of “15%”, in the “tax amount to be transferred to the budget” field - “423,543” instead of “1,270,628.03”.

The following information was entered into the same Tax calculation (information): in section No.1 clause 1.1 “information about the foreign organization”: in the “name of the foreign organization” field – “Sedena holdings Limited”, in the “address of the foreign organization” field – “16 Kyriakou Matsi Avenue, Eagle House, 10<sup>th</sup> floor, Ayol Omoloyte, Nicosia, Cyprus”, in the “country of permanent residence” field – “Republic of Cyprus”, in the “tax reference number of the organization in the foreign state” field – “12145272Q”; in clause 1.2 “Tax assessment”, income information, namely in the “type of income” field – “dividends”, in the “amount of income before tax” field – “14,280”, in the “currency name” field – “Russian ruble”, in the “date of payment of the income” field – “July 20, 2006”, in the “date of transfer of tax to the budget” field – “July 20, 2006”, among others, in the “tax rate %” field information that was knowingly false for W.F. Browder, I.S. Cherkasov, and other unidentified persons was entered – “10%”, instead of “15%”, in the “tax amount to be transferred to the budget” field - “1,428” instead of “2,142”, signed on behalf of Paul Wrench.

After that, W.F. Browder, I.S. Cherkasov and other unidentified persons, using employees of Firestone Duncan, caused the specified Tax calculation (information) to be sent by registered letter that was received on August 29, 2006, to Federal Tax Service Inspectorate No. 15 for the North-East Administrative District of Moscow located at the following address: Moscow, Rustaveli street, 12/7.

In addition, W.F. Browder, I.S. Cherkasov and other unidentified persons arranged for preparation by employees of Firestone Duncan and subsequent execution of minutes No. 5 dated December 8, 2006, of the General meeting of participants of Makhaon LLC – by authorized representative of Global Administration (Russia) LTD. Paul Wrench, who was also share trustee (representative) of I.S. Cherkasov, as well as by representative of Sedena Holdings Limited D.I. Dorofeyev, representative of Kone Holdings Limited L.A. Guzheva, on reduction of the share capital of the company to 10,000 rubles by reducing the nominal value of the share in the authorised capital by more than 100,000 US dollars, according to which, on March 1, 2007, the funds in the amount of 117,621.47 US dollars were transferred to the account of Kone Holdings Limited.

As a result of the above criminal actions, W.F. Browder, I.S. Cherkasov and other unidentified persons failed to their personal advantage to perform the duties of a tax agent on calculation, withholding and remittance of taxes to be calculated, withheld from a taxpayer pursuant to the Russian legislation on taxes and fees, and remitted to the Federal budget, by illegally applying the tax rate of 5% and 10%, and paying income tax to the budget in the amount of 62,877,161.13 rubles, instead of **188,314,560.67** rubles to be paid had the 15% tax rate been applied, that is, they underpaid tax in the amount of 125,437,399.54 rubles to the budget of the Russian Federation, which is tax default on a large scale.

Also, in furtherance of their collective criminal actions in order to implement criminal intentions aimed at non-performance for the personal benefit of duties of a tax agent on calculation, deduction and remission of taxes to be calculated, withheld from a taxpayer pursuant to the Russian legislation on taxes and fees, and remitted to the Federal budget, W. F. Browder, I.S. Cherkasov and other unidentified persons arranged preparation by employees of Firestone Duncan and further execution of the following documents:

- agreement No.100106/01 dated January 10, 2006 between Riland LLC represented by

Director General Martin John Wilson, and Sedena Holdings Limited, a Cyprus offshore Company represented by Director Christalla Argiridou of purchase by Sedena Holdings Limited from Riland LLC of 12,500,000 shares of OAO Gazprom for 2,512,500,000 rubles;

- agreement No.100106/02 dated January 10, 2006 between Riland LLC represented by Director General Martin John Wilson, and Sedena Holdings Limited, a Cyprus offshore Company represented by Director Christalla Argiridou of purchase by Sedena Holdings Limited from Riland LLC of 27,885,250 shares of OAO Gazprom for 5,604,935,250 rubles.

On 26 January 2006, under the above contracts, 771,626,850 rubles were transferred from current account No. 40818810500001520201 of Sedena Holdings Limited opened with ZAO CB Citibank, to current account No.40702810700001200001 of Riland LLC opened with OOO HSBC Bank (RR), and the following sums of money were transferred to current account No.40702810700701579002 of Riland LLC opened with ZAO CB Citibank in payment for the securities: on February 8, 2006 – 1,740,873,150 rubles, on February 10, 2006 – 1,500,053,610 rubles, on February 14, 2006 – 1,491,986,010 rubles.

In pursuance of the criminal intent, W.F. Browder and I.S. Cherkasov, and other unidentified persons, I.S. Cherkasov, acting for their mutual personal lucrative purposes, with the overall objective of obtaining pecuniary benefit consisting in the increase of the amount of funds transferred as dividends to their controlled foreign organization, decided not to pay the tax at the specified payments, by illegal application of lowered tax rate. Thus, W.F. Browder, I.S. Cherkasov and other unidentified persons, being the actual heads of Cypriot and Russian legal entities, knowing that pursuant to article 275, sub-clause 2 of clause 3 of article 284, article 310, article 312 of the Russian Tax Code were to apply the rate of 15% when paying dividends, deliberately when calculating, withholding and remitting income tax illegally applied the tax rate of 5% provided by clause "a" of part 2 of article 10 of the Agreement, knowing that they were not entitled to apply that rate of income tax, because Glendora Holdings Limited in fact **conducted no independent financial and economic activity, had no actual right to income in the form of dividends, and possessed no real authority in relation to the disposal of these revenues, and carried out intermediary functions in respect of such income in the interests of W.F. Browder, the Fund, and HSBC banking group, which receiving such income directly from sources in the Russian Federation were not entitled to apply the Agreement.**

In particular, using the decision dated January 24, 2006 of the participant of Riland LLC - offshore Cypriot company Glendora Holdings Limited, represented by Yanna Alexandrou, on the payment of dividends in the amount of 4,982,012,800 rubles, prepared with the knowledge and in the interests of W.F. Browder, I.S. Cherkasov and other unidentified persons by employees of Firestone Duncan, implementing their criminal intentions, W.F. Browder, I.S. Cherkasov, in fact acting as the heads of Riland LLC, and other unidentified persons arranged for dividend transfer of dividends from current account No.40702810700701579002 of Riland LLC opened with ZAO CB Citibank: on February 8, 2006 – 1,740,873,150 rubles, on February 10, 2006 – 1,500,053,000 rubles, on February 14, 2006 – 1,491,986,010 rubles to current account No.40807810300501224014 of Glendora Holdings Limited offshore company opened with the same bank.

Before this payment, the tax base was 4,982,012,800 rubles, from which in accordance with sub-clause 2 of clause 3 of article 284 of the Russian Tax Code, income tax in the amount of 15% was payable in relation to the income received in the form of dividends by a foreign organization from a Russian organization. Despite this, before the payment of the specified income to a foreign entity, W. F. Browder, I. S. Cherkasov in fact acting as the heads of Riland LLC, and other unidentified persons, for the purpose of non-payment of income tax, which in accordance with article 310 of the Russian Tax Code is to be withheld at each dividend payment, arranged for calculation, deduction, and on February 15, 2006, based on payment order No. 5 to Riland LLC, payment to the budget of the Russian Federation – Federal treasury department of the Ministry of Finance of the Russian Federation for the city of Moscow, of income tax in the amount of 249,100,640 rubles, illegally applying at its calculation the tax rate of 5%.

After that W. F. Browder, I.S. Cherkasov and other unidentified persons, no later than March 10, 2006, caused employees of Firestone Duncan located at the following address: Moscow, Krasnoproletarskaya Street, 30, block 1, to prepare the "Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes" for February 2006 (Appendix approved by order No.CAЭ-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 "information about the foreign

organization”: in the “name of the foreign organization” field – “Glendora Holdings Limited, a limited liability company”, in the “address of the foreign organization” field – “16 Kyriakou Matsi Avenue, Eagle House, 10<sup>th</sup> floor, Ayol Omoloyte, Nicosia, Cyprus”, in the “country of permanent residence” field – “Republic of Cyprus”, in the “tax reference number of the organization in the foreign state” field – “1207949C”; in clause 1.2 “Tax assessment”, income information, namely in the “type of income” field – “dividends”, in the “amount of income before tax” field – “1,832,498,053”, “1,579,003,158” and “1,570,511,589”, in the “currency name” field – “Russian ruble”, in the “date of payment of the income” field – “February 8, 2006”, “February 10, 2006”, “February 14, 2006”, in the “date of transfer of tax to the budget” field – “February 15, 2006”, among others, in the “tax rate %” field information that was knowingly false for W.F. Browder, I.S. Cherkasov, and other unidentified persons was entered – “5%”, instead of “15%”, in the “tax amount to be transferred to the budget” field - “91,624,903” instead of “274,874,709”, in the “tax amount to be transferred to the budget” field - “78,950,158” instead of “236,850,474”, in the “tax amount to be transferred to the budget” field - “78,525,579” instead of “235,576,737”, signed on behalf of I.S. Cherkasov.

After that, the above-mentioned Tax calculation (information) was sent by W.F. Browder, I.S. Cherkasov and other unidentified persons, with the help of employees of Firestone Duncan, on March 28, 2006 by registered mail to the Inspectorate No. 10 of the Federal Taxation Service for the Central Administrative District of Moscow, located at the following address: Moscow, Chayanov street, 8/26, and was received on April 7, 2006.

Continuing with their collective criminal activities, W.F. Browder, I.S. Cherkasov and other unidentified persons arranged for preparation by employees of Firestone Duncan of the decision of the sole participant of Riland LLC – Glendora Holdings Limited signed on April 7, 2006 by Director Andreas Antoniou on the payment of dividends in the amount of 554,430,000 rubles. On April 19, 2006, W. F. Browder, I. S. Cherkasov in fact acting as the heads of Riland LLC, and other unidentified persons arranged for transfer of money in the amount of 526,708,500 rubles from current account No. 40702810700701579002 of Riland LLC opened with ZAO CB Citibank, to current account No. **40807810300501224014** of Glendora Holdings Limited, Cyprus offshore company, opened with the same bank. Before this payment, the tax base was 554,430,000 rubles, from which in accordance with sub-clause 2 of clause 3 of article 284 of the Russian Tax Code, income tax in the amount of 15% was payable in relation to the income received in the form of dividends by foreign organizations from a Russian organization. Despite this, before the payment of the specified income to a foreign entity, W. F. Browder, I. S. Cherkasov and other unidentified persons, for the purpose of non-payment of income tax, which in accordance with article 310 of the Russian Tax Code is to be withheld at each dividend payment, arranged for calculation, deduction, and on April 20, 2006, based on payment order No. 9 to Riland LLC, payment to the budget of the Russian Federation – Federal treasury department of the Ministry of Finance of the Russian Federation for the city of Moscow, of income tax in the amount of 27,721,500 rubles, illegally applying at its calculation the tax rate of 5%.

After that W. F. Browder, I.S. Cherkasov and other unidentified persons, no later than May 10, 2006, arranged preparation by employees of Firestone Duncan located at the following address: Moscow, Krasno proletarskaya Street, 30, block 1, of the “Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes” for April 2006 (Appendix approved by order No. CA9-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 “information about the foreign organization”: in the “name of the foreign organization” field – “Glendora Holdings Limited, a limited liability company”, in the “address of the foreign organization” field – “16 Kyriakou Matsi Avenue, Eagle House, 10th floor, Ayol Omoloyte, Nicosia, Cyprus”, in the “country of permanent residence” field – “Republic of Cyprus”, in the “tax reference number of the organization in the foreign state” field – “12079549C”; in clause 1.2 “Tax assessment”, namely: in the “type of income” field – “dividends”, in the “amount of income before tax” field – “554,430,000”, in the “currency name” field – “Russian ruble”, in the “date of payment of the income” field – “April 19, 2006”, in the “date of transfer of tax to the budget” field – “April 20, 2006”, among others, in the “tax rate%” field information that was knowingly false for W.F. Browder, I.S. Cherkasov, and other unidentified persons was entered – “5%”, instead of “15%”, in the “tax amount to be transferred to the budget” field – “27,721,500” instead of “83,164,500”, signed on behalf of I. S. Cherkasov.

After that, the above-mentioned Tax calculation (information) was sent by W.F. Browder,



I.S. Cherkasov and other unidentified persons, with the help of employees of Firestone Duncan, on May 26, 2006 by registered mail to the Inspectorate No. 10 of the Federal Taxation Service for the Central Administrative District of Moscow, located at the following address: Moscow, Chayanov street, 8/26.

On July 11, 2006, employees of Firestone Duncan, with the knowledge of W.F. Browder, I.S. Cherkasov and other unidentified persons prepared a decision of the sole participant of Riland LLC – Glendora Holdings Limited, signed by Director Yanna Alexandrou, on the payment of dividends in the amount of 715,000 rubles.

On July 21, 2006, W. F. Browder, I. S. Cherkasov in fact acting as the heads of Riland LLC, and other unidentified persons arranged for transfer of dividends in the amount of 679,250 rubles from current account No. 40702810700701579002 of Riland LLC opened with ZAO CB Citibank, to current account No. **40807810300501224014** of Glendora Holdings Limited, Cyprus offshore company, opened with the same bank. Before this payment, the tax base was 715,000 rubles, from which in accordance with sub-clause 2 of clause 3 of article 284 of the Russian Tax Code, income tax in the amount of 15% was payable in relation to the income received in the form of dividends by foreign organizations from Russian organizations. Despite this, before the payment of the specified income to a foreign entity, W. F. Browder, I. S. Cherkasov and other unidentified persons, for the purpose of partial non-payment of income tax, which in accordance with article 310 of the Russian Tax Code is to be withheld at each dividend payment, arranged for calculation, deduction, and on July 21, 2006, based on payment order No.12 to Riland LLC, payment to the budget of the Russian Federation – Federal treasury department of the Ministry of Finance of the Russian Federation for the city of Moscow, of income tax in the amount of 35,750 rubles, illegally applying at its calculation the tax rate of 5%.

Furthermore, continuing with their collective criminal activities, W. F. Browder, I.S. Cherkasov in fact acting as the heads of Riland LLC, and other unidentified persons, no later than August 10, 2006, arranged for preparation by employees of Firestone Duncan located at the following address: Moscow, Krasnoproletarskaya Street, 30, block 1, of the “Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes” for July 2006 (Appendix approved by order No. CAЭ-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 “information about the foreign organization”: in the “name of the foreign organization” field – “Glendora Holdings Limited, a limited liability company”, in the “address of the foreign organization” field – “16 Kyriakou Matsi Avenue, Eagle House, 10th floor, Ayol Omoloyte, Nicosia, Cyprus”, in the “country of permanent residence” field – “Republic of Cyprus”, in the “tax reference number of the organization in the foreign state” field – “12079549C”; in clause 1.2 “Tax assessment”, namely: in the “type of income” field – “dividends”, in the “amount of income before tax” field – “715,000”, in the “currency name” field – “Russian ruble”, in the “date of payment of the income” field – “July 21, 2006”, in the “date of transfer of tax to the budget” field – “July 21, 2006”, among others, in the “tax rate%” field information that was knowingly false for W.F. Browder, I.S. Cherkasov, and other unidentified persons was entered – “5%”, instead of “15%”, in the “tax amount to be transferred to the budget” field – “35,750” instead of “107,250”, signed on behalf of Martin John Wilson.

After that, the above-mentioned Tax calculation (information) was sent by W.F. Browder, I.S. Cherkasov and other unidentified persons, with the help of employees of Firestone Duncan, on August 24, 2006 by registered mail to the Inspectorate No. 10 of the Federal Taxation Service for the Central Administrative District of Moscow, located at the following address: Moscow, Chayanov street, 8/26, and was received on September 11, 2006.

After that, W.F. Browder, I.S. Cherkasov and other unidentified persons organized preparation by employees of Firestone Duncan and subsequent execution of decision of the sole participant of Riland LLC dated January 29, 2007 – Glendora Holdings Limited offshore company represented by Directors of the company Yanna Alexandrou and Andreas Antoniou of reduction of the the authorized capital to 10 000 rubles and on February 6, 2007, transferred 3,387,109 rubles from current account No.40702810700701579002 opened with ZAO CB Citibank, by bank remittance to current account No. **40807810300501224014** of Glendora Holdings Limited opened with the same bank.

As a result of the above criminal actions, W.F. Browder, I.S. Cherkasov and other unidentified persons failed to their personal advantage to perform the duties of a tax agent on calculation, withholding and remittance of taxes to be calculated, withheld from a taxpayer pursuant

to the Russian legislation on taxes and fees, and remitted to the Federal budget, by illegally applying the tax rate of 5% and paying income tax to the budget in the amount of 276,857,890 rubles, instead of **830,573,670** rubles to be paid had the 15% tax rate been applied, that is, they underpaid tax in the amount of 553,715,780 rubles to the budget of the Russian Federation, which is tax default on a large scale.

In furtherance of their collective criminal actions in order to implement criminal intentions aimed at non-performance for the personal benefit of duties of a tax agent on calculation, deduction and remission of taxes to be calculated, withheld from a taxpayer pursuant to the Russian legislation on taxes and fees, and remitted to the Federal budget, W. F. Browder, I.S. Cherkasov and other unidentified persons arranged for preparation by employees of Firestone Duncan of minutes No.3 dated December 30, 2005 of the general meeting of participants of Parfenion LLC - Orient-K LLC represented by its Director General L.B. Bokova, and Glendora Holdings Limited represented by I.S. Cherkasov as its authorized representative, on sale by Parfenion LLC of 72,676,695 ordinary registered shares of RAO Gazprom.

Director General of Parfenion LLC L.B. Bokova, acting with the knowledge of W.F. Browder, I.S. Cherkasov I. S. and other unidentified persons, signed sale and purchase agreements Nos.01, 02, 03, 04 dated January 10, 2006 prepared by Firestone Duncan employees on the sale to Sedena Holdings Limited offshore company of shares of OAO Gazprom: 17,194,500 shares for the amount of 3,456,094,500 rubles; 18,500,000 shares for the amount of 3,718,500,000 rubles; 15,980,000 shares for the amount of 3,211,980,000 rubles, and 21,002,195 shares for the amount of 4,221,441,195 rubles respectively. On the basis of these agreements, with the knowledge of W.F. Browder, I.S. Cherkasov and other unidentified persons, orders for inventory transactions signed on behalf of L.B. Bokova were prepared, based on which on January 16, 2006, ordinary shares of OAO Gazprom were credited to securities account No.883L/65400000-S opened with ZAO Depository Clearing Company: 17,194,500 shares, 18,500,000 shares, 15,980,000 shares, and 21,002,195 shares.

Also, in pursuance of their criminal intent W.F. Browder, I.S. Cherkasov and other unidentified persons organized the preparation of the following documents with the help of employees of Firestone Duncan with subsequent signing thereof:

- transfer of debt agreement dated June 30, 2006 between the debtor – Sedena Holdings Limited, the creditor – Parfenion LLC, and Glendora Holdings Limited, under which Sedena Holdings Limited transferred the debt to be paid to Parfenion LLC for the above specified securities – the shares of RAO Gazprom – to Glendora Holdings Limited, in the amount of 10,951,962,285 rubles 71 kopecks including interest;

- decision No. 1 dated July 12, 2006, of the sole participant of Parfenion LLC - Glendora Holdings Limited represented by its Directors Yanna Alexandrou and Andreas Antoniou, according to which, at the end of the second quarter of 2006, the profit of Parfenion LLC in the amount of 11,159,600,000 rubles was distributed with the payment of that money to Glendora Holdings Limited in the form of dividends;

- decision No.2 dated July 12, 2006 of the sole participant of Parfenion LLC - Glendora Holdings Limited куккууууууууууу by its Directors Yanna Alexandrou and Andreas Antoniou, according to which the powers of the Director General of the Company L.B. Bokova were terminated on July 26, 2006, and Martin John Wilson was appointed to that position;

- agreement dated July 26, 2006 of partial termination of obligations by setoff between the creditor – Parfenion LLC represented by Martin John Wilson, and the debtor - Glendora Holdings Limited represented by its Director Yanna Alexandrou, according to which the monetary claim of Glendora Holdings Limited to Parfenion LLC on payment of dividends in the amount of 11,159,600,000 rubles under decision No. 1 is partially terminated by setoff of the claim of Glendora Holdings Limited towards performance of obligations of Parfenion LLC in connection with the agreement dated June 30, 2006 of transfer of debt in the amount of 10,951,962,285 rubles 71 kopecks (the amount of offset – 10,601,620,000 rubles), arising from sale and purchase agreement of securities No. 2 dated January 10, 2006, No.3 dated January 10, 2006, No.4 dated January 10, 2006 between the creditor – Parfenion LLC, and Sedena Holdings Limited, Parfenion LLC pays tax in the amount of 5%.

In pursuance of the criminal intent aimed at tax evasion, W.F. Browder, I.S. Cherkasov in fact acting as the heads of Parfenion LLC, and other unidentified persons, acting for their mutual personal lucrative purposes, with the overall objective of obtaining pecuniary benefit consisting in the increase of the amount of funds transferred as dividends to their controlled foreign organization,

being the actual heads of Cypriot and Russian legal entities, reliably knowing that pursuant to article 275, sub-clause 2 of clause 3 of article 284, article 310, article 312 of the Russian Tax Code were to apply the rate of 15% when paying dividends, deliberately when calculating, withholding and remitting income tax applied a tax rate of 5%, knowing that they were not entitled to apply that rate of income tax, provided by clause "a" of part 2 of article 10 of the Agreement, because Glendora Holdings Limited in fact **conducted no independent financial and economic activity, had no actual right to income in the form of dividends, possessed no real authority in relation to the disposal of these revenues, carried out intermediary functions in respect of such income in the interests of W.F. Browder, the Fund, and HSBC banking group, which receiving such income directly from sources in the Russian Federation were not entitled to apply the Agreement.**

Thus, with the knowledge of W.F. Browder, I.S. Cherkasov, in fact performing the duties of the heads of Parfenion LLC, and other unidentified persons, for the purpose of evasion of income tax, which in accordance with article 310 of the Russian Tax Code must be withheld at each dividend payment, under payment order No.24 dated July 26, 2006, 557,980,000 rubles were transferred from current account No. 4070281080000100248 of Parfenion LLC opened with OOO HSBC Bank (RR), to Federal treasury department of the Ministry of Finance of the Russian Federation for the city of Moscow as income tax withheld from the amount of income – dividends paid to a foreign entity according to the results of the 2nd quarter of 2006, by way of intentional illegal application at its calculation of the tax rate of 5% to the tax base amounting to 11,159,600,000 rubles, instead of the tax rate of 15% provided for in sub-clause 2 of clause 3 of article 284 of the Russian Tax Code.

Further, pursuing their criminal intentions, W.F. Browder, I.S. Cherkasov and other unidentified persons, no later than August 10, 2006, arranged for preparation by employees of Firestone Duncan located at the following address: Moscow, Krasno proletarskaya Street, 30, block 1, of the "Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes" for July 2006 (Appendix approved by order No.CAЭ-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004) of Parfenion LLC, which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 "information about the foreign organization": in the "name of the foreign organization" field – "Glendora Holdings Limited, a limited liability company", in the "address of the foreign organization" field – "Arch.Makariou III, 58, Iris Tower, office 602, Nicosia, Cyprus", in the "country of permanent residence" field – "Republic of Cyprus", in the "tax reference number of the organization in the foreign state" field – "12079549C"; in clause 1.2 "Tax assessment", in the "type of income" field – "dividends", in the "amount of income before tax" field – "11,159,600,000", in the "currency name" field – "Russian ruble", in the "date of payment of the income" field – "July 26, 2006", in the "date of transfer of tax to the budget" field – "July 26, 2006", among others, in the "tax rate %" field information that was knowingly false for W.F. Browder, I.S. Cherkasov, and other unidentified persons was entered – "5%", instead of "15%", in the "tax amount to be transferred to the budget" field - "557,980,000" instead of "1,673,940,000", signed on behalf of Director General of Parfenion LLC Martin John Wilson.

After that, W.F. Browder, I.S. Cherkasov and other unidentified persons, using employees of Firestone Duncan, arranged for the specified Tax calculation (information) to be sent on August 25, 2006 by registered letter that was received on August 29, 2006, to Federal Tax Service Inspectorate No. 15 for the North-East Administrative District of Moscow located at the following address: Moscow, Rustaveli street, 12/7.

Continuing to implement their criminal plan, W.F. Browder, I.S. Cherkasov and other unidentified persons had employees of Firestone Duncan prepare decision No.3 dated November 1, 2006, of the sole participant of Parfenion LLC – Glendora Holdings Limited offshore company represented by I.S. Cherkasov, its authorized representative, of reduction of the authorized capital of Parfenion LLC to 10,000 rubles. In pursuance of this decision, on February 12, 2007, Parfenion LLC transferred 3,264,278 rubles from its current account No. 4070281080000100284 opened in OOO HSBC Bank (RR), to account No.40807810300501224014 of Glendora Holdings Limited opened in ZAO CB Citibank.

W.F. Browder, I.S. Cherkasov and other unidentified persons continuing to implement their criminal intent, arranged for the preparation of decision No. 4 dated January 30, 2007, of the sole participant of Parfenion LLC - Glendora Holdings Limited, represented by its Directors Yanna Alexandrou and Andreas Antonio, according to which at the end of 2006 profit of Parfenion LLC

was distributed in the amount of 3,410,000 rubles.

After that, W.F. Browder, I.S. Cherkasov and other unidentified persons, acting for their mutual personal lucrative purposes, with the overall objective of obtaining pecuniary benefit consisting in the increase of the amount of funds transferred as dividends to their controlled foreign organization, for the purpose of evasion of duties on payment of taxes of the foreign participant at receipt of dividends from a controlled Russian organization. Acting in fact as heads of Cypriot and Russian companies, reliably knowing that in accordance with article 310 of the Russian Tax Code, income tax must be withheld at each dividend payment, W. F. Browder and I.S. Cherkasov, also actually performing the duties of the heads of Parfenion LLC, and other unidentified persons on the basis of payment order No. 2 dated February 12, 2007, transferred 341,000 rubles to the budget from current account No.40702810800000100248 of Parfenion LLC in OOO HSBC Bank (RR) to the Federal treasury department of the Ministry of Finance of the Russian Federation for the city of Moscow as income tax withheld from the amount of income – dividends paid to a foreign organization, according to the results for 2006, deliberately illegally applying the tax rate of 10%, instead of 15%, to the tax base in the amount of 3,410,000 rubles. Continuing with their criminal actions, on February 12, 2007, W.F. Browder, I.S. Cherkasov and other unidentified persons, on the basis of payment order No. 3 arranged for the transfer of money in the amount of 3,069,000 rubles in dividends for 2006 from current account No.40702810800000100248 of OOO Parfenion opened in OOO HSBC Bank (RR), to current account No.40807810300501224014 of Glendora Holdings Limited opened in ZAO CB Citibank.

Further, continuing with the criminal intentions, W.F. Browder, I.S. Cherkasov and other unidentified persons not later than April 10, 2007, arranged for the preparation by Firestone Duncan employees of the “Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes” for the 1<sup>st</sup> quarter of 2007 (Appendix approved by order No.CAЭ-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004) of Parfenion LLC, which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 “information about the foreign organization”: in the “name of the foreign organization” field – “Glendora Holdings Limited, a limited liability company”, in the “address of the foreign organization” field – “Arch.Makariou III, 58, Iris Tower, office 602, Nicosia, Cyprus”, in the “country of permanent residence” field – “Republic of Cyprus”, in the “tax reference number of the organization in the foreign state” field – “12079549C”; in clause 1.2 “Tax assessment”, in the “type of income” field – “dividends”, in the “amount of income before tax” field – “3,410,000”, in the “currency name” field – “Russian ruble”, in the “date of payment of the income” field – “February 14, 2007”, in the “date of transfer of tax to the budget” field – “February 13, 2007”, among others, in the “tax rate %” field information that was knowingly false for W.F. Browder, I.S. Cherkasov, and other unidentified persons was entered – “10%”, instead of “15%”, in the “tax amount to be transferred to the budget” field - “341,000” instead of “515,500”, signed on behalf of Director General of Parfenion LLC Martin John Wilson.

After that, on April 20, 2007, W.F. Browder, I.S. Cherkasov and other unidentified persons, using employees of Firestone Duncan, arranged for the specified Tax calculation (information) to be sent by registered letter that was received on April 26, 2007, to Federal Tax Service Inspectorate No. 15 for the North-East Administrative District of Moscow located at the following address: Moscow, Rustaveli street, 12/7.

As a result of the above criminal actions, W.F. Browder, I.S. Cherkasov and other unidentified persons failed to their personal advantage to perform the duties of a tax agent on calculation, withholding and remittance of taxes to be calculated, withheld from a taxpayer pursuant to the Russian legislation on taxes and fees, and remitted to the Federal budget, by illegally applying the tax rates of 5% and 10%, and paying income tax to the budget in the amount of 558,321,000 rubles, instead of **1,674,451,500** rubles to be paid had the 15% tax rate been applied, that is, they underpaid tax in the amount of 1,116,130,500 rubles to the budget of the Russian Federation, which is tax default on a large scale.

In furtherance of their collective criminal actions in order to implement criminal intentions aimed at non-performance for the personal benefit of the duties of a tax agent on calculation, deduction and remission of taxes to be calculated, withheld from a taxpayer pursuant to the Russian legislation on taxes and fees, and remitted to the Federal budget on a large scale, W. F. Browder, I.S. Cherkasov and other unidentified persons arranged preparation by employees of Firestone Duncan and further execution of the following documents:

- minutes No. 13-1 dated December 29, 2005, of the general meeting of participants of

Pifagor Investments LLC, according to which the Director General of Timoleon LLC Hon Christopher Anthony, and the representative of Cyprus offshore company TCI Cyprus Holding Ltd. L.A. Guzheva approved sale by Pifagor Investments LLC of 57,043,172 ordinary shares of RAO Gazprom to Cyprus offshore company Rivercanal Holdings LTD for the total amount of 10,724,116,336 rubles;

- sale and purchase agreement dated December 29, 2005, under which Hon Christopher Anthony, as the Director General of Pifagor Investments LLC, sold 57,043,172 shares of RAO Gazprom to Cyprus offshore company Rivercanal Holdings Limited represented by its director – foreign company Pimiento Limited, on whose behalf the contract was signed by Christiane Michaelides and Maria Kiriakou, for the amount of 10,724,116,336 rubles.

February 28, 2006, based on the application for a one-time reduction in the number of securities held in the securities account No.883F/41600074 of Pythagoras Investments LLC opened with the securities depository of OAO Gazprombank, 57,043,172 ordinary shares of RAO Gazprom were credited to the securities account No. K40RRCL10000 of Cyprus offshore company Rivercanal Holdings Limited opened in the securities depository of OOO Deutsche Bank, located at the following address: Moscow, Shchepkin street, 4.

On September 25, 2006, employees of Firestone Duncan with the knowledge of W.F. Browder, I.S. Cherkasov and other unidentified persons prepared an additional agreement to the sale and purchase agreement of December 29, 2005, according to which Rivercanal Holdings Limited was to pay to Pifagor Investments LLC the total value of the shares it purchased, until December 31, 2006.

Under the specified sale and purchase agreement dated December 29, 2005, from current accounts of Rivercanal Holdings Limited, opened in ZAO International Moscow Bank (later renamed AO UniCredit Bank), No.40807810600011063186 and No.40818810200011500083, to current account of Pifagor Investments LLC No.40702810700010445085 opened in the same Bank, money in the total amount of 10,724,116,336 rubles were transferred during the period of March 27, 2006 through September 21, 2007, more specifically:

March 27, 2006 – 439,700,000 rubles;

April 26, 2006 – 728,600,000 rubles and 1,468,900,000 rubles;

July 11, 2006 – 25,500,000 rubles and 900,500,000 rubles;

July 28, 2006 – 10,500,000 rubles, 45,500,000 rubles, 125,500,000 rubles and 175,500,000 rubles;

August 15, 2006 – 12,950,000 rubles and 725,500,000 rubles;

September 8, 2006 – 5,500,000 rubles;

September 12, 2006 – 10,500,000 rubles, 25,500,000 rubles and 900,500,000 rubles;

October 5, 2006 – 300,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 5,500,000 rubles, 5,500,000 rubles, 5,500,000 rubles and 475,500,000 rubles;

December 27, 2006 – 1,500,000 rubles, 1,500,000 rubles, 3,500,000 rubles, 3,500,000 rubles, 3,500,000 rubles, 5,500,000 rubles, 900,500,000 rubles;

January 17, 2007 – 49,960,000 rubles;

February 12, 2007 – 10,500,000 rubles and 910,500,000 rubles;

March 6, 2007 – 5,500,000 rubles, 10,500,000 rubles and 850,500,000 rubles;

March 26, 2007 – 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 3,500,000 rubles, 5,500,000 rubles and 800,500,000 rubles;

April 20, 2007 – 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 1,500,000 rubles, 5,500,000 ruble and 745,500,000 rubles;

September 21, 2007 – 288,206,336 rubles.

Also, W.F. Browder, I.S. Cherkasov and other unidentified persons, in pursuance of the criminal intent aimed at non-fulfillment of the duties of a tax agent arranged preparation by Firestone Duncan employees and subsequent execution of decision No.1 dated December 15, 2006 of the sole participant of Pifagor Investments - Cyprus offshore company TCI Cyprus Holding LTD that holds a share of 49% in the authorized capital of the company, represented by its Director – Citco Cyprus Management Limited, about distribution upon the results of the third quarter of 2006 of the company's profit in the amount of 4,628,000,000 rubles with payment of the specified money in the form of dividends of TCI Cyprus Holding LTD.

In pursuance of the criminal intent, W.F. Browder and I.S. Cherkasov, and other unidentified persons, I.S. Cherkasov, acting for their mutual personal lucrative purposes, with the

overall objective of obtaining pecuniary benefit consisting in the increase of the amount of funds transferred as dividends to their controlled foreign organization, decided not to pay part of the tax at the specified payments, by illegal application of lowered tax rate. Thus, W.F. Browder, I.S. Cherkasov and other unidentified persons, being the actual heads of Cypriot and Russian legal entities, knowing that pursuant to article 275, sub-clause 2 of clause 3 of article 284, article 310, article 312 of the Russian Tax Code were to apply the rate of 15% when paying dividends, deliberately when calculating, withholding and remitting income tax applied a tax rate of 5%, knowing that they were not entitled to apply that rate of income tax, provided by clause "a" of part 2 of article 10 of the Agreement, because TCI Cyprus Holding LTD had no actual right to income in the form of dividends, possessed no real authority in relation to the disposal of these revenues, carried out intermediary functions in respect of such income in the interests of W.F. Browder, and other unidentified persons, which receiving such income directly from sources in the Russian Federation were not entitled to the application of the Agreement.

More specifically, using the above decision No. 1 of December 15, 2006 on the payment of dividends, implementing their criminal intentions, W.F. Browder, I.S. Cherkasov, in fact acting as the heads of Pifagor Investments LLC, and other unidentified persons, during the period of December 28, 2006 through September 25, 2007 organized transfer of funds from current account No.40702840300010445086 of Pifagor Investments LLC opened in ZAO International Moscow Bank received from the above transactions for a total amount of 168,466,144.18 USD equivalent to 4,628,000,000 rubles, to the account of offshore company TCI Cyprus Holding LTD opened in CITCO BANK NEDERLAND N.V. (Amsterdam).

Thus, on December 28, 2006, 35,100,000.00 US dollars were transferred, which is equivalent to 924,411,150 rubles (at the rate of 26.3365 rubles per 1 US dollar as of 28 Dec 2006).

Before this payment, the tax base was 973,064,368.42 rubles at the exchange rate of the Central Bank of the Russian Federation as of the payment date, from which in accordance with sub-clause 2 of clause 3 of article 284 of the Russian Tax Code, income tax in the amount of 15% was payable in relation to the income received in the form of dividends by foreign organizations from Russian organizations. Despite this, before the payment of the specified income to a foreign entity, W. F. Browder, I. S. Cherkasov in fact acting as the heads of Pifagor Investments LLC, and other unidentified persons, for the purpose of partial non-payment of income tax, which in accordance with article 310 of the Russian Tax Code is to be withheld at each dividend payment, arranged for calculation, deduction, and on January 18, 2007, based on payment order No. 1 to Pifagor Investments LLC, payment to the budget of the Russian Federation – Federal treasury department of the Ministry of Finance of the Russian Federation for the city of Moscow, of income tax withheld from dividends paid to a foreign entity in the amount of 49,074,603 rubles, illegally applying the tax rate of 5%.

After that, W.F. Browder, I.S. Cherkasov and other unidentified persons not later than January 28, 2007, arranged for the preparation by employees of Firestone Duncan located at 30 Krasnoproletarskaya str., bldg.1, Moscow, of the "Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes" for the 4<sup>th</sup> quarter of 2006 (Appendix approved by order No.CAЭ-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 "information about the foreign organization": in the "name of the foreign organization" field – "Tci Cyprus Holding LTD", in the "address of the foreign organization" field – "Cyprus, 1510, Limassol, 66 Ippokratous street, P/O box 21548", in the "country of permanent residence" field – "Cyprus", in the "tax reference number of the organization in the foreign state" field – "12146027H"; in clause 1.2 "Tax assessment", namely in the "type of income" field – "dividends", in the "amount of income before tax" field – "36,947,368", in the "currency name" field – "USD", in the "date of payment of the income" field – "December 28, 2006", in the "date of transfer of tax to the budget" field – "January 18, 2007", in the "ruble exchange rate on the date of tax remittance" – "26.5646", among others, in the "tax rate%" field information that was knowingly false for I.S. Cherkasov, W.F. Browder and other unidentified persons was entered – "5%", instead of "15%", in the "tax amount to be transferred to the budget" field - "49,074,603" instead of "147,223,809".

After that, the above-mentioned Tax calculation (information) was sent by W.F. Browder, I.S. Cherkasov and other unidentified persons, with the help of employees of Firestone Duncan, not later than January 28, 2007 by registered mail to the Inspectorate No. 10 of the Federal Taxation Service for the Central Administrative District of Moscow, located at the following address:

Moscow, Chayanov street, 8/26.

Further, in continuation of execution of the decision No. 1 of December 15, 2006 on payment of dividends for the third quarter of 2006 in the amount of 4,628,000,000 rubles, implementing their collective criminal intents, W.F. Browder, I.S. Cherkasov, in fact acting as the heads of Pifagor Investments LLC, and other unidentified persons, organized transfer of money from current account No.40702840300010445086 of Pifagor Investments LLC opened in ZAO International Moscow Bank, to the current account of Cyprus offshore company TCI Cyprus Holding LTD, opened in CITCO BANK NEDERLAND N.V. (Amsterdam), in particular:

- on February 14, 2007 in the amount of 33,097,000 US dollars, which is equivalent to 872,963,162.30 rubles (according to the CBR exchange rate of 26.3759 rubles per 1 US dollar as of February 14, 2007);

- on March 6, 2007 in the amount of 31,382,958.44 US dollars, which is equivalent to 822,694,840.62 rubles (according to the CBR exchange rate of 26.2147 rubles per 1 US dollar as of March 06, 2007);

- on March 27, 2007 in the amount of 29,760,352.76 US dollars, which is equivalent to 776,060,718.92 rubles (according to the CBR exchange rate of 26.0770 rubles per 1 US dollar as of March 27, 2007).

Before the specified payments made on February 14, March 6 and 27, 2007 the tax base at the rate of the CBR at the date of the payment of dividends was 918,908,591.89 rubles, 865,994,569.7 rubles, and 816,906,019.92 rubles respectively, from which  $\phi\text{c}\text{c}\text{u}\text{q}\text{b}\text{u}\text{u}\text{u}\text{u}$  to sub-clause 2 of clause 3 of article 284 of the Russian Tax Code income tax in the amount of 15% was payable on the income received by foreign organizations in the form of dividends from Russian organizations. Despite this, before the payment of the specified income to a foreign entity, W. F. Browder, I. S. Cherkasov in fact acting as the heads of Pifagor Investments LLC, and other unidentified persons, for the purpose of partial non-payment of income tax, which in accordance with article 310 of the Russian Tax Code is to be withheld at each dividend payment, arranged for calculation, deduction, and on February 20, March 13 and April 4, 2007, based on payment orders No. 2, 5, and 7 to Pifagor Investments LLC, payment to the budget of the Russian Federation – Federal treasury department of the Ministry of Finance of the Russian Federation for the city of Moscow, of income tax withheld from dividends paid to a foreign entity in the amount of 45,661,840 rubles, 43,321,366 rubles and 40,699,475 rubles respectively, illegally applying the tax rate of 5%.

After that, W.F. Browder, I.S. Cherkasov and other unidentified persons not later than April 28, 2007, arranged for the preparation by employees of Firestone Duncan located at 30 Krasnoproletarskaya str., bldg.1, Moscow, of the “Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes” for the 1<sup>st</sup> quarter of 2007 (Appendix approved by order No.CAЭ-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 “information about the foreign organization”: in the “country of permanent residence” field – “Cyprus”, in the “tax reference number of the organization in the foreign state” field – “12146027H”; in clause 1.2 “Tax assessment”, namely in the “type of income” field – “dividends”, in the “amount of income before tax” field – “34,838,947” line “1”, “33,034,693” line “2” and “31,326,687” line “3”, in the “currency name” field – “USD”, in the “date of payment of the income” field – “February 14, 2007” line “1”, “March 06, 2007” line “2”, “March 27, 2007” line “3”, in the “date of transfer of tax to the budget” field – “February 20, 2007” line “1”, “March 13, 2007” line “2”, “April 04, 2007” line “3”, in the “ruble exchange rate on the date of tax remittance” – “26.2131” line “1”, “26.2278” line “2”, “25.9839” line “3”, among others, in the “tax rate%” field information that was knowingly false for I.S. Cherkasov, W.F. Browder and other unidentified persons was entered – “5%”, instead of “15%”, in the “tax amount to be transferred to the budget” field - “45,661,841” line “1”, instead of “136,985,523”, “43,321,366” line “2”, instead of “129,964,098”, “40,699,475 rubles” line “3”, instead of “122,038,425”.

After that, the above-mentioned Tax calculation (information) was sent by W.F. Browder, I.S. Cherkasov and other unidentified persons, with the help of employees of Firestone Duncan, not later than April 28, 2007 by registered mail to the Inspectorate No. 10 of the Federal Taxation Service for the Central Administrative District of Moscow, located at the following address: Moscow, Chayanov street, 8/26.

Further, in continuation of execution of the decision No. 1 of December 15, 2006 on

payment of dividends, implementing their collective criminal intents, W.F. Browder, I.S. Cherkasov, in fact acting as the heads of Pifagor Investments LLC, and other unidentified persons, on April 25, 2007, organized transfer of money from current account No.40702840300010445086 of Pifagor Investments LLC opened in ZAO International Moscow Bank, to the current account of Cyprus offshore company TCI Cyprus Holding LTD, opened in CITCO BANK NEDERLAND N.V. (Amsterdam) in the amount of 27,993,779.16 US dollars, which is equivalent to 721,567,651.63 rubles (according to the CBR exchange rate of 25.776 rubles per 1 US dollar as of April 25, 2007).

Before this payment of April 25, 2007, the tax base was 816,906,019.92 rubles at the exchange rate of the Central Bank of the Russian Federation as of the payment date, from which in accordance with sub-clause 2 of clause 3 of article 284 of the Russian Tax Code, income tax in the amount of 15% was payable in relation to the income received in the form of dividends by foreign organizations from Russian organizations. Despite this, before the payment of the specified income to a foreign entity, W. F. Browder, I. S. Cherkasov in fact acting as the heads of Pifagor Investments LLC, and other unidentified persons, for the purpose of partial non-payment of income tax, which in accordance with article 310 of the Russian Tax Code is to be withheld at each dividend payment, arranged for calculation, deduction, and on May 3, 2007, based on payment order No. 8 to Pifagor Investments LLC, payment to the budget of the Russian Federation – Federal treasury department of the Ministry of Finance of the Russian Federation for the city of Moscow, of income tax withheld from dividends paid to a foreign entity upon results of 9 months of 2006 in the amount of 37,948,367 rubles, illegally applying the tax rate of 5%.

After that W. F. Browder, I.S. Cherkasov and other unidentified persons, no later than July 28, 2007, caused employees of Firestone Duncan located at the following address: Moscow, Krasnoproletarskaya Street, 30, block 1, to prepare and file the “Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes” for the 2<sup>nd</sup> quarter of 2007 (Appendix approved by order No.CA9-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: in section No.1 clause 1.1 “information about the foreign organization”: in the “country of permanent residence” field – “Cyprus”, in clause 1.2 “Tax assessment”, namely in the “type of income” field – “dividends”, in the “amount of income before tax” field – “29,467,136” in line “4”, in the “currency name” field – “USD”, in the “date of payment of the income” field – “April 25, 2007” in line “4”, in the “date of transfer of tax to the budget” field – “April 25, 2007” in line “4”, in the “ruble exchange rate on the date of tax remittance” – “25.776”, among others, in the “tax rate%” field information that was knowingly false for I.S. Cherkasov, W.F. Browder and other unidentified persons was entered – “5%”, instead of “15%”, in the “tax amount to be transferred to the budget” field - “37,948,367” in line “4”, instead of “113,845,101”.

After that, the above-mentioned Tax calculation (information) was sent by W.F. Browder, I.S. Cherkasov and other unidentified persons, with the help of employees of Firestone Duncan, not later than July 28, 2007 by registered mail to the Inspectorate No. 10 of the Federal Taxation Service for the Central Administrative District of Moscow, located at the following address: Moscow, Chayanov street, 8/26.

Further, in continuation of execution of the decision No. 1 of December 15, 2006 on payment of dividends, implementing their collective criminal intents, W.F. Browder, I.S. Cherkasov, in fact acting as the heads of Pifagor Investments LLC, and other unidentified persons, on September 24, 2007, organized transfer of money from current account No.40702840300010445086 of Pifagor Investments LLC opened in ZAO International Moscow Bank, to the current account of offshore company TCI Cyprus Holding LTD, opened in CITCO BANK NEDERLAND N.V. (Amsterdam) in the amount of 11,132,053.82 US dollars, which is equivalent to 278,902,601.68 rubles (according to the CBR exchange rate of 25.054 rubles per 1 US dollar as of September 24, 2007).

Before this payment of September 24, 2007, the tax base was 293,581,554.11 rubles at the exchange rate of the Central Bank of the Russian Federation as of the payment date, from which in accordance with sub-clause 2 of clause 3 of article 284 of the Russian Tax Code, income tax in the amount of 15% was payable in relation to the income received in the form of dividends by foreign organizations from Russian organizations. Despite this, before the payment of the specified income to a foreign entity, W. F. Browder, I. S. Cherkasov in fact acting as the heads of Pifagor Investments LLC, and other unidentified persons, for the purpose of non-payment of income tax, which in accordance with article 310 of the Russian Tax Code is to be withheld at each dividend payment,



arranged for calculation, deduction, and on October 1, 2007, based on payment order No. 2 to Pifagor Investments LLC, payment to the budget of the Russian Federation – Federal treasury department of the Ministry of Finance of the Russian Federation for the city of Moscow, of income tax withheld from dividends paid to a foreign entity in the amount of 14,617,734 rubles, illegally applying the tax rate of 5%.

After that W. F. Browder, I.S. Cherkasov and other unidentified persons, no later than October 28, 2007, caused employees of Firestone Duncan located at the following address: Moscow, Krasnoproletarskaya Street, 30, block 1, to prepare and file the “Tax calculation (information) on the amounts of income paid to foreign organizations and withheld taxes” for the 3<sup>rd</sup> quarter of 2007 (Appendix approved by order No.CAЭ-3-23/286@ of the Ministry of Inland Revenues dated April 14, 2004), which is to be mandatorily submitted under article 289 of the Russian Tax Code, with the following information included into it: “foreign organization information”: in the “name of the foreign organization” field – “TCI Cyprus Holding LTD”, in the “address of the foreign organization” field – “Cyprus, 1510, Limassol, 66 Ippokratous street, P/O box 21548”, in the “country of permanent residence” field – “Cyprus”, in the “tax reference number of the organization in the foreign state” field – “12146027H”; in clause 1.2 “Tax assessment”, namely in the “type of income” field – “dividends”, in the “amount of income before tax” field – “11,717,951” line “5”, in the “currency name” field – “USD”, in the “date of payment of the income” field – “September 24, 2007” line “5”, in the “date of transfer of tax to the budget” field – “October 1, 2007” line “5”, in the “ruble exchange rate on the date of tax remittance” – “24.9493”, among others, in the “tax rate%” field information that was knowingly false for W.F. Browder, I.S. Cherkasov, and other unidentified persons was entered – “5%”, instead of “15%”, in the “tax amount to be transferred to the budget” field - “585,898” instead of “43,853,202”.

After that, the above-mentioned Tax calculation (information) was sent by W.F. Browder, I.S. Cherkasov and other unidentified persons, with the help of employees of Firestone Duncan, not later than October 28, 2007 by registered mail to the Inspectorate No. 10 of the Federal Taxation Service for the Central Administrative District of Moscow, located at the following address: Moscow, Chayanov street, 8/26.

As a result of the above criminal actions, W.F. Browder, I.S. Cherkasov and other unidentified persons failed to their personal advantage to perform the duties of a tax agent on calculation, withholding and remittance of taxes to be calculated, withheld from a taxpayer pursuant to the Russian legislation on taxes and fees, and remitted to the Federal budget, by illegally applying the tax rate of 5% and paying income tax to the budget in the amount of 231,323,384 rubles, instead of **693,970,152** rubles to be paid had the 15% tax rate been applied, that is, they underpaid tax in the amount of 462,646,768 rubles to the budget of the Russian Federation, which is tax default on a large scale.

By criminal actions of W.F. Browder, I.S. Cherkasov and other unidentified persons, related to non-performance for the personal benefit of duties of a tax agent on computation, deduction of taxes to be withheld from a taxpayer and remitted to the relevant budget pursuant to the Russian legislation on taxes and fees, material damage in the amount of 3,405,785,047.54 rubles was caused to the economic interests of the Russian Federation, associated with non-payment of tax in that amount to the federal budget, which is qualified as especially large scale damage.

**Also, W.F. Browder organized deliberate bankruptcy, that is, performance of actions that obviously entail inability of a legal entity to fully satisfy the creditors' demands and fulfill the obligation to pay mandatory payments, that caused major damage.**

**Also, I.S. Cherkasov organized deliberate bankruptcy, that is, performed actions that obviously entail inability of a legal entity to fully satisfy the creditors' demands and fulfill the obligation to pay mandatory payments, that caused major damage.**

The offence was committed under the following circumstances:

Not later than 1995, unidentified persons from among the managers of the foreign banking group HSBC, who possessed information that the Russian Federation is the world leader in the production and sale of natural gas – “HSBC Republic Trust Company (Guernsey) Limited” (“HSBC Republic Trust Company (Guernsey) Limited”), “HSBC Republic Investments (Guernsey) Limited” (“HSBC Republic Investments (Guernsey) Limited”), “HSBC Republic Holdings (Luxembourg)

SA" ("HSBC Republic Holdings (Luxembourg) S.A."), "HSBC Republic Bank (Guernsey) Limited" (HSBC Republic Bank (Guernsey) Limited"), incorporated in Guernsey – British Channel Islands, possession of the British Crown (the “Group of foreign companies”), the beneficiaries of which were nationals and companies of USA, UK and other countries, had intentions of making super profits and of getting access to management of global energy oil and gas companies, including the Russian joint stock company (RAO) Gazprom (since June 26, 1998 - Open Joint Stock Company (OAO) Gazprom, since July 21, 2015 - Public Joint Stock Company (PAO) Gazprom), in order to participate in the distribution of their income in their own interests, to determine its economic strategy, including the volume of production and the selling price of gas in international and domestic markets.

For the development and achievement of these goals, the management of the Group of Foreign Companies engaged W.F. Browder, who had experience as an investment analyst.

Knowing for a fact that the shareholders of the Russian Joint-Stock Company RAO Gazprom (RAO Gazprom, the Company) in accordance with the provisions of the Articles of Association of the Company, approved by Decree No.138 of the Council of Ministers – the Government of the Russian Federation of February 17, 1993 “On the establishment of Russian Joint Stock Company “Gazprom” (the Articles of Association) get the right to participate in the management of the Company, distribute its property, change and amend the Articles of Association of the Company, elect the Chairman of the Board of Directors and its members, release them from their positions, determine the amount of dividends, make decisions on the sale and other alienation, lease of real estate, and by joining the Board of Directors to determine the priority areas of activity of the Company, its credit and financial policies, W.F. Browder, in the period of 1996-1997, suggested to the heads of the Group of Foreign Companies to develop a scheme for the purchase of highly liquid shares of the Company, which allowed to participate in the management thereof, while producing significant income through increasing their value and receiving dividends.

Under clause 7.4. of the Articles of Association of the Company: “The Company's shares in an amount that secures over 3 percent of the total maximum number of shareholders' votes may be acquired by one individual or legal entity, as well as by persons associated with such persons or having mutual interests (affiliated), only with the prior written permission of the Company's Board. The share of all foreign participants of the Company and their affiliated individuals and legal entities shall not exceed 9 percent of the total maximum number of votes of the Company's shareholders. Foreign participants of the Company and their affiliated individuals and legal entities may purchase ordinary (voting) shares of the Company only with the prior written permission of the Board of the Company. Shares purchase in excess of the established limits, in violation of the rules provided by the Articles of Association, cannot participate in the voting, give no right to receive dividends or participate in the distribution of the Company's property after its liquidation.”

Given the paramount importance for the Russian economy of RAO Gazprom, on May 28, 1997, the President of the Russian Federation issued Decree No.529 “On the order of transacting in the shares of the Russian Joint Stock Company Gazprom”, establishing the procedure for the purchase of the shares of the Company for non-residents (legal entities and individuals operating in Russia, permanently registered in foreign countries), necessitating to obtain permission from the Federal Commission of the Russian Federation for Securities to be issued in accordance with the decision of the Government of the Russian Federation.

In an effort to circumvent the legal and regulatory restrictions then in force in the Russian Federation governing the acquisition by non-residents of shares of RAO Gazprom in an amount that allows the shareholder to participate in its management and to influence the decisions taken by the management Board of the Company, в in late 1995, W.F. Browder, residing in Moscow, Russian Federation, sought legal advice from Firestone Duncan, a commercial organization that during the period of 1995 through to 2008 had various organizational and legal forms (Moscow representative office of foreign company Firestone Duncan Legal Services Limited, ZAO FDS Consulting (renamed later to ZAO Firestone Duncan), OOO Firestone Duncan, foreign company Firestone Duncan Limited, foreign organization Firestone Duncan (CIS) Limited, ZAO Firestone Duncan Audit) (hereinafter referred to as “Firestone Duncan”), providing services in registration of legal entities, as well as in the field of taxation, accounting and audit, managed by US citizen Jamison Reed Firestone (hereinafter – Jamison Reed Firestone, J.R. Firestone) who was also one of the owners of the company, temporarily residing in the Russian Federation. With the help of employees of Firestone Duncan, W.F. Browder developed a mechanism for the acquisition of shares of RAO Gazprom by foreign companies, for the purpose of which he organized companies controlled by

him in the offshore zone of the Republic of Cyprus, which in turn established legal entities in the Russian Federation completely dependent on them, for the acquisition of the shares of RAO Gazprom. To give a veneer of legality to this scheme, W.F. Browder organized the registration in the Russian Federation of legal entities in the name of controlled Russian citizens for the acquisition of the shares of Gazprom, including employees of Firestone Duncan. Subsequently, the founders and managers of such Russian legal entity, through formal organizational and legal procedures, were replaced by other persons, including non-residents, also controlled by W.F. Browder.

Legal entities were incorporated under the control of W.F. Browder in the Republic of Kalmykia, which provides for the exemption of the taxpayer from payment of regional and local income tax of 24%, and when using the labor of disabled citizens the number of which totals to more than 50% of the payroll of employees of the entity, the amount of income tax to be withheld and paid to the Federal budget was reduced to 5.5% instead of 11%.

After this legal advice, W.F. Browder designed a criminal intent aimed evasion of taxes on a large scale, that in accordance with the legislation of the Russian Federation on taxes and fees are to be withheld and remitted to the appropriate budget, by his controlled legal entities set up to purchase shares of RAO Gazprom, among other things by way of inserting false information in tax returns, and in case of detection by the Russian tax and law enforcement agencies of the facts of evasion of the payment of taxes, for the purpose of non-fulfillment of their legal requirements for payment of taxes - to drive those legal entities to deliberate bankruptcy.

W.F. Browder proposed to unidentified leaders of a group of foreign companies to create an investment fund to raise funds for the purpose of their use for the acquisition of shares of RAO Gazprom. He also decided to incorporate a foreign company on the island of Guernsey, British Channel Islands, which would be an investment advisor to the fund. The specified company was to open a representative office in the territory of the Russian Federation to coordinate the activity of the legal entities created in Russia for the purpose of acquisition of shares of Gazprom.

Hiding foreign participation in Russian legal entities, which were planned to be used for the purchase and sale of shares and receipt of dividends on them, W.F. Browder and other unidentified persons developed schemes of their incorporation by citizens of the Russian Federation controlled by them. After that, Russian companies acquired from each other a share of 51%, the remaining shares of 49% would be acquired by offshore foreign companies controlled by W.F. Browder, and the founders of Russian legal entities would resign from membership. As a result, two Russian legal entities would become members of each other (with a share in the authorized capital of 51%), and a foreign company controlled by W.F. Browder would become a member of both companies (with a share in the authorized capital of 49%). Thus, the offshore company, deprived of independence, the real beneficiaries of which were W.F. Browder, the Fund, HSBC foreign group of companies, and other unidentified persons in fact fully owned Russian legal entities that were the shareholders of RAO Gazprom.

No later than March 6, 1996, W. F. Browder along with foreign companies HSBC Republic Investments Limited, HSBC Republic Holdings (Luxembourg) S.A., HSBC Republic Bank (Guernsey) Limited, acting in the interests of a foreign banking group HSBC, joined the members of Hermitage Capital Management Limited (hereinafter – Hermitage Capital Management Limited) created on February 20, 1996 and registered on February 23, 1996 on the island of Guernsey. W.F. Browder, Dunning Paul, A. Leigh Robertson and Andrew Pucher became members of the Board of Directors of the company. Paul Dunning was Chairman of the Board of Directors of the company, and W.F. Browder was the CEO.

Subsequently, on March 19, 1996, HSBC Republic Trust Company (Guernsey) Limited, acting on behalf of the foreign banking group HSBC, established The Hermitage Fund (the “Hermitage Fund”, the “Fund”), an investment fund, on the island of Guernsey, Normandy Islands, the British Crown Estate, which, in accordance with the agreement of September 26, 1997, was jointly managed by Hermitage Capital Management Limited represented by W.F. Browder, and HSBC Republic Management (Guernsey) Limited, and HSBC Republic Bank (Guernsey) Limited. The Fund was a collective investment scheme and investors’ funds management institution. W.F. Browder used the Fund’s assets to acquire Gazprom shares. HSBC Republic Management was the Fund’s manager, responsible for the management of the Fund and its subsidiaries, and for its investment related activities. The Fund’s trustee and owner of all its assets was HSBC Republic Bank (Guernsey) Limited, and Hermitage Capital Management Limited was the Fund’s investment advisor for investment, selection and disposal of assets. However, the Fund benefited from

investing in Gazprom shares, increasing its assets by removing profits from the Russian Federation as dividends, and the investment advisor – Hermitage Capital Management Limited – received cash in the form of remuneration in the amount of 2% of the Fund’s assets, and a bonus in the amount of 20% of the increase in the value of the Fund’s shares. Thus, W.F. Browder had a vested interest in disposing of the money received from the Fund and increasing the assets and value of the Fund’s shares in any way that directly affect the amount of remuneration received by W.F. Browder.

Using a power of attorney issued by Hermitage Capital Management Limited of March 6, 1996, its Managing Director, W.F. Browder established and headed the Moscow office of Hermitage Capital Management Limited (hereinafter referred to as “the Moscow office”), which was accredited on April 15, 1996 by the State Registration Chamber under the Ministry of Economy of the Russian Federation, which was registered with the State Tax Inspectorate for the city of Moscow and assigned Taxpayer Identification Number [7700076946](#) at its registered address: 125047, Moscow, Butyrsky val, 1. In fact, from April 1996 to August 2003 the Representative Office was located at: Moscow, Dmitrovsky Lane, 9, 4th floor, and from August 2003 to July 2007 at: Moscow, Paveletskaya Square, 2, block 2, 18th floor.

Between May 1996 and February 2005, W.F. Browder with the help of employees *и* Firestone Duncan and the Moscow office of Hermitage Capital Management Limited, organized the establishment of various limited liability companies, including:

- Riland LLC (INN [0814067290](#), registered at: The Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, was later re-registered at Moscow, Staropimenovsky Lane, 13, block 2, 6th floor, actually located at: Moscow, Krasno proletarskaya Street, 30, block 1, 4th floor);

- Dalnaya Step, LLC (Taxpayer’s ID [0814067290](#), registered at: Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, was later re-registered at Elista, Gubarevich Street, 6/7, actually located at: Moscow, Staropimenovsky Lane, 13, block 2, 6th floor);

- Kameya LLC (Taxpayer’s ID [0814111817](#), registered at: Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, was later re-registered at: Moscow, Krasno proletarskaya Street, 30, block 1, 4th floor, actually registered at: Moscow, Paveletskaya Square, 2, block 2, 18th floor);

- Oasis M, LLC (Taxpayer’s ID [0814112088](#), registered at: Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15);

- Baikal-M, LLC (Taxpayer’s ID [0814112257](#), registered at: The Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, actually located at: Moscow, Krasno proletarskaya Street, 30, block 1, 4th floor);

- Makhaon, LLC (Taxpayer’s ID [7715508532](#), registered at: **Moscow, Obratsova Street, 19, block 9, actually located at:** Moscow, Krasno proletarskaya Street, 30, block 1, 4th floor);

- Parfenion, LLC (Taxpayer’s ID [7715398270](#), registered at: **Moscow, Obratsova Street, 19, block 9, actually located at:** Moscow, Krasno proletarskaya Street, 30, block 1, 4th floor);

- Saturn Investments, LLC (Taxpayer’s ID [0814103679](#), registered at: **The Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, actually located at: Moscow, Obratsova Street, 19, block 9);**

- Orient-K, LLC (Taxpayer’s ID [0814111408](#), registered at: **The Republic of Kalmykia, Elista, Lenin Street, 301, apartment 15, actually located at: Moscow, Krasno proletarskaya Street, 30, block 1, 4th floor);**

- Rifle, LLC (Taxpayer’s ID [7703318270](#), registered at: Moscow, Bolshaya Dekabrskaya Street, 3, block 12, actually located at: Moscow, Obratsova Street, 19, block 9);

- Pifagor Investments, LLC (Taxpayer’s ID [7710534024](#), registered at: Moscow, Staropimenovsky Lane, 13, block 2, 6th floor), which carried out transactions for purchase and sale of Gazprom shares with the Fund’s money.

Besides, between 1995 and 2005 W.F. Browder involved the companies established in the Republic of Cyprus: Zhoda Limited, having been its director during the period of April 11, 2002 through to July 24, 2004, that was established on January 18, 2002 by Chanticleer Professional Services Limited, a Cypriot company acting on his behalf; Peninsular Heights Limited established by Cypriot companies Chanticleer Management Limited and Chanticleer Professional Services Limited acting on his behalf, registered on June 03, 1999; Giggs Enterprises Limited established by Cypriot companies Chanticleer Management Limited and Chanticleer Professional Services Limited acting on his behalf, registered on June 03, 1999; Glendora Holdings Limited established on May 21, 1996 by Cypriot companies Arbiter Nominees Ltd, Apropos Investments Ltd acting on his behalf; Cerasus Investments Limited established in 1995 by Cypriot companies Chanticleer Professional Services Limited and Chanticleer Management Limited acting on his behalf; Sedena

Holdings Limited established by Cypriot company Chanticleer Professional Services Limited acting on his behalf, registered on February 3, 2004, and its director was I.S. Cherkasov who was employed at Hermitage Capital Management Limited; Apricus Investments Limited, **established on December 29, 1995 by Cypriot companies** Chanticleer Professional Services Limited and Chanticleer Management Limited acting on his behalf; Kone Holdings Limited established on October 24, 2005, Rivercanal Holdings Limited established on March 04, 2005 by The Children Investment Master Fund and TCIF BLUE FUND acting on his behalf, registered on April 12, 2005; TCI Cyprus Holding Limited registered on April 26, 2004 in the Republic of Cyprus.

The companies specified above had no independence and were actually managed by W.F. Browder and the Fund in the interests of HSBC banking group for the purpose of exercising control and siphoning off of funds, acquiring and withdrawing shares of Gazprom.

Thus, on April 7, 1998, L.A. Guzheva, a Firestone Duncan employee, acting with the knowledge and in the interests of W.F. Browder, I.S. Cherkasov and other unidentified persons, on the basis of the power of attorney without number dated July 30, 1997, of Cyprus offshore company Cerasus Investments Limited, controlled by W. F. Browder, on behalf of the latter, established Dalnaya step LLC with the following legal address: Republic of Kalmykia, Elista, Lenin Street, 301, room 15, and appointed herself to the position of Director General thereof.

On the basis of decision No. 2 dated June 8, 1998, of the sole participant of Dalnaya step LLC - Cerasus Investments Limited represented by L.A. Guzheva, acting in the interests of W.F. Browder, I.S. Cherkasov and other unidentified persons, she was relieved of her position as Director General, and on June 9, 1998 W.F. Browder was appointed to the position.

On March 9, 1999, L.D. Adianova and T.D. Chulchinova established Oasis M LLC in Elista.

Firestone Duncan employees, acting in the interests of W.F. Browder, I.S. Cherkasov and other unidentified persons arranged for the preparation and execution of the following documents:

- sale and purchase agreements dated June 22, 1999, pursuant to which T.D. Chulchinova sold 49% of shares of Oasis M LLC to Cerasus Investments Limited, Cyprus offshore company, controlled by W.F. Browder, represented by **attorney-in-fact** L.A. Guzheva, **Firestone Duncan employee**, and 1% - to Dalnaya step LLC, and L.D. Adianova sold 50% share of Oasis M LLC – to Dalnaya step LLC represented by W.F. Browder, its Director General

- minutes No. 3 dated June 24, 1999, of the general meeting of participants of Oasis M LLC – Dalnaya step LLC represented by W.F. Browder, and Cerasus Investments Limited represented by L.A. Guzheva, according to which W.F. Browder was appointed to the position of Director General of Oasis M LLC since July 25, 1999 with L.D. Adianova being relieved of her post;

- new Memorandum of Association of Dalnaya step LLC **dated July 23, 1999, according to which** Oasis M LLC became participant of Dalnaya step LLC with a share in the authorized capital in the amount of 51%, **signed by representative of** Cerasus Investments Limited L.A. Guzheva and Director General of Oasis M LLC L.D. Adianova.

- minutes No. 14 dated June 16, 2003, of the general meeting of participants of Oasis M LLC – Dalnaya step LLC represented by W.F. Browder, and Cerasus Investments Limited, a Cyprus offshore company, represented by I.S. Cherkasov, according to which I.S. Cherkasov was appointed to the position of Director General of Oasis M LLC since June 17, 2003 with W.F. Browder being relieved of her post;

- minutes No. 16 dated February 9, 2004, of the general meeting of participants of Dalnaya step LLC – represented by W.F. Browder – representative of Oasis M LLC, and Cerasus Investments Limited, a Cyprus offshore company, represented by I.S. Cherkasov, according to which I.S. Cherkasov was appointed to the position of Director General of Dalnaya step LLC since February 10, 2004

According to article 53 of the Civil Code of the Russian Federation (Russian Civil Code), article 40 of Federal Law No.14-FL “Concerning Limited Liability Companies” dated February 8, 1998, Articles of Association of Dalnaya step LLC, W.F. Browder, as the sole Executive body, acting on its behalf, and later I. S. Cherkasov with the knowledge of W.F. Browder could make transactions, act in its interests, dispose of funds placed on bank accounts, and property, represent the company in relations with other persons, that is, solve issues of administrative, financial and economic activities.

After the change of Directors General of Dalnaya step LLC, the actual control over financial and economic activities remained with W.F. Browder, I.S. Cherkasov and other accomplices in criminal activity.

From 17 August 1999 to 14 October 2003, Dalnaya step LLC, which, in fact, both

personally and through assignees, including I. S. Cherkasov, was managed by W.F. Browder, acting in the interests of the Fund and HSBC group of foreign companies, acquired 100,983,781 shares of RAO Gazprom, which became the main asset of the company, and were kept in securities account No.835/0029623 opened on August 17, 1999 in the Depository center of OAO Gazprombank.

According to requirements of the Tax code of the Russian Federation, Dalnyaya step LLC was the payer of taxes and fees and was to calculate, pay the required taxes and fees, including the income tax itself, in the terms determined by clause 2 of article 15 of Federal Law No.129-FL "On Accounting" as of November 21, 1996 (as amended on July 23, 1998), and clause 3 of article 8 of Law No.2116-1 of the Russian Federation of December 27, 1991 "On income tax of enterprises and corporations" (as amended on May 9, 2001).

In the course of carrying out on behalf of Dalnaya step LLC of financial and economic activities, W. F. Browder, during the period of 2000-2001 illegally using benefits granted by clause 2 of article 6 of Law No.2116-1 of the Russian Federation of December 27, 1991 "On income tax of enterprises and corporations" providing the right to a 50% reduction in the rate of income tax in case disabled persons and pensioners make up at least 50% of the staff of the organization, by fictitiously taking such persons on the staff, an illegally using the benefit provided by Law No.12-II of the Republic of Kalmykia dated March 12, 1999 "Concerning tax benefits to the enterprises investing in the economy of the Republic of Kalmykia", without making the investments provided by this Law to the Republic of Kalmykia evaded payment of the income tax by understatement thereof.

During the period of August 9 to August 12, 2004 and September 21 to September 24, 2004, officers of the Tax Police Department of the Ministry of Internal Affairs of the Republic of Kalmykia carried out a tax audit of Dalnaya step LLC and found facts of understatement and non-payment of income taxes by the company to the Republican and municipal (city of Elista) budgets in 2001, through the misuse of tax benefits for the total amount of 129,889,149 rubles.

On August 13, 2004, Ministry of Interior of the Republic of Kalmykia sent tax audit report in respect of Dalnaya step LLC to the Directorate of the Ministry for Taxes and Levies for the Republic of Kalmykia to take measures to compensate for the damage caused.

Based on the materials of inspections carried out by the Tax Police Directorate of the Ministry of Interior of the Republic of Kalmykia, on October 4, 2004, criminal case was initiated in respect of W.F. Browder by **Investigation Department of the Ministry of Internal Affairs of the Republic of Kalmykia** under clause "b" part 2 of article 199 of the Russian Criminal Code for evasion of income taxes totaling 889,129,149 rubles (subsequently, Browder W. F. was convicted by the verdict of Tverskoy district court of Moscow dated **July 11, 2013** for corporate income tax evasion – Dalnaya step LLC – in the amount of 319,310,825 rubles).

Thus, W.F. Browder, I.S. Cherkasov and other unidentified persons reliably **knew that during investigation of criminal case the fact of evasion of payment of the income tax of Dalnaya step LLC will be proved by the tax authority, the company would be legally brought to tax liability and a claim for the recovery of the tax amount would be made, inclusive of the fine and penalty for late payment of the tax**, having, at that time, the assets to ensure the legitimate requirements of the creditor – the tax authority.

Not wishing to fulfill the existing obligations to pay the taxes and satisfy the legal claims of the creditor represented by the tax authority, W.F. Браудер, no later than October 2004 developed a plan of deliberately making Dalnaya step LLC bankrupt, that is of performing actions, that knowingly entail inability of the specified legal entity to fully satisfy the claims of the creditor represented by the tax authority, relating to monetary obligations, and to fulfill the obligation to pay the mandatory payments, and also of removing obstacles, and of hiding these actions, including through the use of the persons participating in bankruptcy proceedings, for the purpose of eliminating the possibility of returning assets to Dalnaya step LLC, into the secret of which plan he let I.S. Cherkasov and other unidentified persons by entering into a preliminary criminal conspiracy with them aimed at implementation of the plan.

Browder's criminal plan was as follows:

- disposition of shares of RAO Gazprom - the main liquid asset of the company, with subsequent transfer of ownership thereof to Makhaon LLC controlled by him;
- withdrawal of funds, including proceeds from the sale of shares, in favor of the participants of Dalnaya step LLC and other companies controlled by the Fund, as well as to other current accounts of the LLC with the subsequent withdrawal of the transferred funds, in his interests;
- removing obstacles for deliberate bankruptcy and the concealment of the above actions,

through the use of a trustee involved in bankruptcy proceedings, for the purpose of making it impossible to return the assets of Dalnaya step LLC to meet the requirements of the tax authority on the payment of taxes.

To implement the criminal intentions of W.F. Browder and other unidentified persons acting in the interests of the Fund and HSBC group of foreign companies, I.S. Cherkasov was to prepare documents for the sale of shares of RAO Gazprom, sign them and submit them to the Depository center of OAO Gazprombank. The proceeds from the sale of shares W. F. Browder, I.S. Cherkasov and other unidentified persons planned to pay to the participants of Dalnaya step LLC controlled by the Fund under the guise of dividends, and transfer to the other entities controlled by the Fund and HSBC group of foreign companies under the guise of repayment of loans.

As a result of these actions orchestrated by W.F. Browder, the shares and the money of the company had to remain in the ownership of legal entities controlled by Browder, and Dalnaya step LLC would lose its assets, and, as a result, the ability to satisfy creditors' claims.

For the purpose to hide participation in the crime of I.S. Cherkasov, himself and other unidentified persons, W.F. Browder secured the appointment from October 26, 2004 to the position of Director General of Dalnaya step LLC – E.V. Filipchenkova, in fact retaining full control over the activities of the company and its assets for himself and I.S. Cherkasov.

Thus, on October 21, 2004, Cyprus offshore company Global Administration (Russia) Limited became the managing director of Oasis M LLC, which acted in the interests of W.F. Browder, the Fund and HSBC foreign banking group one of the managers of which was Paul Wrench who is the director of Global Administration (Russia) Limited. The employees of Firestone Duncan, acting in the interests of W.F. Browder and other unidentified persons had prepared protocol No. 21 dated October 21, 2004 of the general meeting of participants of Dalnaya step LLC represented by Director of the managing company of Oasis M LLC - Global Administration (Russia) LTD Paul Wrench, and Director of a Cyprus offshore company Cerasus Investments Limited controlled by W.F. Browder – Yianna Alexandrou, regarding the appointment of E.V. Filipchenkova to the position of Director General of Dalnaya step LLC, with termination of powers of I.S. Cherkasov.

As of November 24, 2004, 37,587,324 shares of OAO Gazprom that were the main asset of Dalnaya step LLC, were in the securities account No.835/0029623 of Dalnaya step LLC in the Depository center of OAO Gazprombank, located at the following address: 9, 2nd Verkhniy Mikhailovskiy lane, building 11, Moscow, bldg.11.

As part of the criminal plan W.F. Browder, I.S. Cherkasov and other unidentified person designated as the buyer of the above shares of OAO Gazprom deposited in the securities account of Dalnaya step LLC, ZAO Business Capital (Taxpayer Identification Number [7731511243](#), legal address: 16, Berejkovskaya embankment, Moscow, block 3, bldg.1), that had securities account No.883F/36500951 in the Depository center of OAO Gazprombank, and that was established at the direction of the W.F. Browder by his controlled Cyprus company Trois Investments Limited represented by its Director Art Antonio and G.L. Oganyan, and that had no signs of independence.

In December 2004, with the consent of the W. F. Browder, in pursuance of his criminal role, I.S. Cherkasov, acting on behalf of the Director General of Dalnaya step LLC, without actually being it, he carried out the transaction with ZAO Business Capital represented by its Director-General G.L Oganyan, of sale of 37,587,324 shares of RAO Gazprom for a total amount of 2,891,036,262 rubles, having prepared, signed and submitted to the Depository center of OAO Gazprombank orders for inventory transactions with the grounds for the transfer of shares – agreement of purchase and sale – specified in them, namely:

- sale and purchase agreement No.32-29427/04 dated December 7, 2004, of 1,050,000 shares for 84,604,800 rubles and order for inventory operation No.589931 dated December 9, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;
- sale and purchase agreement No.32-29428/04 dated December 7, 2004, of 4,840,000 shares for 387,746,920 rubles and order for inventory operation No.589937 dated December 9, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;
- sale and purchase agreement No.32-29429/04 dated December 7, 2004, of 2,440,000 shares for 195,078,000 rubles and order for inventory operation No.589943 dated December 9, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;
- sale and purchase agreement No.32-29611/04 dated December 8, 2004, of 4,400,000 shares for 346,368,000 rubles and order for inventory operation No.590123 dated December 10, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;

- sale and purchase agreement No.32-29612/04 dated December 8, 2004, of 3,000,000 shares for 236,205,000 rubles and order for inventory operation No.590130 dated December 10, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;
- sale and purchase agreement No.32-29613/04 dated December 8, 2004, of 1,500,000 shares for 117,811,500 rubles and order for inventory operation No.590118 dated December 10, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;
- sale and purchase agreement No.32-29728/04 dated December 9, 2004, of 3,500,000 shares for 267,890,000 rubles and order for inventory operation No.590350 dated December 14, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;
- sale and purchase agreement No.32-29729/04 dated December 9, 2004, of 2,900,000 shares for 221,960,200 rubles and order for inventory operation No. 590343 dated December 14, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;
- sale and purchase agreement No.32-29730/04 dated December 9, 2004, of 2,700,000 shares for 206,657,190 rubles and order for inventory operation No. 590362 dated December 14, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;
- sale and purchase agreement No.32-29731/04 dated December 9, 2004, of 1,000,000 shares for 77,900,000 rubles and order for inventory operation No. 590359 dated December 14, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;
- sale and purchase agreement No.32-29819/04 dated December 10, 2004, of 3,000,000 shares for 219,030,000 rubles and order for inventory operation No. 590583 dated December 15, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital;
- sale and purchase agreement No.32-29820/04 dated December 10, 2004, of 7,257,324 shares for 529,784,652 rubles and order for inventory operation No.590577 dated December 15, 2004 on placing them to securities account No.883F/36500951 of ZAO Business Capital.

At the same time, the above orders for inventory operations were signed in the “Head” field by I.S. Cherkasov, in pursuance of his criminal role, while he was in Moscow, despite the fact that the sole governing body - the Director General at that time was E.V. Filipchenkova.

During the period of December 9 to December 15, 2004, 37,587,324 the shares of RAO Gazprom were withdrawn from securities account No.835/0029623 of Dalnaya step LLC and placed on securities account No.883F/36500951 of ZAO Business Capital which is also in the OAO Gazprombank Depository center.

As a result of these actions, W.F. Browder, I.S. Cherkasov and other unidentified persons implemented the first part of the criminal plan, depriving Dalnaya step LLC of its liquid assets – 37,587,324 shares of OAO Gazprom for the amount of 2,891,036,262 rubles.

Later Browder U. F., Cherkasov I. S. and other unidentified persons used their controlled company Makhaon, established on January 27, 2004 by I.S. Cherkasov in the interests of the Fund and HSBC banking group, and registered on February 3, 2004 in the Interdistrict Inspectorate No.46 of the Federal Tax Service of Russia for Moscow, Director General of which is I.S. Cherkasov.

In accordance with the Memorandum of Association of October 12, 2004, prepared by employees of Firestone Duncan, acting with the knowledge and in the interests of W.F. Browder, I.S. Cherkasov and other unidentified persons, Sedena Holdings Limited, a Cyprus company controlled by W.F. Browder became a participant in Makhaon, LLC with the share size of 49%, and the remaining share of the authorized capital in the amount of 51% was held by I.S. Cherkasov.

W.F. Browder, I.S. Cherkasov and other unidentified persons, continuing their criminal actions, during the same period of December 10 to December 17, 2004, organized submission to the Depository center of OAO Gazprombank of inventory operations orders of ZAO Business Capital with information on purchase and sale under agreements Nos.32-29439/04t dated December 7, 2004, [32-29440/04t](#) dated December 7, 2004, [32-29441/04t](#) dated December 7, 2004, [32-29614/04t](#) dated December 8, 2004, [32-29615/04t](#) dated December 8, 2004, [32-29732/04t](#) dated December 9, 2004, [32-29733/04t](#) dated December 9, 2004, [32-29821/04t](#) dated December 10, 2004, [32-29822/04t](#) dated December 10, 2004 of shares of OAO Gazprom, earlier sold by Dalnaya step LLC in the amount of 36,587,324 shares for the amount of 2,813,699,172.28 rubles, according to which these shares were sold by ZAO Business Capital to Makhaon LLC, based on which the shares were transferred from securities account No.883F/36500951 of ZAO Business Capital to securities account No.883/835-L (662460/0) of Makhaon LLC.

Also, I.S. Cherkasov, as the Director of Makhaon LLC, with the knowledge of Browder W.F. and other unidentified persons, acting with the same criminal intent, in payment for the



purchased shares, made 9 payments during the period of December 14 to December 22, 2004 in the total amount of 2,813,699,172.28 rubles, transferring them from account No.40702810600001100231 of Makhaon LLC opened in HSBC Bank (RR), located at the following address: Moscow, Paveletskaya Square, 2, block 2, to current account No.40702810500080000022 of ZAO Troika Dialog Investment Company opened in OAO Bank of Moscow that provided brokerage services to ZAO Business Capital.

According to the above agreements between Dalnaya step LLC and ZAO Business Capital and the relevant orders, during the period of December 15 through December 23, 2004, the sum of 2,891,036,262 rubles was transferred to current account No.40702810500001100013 of Dalnaya step LLC opened in OOO HSBC Bank (RR) from current account No.40702810500080000022 of ZAO Troika Dialog Investment Company in payment for 37,587,324 shares of RAO Gazprom.

Pursuant to part 1 of article 29 of Federal Law No.14-FL "Concerning Limited Liability Companies" dated February 8, 1998, it is prohibited to distribute profits between the company's participants if at the time of the decision the company meets the insolvency test in accordance with the Federal law on bankruptcy or such signs shall appear in the company as a result of such a decision. Besides, according to article 3 of Federal law No.127-FZ "On insolvency (bankruptcy)" dated October 26, 2002, a legal entity is considered unable to satisfy the creditors' claims under monetary obligations and (or) to fulfill obligations to pay mandatory payments, if the relevant obligations or responsibility are not fulfilled within three months following the date they were to be fulfilled.

Intentionally ignoring the specified requirements, consciously not willing to fulfill the duties on the payment of obligatory payments – taxes, - and to satisfy in the future requirements of the creditor – tax authority, - for the purpose of full implementation of their criminal plan W.F. Browder, I.S. Cherkasov and other unidentified persons organized the distribution and transfer of the above funds in the amount of 2,891,036,262 rubles that were on current account No.40702810500001100013 of Dalnaya step LLC opened in OOO HSBC Bank (RR), on various grounds, among other things using Protocol No. 22 of the general meeting of participants of Dalnaya step LLC dated October 22, 2004 made with their knowledge, signed by Director of the manager of Oasis M LLC – Global Administration (Russia) LTD P. Wrench, and Director of Cerasus Investments Limited Y. Alexandrou, not actually vested with the right to make independent decisions, according to which these persons distributed profits for the 3rd quarter of 2004: 1,500,000 rubles – to Oasis M LLC, 2,618,490,000 rubles – to Cerasus Investments Limited, although in reality Dalnaya step LLC did not have income in that amount in the 3<sup>rd</sup> quarter of 2004, of which the participants of the company and their actual heads were aware.

Thus, money in the amount of 2,944,060,130,14 rubles, were credited during the period of December 15 through December 23, 2004 to the current accounts of Oasis M LLC, Cerasus Investments Limited and Apricus Investments Limited controlled by the Fund represented by W.F. Browder and other unidentified persons, opened in OOO HSBC Bank (RR) at the following address: Moscow, Paveletskaya Square, 2, block 2, in pursuance of their criminal actions.

More specifically, money in the amount of 667,429,719.90 rubles received on December 15, 2004, were transferred on the same day from the current account of Dalnaya step LLC:

- 1,510,000 rubles as dividends for the 3rd quarter of 2004 to account No. 40702810900001100040 of Oasis M LLC and 210,935,089.76 rubles to current account No.40807810000001100943 of Cyprus offshore company Cerasus Investments Limited;

- 197,213,521.38 rubles to current account No.40818810300001500943 of Cyprus offshore company Cerasus Investments Limited with reason for payment specified as follows - payment under agreement No.1 of purchase and sale of securities and Annex № 1 to the agreement in respect of shares of Russian issuers;

- 257,771,108.76 rubles to buy 9,240,101.4 US dollars (at the rate of 27.897 rubles per 1 (one) US dollar) from current account No.47405840000000000013 of Dalnaya step LLC opened in OOO HSBC Bank (RR).

Subsequently, the purchased 9,240,101.4 US dollars in two payments – 5,755,595.65 US dollars and 3,484,505.75 US dollars were transferred on December 15, 2004 to the current account of Apricus Investments Limited (Republic of Cyprus) controlled by W.F. Browder as repayment of debt and interest under the loan agreement of November 4, 1998.

**Money received on December 16 and December 17, 2004** from current account No.40702810500001100013 of Dalnaya step LLC opened in OOO HSBC Bank (RR) in two payments in the amount of 89,937,000 rubles and 700,380,000 rubles, were respectively transferred

to current account No.4080781000000100943 of Cypriot company Cerasus Investments Limited opened in the same bank, as dividends for the 3rd quarter of 2004, among other things from the funds in the amounts of 77,900,000 rubles (obtained under the above purchase and sale agreement No.32-29731/04) and 700,384,500 rubles (obtained under the above purchase and sale agreements Nos. [32-29611/04](#), [32-29613/04](#) and [32-29612/04](#)).

Money received under similar circumstances on December 21, 2004 from ZAO Troika Dialog Investment company in the amount of 696,507,390 rubles (received under the above sale and purchase agreements Nos.32-29728/04, [32-29730/04](#) and [32-29729/04](#)), were on the same day transferred from current account No.40702810500001100013 of Dalnaya step LLC in the amount of 696,400,000 rubles to current account No. 4080781000000100943 of Cerasus Investments Limited, also allegedly as dividends for the 3rd quarter of 2004.

Furthermore, of money received on December 23, 2004 from ZAO Troika-Dialog Investment Company providing brokerage services to ZAO Business Capital, on the current account of Dalnaya step LLC in the amount of 748,814,652 rubles (received under the above sale and purchase agreements Nos.32-29819/04, [32-29820/04](#) and [32-29729/04](#)), were on the same day and under similar circumstances transferred in the amount of 748,814,000 rubles to current account No. 4080781000000100943 of Cypriot company Cerasus Investments Limited as dividends for the 3rd quarter of 2004.

Also, on December 23, 2004 Dalnaya step LLC transferred money in the amount of 41,099,410.24 rubles from its current account No.40702810500001100013 to current account No.4080781000000100943 of Cyprus company Cerasus Investments Limited as dividends.

During the period of December 24 through December 31, 2004, Department of the Federal Tax Service in and for the Republic of Kalmykia together with the Tax Police Directorate of the Ministry of Interior of the Republic of Kalmykia conducted a repeated on-site tax audit of financial and economic activities of Dalnaya step LLC to determine if the income tax for the period of January 1, 2000 to December 31, 2001 had been paid to the budget in full, and in the course of the audit non-payment of income tax was detected in the amount of 319,307,108 rubles for 2001.

In addition, in the course of office tax audit conducted by Interdistrict Inspectorate of the Federal Tax Service of Russia on the largest taxpayers in the Republic of Kalmykia in early 2005, in respect of income tax return for 2004 of Dalnaya step LLC prepared by Firestone Duncan employees with the knowledge of W. F. Browder and I. S. Cherkasov, signed on behalf of E.V. Filipchenkova, the fact of non-payment of income tax in the amount of 459,824,650 rubles was found. Therefore, on April 27, 2005, Interdistrict Inspectorate of the Federal Tax Service of Russia on the largest taxpayers in the Republic of Kalmykia issued decision No.05-10/67 to impose tax sanctions on Dalnaya step LLC in the form of a fine of 20% of unpaid income tax amounting to 91,964,929.94 rubles. In this regard, the tax authority issued requirement No. 60 of May 3, 2005 on payment of tax sanctions, which were not complied with by W.F. Browder, I.S. Cherkasov and other unidentified persons. As a result, Interdistrict Inspectorate of the Federal Tax Service of Russia on the largest taxpayers in the Republic of Kalmykia filed a claim with the court of arbitration, and on December 9, 2005, Arbitration Court of the Republic of Kalmykia decided to satisfy the claims.

Subsequently, during the period of February 21, 2005 to March 9, 2006, authorized employees and heads of the Interdistrict Inspectorate of the Federal Tax Service of Russia on the largest taxpayers in the Republic of Kalmykia sent requests **Nos.51, 54, 60, 61, 71, 72, 73, 74, 97, 120, 121, 127, 212, 258, 286, 368, 394, 475, 545, 656, 692, 729 to Dalnaya step LLC for the payment of taxes, fines and penalties for the total amount of 1,244,509,346.50 rubles**, including taxes in the amount of 779,136,995.47 rubles, penalties in the amount of 373,352,020.39 rubles, fines in the amount of 92,020,330.64 rubles, and issued decision on recovery thereof **in view of failure by Dalnaya step LLC to comply with the above requests.**

For the purpose of evasion of complying with the requests of the creditors represented by the tax authority, and further avoidance of responsibility for violation of the tax legislation W.F. Browder, not later than January 19, 2005, introduced Ya.D. Shosha – his subordinate person - into the membership of Dalnaya step LLC with a share in authorized capital of 49%.

Continuing with their criminal actions W.F. Browder, I.S. Cherkasov and other unidentified persons used Rouse LLC set up on December 10, 2001 in the city of Moscow by A.A. Sidorov.

On August 23, 2002 in accordance with decision No. 1 of the sole participant of Rouse LLC A. A. Sidorov, I.S. Cherkasov was appointed Director General of Rouse LLC.

Subsequently, no later than October 21, 2002 Dalnaya step LLC became the sole participant

of Rouse LLC.

In the period from December 23, 2004 through March 24, 2005, funds in the amount of RUB 1,014,803,112 arrived to the settlement account No. 40702810500001100013 of Dalnaya Step LLC held with HSBC Bank (RR) LLC, from a Cypriot company Glendora Holdings Ltd. controlled by W.F. Browder, with the basis of payment described as a payment for securities under the contract of sale No. 1 dated December 25, 2001, and funds in the amount of RUB 15,652,374.71 were received from Rouse LLC as dividends based on the results of the 4<sup>th</sup> quarter of 2004, subject to the resolution No. 9 of the sole participant – Dalnaya Step LLC dated January 11, 2005.

However, in order to conceal the funds available to Dalnaya Step LLC and to avoid satisfying the above stated creditor's claims represented by the tax authority in full, on December 27, 2004 W.F. Browder arranged for the opening of a current account No. 407028100000000000169 in OBMB LLC bank in Moscow, and on March 24, 2005, he arranged for opening of a current account No. 4070281000000000001191 in OJSC DVRB bank (“Far-East Regional Bank”), located in the city of Blagoveshchensk, Amur Region, Zeiskaya Str., 173 a.

In order to deprive the tax authority of the possibility to take measures to block the mentioned bank accounts, W.F. Browder, I.S. Cherkasov and other unidentified persons acting in violation of subparagraph 1, paragraph 2 of Article 23 of the Tax Code, deliberately failed to inform the tax authority about the opening of these bank accounts.

Next, W.F. Browder, I.S. Cherkasov and other unidentified persons arranged for the withdrawal of such funds in installments from the current account No. 4070281050000001100013 of Dalnaya Stepp LLC opened with HSBC Bank LLC (RR). Thus, in the period from January 12, 2005 through March 31, 2005, the above funds in the amount of RUB 565,090,000 were transferred to their own current account No. 407028100100000000000169 opened with OBMB Bank in Moscow, and funds in the amount of RUB 87,641,356.50 – to account No. 4070281000000000001191 with OJSC DVRB Bank in Blagoveshchensk. W.F. Browder, I.S. Cherkasov and other unidentified persons disposed of these funds at their own discretion, hiding them from the tax authorities, failing to satisfy the legitimate creditor claims.

In addition, on January 13, 2005 the remaining part of the above funds received from the Cypriot company Glendora Holdings Ltd. was transferred to the current account No. 40702810900001100040 of Oasis M LLC, opened at HSBC Bank (RR) LLC, located at: Moscow, Paveletskaya Square, 2, block 2, as dividends for the 4<sup>th</sup> quarter of 2004 in the amount of RUB 1,510,000, and on January 13, 2005 to the current account No. 4080781000000000100943 of Cerasus Investments Limited, opened with the same bank as dividends for the 4<sup>th</sup> quarter of 2004 in the amount of RUB 303,325,500.

The above actions on the withdrawal of assets – Gazprom shares, funds received from the sale of these shares from Glendora Holdings Ltd. and Rouse LLC for a short period from December 15, 2004 through March 31, 2005 – significantly worsened the solvency (financial condition) of Dalnaya Step LLC, as a result of which the amount of assets of the company was reduced to RUB 22,342,000. Thus, W.F. Browder, I.S. Cherkasov and other unidentified persons have taken actions that knowingly resulted in the inability of Dalnaya Step Ltd. to fulfill its obligations to pay mandatory taxes to the budget.

While continuing to realize his criminal intentions, W.F. Browder together with I.S. Cherkasov and other unidentified persons took measures to make it impossible for a creditor represented by a tax authority to hand over claims for tax payment and to conceal their involvement in the deliberate bankruptcy of Dalnaya Step LLC. For this purpose, resolution No. 4 of April 27, 2005 of the Managing Director of Oasis M LLC, a Cypriot company Global Administration (Russia) LTD controlled by the Fund, represented by Director Paul Wrench, according to which I.S. Cherkasov was dismissed from the position of Director General of Oasis M LLC, to which Y.D. Shosha was appointed.

W.F. Browder also arranged for preparatioin of minutes No. 26 dated April 20, 2005, according to which the participants of Dalnaya Step LLC – Global Administration (Russia) Ltd. represented by Managing Director of Oasis M LLC Paul Wrench and Y.D. Shosha dismissed E.V. Filipchenkova from the position of Director General of Dalnaya Step LLC, and appointed Y.D. Shosha to this position, who showed no real signs of independence.

W.F. Browder also arranged for preparatioin of minutes No. 18/1 of July 24, 2005 of the general meeting of Oasis M LLC participants, according to which Dalnaya Step LLC, represented by Y.D. Shosha, Director General, holding 51% of the share capital, and Yianna Aleksandrou, acting on behalf of Cerasus Investments Limited, a company controlled by W.F. Browder, which

holds a 49% interest in the charter capital, has transferred a stake in the charter capital owned by Cerasus Investments Limited to Y.D. Shosha.

However, on May 22, 2005 W.F. Browder arranged submission of an application seeking for assignment of the right to act on behalf of a legal entity without a power of attorney to Y.D. Shosha, to the Inspectorate of the Ministry of Taxes and Charges of the Russian Federation in the city of Elista of the Republic of Kalmykia, signed by E.V. Filipchenkova, who acted as the head of the permanent executive body – Dalnaya Step LLC.

W.F. Browder also arranged for preparation of minutes No. 28 of August 24, 2005 of the general meeting of the participants of Dalnaya Step Ltd. represented by Y.D. Shosha, as the Director General of Oasis M Ltd., and Y.D. Shosha as an individual, according to which the amendments to the charter of Dalnaya Step Ltd. in terms of changing the company's location address were approved – city of Volgograd, Kaluzhskaya Str., 27.

In September 2005, Dalnaya Step LLC was registered with the Interdistrict Inspectorate No. 9 of the Federal Tax Service in the Volgograd Region, located in: city of Volgograd, Kaluzhskaya Str., 27.

In the period from 13 through October 20, 2005, employees of the Interdistrict Inspectorate No. 9 of the Federal Tax Service for the Volgograd region carried out an audit, which established the unreliability of information about the location of Dalnaya Step LLC at the new address in the city of Volgograd. According to the results of the audit, by the decision of the Arbitration Court for the Volgograd region dated November 21, 2005, the entry in the Unified State Register of Legal Entities in connection with the change of location was found invalid, which resulted in the tax accounting for the financial and economic activities of Dalnaya Step Ltd. being returned from December 12, 2005 to the jurisdiction of the Inspectorate of the Federal Tax Service of the Russian Federation for the city of Elista in the Republic of Kalmykia, as the indication of inaccurate information in the constituent documents of the company affected the economic interests of an indefinite number of persons, and prevented the proper implementation of the tax control.

On July 12, 2006, the Federal Tax Service of Russia represented by the Interdistrict Inspectorate of the Federal Tax Service of the Russian Federation for the largest taxpayers of the Republic of Kalmykia applied to the Arbitration Court of the Republic of Kalmykia with a claim seeking to declare the debtor, Dalnaya Step LLC, insolvent (bankrupt) due to the fact that Dalnaya Step LLC failed to fulfill the obligation to pay taxes and fees for more than 3 months, which resulted in the amount of debt to the budgets of all levels as of July 10, 2006 being RUB 1,244,509,346.

On July 17, 2006, the Arbitration Court of the Republic of Kalmykia made a ruling on acceptance of the claim for bankruptcy of the debtor, Dalnaya Step LLC, and on August 7, 2006 it made a ruling on introduction of supervision in respect of the said Company for a period of 6 months.

On September 26, 2006, the Arbitration Court of the Republic of Kalmykia issued a ruling approving A.N. Dolzhenko as a temporary manager of Dalnaya Step LLC – a member of the non-profit partnership of the self-regulatory organization Interregional Self-regulatory Organization of Professional Arbitration Managers.

Following the introduction of bankruptcy proceedings against Dalnaya Step LLC based on the ruling of the Arbitration Court of the Republic of Kalmykia dated November 9, 2006, the claims of the Federal Tax Service of the Russian Federation represented by the Interdistrict Inspectorate of the Federal Tax Service of the Russian Federation on the largest taxpayers of the Republic of Kalmykia were included in the register of creditors' claims against the debtor in the amount of RUB 1,253,026,159.08.

Realizing the threat of detection by the trustee in insolvency A.N. Dolzhenko of an intentional withdrawing of the assets of Dalnaya Step LLC by selling shares of RAO Gazprom, and funds from the disposal of Dalnaya Step LLC under the guise of paying dividends to the participants of this company, further possibility of returning the withdrawn property in the course of bankruptcy proceedings, W.F. Browder, I.S. Cherkasov, and other unidentified persons with the purpose of bringing their criminal intent to the end decided to involve A.N. Dolzhenko in the commission of the crime as an accomplice, later convicted for committing this crime by the verdict of Elista City Court of the Republic of Kalmykia dated April 6, 2017, which took legal effect.

For this purpose, no later than December 2006, W.F. Browder, I.S. Cherkasov and other unidentified persons, in the city of Elista of the Republic of Kalmykia organized the involvement of A.N. Dolzhenko in the commission of a crime by removing obstacles and concealing traces of its

commission. W.F. Browder and other unidentified persons guided A.N. Dolzhenko through an intentional failure to perform his duties as an insolvency administrator in search, identification and return of the property of Dalnaya Step LLC, which was held by third parties under the control of W.F. Browder – Russian and foreign companies, as well as knowingly drawing up a false conclusion about the absence of signs of intentional bankruptcy, in order for the Arbitration Court of the Republic of Kalmykia to declare Dalnaya Step LLC insolvent (bankrupt).

In fulfillment of his criminal role, A.N. Dolzhenko deliberately refused to fully implement the rights of the arbitration manager granted to him by Article 66 of the Federal Law No. 127-FZ dated October 26, 2002 "On Insolvency (Bankruptcy)", and intentionally, in order to eliminate the obstacles to end the intentional bankruptcy of Dalnaya Step LLC by W.F. Brauder and I.S. Cherkasov, and other unidentified persons, created the appearance of proper performance of his duties under Article 67 of the above-mentioned law, according to which he was obliged to conduct an analysis of the debtor's financial situation, being entitled to receive any information and documents related to the debtor's activity.

By implementing a criminal plan and his criminal role, A.N. Dolzhenko deliberately failed to request the necessary information about the debtor, his property, including property rights, and the obligations of the debtor from individuals and legal entities, state bodies and local authorities, failed to conduct a proper analysis of the financial condition of the debtor and the results of its financial, economic and investment activities over the past 3 years.

In the course of analysis of financial and economic activities, A.N. Dolzhenko acting deliberately in the interests of W.F. Browder, I.S. Cherkasov and other unidentified persons, did not reflect the fact that Dalnaya Step LLC carried out doubtful transactions that resulted in a decrease in its creditworthiness, i.e. the sale of shares in 2004 and the transfer of funds in the form of dividends to the company's participants in 2004-2005, and the return of loans, which indicated signs of intentional bankruptcy, and failed to apply to the arbitration court with a claim to invalidate the said transactions.

In pursuit of his criminal intentions, A.N. Dolzhenko had intentionally created the appearance of full performance of his duties, while in fact he limited himself to obtaining information from credit institutions on zero balances of funds held in the current accounts of Dalnaya Step LLC. In doing so, he deliberately ignored the facts of transfers of funds from Dalnaya Step LLC, which testifies to the withdrawal of assets described in the materials submitted on July 12, 2006 by the Interdistrict Inspectorate of the Federal Tax Service of the Russian Federation in the Republic of Kazakhstan to the Arbitration Court of the Republic of Kalmykia with a claim seeking to declare the debtor, Dalnaya Step LLC insolvent (bankrupt).

Continuing its criminal role as an accomplice in the interests of W.F. Browder, I.S. Cherkasov and other unidentified persons, A.N. Dolzhenko intentionally prepared an analysis of the debtor's financial position and a conclusion dated February 1, 2007, that it was impossible to establish the signs of intentional bankruptcy, which was not true.

Besides that, on February 9, 2007 A.N. Dolzhenko, while creating the appearance of proper performance of the duties of the bankruptcy manager, applied to CJSC International Moscow Bank and OJSC Far Eastern Regional Bank for information on the status of accounts and balance of funds, deliberately violating the six-month period established by the court for this procedure from the beginning of the introduction of external supervision, established before February 7, 2007.

Also, it was only on February 9, 2007, that A.N. Dolzhenko filed a request to the General Director of Dalnaya Step LLC Y.D. Shosha seeking provision of the constituent documents of Dalnaya Step LLC, accounting documents and information on the availability of property. However, A.N. Dolzhenko, unwilling to receive the relevant information and find the debtor's property, deliberately indicated the address of the debtor's company in the request – city of Volgograd, Kaluzhskaya Str., 27, knowing from the materials of the arbitration case that on November 21, 2005 the decision of the Arbitration Court of Volgograd region invalidated the entry in the Unified State Register of Legal Entities about the registration of Dalnaya Step LLC for tax accounting in the city of Volgograd at the above address, and tax accounting for financial and economic activities of Dalnaya Step LLC from December 12, 2005 was returned in the jurisdiction of the Inspectorate of the Federal Tax Service of Russia for the city of Elista of the Republic of Kalmykia. Besides, on the same day A.N. Dolzhenko sent requests to the founders of the company – Y.D. Shosha and the manager of Oasis M LLC for the provision of documents related to the statutory and founding activities, company property, management and personnel, debt (accounts payable and receivable), financial and economic activities. On 27 February 2007 this violation of

the established monitoring procedure resulted in the extension of its duration by one month.

On May 18, 2007 A.N. Dolzhenko knowingly provided the arbitration court with distorted information on the conduct of all necessary measures to establish the debtor's property, which had yielded no positive result, and proposed to introduce a simplified bankruptcy procedure in respect of Dalnaya Step LLC as a missing debtor.

By his accessory actions, A.N. Dolzhenko removed the obstacles to completion of deliberate bankruptcy by W.F. Browder, I.S. Cherkasov and other unidentified persons, which on June 5, 2007 resulted in the decision of the Arbitration Court of the Republic of Kalmykia in case No. A22-941/06/15-133, where Dalnaya Step LLC was declared insolvent (bankrupt) and a bankruptcy procedure was introduced – bankruptcy proceedings. Then, on October 5, 2007, A.N. Dolzhenko, while continuing to remove obstacles in the commission of this crime, held a meeting of creditors of Dalnaya Step LLC, where, acting in the interests of W.F. Browder, I.S. Cherkasov and other unidentified persons, advised to a representative of the creditor, S.A. Mutulov of his activities and the results of the competitive production process, which did not make it possible to identify the assets of Dalnaya Step LLC. In this connection, on October 22, 2007, the Arbitration Court of the Republic of Kalmykia located in: Republic of Kalmykia, Elista, Pushkin Str., 9, with the consent of S.A. Mutulov made a decision on the completion of the bankruptcy proceedings, repayment of the creditor's outstanding claims due to the absence of the debtor's property, thus the criminal intent of W.F. Browder, I.S. Cherkasov and other unidentified persons aimed at the intentional bankruptcy of the company was completed with aiding and abetting by A.N. Dolzhenko.

As a result of these actions of W.F. Browder, I.S. Cherkasov, A.N. Dolzhenko and other unidentified persons, Dalnaya Step LLC was deprived of the opportunity to meet the requirements of the sole creditor to pay mandatory payments from organizations to the budgets of various levels, in connection therewith major damage was caused to the Russian Federation, represented by the Federal Tax Service of the Russian Federation, in the amount of RUB 1,253,026,159.08.

Criminal proceedings against W.F. Browder and I.S. Cherkasov was carried out in the manner prescribed by part 5 of article 247 of the Code of Criminal Procedure of the Russian Federation, in connection therewith their attitude to the accusation was not clarified, however, according to the position of the defense lawyers, the defendants did not plead guilty of committing these crimes.

However, the defendants' guilt in committing these crimes is confirmed by the following evidence:

the testimony of the victim's representative, K.V. Mostovoy – Head of the Legal Department of the Federal Tax Service of the Russian Federation questioned in the course of the judicial investigation, the content of which implies that LLC Kameya, LLC Makhaon, LLC Parfenion, LLC Riland upon payment of dividends to the foreign corporate founders located in the Republic of Cyprus, which are transit companies controlled by W.F. Browder, established solely for the purpose of applying the Treaty between the Governments of the Russian Federation and the Republic of Cyprus of December 5, 1998 "For the avoidance of double taxation with respect to taxes on income and on capital" a reduced tax rate of 5% and 10% provided for by the said treaty was applied inappropriately, while the 15% tax rate provided for by Article 284 of the Tax Code of the Russian Federation should have been applied. As a result of these illegal actions, the budget of the Russian Federation fell short of funds in the total amount of RUB 3,405,785,047.54, which caused material damage to the government;

the testimony of the victim's representative L.I. Rudakova – Deputy Head of the Debt and Bankruptcy Department of the Federal Tax Service of the Russian Federation questioned in the course of the judicial investigation, the content of which suggests that in 2006 the Federal Tax Service Directorate of the Republic of Kalmykia filed a petition to the arbitration court for bankruptcy of Dalnaya Step LLC. The basis for the petition was the debt on obligatory payments in the amount of RUB 779,136,995, or RUB 1,253,026,159.08, including the penalty. A monitoring procedure was introduced by the Court, followed by bankruptcy proceeding. A.N. Dolzhenko was

appointed as a bankruptcy manager, who, based on the results of the proceedings, concluded there were no signs of intentional bankruptcy of the legal entity, following which the company was declared bankrupt by the court. On 25 May 2015, after the confession by the victim's representative in the criminal case, she became aware that A.N. Dolzhenko as a bankruptcy manager, intentionally failed to conduct a proper financial analysis into Dlanaya Step LLC, which resulted in the failure to repay the above debt, which caused material damage to the government;

the testimony of a witness, T.V. Klevanets, who was questioned in the course of the court investigation, which shows that in 2000-2008 she worked for Hermitage Capital Management Limited as a secretary of the company's managing director, W.F. Browder. The company was an investment fund. The office was located in Moscow: first in Gazetny Lane, then in Paveletskaya Street. Her duties as secretary were to provide various activities for W.F. Browder. I.S. Cherkasov was one of the company's employees, however, she did not know what his official duties were. S.L. Magnitsky was the company's lawyer who worked for Firestone Duncan;

the testimony of a witness, Y.M. Zaitsev, who was questioned during the court investigation, which shows that from February 1998 to October 2013 he worked as a courier in Firestone Duncan, managed by S.L. Magnitsky, D. Firestone, A.A. Sandakov. The company was engaged in legal and auditing activities. Y.M. Zaitsev's immediate superior was Lyudmila Guzheva, who was in charge of registering legal entities in the company's legal department. Y.M. Zaitsev was a courier, carrying documents to institutions and organizations, one of them being Hermitage Capital Management Limited located in Paveletskaya Street in Moscow. In that company, he was in contact with Alla Kholmanskikh, Lyudmila Bokova and Ivan Cherkasov. At Firestone Duncan Y.M. Zaitsev worked part-time in the first year, and later at the behest of S.L. Magnitsky all employees were instructed to register as individual entrepreneurs to minimize taxes. Also, by the nature of his activities in Firestone Duncan Y.M. Zaitsev delivered documents and accounting statements of legal entities to tax authorities, funds and banks. He knows the names of Kameya, Makhaon, Parfenion, Baikal-M, Dalnaya Step, Riland, as he carried their registration documents and accounts. In connection with these circumstances, he is also aware of the names of the foreign companies Glendora Holdings Limited, Cerasus Limited, Zhoda Limited, Sedena Holdings Limited, Kone Holdings Limited, which were members of the Hermitage Capital Management Limited and founders of the above Russian legal entities. Y.M. Zaitsev not of the occupation of these companies;

the testimony of a witness, M.O. Aliyeva, given during the court investigation, and during preliminary investigation (Vol. 48, case file sheets 191-194, 195-199), the reliability of which was confirmed by M.O. Aliyeva in the court session, from which it follows that from 2004 to 2007 she worked as an office manager and served as secretary for Hermitage Capital Management Limited in Moscow, was engaged in correspondence, answering phone calls, ordering stationery. The company was engaged in investment activities. I.S. Cherkasov was an immediate superior of M.O. Aliyeva. W.F. Browder was the head of the company. In the absence of the latter, all the important documents were signed by I.S. Cherkasov;

the testimony of a witness, Y.Y. Chumakova, given in the course of the judicial investigation, and during the preliminary investigation (vol. 48, case file sheets 102-107, 109-112, 114-199, 120-123, 124-129), the reliability of which was confirmed by Y.Y. Chumakova, from the content of which it follows that in the period from 1999 to 2004 she was registered as an individual entrepreneur, and on the basis of a civil law contract provided accounting services to clients of Firestone Duncan: prepared reports on legal entities, sent correspondence and accounting documents. S.L. Magnitsky, V.A. Yelin, A.A. Sandakov, D. Firestone worked for the said company. In 2006, Y.Y. Chumakova continued to cooperate with Firestone Duncan, and entered into a service agreement signed by Anna Zakhariadis, then the company's branch manager. Y.Y. Chumakova never met or talked to the latter in person. Firestone Duncan's clients were Hermitage Capital Management Limited, Oasis M, Kameya, Baikal-M, Makhaon, Nissa, Rouse, Riland, Rifle, Saturn Investments, Parfenion, Sentry, Sarpedon, Russian Agricultural Holding, Dalnaya Step. Folders

containing the documents of these legal entities were kept in Firestone Duncan's office. In the course of work by order of S.L. Magnitsky she communicated by phone and by e-mail with S.S. Vankaev, a resident of Elista, the Republic of Kalmykia, who provided employment certificates for disabled individuals in Saturn Investments, Dalnaya Step, and Riland. Sometimes S.L. Magnitsky checked the folders with the companies' corporate documents and, whenever revealed the lack of necessary records: certificates issued by the disability evaluation board, employment orders and employment contracts, she prepared them and e-mailed them for signing to S.S. Vankaev, who subsequently returned the countersigned documents, after which she forwarded them for signing to the managers of Hermitage Capital Management Limited. She discussed that with the employees of Hermitage Capital Management Limited, Lyudmila Bokova, Alla Kholmanskikh, Ivan Cherkasov;

the testimony of a witness, K.A. Ponomarev, given during the court investigation, and during the preliminary investigation (vol. 49, case file sheets 20-27, 28-41, 42-46); (vol. 50, case file sheets 60-75), the reliability of which was verified by K.A. Ponomarev in the court hearing, and the content of which suggests that in early 1995 he, together with I.V. Esipov, A.A. Sandakov and D.R. Firestone had established Firestone Duncan LLC. K.A. Ponomarev used to hold 51% of the share capital, and he was the Director General. The company was engaged in providing audit, consulting and legal services. D.R. Firestone was a managing partner, A.A. Sandakov was the head of the legal department, I.V. Esipov was the head of the audit department. The latter invited S.L. Magnitsky to join the company as his deputy. At the beginning of 1996, Hermitage Capital Management Limited, managed by W.F. Browder, became a client of Firestone Duncan LLC. Mainly accounting and tax services were rendered to this company. During the negotiations, W.F. Browder discussed with K.A. Ponomarev and D.R. Firestone an opportunity to arrange for the purchase of shares in Gazprom and in other strategic Russian companies, which were prohibited for sale by law. The purpose of the transactions was that the value of shares of the largest Russian companies acquired by Russian persons in the established securities market in the Russian Federation was substantially lower than the value of such shares acquired by foreign participants in the stock exchanges of foreign countries. W.F. Browder and D.R. Firestone agreed that Firestone Duncan would develop a scheme to buy such shares at domestic prices, followed by the sale thereof to foreign buyers at market prices. With regard to the profit obtained in this way, it was planned to apply optimization consisting of employment of disabled individuals for Russian companies to reduce the profit tax rate, since if a taxpayer employed disabled people and they accounted for more than 50% of the total number of the company's employees, the company was exempted from payments to the regional and local budgets, and the amount of tax to the federal budget was reduced by half. D.R. Firestone suggested that W.F. Browder should establish a chain of foreign companies registered in an offshore area – the Republic of Cyprus, which would be the founders of Russian legal entities. These offshore companies should have referred to the double tax treaty when paying taxes, and apply the minimum tax rate for formal grounds. In 1996, upon review of this issue K.A. Ponomarev and S.L. Magnitsky concluded this scheme was only formally legal, as in fact the Russian companies would be 100% controlled by foreign entities from the territory of the Russian Federation, while the use of the dividend tax relief was only allowed in respect of the entities operating in the Republic of Cyprus, which were managed from the Republic of Cyprus and had a center of economic interests there, while the relief in connection with the employment of disabled individuals could only be used upon the actual employment of disabled individuals, providing them with jobs for the purpose of their social rehabilitation and payment of wages not below the minimum statutory monthly pay. During negotiations with W.F. Browder, S.L. Magnitsky explained that this scheme was actually criminal and not only contrary to the Russian law, as disabled individuals did not take part in the work of legal entities, and Cypriot offshore companies managed from Russia were not entitled to tax benefits under the treaty between the Governments of the Russian Federation and the Republic of Cyprus, as they were managed from the same office in Moscow. However, this tax evasion scheme was used in the activities. For the purpose of implementation of the abovementioned scheme, in coordination with W.F. Browder about 20-30 Russian legal entities were registered with Firestone Duncan's employees. This issue was handled by L.A. Guzheva and A.A. Sandakov. Payment for all the services related to the registration and accounting of the established legal entities was made by Hermitage Capital Management Limited. The Cypriot companies Apricus Investments Limited, Cerasus Holdings Limited, Sedena Holdings Limited, Glendora Holdings Limited, Kone Holdings Limited, Zhoda Limited, Peninsular Heights



Limited established by Hermitage Capital Management Limited, which were founders of Russian legal entities, transferred the funds to the settlement accounts of Russian legal entities which were not the funds of the said Cypriot companies, but belonged to the investors, and, therefore, transfer of funds was a transit. On December 15, 1996 D.R. Firestone forced K.A. Ponomarev to sign the documents on the liquidation of Firestone Duncan LLC and on the appointment of D.R. Firestone and A.A. Sandakov as members of the liquidation committee. Thus, the business was taken away from K.A. Ponomarev, and the company's assets were moved over to Firestone Duncan CJSC and Firestone Duncan Audit LLC;

the testimony of a witness, N.V. Veselnitskaya, given during the court investigation, from the content of which it follows that she questioned W.F. Browder together with other lawyers in a civil case considered by the US court, in connection with which she conducted a private investigation into the activities of Hermitage Capital Management Limited managed by W.F. Browder. She became aware that HSBC Holding has been the beneficial owner of the company since 1999. In 1997, based on the decree of the President of the Russian Federation, acquisition of Gazprom shares by foreign persons was prohibited. To circumvent this restriction, Hermitage Capital Management Limited established several legal entities, including Dalnaya Step, Riland, Saturn Investments, Oasis M, Orient-K, and Rifle, all registered in the Republic of Kalmykia. These legal entities were established almost simultaneously, at the same address, by the same people. However, a cross-approach scheme of participation in the authorized capital of the companies was used – Dalnaya Step, LLC owned 51% of the authorized capital of Orient-K, LLC, and the latter owned 51% of the authorized capital of Dalnaya Step, LLC, and 49% belonged to the Cypriot company Glendora Holdings Limited. In 2004-2005, the assets of all established Russian legal entities in the form of Gazprom shares were transferred to Riland LLC, Makhaon LLC and Parfenion LLC. Assets of Dalnaya Step LLC – Gazprom shares were transferred to Makhaon LLC controlled by W.F. Browder. As a result of these actions, a bankruptcy procedure was started in respect of Dalnaya Step LLC at the request of the tax authority. The bankruptcy manager of the company worked in contact with W.F. Browder's people; failed to carry out all the necessary procedures required to identify signs of deliberate bankruptcy; failed to find the actual managers and founders of the company, i.e., HSBC Holding and I.S. Cherkasov. Kameya LLC was originally owned by Peninsular and, since 2002, by Zhoda Limited. Profit from turnover of Gazprom shares was transferred to the accounts of Cypriot companies using the tax rate in accordance with the double taxation treaty between the Governments of the Russian Federation and the Republic of Cyprus. However, given that Russian and Cypriot legal entities were managed by the same individuals – W.F. Browder and I.S. Cherkasov, application of the said treaty was illegal. Giggs Enterprises, Zhoda Limited, and Kameya LLC were transit companies with no staff and nominal directors;

the testimony of a witness, T.D. Chulchinova, given in the course of the judicial investigation, and during the preliminary investigation (vol. 51, case file sheets 186-189, 190-193), the reliability of which was verified by T.D. Chulchinova, from which it follows that from 1997 to 2001 she worked for the Small Business Support and Competition Development Fund in the city of Elista, Republic of Kalmykia as a cashier accountant. At the behest of the director of the Fund, P.N. Mendyaev, all employees submitted their personal data and copies of passports to the Legal Entity Registration Department for registration of companies in their names, which were subsequently sold to clients. T.D. Chulchinova does not know how many companies were registered in her name, did not take part in their activities, and signed no financial or tax statements. In 2007, she received a tax claim from the tax inspectorate in the amount of over RUB 3,000,000,000, wherein she was listed as a director of LLC Kameya and LLC Lori;

the testimony of a witness, L.D. Adyanova, given in the course of the judicial investigation, and during the preliminary investigation (vol. 51, case file sheets 143-146), the reliability of which was verified by L.D. Adyanova, from which it follows that from 1997 to 2002 she worked for the Small Business Support and Competition Development Fund in the city of Elista, Republic of Kalmykia as a deputy cashier accountant. In February-March 1999, at the request of the Fund's Director, P.N. Mendyaev, she provided her passport and signed the documents required for the

registration of several legal entities, including Kameya LLC and Oasis M LLC. Subsequently, these legal entities were sold to customers and their management and founders were changed. She has nothing to do with the activities of these companies;

the testimony of a witness, S.L. Bochkaev, given in the course of the court investigation, which shows that from 1996 to 2002 he worked at the Small Business Support and Competition Development Fund in Elista, Republic of Kalmykia, first as a specialist and then as the head of the Legal Entities Registration Department. His duties included registration of legal entities, their subsequent re-registration to the clients who acquired them. One of the fund's clients was Firestone Duncan, which, among other things, acquired Kameya LLC and Baikal-M LLC. On this occasion, he had a telephone conversation with Lyudmila Guzheva, an employee of Firestone Duncan Company, and exchanged the necessary documents with her;

the testimony of a witness, S.S. Vankaev, given in the course of the judicial investigation, and during the preliminary investigation (vol. 51, case file sheets 125-131), the reliability of which was verified by S.S. Vankaev, from which it follows that from 1997 to 2001 he worked for the Small Business Support and Competition Development Fund in the city of Elista, Republic of Kalmykia as a Subscriber Service Center Specialist. His duties included provision of subscriber services to legal entities: receipt of accounting and tax reports and their subsequent submission to the tax inspectorate and off-budget funds. In fact, he was a courier. Registration and sale of ready-made legal entities was carried out by another department. One of the Fund's clients was Firestone Duncan CJSC, which was a middleman organization from which documents of various legal entities were received and submitted by the employees of the department. Dalnaya Step, Kameya, Saturn Investments, Riland, Baikal-M, Oasis M were among those legal entities. He spoke to a representative of CJSC Firestone Duncan, L. Guzheva. Communication was limited to the receipt and transmission of documentation by fax or e-mail. He knows that S.L. Magnitsky was an immediate superior of L. Guzheva. S.S. Vankaev did not know that he was introduced into the Board of Directors of Dalnaya Step LLC; he was not made aware of it, and took no part in the management of the company;

the testimony of a witness, P.N. Mendyaev, given during the court investigation, and during the preliminary investigation (vol. 51, case file sheets 171-175), the reliability of which was verified by P.N. Mendyaev during the court hearing, which shows that from 1996 to 2002 he was the director of the Small Business Support Competition Development Fund in the city of Elista, Republic of Kalmykia, whose purpose was to attract investors to the republic by assisting in the registration of legal entities and their subsequent subscriber service, i.e. representation of a person before various structures. The Fund was placing advertisements; he traveled to different cities, paid visits to the companies interested in cooperation. In mid-1997 or 1998, during one of his visits to Moscow, he visited the office of Firestone Duncan, which was interested in registering legal entities in a tax haven – the Republic of Kalmykia. While in the office, he spoke to S.L. Magnitsky, who introduced himself as a tax optimist, and to the company's manager, D. Firestone. As a result of the negotiations, a cooperation agreement was concluded. He was introduced to L. Guzheva, an employee of the company, as a contact person for the registration of legal entities. After that, the fund began to provide registration and subscription services for legal entities for Firestone Duncan. Makhaon, Parfenion, Lori, Rouse, Dalnaya Step, Riland, Saturn Investments, Cerasus Limited, and Kameya were among the companies established, which were registered at the fund's location address: Republic of Kalmykia, Elista, Lenin Street, 301;

the testimony of a witness, I.O. Batutimirova, given during the court investigation, which shows that from 2001 to 2007 she worked as the Director of the Control Department of the Russian Ministry of Taxes and Levies for the Republic of Kalmykia. Her department carried out a second field audit of Dalnaya Step LLC, based on the results of which the amount of debt on mandatory payments was accrued taking into account the fine and penalty of about RUB 1,500,000,000. The reason for the additional accrual was the illegal use of the profit tax relief by a legal entity if more than 50% of the employees are disabled, as Dalnaya Step LLC did not carry out investment activities and did not meet the investor's criteria;

the testimony of a witness, A.P. Chungunova, given in the course of the judicial investigation, which implies that from 2003 to 2006 she worked as a state tax inspector of the Desk Audits Department of the Interdistrict Inspectorate of the Federal Tax Service of Russia for the largest taxpayers in the Republic of Kalmykia. She conducted a desk audit of Dalnaya Step LLC, wherein I.S. Cherkasov was a director. Based on the audit performed in 2004 additional mandatory income tax payments in the amount of approximately RUB 1,500,000,000,000 were charged. A decision to prosecute a legal entity and a claim for tax payment were sent to the legal entity, but no reaction followed from the taxpayer. The tax authority applied to the arbitration court with a request to declare LLC Dalnaya Step bankrupt. A.N. Dolzhenko was appointed as a bankruptcy manager of the company;

the testimony of a witness, S.A. Chuvaev, given in the course of the judicial investigation, and during the preliminary investigation (vol. 51, case file sheets 180-185), the reliability of which was verified by L.D. Adyanova, from which it follows that from 1997 to 2002 he worked for the Small Business Support and Competition Development Fund in the city of Elista, Republic of Kalmykia as a Director of the Legal Entities Registration Department. The Fund was engaged in registration of legal entities in the offshore jurisdiction – the Republic of Kalmykia, and their subsequent subscriber service. The scope of duties of S.A. Chuvaev included managing the department, receiving documents from clients and forwarding them to registration authorities. In the spring of 1998, the Director of the Fund, P.N. Mendyaev reported on the need to register ready-made organizations, wherein all employees should participate. Thus, more than 20 legal entities were registered in the name of S.A. Chuvaev, including LLC Baikal-M, where he acted as a nominee founder, and S.L. Bochkaev, an employee of the fund, was the second co-founder and Director General. Subsequently, this legal entity was sold to a client of the fund. According to the share sale and purchase agreements in the charter capital of Baikal-M LLC, 1% of the shares were sold to Kameya LLC represented by L.D. Adyanova, and 49% of Peninsular Heights Limited represented by L.A. Guzheva. He doesn't know what the deal was required for;

the testimony of a witness, I.B. Chernushkin, given in the court hearing, which shows that from 2003 to 2005 he worked for ASK Audit, a company located in the tax haven – the Republic of Kalmykia, where he was engaged in auditing and customer service of companies registered in the country. Employees of the firm represented the interests of the companies under the powers of attorney sent by the clients. In particular, the company provided subscriber service to Dalnaya Step LLC. He received a request from the tax inspectorate for this legal entity, which was forwarded to the client;

the testimony of a witness, L.A. Guzheva, given in the course of the judicial investigation, and during the preliminary investigation (vol. 48, case file sheets 26-36), the reliability of which was verified by L.A. Guzheva in the court session, which implies that in the period from 1994 to 2009 she worked for Firestone Duncan as a courier, head of the registration department, a lawyer. The managers of the company were partners K.A. Ponomarev, I.V. Esipov, A.A. Sandakov, D.R. Firestone, but she received instructions mainly from I.V. Esipov. Firestone Duncan was engaged in providing legal and auditing services, including assistance in company registration, support and maintenance. One of Firestone Duncan's clients was Hermitage Capital Management Limited. She helped this client to establish various companies, to register and re-register legal entities, to issue work permits, to solve visa issues. Audit and tax issues of Hermitage Capital Management Limited were dealt with by S.L. Magnitsky; legal issues were handled by A.A. Sandakov. By nature of her activities she has been an attorney of Cypriot companies, such as Sedena Holdings Limited, Kone Holdings Limited, Glendora Holdings Limited, TCI Cyprus Holdings Ltd, Peninsular Heights Limited, Rivercanal Holding Limited, Zhoda Limited, Cerasus Investments Limited, Giggs Enterprises Limited and Apricus Investment Limited, controlled by Hermitage Capital Management Limited, represented by I.S. Cherkasov and W.F. Browder. She is not familiar with the directors of the controlled companies, and all the documents related to these legal entities were prepared in the office of Firestone Duncan. L.A. Guzheva also knows such Russian companies as Rifle, Parfenion, Riland, Pythagoras Investments, Dalnaya Step, Orient-K, Oasis M, and Kameya. She was either

nominee founder or director of these companies. In fact, these legal entities were subsidiaries of Hermitage Capital Management Limited and were engaged in the acquisition of Gazprom shares. The founders were the above-mentioned Cypriot companies. She had nothing to do with the management and decision-making on behalf of and in the interests of these companies, but she was only a nominee signatory of the documents previously earlier prepared by Firestone Duncan lawyers. In the course of her work, she cooperated with the Entrepreneurship Support Fund in the Republic of Kalmykia, headed by P.N. Mendyaev, and with the Fund staff. The Fund assisted them in registration of legal entities in the Republic of Kalmykia and their subsequent subscriber service. After Firestone Duncan's lawyers had prepared the documents required for their registration, making changes, she sent them to the fund and controlled the document flow through the registration authorities via fund's employees on the phone. In fact, both Cypriot and Russian legal entities were controlled by Hermitage Capital Management Limited and its managers I.S. Cherkasov and W.F. Browder;

the testimony of a witness, S.A. Mutulov, given in the course of the judicial investigation, and during the preliminary investigation (vol. 50, case file sheets 165-169, 170-175, 176-179), the reliability of which was verified by Mutulov S.A., from the content of which it follows that he works as Deputy Head of the Bankruptcy Enforcement Department of the Federal Tax Service Directorate of Russia for the Republic of Kalmykia, and in 2006-2007 he represented the interests of the Russian Federation in the civil case on the bankruptcy of Dalnaya Step LLC. The application for bankruptcy was filed with the Arbitration Court of the Republic of Kalmykia in July 2006. It was accompanied by copies of claims and collection orders, which were sent to Dalnaya Step LLC, according to which the total amount of debt was RUB 1,244,509,346.50, of which RUB 779,136,995.47 was the principal debt, RUB 373,352,020.39 – penalties, RUB 92,020,330.64 – fines. On August 7, 2006, the court introduced a monitoring procedure, and on September 26, 2006, A.N. Dolzhenko was appointed as the arbitration manager of Far Steppe LLC. The only creditor of Far Steppe LLC was the Interdistrict Inspectorate of the Federal Tax Service of Russia for the biggest taxpayers of the Republic of Kalmykia. According to the results of the arbitration manager's analysis of the financial and economic activities of Dalnaya Step LLC, a report was drawn up, which was formal in nature. No active measures were taken by A.N. Dolzhenko to search for the company's assets and funds. As a result, creditor meetings have been postponed several times. S.A. Mutulov several times advised A.N. Dolzhenko of the need to request information from banks not only about the balances of funds in the settlement accounts of Dalnaya Step LLC, but also about their movement, so that it is possible to analyse the financial activity of the company, assess the validity of the payments made and verify the legality of transactions whereunder funds were written off from the accounts. A.N. Dolzhenko promised to request this information, partially provided information on three or four accounts of Dalnaya Step LLC, from which it followed there was no movement of funds and their balance. For the rest of the accounts he provided information on the lack of funds. On June 9, 2007, the bankruptcy proceeding was started against the absent debtor, Dalnaya Step LLC, and on October 22, 2007, the Arbitration Court of the Republic of Kalmykia delivered a decision to complete the bankruptcy proceedings and liquidate the company. The actions of A.N. Dolzhenko did not allow full implementation of the bankruptcy proceeding against Dalnaya Step LLC, and realization of the creditor's interests in full scope;

the testimony of a witness, K.O. Nogotkov, given in the course of the court investigation, which implies that he was a bankruptcy administrator of Dalnaya Step LLC and carried out bankruptcy proceedings. In this regard, he requested the necessary documents from the tax authorities, banks and other organizations, and from the former bankruptcy administrator A.N. Dolzhenko. He established that a number of payments of a legal entity for the total amount of about RUB 1,800,000,000,000 were illegal; payment orders were not signed by the managers of the organization. This was the basis for bringing other persons into bankruptcy proceedings. From the collected documents it was clear that Dalnaya Step LLC was a member of the Hermitage Capital Management Limited Group and held Gazprom shares, which was confirmed by an extract from Gazprombank OJSC. In the period from 2000 to 2003, General Directors of Dalnaya Step LLC were W.F. Browder and I.S. Cherkasov, and the creditor was Apricus Investment Limited, a company associated with Hermitage Capital Management Limited. Money to purchase shares was contributed to Dalnaya Step LLC through Apricus Investment Limited. At the time of starting the

bankruptcy proceedings, the debt to Apricus Investment Limited was repaid. Before the bankruptcy of Dalnaya Step LLC, all assets were transferred from the company to Cerasus Investments Limited, which held a 49% stake in the company's charter capital. K.O. Nogotkov prepared a report on the signs of deliberate bankruptcy based on the results of analysis of Dalnaya Step's activity. Bankruptcy manager A.N. Dolzhenko failed to properly analyze the activities of Dalnaya Step LLC, and no documents were claimed that should have been claimed, including those from HSBC;

the testimony of a witness, S.L. Magnitsky, given in the course of the preliminary investigation and announced in the court session, based on paragraph 1, Part 2, Article 281 of the Criminal Procedural Code of the Russian Federation in connection with the death of the witness, from which it follows that since 2001 he provided legal services to the branch of Firestone Duncan, whose office was located at: city of Moscow, Krasnoproletarskaya Street, 30, block 1. For several years, he was a member of the Board of Directors of Kameya LLC, registered at the same address, whose member was a Cypriot company Zhoda Limited. Ivan Cherkasov was the General Director of the company, and a number of documents and the seal of Kameya LLC were kept in the office of Firestone Duncan. S.L. Magnitsky was in charge of receiving and forwarding the correspondence of Kameya LLC to I. Cherkasov. He did not provide services related to accounting. He is aware of the names of Baikal-M LLC, Dalnaya Step LLC, Peninsular, Giggs Enterprises Limited, Hermitage Capital Management Limited, as they were provided by Firestone Duncan. He communicated with W.F. Browder several times in the office of Hermitage Capital Management Limited (vol. 48, case file sheets 174-180).

Also, the guilt of the defendants is confirmed by the materials of the criminal case, reviewed in the court session:

the search report of June 4, 2007 (with exhibits), which shows that during the search of the premises of Firestone Duncan (CIS) Limited LLC, Firestone Duncan CJSC, and Firestone Duncan Audit CJSC, located at: Moscow, Krasnoproletarskaya Street, 30, block 1, floor 4, the following things were found and seized: documents related to the financial and business activities of Zhoda Limited, Hermitage Capital Management Limited, Kameya, Makhaon, Baikal-M, Peninsular Heights Limited, Parfenion, Pifagor Investments, Rivercanal Holdings Limited; seals of LLC Parfenion, LLC Makhaon, LLC Baikal-M, LLC Rifle, LLC Rouse, LLC Riland, LLC Pifagor Investments, LLC Orient K, LLC Kameya, LLC Timaleon, Hermitage Capital Management Limited, computer base units ("ELEKTRON SERVICE" S/N 277698-4; "HP PROLIANT ML 110" S/N GB8635JT18; "ELEKTRON SERVICE" S/N 277698-12) (vol. 6, case file sheets 125-205), which are examined (vol. 6, case file sheets 206-238, 239-256; vol. 7, case file sheets 1-15, 16-44, 45-70, 71-111, 112-138, 139-181, 182-197, 201-236, 237-242; vol. 8, case file sheets 173-235; vol. 11, case file sheets 1-21, 22-52, 53-82, 83-108, 109-135, 136-197; vol. 12, case file sheets 222, 223, 224; vol. 13, case file sheets 51-69, 70-96) and were included in the criminal case file as evidence (vol. 7, case file sheets 198-199; vol. 11, case file sheets 198-199; vol. 13, case file sheets 97-100);

the search report of November 24, 2008, from which it follows that during the search of Firestone Duncan CJSC premises located at: Moscow, Krasnoproletarskaya Street, 30, block 1, the following things were found and seized: documents related to the financial and economic activities of Firestone Duncan CJSC (vol. 13, case file sheets 3-10), which were examined (vol. 13, case file sheets 11-16, 17-30) and attached to the criminal case as evidence (vol. 13, case file sheets 31);

the search report of November 25, 2008, from which it follows that during the search of D.I. Dorofeyev's dwelling place located at: Moscow, Victory Square, 2, block 2, apartment 358, Rover Book Voyager laptop was found and seized (S/N TW3TFCCLA6430100) (vol. 13, case file sheets 47-48), which was examined (vol. 13, case file sheets 51-69, 70-96, 101-251) and attached to the criminal case as evidence (vol. 13, case file sheets 97-100);

the search report of June 4, 2007, from which it follows that during the search of Hermitage Capital Management Limited premises located at: Moscow, Paveletskaya Square, 2, block 2, the

following items were found and seized: documents related to the financial and economic activities of Apricus Investments Limited, and correspondence between OJSC Gazprom and Hermitage Capital Management Limited (vol. 14, case file sheets 3-11), which were examined (vol. 14, case file sheets 12-14) and attached to the criminal case as evidence (vol. 14, case file sheet 15);

the record of seizure of July 20, 2007, from which it follows that during the seizure in Commercial Bank Citibank, CJSC premises located at: Moscow, Gasheka Street, 8-10, the legal case files of Kameya LLC, Giggs Enterprises Limited, Zhoda Limited were seized (vol. 14, case file sheets 126-129), which were examined (vol. 14, case file sheets 130-132) and attached to the criminal case as evidence (vol. 14, case file sheets 133-134);

the record of seizure of August 21, 2007, from which it follows that during the seizure in Commercial Bank Citibank, CJSC premises located at: Moscow, Gasheka Street, 8-10, the extended statements of cash flows in the current accounts of Kameya LLC, Giggs Enterprises Limited, Zhoda Limited were seized (vol. 14, case file sheets 197-201), which were examined (vol. 14, case file sheets 202-205) and attached to the criminal case as evidence (vol. 16, case file sheets 207-209);

the record of seizure of July 5, 2007, from which it follows that during the seizure in HSBC Bank (RR) premises located at: Moscow, Paveletskaya Square, 2, block 2, the legal case files of Kameya LLC and Hermitage Capital Management Limited were seized (vol. 15, case file sheets 3-10), which were examined (vol. 15, case file sheets 11-12, 13-16) and attached to the criminal case as evidence (vol. 15, case file sheets 17-18);

the record of seizure of June 28, 2007, from which it follows that during the seizure in the Interdistrict Federal Tax Service Inspectorate No. 47 for Moscow located at: Moscow, Pokhodny Passage, 3, the registration and financial case files of Hermitage Capital Management Limited were seized (vol. 15, case file sheets 110-113), which were examined (vol. 15, case file sheets 144-118) and attached to the criminal case as evidence (vol. 15, case file sheet 119);

the record of seizure of June 27, 2007, from which it follows that during the seizure in JSC Gazprombank premises located at: Moscow, Nametkina Street, 15, block 1, depository records and the legal case file of Kameya LLC were seized (vol. 16, case file sheets 3-9), which were examined (vol. 16, case file sheets 10-17) and attached to the criminal case as evidence (vol. 16, case file sheets 207-209);

the record of seizure of June 26, 2007, from which it follows that during the seizure in the Federal Tax Service Inspectorate No. 50 for Moscow located at: Moscow, Pokhodny Passage, 3a, the legal case files of Kameya LLC, Giggs Enterprises Limited, and Zhoda Limited were seized (vol. 16, case file sheets 42-46), which were examined (vol. 16, case file sheets 47-49) and attached to the criminal case as evidence (vol. 16, case file sheets 207-209);

the record of seizure of June 20, 2007, from which it follows that during the seizure in the Federal Tax Service Inspectorate No. 7 for Moscow located at: Moscow, Dolgorukovskaya Street, 33, block 1, registration case files of Kameya LLC, Baikal-M LLC were seized (vol. 16, case file sheets 66-69), which were examined (vol. 16, case file sheets 70-72, 73-85) and attached to the criminal case as evidence (vol. 16, case file sheets 207-209);

the record of seizure of February 6, 2008, from which it follows that during the seizure in International Moscow Bank, CJSC (UniCreditBank CJSC) premises located at: Moscow, Prechistenskaya Embankment, 9, the legal case file and statement of cash flow in the current account of Pifagor Investments LLC were seized (vol. 16, case file sheets 214-217), which were examined (vol. 16, case file sheets 218-230) and attached to the criminal case as evidence (vol. 16, case file sheets 231-232);

the record of seizure of February 6, 2008, from which it follows that during the seizure in International Moscow Bank, CJSC (UniCreditBank CJSC) premises located at: Moscow, Prechistsenskaya Embankment, 9, the legal case file and statement of cash flow in the current accounts of Rivercanal Holding Limited were seized (vol. 17, case file sheets 66-69), which were examined (vol. 17, case file sheets 70-80) and attached to the criminal case as evidence (vol. 17, case file sheets 81-82);

the record of seizure of February 5, 2008, from which it follows that during the seizure in the Federal Tax Service Inspectorate No. 10 for Moscow located at: Moscow, Volgogradsky Prospekt, 46B, block 1, the legal case files of Pifagor Investments and Timoleon LLC were seized (vol. 17, case file sheets 161-164), which were examined (vol. 17, case file sheets 165-176) and attached to the criminal case as evidence (vol. 17, case file sheets 177-178);

the record of seizure of February 13, 2008, from which it follows that during the seizure in the Depository Center of JSC Gazprombank premises located at: Moscow, 2<sup>nd</sup> Verkhny Mikailovsky Passage, 9, block 2, the legal case files of Pifagor Investments were seized (vol. 18, case file sheets 5-8), which were examined (vol. 18, case file sheets 9-11) and attached to the criminal case as evidence (vol. 18, case file sheet 12);

the record of seizure of February 6, 2008, from which it follows that during the seizure in the Federal Tax Service Inspectorate No. 50 for Moscow located at: Moscow, Pokhodny Passage, 3a, the legal case files of Pifagor Investments were seized (vol. 18, case file sheets 160-163), which were examined (vol. 18, case file sheets 164-166) and attached to the criminal case as evidence (vol. 18, case file sheets 167-168);

the record of seizure of February 21, 2008, from which it follows that during the seizure in the Federal Tax Service Inspectorate No. 7 for Moscow located at: Moscow, Dolgorukovskaya Street, 33, block 1, legal case files of Baikal-M LLC and Orient-K LLC were seized (vol. 18, case file sheets 181-183), which were examined (vol. 18, case file sheets 184-196) and attached to the criminal case as evidence (vol. 19, case file sheets 79-80);

the record of seizure of September 6, 2013, from which it follows that during the seizure in Commercial Bank Citibank, CJSC premises located at: Moscow, Gasheka Street, 6, the registration case files of Cerasus Investments Limited and Glendora Holdings Limited were seized (vol. 19, case file sheets 94-97), which were examined (vol. 19, case file sheets 98-103) and attached to the criminal case as evidence (vol. 19, case file sheets 104-105);

the record of seizure of June 26, 2013, from which it follows that during the seizure in the Federal Tax Service Inspectorate No. 13 for the Moscow Region located at: the Moscow Region, Khimki, Yubileiny Prospekt, 61, the legal case files of Riland LLC were seized (vol. 20, case file sheets 7-11), which were examined (vol. 20, case file sheets 12-13) and attached to the criminal case as evidence (vol. 20, case file sheets 14-16);

the record of seizure of February 26, 2013, from which it follows that during the seizure in HSBC Bank (RR) premises located at: Moscow, Paveletskaya Square, 2, block 2, legal case files and payment and settlement documents of Parfenion LLC, Riland LLC, Kameya LLC, Makhaon LLC, Dalnaya Step LLC, Oasis M LLC, Sterling Investments LLC, Orient-K LLC, Rouse LLC, Nissa LLC (vol. 20, case file sheets 27-31) were seized, which were examined (vol. 20, case file sheets 136-246; vol. 21, case file sheets 1-80, 81-207; vol. 22, case file sheets 1-205; vol. 23, case file sheets 1-222; vol. 24, case file sheets 1-50, 51-67), and attached to the criminal case file as evidence (vol. 24, case file sheets 68-69);

the record of seizure of October 14, 2009, from which it follows that during the seizure in the Depository Center of JSC Gazprombank premises located at: Moscow, 2<sup>nd</sup> Verkhny Mikailovsky

Passage, 9, block 2, depository records of Riland LLC, Makhaon LLC, Oasis M LLC, Kameya LLC, Rouse LLC, Lori LLC, Parfenion LLC, Nissa LLC, Sterling Investments LLC, Rifle LLC, Saturn Investment LLC (vol. 26, case file sheets 55-68) were seized, which were examined (vol. 26, case file sheets 69-71, 105-111) and attached to the criminal case file as evidence (vol. 26, case file sheets 72-74, 112-119);

the record of seizure of March 27, 2013, from which it follows that during the seizure in the Federal Tax Service Inspectorate for Moscow Leninsky District of Saransk located at: Republic of Mordovia, Saransk, Sovetskaya Street, 7, the record case file of Business Capital CJSC (vol. 26, case file sheets 216-218) was seized, which was examined (vol. 26, case file sheets 219-220) and attached to the criminal case as evidence (vol. 26, case file sheets 221-222);

the record of seizure of October 23, 2013, from which it follows that during the seizure in UniCreditBank, CJSC premises located at: Moscow, Prechistsenskaya Embankment, 9, the legal case file and statement of cash flow in the current accounts of Dalnaya Step, LLC were seized (vol. 27, case file sheets 8-9), which were examined (vol. 27, case file sheets 10-11) and attached to the criminal case as evidence (vol. 27, case file sheets 12-14);

the record of seizure of May 4, 2006, from which it follows that during the seizure in the office of a notary public in and for the city of Moscow, O.V. Busheva, located at: Moscow, Malaya Dmitrovka Street, 25, register No. 6 for registration of notarial acts of the Moscow notary public O.V. Busheva was seized, which contains entries No. 4k-19541, 19542 of November 2, 2004, on the notarization by request of E.V. Filipchenkova, General Director of Dalnaya Step LLC, of copies of the order and the certificate of registration of the said company with the tax authority (vol. 27, case file sheets 23-25), which was examined (vol. 27, case file sheets 26-31) and attached to the criminal case as evidence (vol. 27, case file sheets 32-34);

the record of seizure of March 6, 2013, from which it follows that during the seizure in the Federal Tax Service Inspectorate for Elista, Republic of Kalmykia located at: Republic of Kalmykia, Elista, Gubarevicha Street, 4, legal case files of Dalnaya Step LLC and Oasis M LLC were seized (vol. 27, case file sheets 51-54), which were examined (vol. 27, case file sheets 55-131) and attached to the criminal case as evidence (vol. 27, case file sheets 132-134);

copies of certificates of entry in the Uniform State Register of Legal Entities, of registration with the tax authority and of state registration of Dalnaya Step LLC (vol. 1, case file sheets 16, 17);

copies of the resolutions of March 31, 2004 and of June 2, 2004 on the repeated field tax audits, the content of which suggests that the Department of Taxes and Levies of the Russian Federation in the Republic of Kalmykia appointed an audit of Dalnaya Step LLC on compliance with the legislation on taxes and levies, correctness, completeness of their calculation and timeliness of their transfer to the budget (vol. 1, case file sheets 18, 21);

copy of act No. 17 of December 31, 2004 of the repeated field tax audit of Dalnaya Step LLC, the content of which suggests that in the period from December 24, 2004 to December 31, 2004 the repeated field tax audit of Dalnaya Step LLC was carried out, according to the results of which the incomplete payment of income tax in the amount of RUB 319,307,108 was established; it was proposed to recover from the company the amount of unpaid tax, penalties and fine, totaling to RUB 577,942,671 (vol. 1; case file sheets 77-83);

a copy of a certificate from the General Director of Dalnaya Step LLC, I.S. Cherkasov of July 6, 2004, the content of which shows that Dalnaya Step LLC keeps records of financial and economic activities without the use of the journal-order accounting system, the accounting register – the general ledger is not formed and is not used (vol. 1, case file sheet 22);



a copy of a certificate from the General Director of Dalnaya Step LLC, I.S. Cherkasov of July 6, 2004 from which it follows that for the period of activity of Dalnaya Step LLC did not make operations which are subject to VAT, did not define the VAT amounts subject to a deduction (reimbursement) in an order, stipulated by articles 171-172 of the Tax Code of the Russian Federation, declared no such deductions and issued no invoices, maintained no books of sales and purchases (vol. 1, case file sheets 23);

a copy of the extract from the Uniform State Register of Legal Entities of July 2, 2004, the content of which shows that Dalnaya Step LLC has a registered office at: Moscow, Obratsova Street, 19, block 9, the amount of the charter capital is RUB 6,682,200, with I.S. Cherkasov as CEO (vol. 1, case file sheets 28-37);

a copy of the letter of the Russian Ministry of Taxes and Levies for the Republic of Kalmykia of July 21, 2004, addressed to Dalnaya Step LLC with the requirement to provide the documents required for the repeated field audit (vol. 1, case file sheets 42-43, 44);

a copy of the requirement of the Interdistrict Inspectorate of the Federal Tax Service of Russia for the largest taxpayers in the Republic of Kalmykia of August 19, 2004 to the address of Dalnaya Step LLC on submission of accounting and tax reporting (vol. 1, case file sheets 55);

copies of resolutions of August 2, 2004 and of September 21, 2004 on the audit of financial and economic activities of Dalnaya Step LLC (vol. 1, case file sheets 45, 49);

copies of tax audit acts of Dalnaya Step LLC of August 12, 2004 and of September 24, 2004, from the content of which it follows that according to the results of the audit of Dalnaya Step LLC on the issues of compliance with the legislation on taxes and fees, the nonpayment (partial payment) of income tax for 2001 in the amount of RUB 129,889,149 (vol. 1, case file sheets 47-48, 50-52) was established;

copies of the decisions of the Interdistrict Inspectorate of the Federal Tax Service of Russia for the largest taxpayers in the Republic of Kalmykia of August 19, 2004, the content of which suggests that due to the failure of Dalnaya Step LLC to submit a tax and levy declaration and financial statements for the 1<sup>st</sup> quarter of 2004, a decision was made to suspend debit transactions on the current accounts of Dalnaya Step LLC No. 407028402000005032439, No. 40702840400003421046, No. 40702840800006643832, No. 407028404003421046, No. [4000006643832](#), No. 40702810600008255225, held in International Moscow Bank CJSC, and No. 4070284000001100013, No. 40702810500001100013, held in Republic National Bank of New York (RR), except for tax payments (vol. 1, case file sheets 56, 57)

copies of the requirements of the Russian Ministry of Taxes and Levies for the Republic of Kalmykia of August 20, 2004 and August 24, 2004 to CJSC Bank Austria Creditanstalt and CJSC International Moscow Bank to provide information on the cash flow in the current accounts of Dalnaya Step LLC for 2001 (vol. 1, case file sheets 60, 61);

copies of the request by the Russian Ministry of Taxes and Levies for the Republic of Kalmykia of August 31, 2004 and the response to the request by the Interdistrict Inspectorate of Taxes and Levies for the biggest taxpayers in the Republic of Kalmykia of September 1, 2004, the contents of which indicate that the Republic National Bank of New York has been renamed as HSBC Bank (RR) LLC; CJSC Bank Austria Creditanstalt is merged with CJSC International Moscow Bank (vol. 1, case file sheets 64-65);

copy of the 1999 Memorandum of Association of Dalnaya Step LLC, the content of which shows that the participants of Dalnaya Step LLC are Oasis M, LLC with a 51% stake in the authorized capital and Cerasus Investments Limited Company with a 49% stake in the authorized

capital (vol. 1, case file sheets 69-74);

a copy of the power of attorney of June 18, 2003, the content of which shows that Dalnaya Step LLC represented by I.S. Cherkasov, General Director, authorizes A.V. Morozov to represent the company in tax authorities and in other state bodies (vol. 1, case file sheets 24);

document assessment certificate No. 87/2 of May 8, 2007, which states that Kameya LLC paid dividends to the foreign company Zhoda Limited for the first quarter of 2006 in the amount of RUB 11,454,146,000. The income was received from the sale of Gazprom shares by Kameya LLC to the foreign company Giggs Enterprises Limited, represented by I.S. Cherkasov. Upon payment of dividends, Kameya LLC acting as a tax agent withheld and remitted to the budget the income tax in the amount of RUB 572,707,300 withheld from the amount of dividends at the rate of 5%, having improperly applied Article 7 of the Treaty between the Government of the Russian Federation and the Government of the Republic of Cyprus “For the avoidance of double taxation with respect to taxes on income and on capital” of December 5, 1998 instead of 15%, as required by applicable law. Therefore, in 2006, Kameya LLC failed to pay the profit tax on the amount of income received by Zhoda Limited in 2006 in the amount not less than RUB 1,145,414,600 (vol. 1, case file sheets 223-235);

certificate No. 205/1 of December 5, 2007 (with appendices) on the assessment of documents in respect of Pifagor Investments LLC, from the content of which it follows that based on the decision No. 1 of the sole participant of the company – TCI Cyprus Holding LTD. of December 15, 2006 on the distribution of the company’s profits in the amount of RUB 4,628,000,000,000 at the end of the third quarter of 2006 in favor of the sole participant of the company, upon payment of the said dividends Pifagor Investments LLC transferred to the budget the income tax in the amount of RUB 49,074,603 which makes 5% of the income, having improperly applied the Treaty between the Government of the Russian Federation and the Government of the Republic of Cyprus “For the avoidance of double taxation with respect to taxes on income and on capital” of December 5, 1998 instead of 15%, as required by the current law. Thus, Pifagor Investments LLC, being a tax agent for these revenues, has not calculated, withheld or transferred to the budget profit tax in the amount of RUB 90,237,297 (vol. 2, case file sheets 31-56);

certificate No. 39/1 of February 26, 2008 on the assessment of documents in respect of Parfenion LLC, from the content of which it follows that in accordance with the resolution No. 1 of the company’s sole participant – a foreign company Glendora Holdings Limited of July 12, 2006 upon payments of dividends to the sole participant based on the results of the second quarter of 2006 Parfenion LLC transferred RUB 557,980,000 as income tax, having illegally applied in its calculation the tax rate of 5%, instead of 15%, as stipulated by sub-clause 2, clause 3, Article 284 of the Tax Code of the Russian Federation. Thus, Parfenion LLC, being a tax agent for these revenues, has not calculated, withheld or transferred to the budget profit tax in the amount of RUB 1,115,960,000 (vol. 2, case file sheets 101-117);

certificate No. 37/1 of February 26, 2008 on the assessment of documents in respect of Makhaon LLC, the content of which suggests that based on Minutes No. 4 of April 7, 2006 of the general meeting of the company’s participants – authorized representative of Global Administration (Russia) LTD., Paul Wrench – trustee of the share (representative) I.S. Cherkasov, director of the foreign company Sedena Holdings Limited Galatia Sazeidou, director of the foreign company Kone Holdings Limited, Yianna Alexandrou for distribution of profits received in the first quarter of 2006 in the amount of RUB 1,249,130,000 between participants of Makhaon LLC, Makhaon LLC transferred RUB 62,242,337 as income tax withheld from the amount of income – dividends payable to the company participants – foreign entities, having illegally applied in its calculation the tax rate of 5%, instead of 15%, as stipulated by sub-clause 2, clause 3, Article 284 of the Tax Code of the Russian Federation. Thus, Makhaon LLC, being a tax agent for these revenues, has not calculated, withheld or transferred to the budget profit tax in the amount of RUB 115,714,049 (vol. 2, case file sheets 125-135);

certificate No. 38/1 of February 26, 2008 on the assessment of documents in respect of Riland LLC, according to which in 2006 Riland LLC transferred RUB 276,857,890 as a profit tax withheld from the amount of income – dividends paid to a foreign company, having intentionally applied in calculations the tax rate of 5% instead of 15% as stipulated by sub-clause 2, clause 3, Article 284 of the Tax Code of the Russian Federation. Thus, Riland LLC, being a tax agent for these revenues, has not calculated, withheld or transferred to the budget profit tax in the amount of RUB 268,552,153.30 (vol. 2, case file sheets 143-156);

resolution of April 18, 2013 to provide the results of the criminal intelligence to the investigator, the content of which implies that Department "K" of the Economic Security Service of the FSB of Russia transferred the results of the criminal intelligence concerning deliberate bankruptcy of Dalnaya Step LLC, including copies of the arbitration case files to the Investigative Office of the Main Directorate of the Russian Ministry of Interior in the Central Federal District (vol. 3, case file sheets 177-178);

copies of the arbitration case file No. A12-30595/2005 on the claim of the Interdistrict Inspectorate of the Federal Tax Service No. 9 for the Volgograd Region against Dalnaya Step LLC, the content of which implies that the copies of the company's actual location verification acts of October 13, 2005, October 19, 2005, and October 20, 2005 established that Dalnaya Step LLC is not actually located at: Volgograd, Kaluzhskaya, 27; by the decision of Arbitration Court of the Volgograd Region of February 20, 2007 the entry in the Uniform State Register of Legal Entities about making changes to the constituent documents of Dlanaya Step LLC concerning the company's location change (vol. 3, case file sheets 184-234) is recognized invalid;

copies of the arbitration case file No. A22-941/2006 on the bankruptcy notice by the Interdistrict Inspectorate of the Federal Tax Service of Russia for the biggest taxpayers in the Republic of Kalmykia to declare Dlanaya Step LLC, the content of which implies that on August 7, 2006 a monitoring procedure was introduced in respect of Dalnaya Step LLC; on September 26, 2006, A.N. Dolzhenko was appointed a temporary manager of the company; on November 9, 2006, the Interdistrict Inspectorate of the Federal Tax Service of Russia for the biggest taxpayers in the Republic of Kalmykia was included in the register of the Company's creditors in connection with the debt in the amount of RUB 779,245,851, penalties of RUB 381,767,467.14 and fines of RUB 92,012,840.94; on June 9, 2007, Dalnaya Step LLC was declared bankrupt, a bankruptcy proceeding was started, and A.N. Dolzhenko was approved as a bankruptcy manager; on October 22, 2007, the bankruptcy proceedings against the company were closed; on October 29, 2007, an entry was made to the Uniform State Register of Legal Entities on the liquidation of Dalnaya Step LLC by a court decision (vol. 4, case file sheets 1-246; vol. 5, case file sheets 1-58);

copies received upon request dated August 25, 2009 from the Federal Tax Service Inspectorate of Russia No. 7 for the city of Moscow (vol. 28, case file sheet 228): minutes of the general meeting of participants of Firestone Duncan LLC dated December 15, 1996, the content of which shows that K.A. Ponomarev resigned from the position of Director General, A.A. Sandakov was appointed the new director general; and a decision was made to liquidate the company and set up a liquidation committee composed of A.A. Sandakov and D.R. Firestone; minutes of the meeting of Firestone Duncan's liquidation committee of December 15, 1996, on the appointment of A.A. Sandakov as the chairman of the committee; the Articles of Association of Firestone Duncan LLC (vol. 28, case file sheets 229-230, 231, 232-244);

response to a request from Gazprombank OJSC dated September 25, 2009, with the memos attached, which indicate that:

- on August 17, 1999, Dalnaya Step LLC opened a depository account No. 40121/885/0029623; as of January 26, 2004, there were 40,587,324 Gazprom shares on the account; on November 24, 2004, 3,000,000 shares were transferred to depository account No. 883F/43300172 based on an inter-depository transfer of securities; as a result, 37,587,324 Gazprom

shares remained on depository account No. 40121/885/0029623 as of November 24, 2004;

- depository account No. 11312(835/0008473) owned by Riland LLC was opened on October 9, 1996 and as of January 26, 2004 there were 27,885,250 Gazprom shares in the depository account of Riland LLC; on January 17, 2006, based on the "Interdepository transfer of securities to the depository account RD deponent", Riland LLC transferred 27,885,250 shares to the depository account No. 883L/65400000S in accordance with the sale and purchase agreement for RUB 5,604,935,250; the account was closed on August 24, 2009;

- depository account No. 6795555, owned by Parfenion LLC, was opened on May 12, 2005 and as of June 3, 2005 there were 72,676,695 Gazprom shares in the depository account of Parfenion LLC; on January 16, 2006, based on "Interdepository transfer of securities to the depository account of rd deponent", Parfenion LLC transferred 17,194,500 shares to the account № 883L/65400000S in accordance with the purchase and sale contract for RUB 3,456,094,500; on the same day, 18,500,000 shares were transferred to the same account in accordance with the purchase and sale agreement for RUB 3,718,500,000; on January 17, 2006, 21,002,195 shares were transferred to the same account in accordance with the purchase and sale agreement for RUB 4,221,441,195; on the same day, 15,980,000 shares were transferred to the same account in accordance with the sales agreement for RUB 3,211,980,000; the account was closed on August 24, 2009;

- depository account No. 662460, owned by Makhaon LLC, was opened on September 28, 2004; on January 13, 2006, Makhaon LLC transferred 6,228,856 shares to account No. 883L/65400000S under a purchase and sale agreement for RUB 1,252,000,056; on the same day, 8,124,486 shares were transferred to the same account in accordance with the sale and purchase agreement for RUB 1,633,018,068; the account was closed on August 24, 2009 (vol. 29, case file sheets 3-44);

documents received upon request dated May 20, 2011 from the Federal Tax Service Inspectorate of Russia No. 7 for the city of Moscow (vol. 28, case file sheets 77-79):

- a copy of the contract of purchase and sale of securities No. 01 dated January 10, 2006, signed by I.S. Cherkasov, Director General of Kameya LLC, and by Maria Mita, Director of Giggs Enterprises Limited, according to which Kameya LLC sells, and Gigs Enterprises Limited buys 14,400,756 ordinary Gazprom shares for RUB 2,894,551,956;

- a copy of notice No. 73483 on registration of the order and report of the regional depository No. 835 of JSC Gazprombank on the inter-depository transfer of Gazprom securities in the amount of 14,400,756 pieces from the depository account No. 40105 held by Kameya LLC to the depository account No. 883L/65400000-S based on the purchase and sale agreement No. 01 dated January 10, 2006;

- a copy of the contract of purchase and sale of securities No. 02 dated January 10, 2006, signed by I.S. Cherkasov, Director General of Kameya LLC, and by Maria Mita, Director of Giggs Enterprises Limited, according to which Kameya LLC sells, and Gigs Enterprises Limited buys 25,602,000 ordinary Gazprom shares for RUB 5,146,002;

- a copy of notice No. 73488 on registration of the order and report of the regional depository No. 835 of JSC Gazprombank No. 655307 of January 16, 2006 on the inter-depository transfer of Gazprom securities in the amount of 25,602,000 pieces from the depository account No. 40105 held by Kameya LLC to the depository account No. 883L/65400000-S based on the purchase and sale agreement No. 02 dated January 10, 2006;

- a copy of the contract of purchase and sale of securities No. 03 dated January 10, 2006, signed by I.S. Cherkasov, Director General of Kameya LLC, and by Maria Mita, Director of Giggs Enterprises Limited, according to which Kameya LLC sells, and Gigs Enterprises Limited buys 26,042,000 ordinary Gazprom shares for RUB 5,234,442,000;

- a copy of notice No. 73486 on registration of the order and report of the regional depository No. 835 of JSC Gazprombank No. 73614 of January 16, 2006 on the inter-depository transfer of Gazprom securities in the amount of 26,042,000 pieces from the depository account No. 40105 held by Kameya LLC to the depository account No. 883L/65400000-S based on the purchase and sale agreement No. 03 dated January 10, 2006;

- a copy of the decision No. 4 of the sole participant of Kameya LLC dated February 9, 2007, signed by the directors of Zhoda Limited LLC, Chrystalla Argyridou and Yianna Alexandrou, according to which in connection with the reduction of the authorized capital to RUB 10,000 Zhoda Limited made a decision to transfer RUB 3,010,116 by bank transfer to Zhoda Limited, distribute

the profit according to the results of 2006 in the amount of RUB 3,000,000 to the sole participant (vol. 29, case file sheets 99-100, 106-107, 108-109, 115-116, 117-118, 124-125, 152);

a statement of current account No. 4070281090000000038 of Kameya LLC opened with HSBC Bank (RR) LLC, received on the basis of the request of February 5, 2013 from HSBC Bank (RR) LLC (vol. 29, case file sheets 153-154, 155-157), which indicates that the following banking transactions have been performed:

- on 9 February 2006, funds arrived from Giggs Enterprises Limited in the amount of RUB 2,140,000 from current account No. 4081881104001520301 held with CJSC Commercial Bank Citibank, described as partial payment for the Russian securities under Contract No. 01 dated January 10, 2006;

- on 15 February 2006, funds arrived from Giggs Enterprises Limited in the amount of RUB 500,000,000 and RUB 514,782,250 from current account No. 4081881104001520301 held with CJSC Commercial Bank Citibank, described as partial payment for the Russian securities under Contract No. 01 dated January 10, 2006;

- on 16 February 2006, funds arrived from Giggs Enterprises Limited in the amount of RUB 843,208,461 from current account No. 4081881104001520301 held with CJSC Commercial Bank Citibank, described as partial payment for the Russian securities under Contract No. 01 dated January 10, 2006 (vol. 29, case file sheets 213-243);

a statement of current account No. 40702810500001100013 of Dalnaya Step LLC opened with HSBC Bank (RR) LLC, received on the basis of the request of February 5, 2013 from HSBC Bank (RR) LLC (vol. 29, case file sheets 153-154, 155-157), which indicates that the following banking transactions have been performed:

- on December 15, 2004, funds in the amount of RUB 667,429,720 arrived from CJSC Troika Dialog Investment Company's current account No. 40701810500080000022 to Dalnaya Step LLC in payment for 1,050,000 shares, 4,840,000 shares, and 2,440,000 shares of Gazprom under the securities purchase and sale agreement;

- on December 15, 2004, Dalnaya Step LLC transferred funds in the amount of RUB 1,510,000 to account No. 40702810900001100040 held with HSBC Bank (RR) by Oasis-M LLC as dividends for the 3<sup>rd</sup> quarter of 2004;

- on December 15, 2004, Dalnaya Step LLC transferred funds in the amount of RUB 210,935,089.76 to account No. 4080781000000100943 held with HSBC Bank (RR) by Cerasus Investments Limited as dividends for the 3<sup>rd</sup> quarter of 2004, under minutes No. 22 of October 22, 2004;

- on December 15, 2004, Dalnaya Step LLC transferred funds in the amount of RUB 257,771,108.76 to its account No. 4740584000000000013 held with HSBC Bank (RR), for purchase of USD 9,240,101.40 at the rate of RUB 28.897;

- on December 15, 2004, Dalnaya Step LLC transferred funds in the amount of RUB 197,213,521.38 to account No. 4080781000000100943 held with HSBC Bank (RR) by Cerasus Investments Limited as payment under securities purchase and sale agreement No. 1 in respect of shares of Russian issuers;

- On December 16, 2004, on December 17, 2004, funds in the amount of RUB 77,900,000 and RUB 700,384,500 arrived from the current account No. 407018105000800000022 of Troika Dialog Investment Company CJSC held with the Bank of Moscow OJSC, to the account of Dalnaya Step LLC held in HSBC Bank as payment for 1,000,000 Gazprom shares under the securities purchase agreement, and RUB 700,384,500 as payment for 4,400,000 shares, 1,500,000 shares and 3,000,000 shares of Gazprom;

- on December 17, 2004, Dalnaya Step LLC made two transfers in the amount of RUB 89,937,000.00 and RUB 700,380,000.00 to the current account No. 4080781000000100943 held with HSBC Bank (RR) by Cerasus Investments Limited as dividends for the 3<sup>rd</sup> quarter of 2004, under minutes No. 22 of October 22, 2004;

- On December 21, 2004, funds in the amount of RUB 696,507,390 arrived from the current account No. 407018105000800000022 of Troika Dialog Investment Company CJSC held with the Bank of Moscow OJSC, to the account of Dalnaya Step LLC held in HSBC Bank as payment for 3,500,000, 2,700,000 and 2,900,000 Gazprom shares under the securities purchase agreements Nos. [32-29728/04](#), [325-29730/04](#) and [32-29729/04](#);

- on December 21, 2004, Dalnaya Step LLC transferred funds in the amount of RUB 696,400,000 to account No. 40807810000000100943 held with HSBC Bank (RR) by Cerasus Investments Limited as dividends for the 3<sup>rd</sup> quarter of 2004, under minutes No. 22 of October 22, 2004;

- On December 23, 2004, funds in the amount of RUB 748,814,652 arrived from the current account No. 4070181050008000000022 of Troika Dialog Investment Company CJSC held with the Bank of Moscow OJSC, to the account of Dalnaya Step LLC held in HSBC Bank as payment for 3,000,000 and 7,257,324 Gazprom shares under the securities purchase agreements Nos. [32-29819/04](#) and [32-29820/04](#) of December 10, 2004;

- on December 23, 2004, Dalnaya Step LLC transferred funds in the amount of RUB 41,099,410.24 and RUB 748,814,000 to account No. 40807810000000100943 held with HSBC Bank (RR) by Cerasus Investments Limited as dividends for the 3<sup>rd</sup> quarter of 2004, under minutes No. 22 of October 22, 2004;

- On January 11, 2005, from the current account No. 4081881010200001553970 held with the Royal Bank of Scotland CJSC by Glendor Holdings Limited, funds in the amount of RUB 115,090,000 was received by Dalnaya Step LLC as payment under securities purchase and sale agreement No. 1 dated December 25, 2001 and under the claim assignment agreement dated October 5, 2004;

- On January 12, 2005, Dalnaya Step LLC transferred RUB 115,090,000 to its current account No. 4070281001000000000000169 held with OBMB Liquidator LLC;

- On January 13, 2005, from the current account No. 4081881010200001553970 held with the Royal Bank of Scotland CJSC by Glendor Holdings Limited, funds in the amount of RUB 289,183,000 was received by Dalnaya Step LLC as payment under securities purchase and sale agreement No. 1 dated December 25, 2001 and under the claim assignment agreement dated October 5, 2004;

- on January 13, 2005, from the current account No. 40818810200001553970 held with HSBC Bank (RR) LLC by Rouse LLC funds in the amount of RUB 15,652,374 were transferred to the account of Dalnaya Step LLC as dividends for the 4<sup>th</sup> quarter of 2004;

- On January 13, 2005, Dalnaya Step LLC transferred funds in the amount of RUB 1,510,000 to the account No. 4070281090000001100040 held with HSBC Bank (RR) LLC by Oasis M LLC as dividends for the 4<sup>th</sup> quarter of 2004 and funds in the amount of RUB 303,325,500 to the account No. 408078100000000010000943 held with HSBC Bank (RR) LLC by Cerasus Investments Limited, as dividends for the 4<sup>th</sup> quarter of 2004 under Minutes No. 24 of January 5, 2005;

- On January 24, 2005, from the current account No. 4081881010200001553970 held with the Royal Bank of Scotland CJSC by Glendor Holdings Limited, funds in the amount of RUB 15,964,500 arrived to the account held by Dalnaya Step LLC with HSBC Bank (RR) LLC as payment under securities purchase and sale agreement No. 1 dated December 25, 2001 and under the claim assignment agreement dated October 5, 2004;

- On February 8, 2005, from the current account No. 4081881010200001553970 held with the Royal Bank of Scotland CJSC by Glendor Holdings Limited, funds in the amount of RUB 60,000,000 was received by Dalnaya Step LLC as payment under securities purchase and sale agreement No. 1 dated December 25, 2001 and under the claim assignment agreement dated October 5, 2004;

- On February 8, 2005, Dalnaya Step LLC transferred funds in the amount of RUB 60,000,000 to its account No. 4070281000000000000169, held with the bank by Liquidator OBMB LLC;

- On February 15, 2005, from the current account No. 4081881010200001553970 held with the Royal Bank of Scotland CJSC by Glendor Holdings Limited, funds in the amount of RUB 60,000,000 arrived to the account held by Dalnaya Step LLC with HSBC Bank LLC as payment under securities purchase and sale agreement No. 1 dated December 25, 2001 and under the claim assignment agreement dated October 5, 2004;

- On February 15, 2005, Dalnaya Step LLC transferred RUB 60,000,000 to its account No. 4070281000000000000169, held with the bank by Liquidator OBMB LLC;

- On February 28, 2005, from the current account No. 4081881010200001553970 held with the Royal Bank of Scotland CJSC by Glendor Holdings Limited, funds in the amount of RUB 60,000,000 was received by Dalnaya Step LLC as payment under securities purchase and sale agreement No. 1 dated December 25, 2001 and under the claim assignment agreement dated

October 5, 2004;

- On February 28, 2005, Dalnaya Step LLC transferred the said funds to its current account No. 4070281001000000000000169 held by OBMB Liquidator LLC with the bank;

- On March 2, 2005, from the current account No. 4081881010200001553970 held with the Royal Bank of Scotland CJSC by Glendor Holdings Limited, funds in the amount of RUB 60,000,000 arrived to the account held by Dalnaya Step LLC with HSBC Bank LLC as payment under securities purchase and sale agreement No. 1 dated December 25, 2001 and under the claim assignment agreement dated October 5, 2004;

- On March 2, 2005, Dalnaya Step LLC transferred RUB 60,000,000 to its current account No. 4070281001000000000000169 held by OBMB Liquidator LLC with the bank;

- On March 14, 2005, from the current account No. 4081881010200001553970 held with the Royal Bank of Scotland CJSC by Glendor Holdings Limited, funds in the amount of RUB 120,000,000 was received by Dalnaya Step LLC as payment under securities purchase and sale agreement No. 1 dated December 25, 2001 and under the claim assignment agreement dated October 5, 2004;

- On March 14, 2005, Dalnaya Step LLC transferred RUB 120,000,000 to its current account No. 4070281001000000000000169 held by OBMB Liquidator LLC with the bank;

- On March 21, 2005, from the current account No. 4081881010200001553970 held with the Royal Bank of Scotland CJSC by Glendor Holdings Limited, funds in the amount of RUB 90,000,000 arrived to the account held by Dalnaya Step LLC with HSBC Bank LLC as payment under securities purchase and sale agreement No. 1 dated December 25, 2001 and under the claim assignment agreement dated October 5, 2004;

- On March 21, 2005, Dalnaya Step LLC transferred RUB 90,000,000 to its current account No. 4070281001000000000000169 held by OBMB Liquidator LLC with the bank;

- On March 24, 2005, from the current account No. 4081881010200001553970 held with the Royal Bank of Scotland CJSC by Glendor Holdings Limited, funds in the amount of RUB 87,625,612 arrived to the account held by Dalnaya Step LLC with HSBC Bank LLC as payment under securities purchase and sale agreement No. 1 dated December 25, 2001 and under the claim assignment agreement dated October 5, 2004;

- On March 25, 2005, Dalnaya Step LLC transferred RUB 87,625,612 to its account No. 40702810010000000000001191 held with DVRB OJSC (Vol. 30, pages 1-33);

a statement of current account No. 40702810600000100231 of Makhaon LLC opened with HSBC Bank (RR) LLC, received on the basis of the request of February 5, 2013 from HSBC Bank (RR) LLC (vol. 29, case file sheets 153-154, 155-157), which indicates that the following banking transactions have been performed:

- On January 30, 2006, funds in the amount of RUB 348,153,066.01 described as payment for securities was received from current account No. 40818810600001517101 held by Cerasus Investments Limited with Commercial Bank Citibank CJSC to the current account of Makhaon LLC;

- On February 2, 2006, funds in the amount of RUB 896,000,000 described as payment for securities was received from current account No. 40818810600001517101 held by Cerasus Investments Limited with Commercial Bank Citibank CJSC to the current account of Makhaon LLC;

- On February 14, 2006, funds in the amount of RUB 395,330,000 described as payment for securities was received from current account No. 40818810600001517101 held by Cerasus Investments Limited with Commercial Bank Citibank CJSC to the current account of Makhaon LLC;

- On April 20, 2006 funds in the amount of RUB 2,000,000 described as payment for shares under Agreement 02 dated January 10, 2006 was received from current account No. 40818810600001517101 held by Cerasus Investments Limited with Commercial Bank Citibank CJSC to the current account of Makhaon LLC;

- On May 17, 2006 funds in the amount of RUB 1,246,945,850 described as payment for shares of Russian issuers with accrued interest under Agreement 02 dated January 10, 2006 was received from current account No. 40818810600001517101 held by Cerasus Investments Limited with Citibank CJSC to the current account of Makhaon LLC;

- On May 17, 2006 Makhaon LLC transferred RUB 62,452,190.45 to account No. 4010181080000010041 of the Department of the Federal Treasury of the Ministry of Finance of

the Russian Federation for the City of Moscow (Inspectorate No. 15 of the Federal Tax Service of the Russian Federation for the North-Eastern Administrative District of the city of Moscow) described as the payment of profit tax withheld from the amount of dividends paid by foreign organizations based on the results of the 1<sup>st</sup> quarter of 2006,

- On May 17, 2006 Makhaon LLC transferred RUB 1,888,684.20 to the current account No. 40807810300501264016 held by Cerasus Holdings Limited with CJSC Citibank described as dividends for the 1<sup>st</sup> quarter of 2006, in accordance with Minutes No. 4 dated April 7, 2006;

- On June 22, 2006 funds in the amount of RUB 1,500,000 described as accrued interest under Agreement 02 dated January 10, 2006 for shares of Russian issuers was received from current account No. 40818810600001517101 held by Cerasus Investments Limited with Citibank CJSC to the current account of Makhaon LLC;

- On July 20, 2006 funds in the amount of RUB 6,920,000 described as accrued interest under Agreement 02 dated January 10, 2006 for the Russian shares was received from current account No. 40818810600001517101 held by Cerasus Investments Limited with Citibank CJSC to the current account of Makhaon LLC;

- On July 20, 2006 Makhaon LLC transferred RUB 424,970.68 described as payment of profit tax withheld from the amount of dividends paid to foreign organizations based on the results of the 2<sup>nd</sup> quarter of 2006;

- On 20 July 2006, RUB 12,852 was transferred from the current account of Makhaon LLC to the current account No. 40807810300501264016 held by Sedena Holdings Limited with Citibank CJSC described as payment of dividends in accordance with Minutes No. 5 dated July 11, 2006 for the 2<sup>nd</sup> quarter of 2006;

- On February 27, 2007, funds in the amount of RUB 3,210,234.31 described as payment of interest for RF shares was received from current account No. 40807810800501222011 held by Cerasus Investments Limited with Citibank CJSC to the current account of Makhaon LLC;

- On March 1, 2007, due to the reduction of the charter capital under Minutes No. 6 dated February 12, 2007, Makhaon LLC transferred RUB 5,082.51 to the current account No. 4231810201000201255 held with Raiffeisenbank CJSC in the name of I.S. Cherkasov; RUB 4,883.20 to the current account No. 40807810300501264016 held by Sedena Holdings Limited with ZAO Citibank, described as payment in connection with the reduction of the charter capital under Minutes No. 6 dated February 12, 2007 (Vol. 30, pages 44-121);

a statement of current account No. 40702810600000100231 of Makhaon LLC opened with HSBC Bank (RR) LLC, received on the basis of the request of February 5, 2013 from HSBC Bank (RR) LLC (vol. 29, case file sheets 153-154, 155-157), which indicates that on February 27 2006, USD 101,000 was received from Kone Holdings Limited as an increase in charter capital (vol. 30, pages 122-128):

a statement of current account No. 40702810600000100231 of Makhaon LLC opened with HSBC Bank (RR) LLC, received on the basis of the request of February 5, 2013 from HSBC Bank (RR) LLC (vol. 29, case file sheets 153-154, 155-157), which indicates that the following banking transactions have been performed:

- On May 17, 2006, Makhaon LLC transferred USD 43,905,862.13 to correspondent account No. 30114840400001000001 for crediting to the current account of Kone Holdings Limited as dividends;

- On July 20, 2006, Makhaon LLC transferred USD 297,438.25 to correspondent account No. 30114840400001000001 for crediting to the current account of Kone Holdings Limited as dividends;

- On March 1, 2007, Makhaon LLC transferred funds in the amount of USD 110,781.80 and USD 6,539.67 to correspondent account No. 3011484040000100000001 for crediting to the current account of Kone Holdings Limited as a reduction of the charter capital (vol. 30, pages 129-155);

received based on the request of February 1, 2010 from HSBC Bank (RR) LLC a statement of current account No. 4070281080000010000248 of Parfenion LLC, which indicated that the following banking operations had been performed:

- On January 27, 2006, the current account of Parfenion LLC received RUB 586,704,600



from the current account No. 40818810500001520201 of Sedena Holdings Limited held with Commercial Bank Citibank, CJSC described as a partial payment for the securities under Agreement No. 01 dated January 10, 2006;

- On February 15, 2006, the current account of Parfenion LLC received RUB 775,000,000 and RUB 775,361,850 from the current account No. 40818810500001520201 of Sedena Holdings Limited held with Commercial Bank Citibank, CJSC described as a partial payment for the securities under Agreement No. 01 dated January 10, 2006;

- On February 16, 2006, the current account of Parfenion LLC received RUB 830,000,000,000 from the current account No. 40818810500001520201 of Sedena Holdings Limited held with Commercial Bank Citibank CJSC, described as a partial payment for the securities under Agreement No. 01 dated January 10, 2006, and RUB 848,850,000 described as a final payment for the securities under Agreement No. 01 and as a partial payment under Agreement No. 02 dated January 10, 2006;

- On March 28, 2006, the current account of Parfenion LLC received RUB 6,032,900 from the current account No. 40818810500001520201 of Sedena Holdings Limited held with Commercial Bank Citibank, CJSC described as a partial payment for the securities under Agreement No. 02 dated January 10, 2006;

- On April 21, 2006, the current account of Parfenion LLC received RUB 24,999,850 from the current account No. 40818810500001520201 of Sedena Holdings Limited held with Commercial Bank Citibank, CJSC described as a partial payment for the securities under Agreement No. 02 dated January 10, 2006;

- On June 22, 2006, the current account of Parfenion LLC received RUB 9,000,000 from the current account No. 40818810500001520201 of Sedena Holdings Limited held with Commercial Bank Citibank, CJSC described as a partial payment for the securities under Agreement No. 02 dated January 10, 2006;

- On July 26, 2006, the current account of Parfenion LLC received RUB 350,342,285.71 from the current account No. 40807810300501224014 of Glendora Holdings Limited held with Commercial Bank Citibank, CJSC described as a payment for the Russian shares under Handover Agreement dated June 30, 2006;

- On July 26, 2006 Parfenion LLC transferred RUB 557,980,000 to the current account No. 40101810800000010041 of the Department of the Federal Treasury of the Ministry of Finance of the Russian Federation for the City of Moscow (Inspectorate No. 15 of the Federal Tax Service of the Russian Federation for the North-Eastern Administrative District of the city of Moscow) described as the profit tax withheld from the amount of dividends paid to foreign organizations based on the results of the 2<sup>nd</sup> quarter of 2006,

- On February 13, 2007 Parfenion LLC transferred RUB 341,000 to the current account No. 40101810800000010041 of the Department of the Federal Treasury of the Ministry of Finance of the Russian Federation for the City of Moscow (Inspectorate No. 15 of the Federal Tax Service of the Russian Federation for the North-Eastern Administrative District of the city of Moscow) described as the profit tax withheld from the amount of dividends paid to foreign organizations based on the results of 2006,

- On February 14, 2007, Parfenion LLC transferred RUB 3,264,278 to Glendor Holdings Limited's current account with Commercial Bank Citibank CJSC described as a payment in connection with the reduction of the charter capital, and RUB 3,069,000 described as a payment of dividends for 2006, in accordance with Decision No. 04 of January 20, 2007 (vol. 30, pages 160-178);

statement of account No. 40702810700001200001 from Riland LLC received on the basis of the request of February 1, 2010 from HSBC Bank (RR) LLC, which indicated that on January 26, 2006 the current account of Riland LLC received RUB 771,626,850 from the current account No. 408188110500001520201 of Sedena Holdings Limited LLC described as a partial payment for the securities under Agreement 100106/01 of January 10, 2006 (vol. 30, pages 181-189);

statement of account No. 40818810400001520301 of Giggs Enterprises Limited held with Commercial Bank Citibank CJSC, received on the basis of the request of February 11, 2013 from Commercial Bank Citibank CJSC (vol. 30, pages 190-191, 192-194), from which it follows that the following banking operations were performed:

- On February 9, 2006, RUB 2,140,000 was transferred to Kameya LLC's current account No. 4070281090000000100038 held with HSBC Bank (RR) LLC described as a partial payment for Russian securities under Agreement No. 01 dated January 10, 2006;
- On February 15, 2006, RUB 500,000,000 and RUB 514,782,250 was transferred to Kameya LLC's current account No. 4070281090000000100038 held with HSBC Bank (RR) LLC described as a partial payment for Russian securities under Agreement No. 01 dated January 10, 2006;
- On February 16, 2006, RUB 843,208,461 was transferred to Kameya LLC's current account No. 4070281090000000100038 held with HSBC Bank (RR) LLC described as a partial payment for Russian securities under Agreement No. 01 dated January 10, 2006;
- On April 19, 2006, RUB 1,034,412,245, RUB 574,996,672.50, and RUB 1,114,244,400 was transferred to Kameya LLC's current account No. 40702810600701611002 held with Commercial Bank Citibank CJSC described as a payment and a partial payment for the Russian securities under contract No. 02 dated January 10, 2006;
- On April 20, 2006, RUB 1,001,614,700 and RUB 1,689,955,000 were transferred to Kameya LLC's account No. 40702810600701611002 with Commercial Bank Citibank CJSC described as a partial payment for Russian securities under Agreement No. 02 dated January 10, 2006;
- On April 21, 2006, RUB 765,191,227.50 and RUB 1,844,135,472.50 was transferred to Kameya LLC's current account No. 40702810600701611002 held with Commercial Bank Citibank CJSC described as a final payment for the Russian securities under Agreements No. 02 and No. 03 dated January 10, 2006;
- On April 24, 2006, RUB 948,882,700, RUB 1,390,300,000 was transferred to Kameya LLC's current account No. 40702810600701611002 held with Commercial Bank Citibank CJSC described as a partial payment for the Russian securities under contract No. 03 dated January 10, 2006;
- On April 25, 2006, RUB 517,697,282.50 and RUB 601,647,339 was transferred to Kameya LLC's current account No. 40702810600701611002 held with Commercial Bank Citibank CJSC described as a payment for the Russian securities under Agreement No. 03 dated January 10, 2006 (vol. 30, pages 206-210);

statement of account No. 40807810700501261017 of Zhoda Limited held with Commercial Bank Citibank CJSC, received on the basis of the request of February 11, 2013 from Commercial Bank Citibank CJSC (vol. 30, pages 190-191, 192-194), from which it follows that the following banking operations were performed:

- On April 19, 2006, RUB 214,244,250, RUB 800,000,000, RUB 809,418,067.50, RUB 900,000,000 was received from the current account of Kameya LLC's No. 40702810600701611002 with Commercial Bank Citibank CJSC described as a partial payment of dividends for the 1<sup>st</sup> quarter of 2006 in accordance with Resolution No. 01 of April 10, 2006;
- On April 20, 2006, RUB 1,191,569,700 and RUB 1,500,000,000 was received from the current account of Kameya LLC's No. 40702810600701611002 with Commercial Bank Citibank CJSC described as a partial payment of dividends for the 1<sup>st</sup> quarter of 2006 in accordance with Resolution No. 01 of April 10, 2006;
- On April 21, 2006, RUB 1,109,326,700 and RUB 1,500,000,000 was received from the current account of Kameya LLC's No. 40702810600701611002 with Commercial Bank Citibank CJSC described as a partial payment of dividends for the 1<sup>st</sup> quarter of 2006 in accordance with Resolution No. 01 of April 10, 2006;
- On April 24, 2006, RUB 839,182,700 and RUB 1,500,000,000 was received from the current account of Kameya LLC's No. 40702810600701611002 with Commercial Bank Citibank CJSC described as a partial payment of dividends for the 1<sup>st</sup> quarter of 2006 in accordance with Resolution No. 01 of April 10, 2006;
- On April 25, 2006, RUB 517,697,282.50 was received from the current account of Kameya LLC's No. 40702810600701611002 with Commercial Bank Citibank CJSC described as a final payment of dividends for the 1<sup>st</sup> quarter of 2006 in accordance with Resolution No. 1 of April 10, 2006;
- On August 3, 2006, RUB 23,180,000 was received from the current account of Kameya LLC's No. 40702810600701611002 with Commercial Bank Citibank CJSC described as a payment

of dividends for the 2<sup>nd</sup> quarter of 2006 in accordance with Resolution No. 02 of July 10, 2006;

- On February 20, 2007, Commercial Bank Citibank CJSC received RUB 2,700,000 from the current account of Kameya LLC No. 40702810600701611002 described as a payment of dividends for 2006 in accordance with Resolution No. 04 of February 9, 2007, and RUB 3,010,116 described as a payment in connection with the reduction of capital in accordance with Resolution No. 04 of February 9, 2007 (Vol. 30, pages 217-221);

statement of account No. 40807810600701611002 of Kameya LLC held with Commercial Bank Citibank CJSC, received on the basis of the request of February 11, 2013 from Commercial Bank Citibank CJSC (vol. 30, pages 190-191, 192-194), from which it follows that the following banking operations were performed:

- On April 19, 2006, RUB 1,034,421,245, RUB 574,996,672.50, and RUB 1,114,244,400 was received from the current account No. 40818810400001520301 held by Giggs Enterprises Limited with Commercial Bank Citibank CJSC described as a payment and a partial payment for the Russian securities under contract No. 02 dated January 10, 2006;

- On April 19, 2006, RUB 214,244,250, RUB 800,000,000, RUB 809,418,067.50, RUB 900,000,000 was transferred to the current account No. 40807810700501261017 held by Kameya LLC with Commercial Bank Citibank CJSC described as a partial payment of dividends for the 1<sup>st</sup> quarter of 2006 in accordance with Resolution No. 01 of April 10, 2006;

- On April 20, 2006, RUB 1,001,614,700, RUB 1,001,614,700 and RUB 1,689,955,000.00 was received from the current account No. 40818810400001520301 held by Giggs Enterprises Limited with Commercial Bank Citibank CJSC described as a partial payment for the Russian securities under Agreement No. 02 dated January 10, 2006;

- On April 20, 2006, RUB 1,191,569,700 and RUB 1,500,000,000 was transferred to the current account No. 40807810700501261017 of Zhoda Limited with Commercial Bank Citibank CJSC described as a partial payment of dividends for the 1<sup>st</sup> quarter of 2006 in accordance with Resolution No. 01 of April 10, 2006;

- On April 21, 2006, RUB 765,191,227.50 and RUB 1,844,135,472.50 was received from the current account No. 40807810400501265012 held by Giggs Enterprises Limited with Commercial Bank Citibank CJSC described as a final payment for the Russian securities under Agreements No. 02 and No. 03 dated January 10, 2006;

- On April 21, 2006, RUB 1,109,326,700 and RUB 1,500,000,000 was transferred to the current account No. 40807810700501261017 of Zhoda Limited with Commercial Bank Citibank CJSC described as a partial payment of dividends for the 1<sup>st</sup> quarter of 2006 in accordance with Resolution No. 01 of April 10, 2006;

- On April 24, 2006, RUB 948,882,700, RUB 1,001,614,700 and RUB 1,390,300,000 was received from the current account No. 40818810400001520301 held by Giggs Enterprises Limited with Commercial Bank Citibank CJSC described as a partial payment for the Russian securities under Agreement No. 03 dated January 10, 2006;

- On April 24, 2006, RUB 839,182,700 and RUB 1,500,000 was transferred to the current account No. 40807810700501261017 of Zhoda Limited with Commercial Bank Citibank CJSC described as a partial payment of dividends for the 1<sup>st</sup> quarter of 2006 in accordance with Resolution No. 01 of April 10, 2006;

- On April 25, 2006, RUB 517,697,282.50, RUB 1,001,614,700 and RUB 601,647,339 was received from the current account No. 40818810400001520301 held by Giggs Enterprises Limited with Commercial Bank Citibank CJSC described as a payment for the Russian securities under Agreement No. 03 dated January 10, 2006;

- On April 25, 2006, RUB 517,697,282.50 was transferred to Zhoda Limited's current account No. 40807810700501261017 with Commercial Bank Citibank CJSC described as a final payment of dividends for the 1<sup>st</sup> quarter of 2006 in accordance with Resolution No. 01 dated April 10, 2006, RUB 572,707,300 to the current account of the Federal Treasury Department of the Ministry of Finance of the Russian Federation for the city of Moscow (Inspectorate No. 7 of the Federal Tax Service for the city of Moscow) described as the profit tax withheld from the amount of dividends paid to the foreign organization for the 1<sup>st</sup> quarter of 2006;

- On August 3, 2006, RUB 1,805,000 and RUB 19,100,000 was received from the current account No. 40807810400501265012 held by Giggs Enterprises Limited with Commercial Bank Citibank CJSC described as a payment of accrued interest for payment by instalments for the

securities under Sale and Purchase Agreement No. 03 dated January 10, 2006;

- On August 3, 2006, RUB 23,180,000 was transferred to Zhoda Limited's current account No. 40807810700501261017 with Commercial Bank Citibank CJSC described as a payment of dividends for the 2<sup>nd</sup> quarter of 2006 in accordance with Resolution No. 02 dated July 10, 2006, and RUB 1,220,000 to the current account of the Federal Treasury Department of the Ministry of Finance of the Russian Federation for the city of Moscow (Inspectorate No. 7 of the Federal Tax Service for the city of Moscow) described as the profit tax withheld from the amount of dividends paid to the foreign organization for the 2<sup>nd</sup> quarter of 2006;

- On September 1, 2006, RUB 207,632 was received from the account No. 40807810400501265012 held by Giggs Enterprises Limited with Commercial Bank Citibank CJSC described as a payment of accrued interest for payment by instalments for the securities under Sale and Purchase Agreement No. 03 dated January 10, 2006;

- On December 1, 2006, RUB 90,000 was received from the account No. 40807810400501265012 held by Giggs Enterprises Limited with Commercial Bank Citibank CJSC described as a payment of accrued interest for payment by instalments for the securities under Sale and Purchase Agreement No. 03 dated January 10, 2006;

- On February 20, 2007, RUB 6,248,162.96 was received from the account No. 40807810400501265012 held by Giggs Enterprises Limited with Commercial Bank Citibank CJSC described as a final payment of accrued interest for payment by instalments for the securities under Sale and Purchase Agreement No. 03 dated January 10, 2006;

- On February 20, 2007, RUB 2,700,000 was transferred to Zhoda Limited's current account with Commercial Bank Citibank CJSC described as a payment of dividends for 2006 in accordance with Resolution No. 04 of February 9, 2007, RUB 3,010,116 described as a payment in connection with the reduction of capital in accordance with Resolution No. 04 of February 9, 2007, RUB 300,000 to the current account of the Department of the Federal Treasury of the Ministry of Finance of the Russian Federation for the City of Moscow (Inspectorate No. 15 of the Federal Tax Service of the Russian Federation for the North-Eastern Administrative District of the city of Moscow) described as the profit tax withheld from the amount of dividends paid to foreign organizations based on the results of 2006 (vol. 30, pages 227-234);

in response to a request from the Pension Fund of the Russian Federation for the city of Moscow and for the Moscow Region dated March 28, 2013 (with an exhibit), which indicated that from January 1, 2002 through November 30, 2004 L.B. Bokova worked for Hermitage Capital Management Limited; from January 1, 1997 through June 30, 1999 L.A. Guzheva worked for Firestone Duncan Audit, and from January 1, 1997 through December 31, 2000 she worked for Firestone Duncan CJSC; from January 1, 2002 through December 31, 2002 Ivan Cherkasov worked for Hermitage Capital Management Limited (vol. 31, pages 3-9);

by response to a request from the Interdistrict Inspectorate No. 46 of the Federal Tax Service of Russia for the city of Moscow dated May 13, 2013 (with an exhibit), which indicated that I.S. Cherkasov was an official: from February 3, 2004 through December 7, 2005 – for Makhaon LLC; from September 24, 2003 through April 26, 2005 – for Riland LLC; from June 26, 2005 through July 13, 2005 – for Rouse LLC; from August 19, 2003 through September 3, 2003 – for Orient-K LLC; from February 24, 2002 through November 9, 2004 – for Dalnaya Stepp LLC; from December 8, 2005 through May 13, 2013 – for Baikal-M LLC; from September 4, 2003 through July 28, 2004 and from December 8, 2005 through May 13, 2013 – for Kameya LLC; from July 29, 2004 through December 7, 2005 L.B. Bokova was an official in Baikal-M LLC and in Kameya LLC (vol. 31, pages 12-23);

by response to a request from the Interdistrict Inspectorate No. 47 of the Federal Tax Service of Russia for the city of Moscow dated June 3, 2016 (with an exhibit), which indicated that: Firestone Duncan Limited is managed by A. Kyriakou; Firestone Duncan (CIS) Limited is managed by A. Zachariadis (vol. 31, pages 49-51);

by response to a request from the Inspectorate No. 7 of the Federal Tax Service of Russia for the city of Moscow dated June 10, 2016 (with extracts from the Unified State Register of Legal

Entities attached), which indicated that Firestone Duncan LLC was stricken off the tax records on July 11, 2001 due to bankruptcy; Firestone Duncan CJSC is located at: Moscow, Krasnoproletarskaya, 30, block 1, 4<sup>th</sup> floor, and its manager is D.R. Firestone; the manager of Firestone Duncan Audit is S.L. Magnitsky (vol. 31, pages 54-65);

by a copy of RAO Gazprom's Charter, which states that foreign shareholders and their affiliated individuals and legal entities may acquire ordinary (voting) shares of the company only with prior written permit of the company's Board (vol. 31, pages 76-94);

by response to a request from the Ministry of Finance of the Russian Federation dated September 19, 2016, which implies that the provisions of the Agreement between the Government of the Russian Federation and the Government of the Republic of Cyprus "For Avoidance of Double Taxation with Respect to Taxes on Income and Capital" dated December 5, 1998, providing for reduced tax rates, are applied taking into account the concept of the beneficial owner of income. Unless the residents of the Republic of Cyprus are not the beneficial owners of income, that is, unless they are direct beneficiaries, but act in the interests of third parties, the Russian legal entities shall not be entitled to apply the benefits provided by the above agreement (vol. 31, pages 103-105);

materials obtained on the basis of a request for legal assistance from the competent authorities of the Republic of Cyprus:

- by response to a request from Georgiadis and Pilidis Law Firm dated December 11, 2015, which indicated that the company had provided services to the Cypriot companies Kone Holdings Limited, Glendora Holdings Ltd, Zhoda Limited, Giggs Enterprises Limited, Cerasus Investments Limited, Sedena Holdings Limited, Chanticleer Professional Services Ltd; in respect of all operations of Kone Holdings Limited and Glendora Holdings Ltd they acted on behalf of Ivan Cherkasov; nothing is known about the use of these companies to acquire RAO Gazprom shares; Zhoda Limited and Giggs Enterprises Limited were only given a legal address; Chanticleer Professional Services Limited and Chanticleer Secretarial Limited provide trustee services (vol. 32, pages 8-13);

- the consolidated financial statements of Zhoda Limited for the year ended December 31, 2006, which indicate that the company is jointly owned by Speedwagon Investors I and Speedwagon Investors II registered in the USA; the company's Board of Directors includes, among others, C. Argyridou, Yianna Alexandrou (vol. 32, pages 42-83);

- the consolidated financial statements of Glendora Holdings Limited for the year ended February 28, 2005, which indicate that Hermitage Foundation exercises significant control over the company's operations; the directors of the company are HSBC Management (Guernsey) Limited, Yianna Alexandrou; C. Argyridou is a Deputy Director; Chanticleer Secretarial Limited is the Secretary, HSBC Bank (PP), and HSBC Private Bank (Guernsey) Limited are the banks (vol. 32, pages 84-115);

- the consolidated financial statements of Glendora Holdings Limited for the year ended February 28, 2006, which indicate that the income for 2006 was received in the form of dividends from the subsidiary Riland LLC; Glendora Holdings Limited signed an agreement with Hermitage Fund to sell shares for USD 41,916,230 and provided a short-term interest-free loan of USD 3,225,782 to Hermitage Fund; Glendora Holdings Limited initially acquired ordinary shares of Russian entities for a total amount of USD 44,255,610 by selling them to Hermitage Fund on the date of acquisition; the amount due to Hermitage Fund is a remuneration for professional activities; dividends in the amount of USD 164,500,000 were paid in February 2006 and represent a distribution of the company's profits; the holding company is HSBC Private Bank (Guernsey) Limited, acting as a trustee of Hermitage Fund (vol. 32, pages 116-162);

- the consolidated financial statements of Glendora Holdings Limited for the year ended February 28, 2007, which indicate that during the year the company agreed to offset part of the dividend income (without withholding tax on dividends) paid by Parfenion LLC against the liability of Sedena Holdings Limited; on June 30, 2006, Sedena Holdings Limited agreed to transfer the amount of USD 404,446,351 payable to Parfenion LLC; Glendora Holdings Limited owns 100% of the shares of its subsidiary Riland LLC and 100% of the shares of its subsidiary Parfenion LLC (since February 9, 2005); income from capital decrease was received by the company on February

7, 2007; the owner of 99.9% of the company's shares is HSBC Private Bank (Guernsey) Limited (Channel Islands), which acts as a trustee of Hermitage Fund, which is a holding company (vol. 33, pages 77-128);

- the consolidated financial statements of Glendora Holdings Limited for the year ended February 29, 2008, which indicate that Hermitage Fund is the parent company and, pursuant to the resolution of the Board of Directors adopted on March 1, 2007, the Company paid interim dividends in the amount of USD 5,900,000 (USD 404,446,351 for the previous period) to the holding company – Hermitage Fund (vol. 33, pages 129-193);

- the report and financial statements for the period from February 3, 2004 through February 28, 2005 of Sedena Holdings Limited, which suggests that the Deputy Director Chrystalla Argyridou and Director I.S. Cherkasov were dismissed on September 28, 2004, HSBC Management (Guernsey) Limited, Yianna Alexandrou, Andreas Antoniou, Chrystalla Argyridou, Maria Mita, and Galatia Sazeidou were appointed as the company's directors; Chanticleer Secretarial Limited was appointed as the company's secretary; on October 12, 2004, the Company acquired a 49% stake in Makhaon LLC for USD 177; the holding company is HSBC Private Bank (Guernsey) Limited (vol. 34, pages 1-20);

- the report and financial statements for the year ended February 28, 2006 of Sedena Holdings Limited, which indicate that the holding company of Sedena Holdings Limited is HSBC Private Bank (Guernsey) Limited; the company's profit from operations after tax amounted to USD 72,899,950; the company acquired a 49% stake in Makhaon LLC for USD 177; on December 1, 2005, Sedena Holdings Limited increased its equity in Makhaon LLC from RUB 10,000 to RUB 2,916,699; the amount of USD 389,087,140 payable to Parfenion LLC was assigned under the agreement of June 30, 2006 to a related company under the common ownership of Glendora Holdings Limited, the amount payable to Riland LLC was paid in full in respect of the principal debt on July 20, 2006, the unpaid amount as at the reporting date represents only the interest expense of USD 118,247, and the amount of USD 370,200,772 is payable to Hermitage Fund; Sedena Holdings Limited is wholly owned by HSBC Private Bank (Guernsey) Limited, which operates as a trustee of the Hermitage Fund (vol. 34, pages 139-170);

- the report and financial statements of Sedena Holdings Limited for the year ended February 28, 2007, which indicate that during the year the company sold the securities of OJSC Gazprom, for which the related companies Apricus Investments Limited and Cerasus Investments Limited were involved; the amount of funds payable to Parfenion LLC, which consists of a principal debt of USD 397,064,375 and accrued interest of USD 7,381,976 was transferred to a related company, Glendora Holdings Limited, following which the latter assigned these liabilities to the Hermitage Fund; dividends in the amount of USD 237,961,012 were paid to the holding company (vol. 34, pages 171-214);

- a copy of the registration certificate of Kone Holdings Limited (vol. 35, pages 41, 48);

- the report and consolidated financial statements of Kone Holdings Limited for the period from October 24, 2005 through February 28, 2006, which indicate that the directors of the company are Yianna Alexandrou, Chrystalla Argyridou, Global Administration (Russia) Limited, the secretary of the company is Chanticleer Secretarial Limited; HSBC Private Bank (Guernsey) Limited is the bank; on December 1, 2005, Kone Holdings Limited acquired 99.6571% of the share capital of Makhaon LLC for USD 101; the company is controlled by HSBC Private Bank (Guernsey) Limited, which owns 100% of the shares and acts as trustee of the Hermitage Fund (vol. 35, pages 85-123);

- the report and consolidated financial statements of Kone Holdings Limited for the year ended February 28, 2007, which indicate that the company's net profit for that period was USD 46,391,573; Cash flows from operating activities (dividends) in the amount of USD 43,962,963 were received and dividends in the amount of USD 44,063,584 were paid to the Hermitage Fund, which is the direct owner of the company; The holding company is HSBC Private Bank (Guernsey) Limited, which acts as a trustee for the Hermitage Fund (vol. 35, pages 124-168);

- copies of certificates, articles of association and memoranda of associations of Chanticleer Secretarial Limited, Chanticleer Professional Services Limited, Cerasus Investments Limited, Peninsular Heights Limited, Sedena Holdings Limited, Cerasus Investments Limited (vol. 36, pages 1-2, 3-4, 5-8, 11-42, 43-44, 45-46, 47-50, 53-73, 74-76, 77-78, 79-80, 81-82, 83-84, 85-86, 89-90, 93-94, 95-96, 97-98, 99-100);

- by response to a request from Chrystallou Argyridou dated November 23, 2015, which indicated that she was a nominee director for the following companies: from December 3, 2002

through January 2010 – Cerasus Investments Limited, Apricus Investments Limited; March 4, 2004 through January 29, 2007 – Peninsular Heights Limited; September 27, 2004 through February 23, 2010 – Sedena Holdings Limited; from March 4, 2004 through July 1, 2011 – Zhoda Limited, Giggs Enterprises Limited; from December 3, 2002 through November 23, 2015 – Kone Holdings Limited; from October 24, 2005 through November 23, 2015 – Glendora Holdings Limited (vol. 36, pages 108-109);

- by response to a request from Georgiadis and Pilidis dated November 23, 2015, which indicated that Andreas Antoniou, an employee of Georgiadis and Pilidis, was the nominee director of the following companies: from December 29, 1995 through January 2010 – Cerasus Investments Limited and Apricus Investments Limited; from January 29, 2007 through January 29, 2007 – Peninsular Heights Limited; from September 27, 2004 through February 23, 2010 – Sedena Holdings Limited; from March 4, 2004 through July 1, 2011 – Zhoda Limited, Giggs Enterprises Limited (vol. 36, pages 110-111);

- by response to a request from Yianna Alexandrou dated November 23, 2015, which indicated that Yianna Alexandrou was a nominee director for the following companies: from January 27, 2004 through January 2010 – in Cerasus Investments Limited, Apricus Investments Limited; March 4, 2004 through January 29, 2007 – in Peninsular Heights Limited; September 27, 2004 through February 23, 2010 – in Sedena Holdings Limited; from March 4, 2004 through July 1, 2011 – in Zhoda Limited, Giggs Enterprises Limited; from November 1, 2005 through November 23, 2015 – in Kone Holdings Limited; from January 27, 2004 through November 23, 2015 – in Glendora Holdings Limited (vol. 36, pages 112-113);

- by response to a request from Maria Mitta dated November 23, 2015, which indicated that Maria Mitta was a nominee director for the following companies: from March 4, 2004 through January 29, 2007 in Peninsular Heights Limited, from September 27, 2004 through February 23, 2010 in Glendora Holdings Limited, from March 4, 2004 through July 1, 2011 in Zhoda Limited, Giggs Enterprises Limited (vol. 36, pages 114-115);

- by response to a request from Chanticleer Management Limited dated November 23, 2015, which states that the company has been a nominee shareholder of Glendorra Holdings Limited since December 4, 1996 (vol. 36, pages 116-117);

- by response to a request from Chanticleer Secretarial Limited dated November 23, 2015, which indicated that the company was acting as a secretary: from December 12, 1995 through January 2010 – in Cerasus Investments Limited, Apricus Investments Limited; June 3, 1999 through January 29, 2007 – in Peninsular Heights Limited; February 3, 2004 through February 23, 2010 – in Sedena Holdings Limited; from January 24, 2002 through July 1, 2011 – in Zhoda Limited; June 3, 1999 through July 1, 2011 – in Giggs Enterprises Limited; from October 24, 2005 through November 23, 2015 – in Kone Holdings Limited; from November 1, 1996 through November 23, 2015 – in Glendora Holdings Limited (vol. 36, pages 118-119);

- by response to a request from Chanticleer Professional Services Limited dated November 23, 2015, which indicated that the company was a nominee shareholder in the following companies: from September 8, 1998 through August 2, 2010 – Cerasus Investments Limited; December 29, 1995 – August 2, 2010 – Apricus Investments Limited; February 3, 2004 to August 2, 2010 - Sedena Holdings Limited; October 24, 2005 to November 23, 2015 – Kone Holdings Limited (vol. 36, pages 120-121);

- the report and financial statements of Cerasus Investments Limited as of February 28, 2006, which indicate that the company's board of directors included: Andreas Antoniou, Yianna Alexandrou, HSBC Management (Guernsey) Limited, Deputy Director of HSBC Management (Guernsey) Limited – Chrystalla Argyridou, Secretary – Chanticleer Secretarial Limited, HSBC Private Bank (Guernsey) Limited, Commercial Bank Citybank CJSC Depository Bank; The main activity of Cerasus Investments Limited is securities trading and intracompany financing; the balance sheet represents the interest-free amount received from Parfenion ("Saturn Investments") for the sale of securities of Russian companies; accounts receivable consist of amounts received from the sale of the Company's interest in Dalnaya Step LLC and Oasis-M LLC; A loan of USD 119,120,801 was received from the Hermitage Fund for investment in securities of Russian companies; a loan of USD 44,328,165 is payable to Makhaon LLC for the purchase of ordinary shares in accordance with the purchase and sale contracts dated January 10, 2006; The holding company is HSBC Private Bank (Guernsey) Limited, acting as trustee for the Hermitage Fund; Parfenion LLC and Makhaon LLC are related companies with a common ultimate shareholder (vol. 36, pages 200-231);

- the report and financial statements of Cerasus Investments Limited as of February 28, 2007, which indicate that: the Company transferred 308,163 shares of OJSC Gazprom in part by offsetting a loan due to the Hermitage Fund holding company; according to the minutes No. 22 and No. 24 of the general meeting of the participants of Dalnaya Step LLC of November 22, 2004, signed by the chairman of the meeting P. Wrench and by the secretary Yianna Alexandrou, the company's shareholders distributed a profit in the amount of RUB 2,620,000,000 for the 3<sup>rd</sup> quarter of 2004: to Oasis-M LLC – RUB 1,510,000 and RUB 2,618,490,000 to Cerasus Investments Limited; for the 4<sup>th</sup> quarter of 2004 in the amount of RUB 320,800,000: to Oasis-M LLC – RUB 1,510,000 and to Cerasus Investments Limited – RUB 319,290,000; according to an e-mail from I. Cherkasov, no dividends were paid for the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2004; according to the register of bank statements for the period from December 27, 2004 to January 12, 2005, Dalnaya Step paid out to Cerasus Investment Limited LLC USD 2,790,891,000 in the form of dividends (vol. 37, pages 1-136);

- Copies of Apricus Investments Limited registration certificates (vol. 37, pages 137-138, 159-160, 161-162, 163-164, 165-166, 167-168, 173-174);

- the report and financial statements of Apricus Investments Limited as of February 28, 2007, which indicate that the company's directors are: Andreas Antoniou, HSBC Republik Management (Guernsey) Limited, Brian Horsepoll and Yianna Alexandrou, Deputy Director of HSBC Management (Guernsey) Limited is Chrystalla Argyridou, the company's secretary is Chanticleer Secretarial Limited, the company's bank – HSBC Private Bank (Guernsey) Limited, ABN AMRO Bank CJSC; Legal adviser – Georgiadis and Pilidis Law Firm; The main activity of the company is investments and implementation of intercompany financial agreements; accounts payable in the amount of USD 161,325,261 represent a loan provided by the Hermitage Fund; The holding company is HSBC Private Bank (Guernsey) Limited, which acts as a trustee of the Hermitage Fund (vol. 38, pages 1-32);

- report and financial statements of Apricus Investments Limited as of February 28, 2007, which shows that during the current year Apricus Investments Limited received 43,000,000,000 Gazprom securities from Sedena Holdings Limited, of which 11,000,000 were sold to third parties for USD 91,592,400 (vol. 38, pages 33-74);

- Copies of certificates, memorandum of association and articles of association of TCI Cyprus Holdings Limited (vol. 38, pages 196-197, 198-199, 202-203, 213-236);

- the report and financial statements of TCI Cyprus Holdings Limited as of December 31, 2005, which indicates that the company was registered and owned by Pifagor Investments LLC and Timoleon LLC (vol. 39, pages 29-61) in the Russian Federation;

- the report and financial statements of TCI Cyprus Holdings Limited as of December 31, 2006, which states that Pifagor Investments LLC declared dividends in the amount of RUB 4,628,000,000 payable to TCI Cyprus Holdings Limited, subject to 5% tax (vol. 39, pages 62-96);

- Copies of the registration certificates of Peninsular Heights Limited (vol. 40, pages 196-197, 198-200, 205-208, 219-220);

a copy of the Hermitage Fund's prospectus, which states that the Hermitage Fund is managed by HSBC Republik Management (Guernsey) Limited; Managing Director of Hermitage Capital Management Limited is W.F. Browder, a permanent resident of Moscow and head of the Moscow-based investment consultant's office; The trustee of the Hermitage Fund is HSBC Republik Bank (Guernsey) Limited; The Hermitage Fund was established on March 19, 1996 by HSBC Trust Company (Guernsey) Limited; The investment advisor to the Hermitage Fund is Hermitage Capital Management Limited, whose Board of Directors includes W.F. Browder, P. Dunning, A.L. Robertson and E. Patcher; Managing Director of Hermitage Capital Management Limited and concurrently Head of Investment Consultant's Representative Office in Moscow is W.F. Browder; The trustee and owner of the property of the Hermitage Fund is HSBC Republik Bank (Guernsey) Limited, which provides banking and related financial services (vol. 49, pages 48-133);

a copy of the Guernsey Companies Registry Statement of November 18, 2008, which states that the main activities of HSBC Management (Guernsey) Limited are financing, investment, securities and asset management, administration and registration; The directors of the company are N.D. Webber, M.D. Quarrington, P. Wrench, P.E. Harwood (vol. 49, pages 177-179, 217-218);



The information letter regarding Sedena Holdings Limited, which indicate that the company was registered on February 3, 2004, the initial shareholder was Chanticleer Professional Services Ltd, with Cherkasov I. as the initial director, Chrystalla Argyridou as a deputy director, and Chanticleer Secretarial Ltd as a secretary; Since September 27, 2004, Chrystalla Argyridou, Yianna Alexandru, Maria Mitta, Galatea Sazeidou and HSBC Management (Guernsey) Limited have been appointed as directors of Sedena Holdings Limited (vol. 50, pages 54-65).

a copy of the certificate of October 9, 2009 issued by the Ministry of Commerce, Industry and Tourism of the Department of Registration and Official Liquidation of Nicosia to Apricus Investments Limited, which indicate that the shareholders of the company are HSBC Private Bank (Guernsey) Limited and Chanticleer Professional Services Limited (vol. 50, pages 50-51);

a copy of the certificate of March 20, 2008 issued by the Ministry of Commerce, Industry and Tourism of the Department of Registration and Official Liquidation of Nicosia to Glendora Holdings Limited, which indicate that the shareholders of the company are HSBC Republic Trust Company (Guernsey) Limited and Chanticleer Management Limited (vol. 50, pages 50-53);

a copy of the letter of the Federal Tax Service Administration of the Republic of Kalmykia dated February 9, 2007, addressed to A.N. Dolzhenko, the temporary manager of Dalnaya Step LLC, which implies that the Federal Tax Service Administration has considered the report of the temporary manager and the submitted materials do not contain documentary evidence of the **actions taken to search for the property and primary documentation, appeal to credit institutions concerning the eight open accounts of Dalnaya Step LLC (vol. 51, page 35);**

a copy of the response to the request from Gazprombank JSC dated February 12, 2016, which indicate that W. Browder had the right of first signature for signing depository orders on behalf of Dalnaya Step LLC to perform depository operations on the depot account No. 883F/43300172 opened with the bank since January 14, 2002, and since September 3, 2004 – I.S. Cherkasov (vol. 52, page 23);

the report of the forensic handwriting analysis No. 6985 of October 31, 2007, according to which the signatures in the lines "The first signature of the client" in the orders for international payment from the account of "Zhoda Limited": of April 20, 2006 in the amount of USD 97,995,350.67, of August 3, 2006 in the amount of USD 865,000, of April 19, 2006 in the amount of USD 98,795,098.72, of February 27, 2007 in the amount of USD 91,305.41, of April 24, 2006 in the amount of USD 84,995,974, of April 24, 2006 in the amount of USD 18,869,544.77 and of April 21, 2006 in the amount of USD 94,995,492.92; in the lines "First signature of the client" applications for conversion operations of Zhoda Limited: as of December 18, 2006 for the purchase of RUB 2,900,000, as of February 26, 2007 for the sale of RUB 2,384,619.23, as of October 12, 2006 for the sale of USD 2,000; as of August 3, 2006 for the sale of RUB 4,080,000, as of August 3, 2006 for the sale of RUB 19,100,000 and purchase of USD 713,671.86, as of August 1, 2006 for the purchase of RUB 125,500, as of April 25, 2006 for the sale of RUB 517,697,282.50 and for the purchase of USD 18,869,544.77 and as of April 24, 2006 for the sale of RUB 2,339,182,700 and for the purchase of USD 94,995,492.92, as of April 21, 2006 for the purchase of RUB 58,644,700, as of April 20, 2006 for the sale of RUB 2,691,569,700 and for the purchase of USD 97,995,350.67, as of April 19, 2006 for the sale of USD 40,419,000 and for the purchase of RUB 1,114,250,782.50, as of April 19, 2006 for the sale of RUB 2,723,662,317.50 and for the purchase of USD 98,795,098.72, as of February 14, 2006 for the sale of USD 12,800,000, as of February 7, 2006 for the sale of USD 29,420,000; in the lines "First signature of the client" of orders for international payment from the account of "Giggs Enterprises Limited": as of February 27, 2007 for the amount of USD 112,400.84, as of December 20, 2006 for the amount of USD 107,000; in the lines "First signature of the client" of the applications for the conversion operation of the client "Giggs Enterprises Limited": as of August 3, 2006 for the sale of USD 713,738.54 and purchase of USD 19,100,000, as of February 26, 2007 for the sale of USD 2,930,551.70 and as of February 19, 2007

for the purchase of USD 6,248,162.96, as of December 18, 2006 for the sale of RUB 2,850,000, as of November 29, 2006 for the purchase of RUB 90,000, as of February 15, 2006 for the sale of USD 36,000,000, as of February 16, 2006 for the sale of USD 29,883,000, as of April 19, 2006 for the sale of USD 58,381,000, as of February 16, 2006 for the purchase of RUB 90,000, as of February 15, 2006 for the sale of USD 36,000,000, as of February 16, 2006 for the sale of USD 29,883,000, as of April 19, 2006 for the sale of USD 58,381,000 and for the purchase of RUB 2,691,570,000, as of April 21, 2006 for the sale of USD 95,000,000 and for the purchase of RUB 2,609,327,000, as of April 24, 2006 for the sale of USD 85,000,000 and for the purchase of RUB 2,339,183,000, as of April 25, 2006 for the sale of USD 18,871,264.37 and for the purchase of RUB 517,697,282.59, as of April 25, 2006 for the purchase of RUB 601,647,639, as of September 1, 2006 for the sale of USD 8,000, as of February 9, 2006 for the sale of USD 35,401,000; in the lines "Signatures" in the payment instruction No. 1 of February 19, 2007, No. 338 of November 24, 2006, No. 37 of August 31, 2007, No. 36 of August 3, 2006, No. 35 of August 3, 2006, No. 22 of April 20, 2006, No. 24 of April 20, 2006, No. 23 of April 20, 2006, No. 21 of April 20, 2006, No. 27 of April 21, 2006, No. 28 of April 21, 2006, No. 26 of April 21, 2006, No. 25 of April 21, 2006, No. 31 of April 24, 2006, No. 30 of April 24, 2006, No. 35 of April 24, 2006, No. 36 of April 24, 2006, No. 30 of April 24, 2006, No. 29 of April 24, 2006, No. 34 of April 24, 2006, No. 33 of April 24, 2006, No. 9 of February 9, 2006, No. 10 of February 15, 2006, No. 14 of February 16, 2006, No. 20 of April 19, 2006, No. 19 of April 19, 2006, No. 17 of April 19, 2006, No. 18 of April 19, 2006, No. 16 of April 19, 2006, No. 2 of February 7, 2006, No. 4 of February 14, 2006, No. 3 of February 14, 2006, No. 6 of April 19, 2006, No. 5 of April 19, 2006, No. 7 of April 21, 2006, No. 8 of August 1, 2006, No. 9 of September 27, 2006, No. 10 of October 12, 2006, No. 11 of December 18, 2006, No. 1 of February 19, 2007, No. 10 of April 24, 2006, No. 16 of April 24, 2006, No. 9 of April 24, 2006, No. 4 of April 19, 2006, No. 3 of April 19, 2006, No. 1 of April 19, 2006, No. 6 of April 20, 2006, No. 5 of April 20, 2006, No. 8 of April 21, 2006, No. 7 of April 21, 2006, No. 21 of August 3, 2006, No. 3 of February 19, 2006, No. 2 of April 19, 2006, No. 15 of April 24, 2005, No. 12 of April 24, 2006, No. 18 of May 18, 2006, No. 17 of May 18, 2006, No. 22 of August 3, 2006, No. 11 of April 24, 2006, No. 25 of November 24, 2006, No. 1 of February 19, 2007 were probably executed by Cherkasov I.S; signatures in the lines "Manager" in three forms of orders for inventory operations dated January 16, 2006, based on which Kameya LLC carried out an inter-depository transfer of 25,602,000 securities – ordinary registered shares of JSC Gazprom, 26,042,000 shares, 14,400,756 shares, probably executed by L.B. Bokova; signatures in the lines "Manager" in the orders for inter-depository transfer of securities: of December 17, 2001 for the transfer of 37,000,000 shares, of December 17, 2001 for the transfer of 30,426,779 shares, of March 16, 2004 for the transfer of 4,500,000 shares, of March 16, 2004 for the transfer of 1,000,000 shares, of March 9, 2004 for the transfer of 2,600,000 shares, of March 16, 2004 for the transfer of 1,000,000 shares, of March 18, 2004 for the transfer of 5,500,000 shares, of March 24, 2004 for the transfer of 1,900,000 shares, of March 23, 2004 for the transfer of 2,000,000 shares, of March 24, 2004 for the transfer of 2,600,000 shares, of March 24, 2004 for the transfer of 3,000,000 shares, of March 29, 2004 for the transfer of 2,650,000 shares, of March 30, 2004 for the transfer of 2,050,000 shares, of March 30, 2004 for the transfer of 1,500,000 shares, of March 29, 2004 for the transfer of 2,000,000 shares, of March 12, 2004 for the transfer of 1,500,000 shares, of March 16, 2004 for the transfer of 500,000 shares, of January 19, 2004 for the transfer of 112,000 shares, of March 12, 2004 for the transfer of 2,000,000 shares, of March 5, 2004 for the transfer of 4,000,000 shares; in the line "Manager" of the order for operations with securities dated December 17, 2001 for 23,717,966 shares; in the line "Buyer" of the third page of the securities purchase and sale agreement No. [32-16665/99](#) of December 2, 1999; In the lines "On behalf of the buyer, the signature" of the contracts of sale of securities No. 5 dated January 11, 2002, No. 4 dated January 9, 2002, No. 6 dated January 11, 2002, No. 1 dated December 13, 2001, No. 2 dated December 14, 2001, No. 2/1 dated December 14, 2001, were probably executed by W.F. Browder (vol. 41, pages 22-29);

technical and criminal forensic analysis No. 6984 dated October 29, 2007, according to which impressions of a simple round seal in three forms of orders for inventory operations dated January 16, 2006, based on which Kameya LLC carried out an inter-depository transfer of securities – ordinary registered shares of JSC Gazprom in the amount of 25,602,000 pieces, 26,042,000 pieces, 14,400,756 pieces and payment orders No. 10 dated April 24, 2006, No. 16 of April 24, 2006, No. 9 of April 24, 2006, No. 4 of April 19, 2006, No. 3 of April 19, 2006, No. 1 of April 19,

2006, No. 6 of April 20, 2006, No. 5 of April 20, 2006, No. 8 of April 21, 2006, No. 7 of April 21, 2006, No. 21 of August 3, 2006, No. 3 of February 19, 2007, No. 2 of April 19, 2006, No. 15 of April 24, 2005, No. 12 of April 24, 2006, No. 18 of May 18, 2006, No. 17 of February 19, 2007, No. 2 of April 19, 2006, No. 15 of April 24, 2005, No. 12 of April 24, 2006, No. 18 of May 18, 2006, No. 17 of May 18, 2006, No. 22 of August 3, 2006, No. 11 of April 24, 2006, No. 25 of November 24, 2006, No. 1 of February 19, 2007 were sealed by Kameya LLC (vol. 41, pages 54-56);

Computer forensics analysis 12k/30 of March 24, 2009, according to which 107 files containing information about Saturn Investments LLC, Pifagor Investments LLC, Baikal M LLC, Kameya LLC, Makhaon LLC, Parfenion LLC, Riland LLC, Firestone Duncan LLC, Timoleon LLC, TCI Cyprus Holding Ltd, Kone Holdings Limited, Glendora Holding Limited, HSBC Management (Guernsey) Limited, Hermitage Capital Management Limited, Andrey Andreyevich Sandakov, Denis Igorevich Dorofeev, Ivan Sergeevich Cherkasov, Eduard Mansurovich Khairtdinov, Liliya Anatolievna Guzheva, Ludmila Borisovna Bokova, Jamison Reed Firestone, Christopher Anthony Khon, Paul Wrench, Martin John Wilson, William Felix Browder, were found on hard drives, CDs and floppy disks, inter alia, in: Debt Assignment Agreement dated July 30, 2006 between the creditor, Parfenion LLC, the debtor, Sedena Holdings Limited LLC, and Glendora Holdings Limited, on the transfer of the debt of Sedena Holdings Limited to Parfenion LLC for the purchase of securities under sale and purchase agreements No. 2, 3, 4 dated January 10, 2006 in the amount of RUB 10,951,962,285.71 to Glendora Holdings Limited (vol. 41, pages 76-98);

the findings of the tax forensic analysis No. [12/3-5920](#) dated June 29, 2009, according to which as a result of illegal application of preferential taxation established by the Agreement between the Government of the Russian Federation and the Government of the Republic of Cyprus for the avoidance of double taxation in respect of taxes on income and capital, according to which the said tax should not exceed 5% and 10% of the total amount of dividends, the amount of corporate income tax to be transferred to the budget of Kameya LLC as a tax agent for 2006 in the amount of RUB 1,147,854,600 (vol. 42, pages 18-25);

The findings of the technical and criminal forensic analysis No. 6339e of August 26, 2010, according to which the seal impression of Parfenion LLC contained in the decision No. 1 of the sole participant of Parfenion LLC of July 12, 2006, was stamped by the seal of Parfenion LLC; Seal impressions of Riland LLC contained in the balance sheet as of March 31, 2006 of Riland LLC and the income statement for the 1<sup>st</sup> quarter of 2006 of Riland LLC are stamped by Riland LLC; seal impressions of Makhaon LLC contained in the balance sheet as of March 31, 2006 of Makhaon LLC, profit and loss report for the 1<sup>st</sup> quarter of 2006 of Makhaon LLC, contract of purchase and sale of securities No. 01 as of January 10, 2006, contract of purchase and sale of securities No. 02 as of January 10, 2006, supplement No. 1 to contract of purchase and sale of securities No. 02 as of January 10, 2006 were stamped by Makhaon LLC (Vol. 42, pages 57-87);

findings of handwriting forensic analysis No. 8523e dated January 17, 2012, according to the which the signature in the line: "Chrystalla Argyridou, Director of Zhoda Limited, on the front side of the decision No. 1 of the sole participant of Zhoda Limited dated April 10, 2006, signature in the line "Director:" on the front side of a special power of attorney in English issued on November 23, 2005 on behalf of Giggs Enterprises Limited in the name of D.I. Dorofeyev and/or L.A. Guzheva, signature in the line: Director:" on the front side of a power of attorney in English issued on February 24, 2005 on behalf of Giggs Enterprises Limited in the name of D.I. Dorofeyev and/or L.A. Guzheva, signature in the line "Director:" on the front side of a special power of attorney in English issued on November 21, 2005 on behalf of Peev Investments Limited in the name of D.I. Dorofeyev and/or L.A. Guzheva, signature in the line "Director:" on the front side of a special power of attorney in English issued on October 27, 2004 on behalf of Peninsular Heights Limited in the name of A.A. Sandakov and/or L.A. Guzheva, signature in the line: "Director:" on the front side of a special power of attorney in English issued on October 27, 2004 on behalf of Zhoda Limited in the name of L.A. Guzheva, D.I. Dorofeyev, signature in the line "Director:" on

the front side of a special power of attorney in English issued on September 10, 2004 on behalf of Peninsular Heights Limited in the name of A.A. Sandakov and/or L.A. Guzheva, signature in the line "Director:" on the front side of a special power of attorney in English issued on May 5, 2005 on behalf of Zhoda Limited in the name of L.A. Guzheva are made by the same person; Signature in the line "Director of "Giggs Enterprises Limited" and signature in the line "Director of Giggs Enterprises Limited" in response to the notice of reorganization of Baikal-M LLC dated December 7, 2005 on behalf of the Director of Giggs Enterprises Limited were made by the same person (vol. 42, pages 128-140);

Financial and economic forensic examination report No. [18-253/1-1/11](#) of November 18, 2011, according to which for the period from September 30, 2005 to March 23, 2007 funds were credited in the amount of RUB 10,910,328,816 to the current account No. 40807810700501261017 ([0501261017](#)) of Zhoda Limited from Kameya LLC, including: Dividends from the settlement account of Kameya LLC in the total amount of RUB 10,907,318,700 under Resolution No. 1 of April 10, 2006 and RUB 23,180,000 under Resolution No. 2 of July 10, 2006; RUB 2,700,000 under Resolution No. 4 of February 9, 2007; Funds were credited from the settlement account of Kameya LLC due to the reduction of the charter capital in the amount of RUB 3,010,116. For the period from September 30, 2005 through March 23, 2007, except for crediting operations from Kameya LLC and Giggs Enterprises Limited, there are currency purchase and transfer operations between ruble accounts of Zhoda Limited (internal transfer) for the total amount of RUB 18,008,318,968.64 (vol. 43, pages 51-88);

Financial and analytical forensic analysis No. 4453 dated April 3, 2015, according to which Dalnaya Step LLC received funds from the sale of JSC Gazprom shares in the total amount of RUB 2,891,036,262. Of the total amount of these funds at least 82.39% was used to pay dividends to Cerasus Investment Limited and Oasis M LLC, and at least 8.90% – to pay out loans and interest to Apricus Investments Limited. The alienation of OAO Gazprom shares and further distribution of funds received from the sale of these shares for the payment of dividends to Cerasus Investments Limited and Oasis-M, as well as for the payment of loans and interest to Apricus Investments Limited from December 9, 2004 through December 23, 2004, significantly worsened the financial condition of Dalnaya Step LLC. As a result of these transactions, the amount of the Company's assets decreased 2.6 times (by RUB 2,506,303.9 thous.). As a result of these operations, there was a decrease in retained earnings, which resulted in the Company's net assets decreased by 85.59% (RUB 2,248,994 thous.). The following negative dynamics of change of all calculated ratios characterizing the financial condition of the company is established, in particular:

- A decrease in the current liquidity ratio by 6.87 (or by 62%) characterizes a decrease by RUB 6.87 in the amount of working capital attributable to short-term liabilities of Dalnaya Step LLC per RUB 1;
- A decrease in the equity ratio by 0.45 (or 63.78%) characterizes a decrease by 45 kopecks in equity attributable to RUB 1 of working capital of Dalnaya Step LLC;
- A decrease in the debtor's liability security ratio by all its assets and the debtor's liability security ratio by its current assets by 1.59 (or 54%) characterizes a decrease by RUB 1.59 in the value of assets attributable to RUB 1 of the debt of Dalnaya Step LLC;
- The decrease in the equity to total assets ratio by 0.44 (or 62%) indicates a decrease in the share of own funds in the sources of formation of the company's property.

However, the values of the calculated ratios after the reviewed transactions remained within the normative values, which indicated the total sufficiency of the property of Dalnaya Step LLC for the repayment of all claims to creditors. During the period from September 30, 2004 through March 31, 2005, the financial condition of Dalnaya Step LLC deteriorated significantly: the volume of the Company's assets decreases from RUB 4,039,772,000 to RUB 22,373; net assets decreased from RUB 2,627,682 thous., to RUB 22,342 thous. The decrease in the amount of the Company's assets in the period from 30.09.2004 to 31.03.2005 was due to a decrease in short-term financial investments and accounts receivable (with a maturity of up to 12 months).

As a result of operations related to the disposal of Gazprom shares (decrease in the volume of short-term financial investments), the amount of the Company's short-term financial investments decreased from RUB 2,978,365 thous. to RUB 220,207.2 thous. These operations did not affect the amount of the Company's accounts receivable (with a maturity of up to 12 months). However, the

most significant impact on the deterioration of the Company's financial position in the period from September 30, 2004 through March 31, 2005 was made by the disposal of accounts receivable: from September 30, 2004 through December 31, 2004 in the amount of RUB 56,945 thous.; from December 31, 2004 through March 31, 2005 in the amount of RUB 957,863 thous.

During the period from September 30, 2004 through March 31, 2005, the financial condition of Dalnaya Step LLC deteriorated. However, the financial situation of the company was characterized by a period of growth (from December 31, 2003 through September 30, 2004) and a period of decline (from September 30, 2004 through March 31, 2005). The financial condition of Dalnaya Step LLC in the period from December 31, 2003 through September 30, 2004 had a positive dynamics. The value of the Company's assets increased from RUB 2,590,399 thous. to RUB 4,039,772 thous. The company's activity in this period was characterized by high liquidity (ability to timely repay current liabilities), financial independence (high share of own funds in the sources of property), positive financial result (net profit for the accounting period).

The excess of the calculated values of the ratios over the normative values during the period of review from December 31, 2003 through September 30, 2004 is connected with the presence in the review period of significant volumes of short-term financial investments and accounts receivable in the current assets of Dalnaya Step LLC, which are sufficient to cover the existing short-term liabilities of the company, formed mainly at the expense of accounts payable to suppliers and contractors, whose share in the total volume of short-term liabilities is 100%, as well as large amounts of retained earnings, which are mainly used to generate the Company's own funds. The company's activity during this period can be characterized as excessively profitable (profitability in 2004 exceeded 70%). As a result, by September 30, 2004, an amount of RUB 2,621,000 thousand of retained earnings was generated (9 months' increase of more than RUB 1 billion).

In the period from September 30, 2004 through March 31, 2005, negative dynamics of key indicators characterizing the financial condition of the company was observed, namely:

- reduction of the Company's assets by more than 180 times (or by RUB 4,017,399 thousand), including due to reduction of non-current assets by 99.9% (or by RUB 24,217 thousand) and current assets by 99.44% (or by RUB 3,993,182 thousand);

- A 99.15% decrease in equity capital (or RUB 2,605,340 thousand) is fully due to a reduction in the retained earnings;

- decrease in net assets by 99.15% from RUB 2,627,682 thousand (as of September 30, 2004) to RUB 22,342 thousand (as of March 31, 2005);

- Absence of non-sale income in the 1<sup>st</sup> quarter of 2005, which was the main source of cost coverage and profit making (if any) in the previous review periods;

- a significant increase in the interest payable in the 4<sup>th</sup> quarter of 2004, which, inter alia, resulted in a negative financial result for 2004 (accounting period loss of RUB 223,076 thousand).

The values of the calculated ratios at the end of the reporting period remained within the limits of the permissible normative values (except for the absolute liquidity ratio as of December 31, 2004), which testifies to the possibility of the Company as a whole at the expense of the value of all its assets (provided that they are not less than their book value) to repay the existing liabilities to creditors.

A tax authority's request of February 21, 2005 that the company's total debt to the budget for taxes and other payments amounting to at least RUB 526,495,625 was established in respect of Dalnaya Step LLC, and subsequently, at the request of the Interdistrict Inspectorate of the Federal Tax Service of Russia, the Arbitration Court of the Republic of Kalmykia initiated bankruptcy proceedings against Dalnaya Step LLC. However, as of March 31, 2005, the financial statements of Dalnaya Step LLC do not contain any information on whether the Company has any material tax and charge indebtedness (the value on page 624 "Tax and charge indebtedness" is RUB 21 thousand).

Thus, if the company's liabilities as of March 31, 2005 included the debt on taxes and other payments to Dalnaya Step LLC in the total amount of not less than RUB 526,495,625, the company's assets were not sufficient to cover its existing liabilities to creditors (the total amount of assets as of March 31, 2005 was RUB 22,373,000) (vol. 43, pages 113-167);

The conclusion of the accounting forensic analysis No. 9994 dated March 26, 2014, according to which in the period from May 28, 1997 through December 23, 2005 Kameya LLC purchased ordinary registered uncertified Gazprom shares in the amount of 201,031,501 pieces, including: 133,574,722 Gazprom shares were credited to the depot account No. 40105

(835/0029618) under sale and purchase agreements; 30,000 Gazprom shares were credited to the depot account No. 883F/36500015 with the reference to "settlement of stock exchange trading transactions" in the basis of transactions; 67,426,779 Gazprom shares were credited to the depot account No. 883W/00522220 with the reference "settlements on MSE (statement of instructions of MSE)" in the basis of operations. Kameya LLC, which acquired 201,031,501 Gazprom's ordinary registered uncertified shares in the period from May 28, 1997 through December 23, 2005, subsequently sold, among other things: 14,400,756 shares under sale agreement No. 01 of January 10, 2006; 25,602,000 shares under sale agreement No. 02 of January 10, 2006, and 26,042,000 shares under sale agreement No. 03 of January 10, 2006. In the period from May 28, 1997 through December 23, 2005, Riland LLC purchased 12,012,500 ordinary registered uncertified Gazprom shares, which were credited to the depot account No. 11312 (835/0008473), owned by Riland LLC, on the basis of securities purchase and sale agreements made with CJSC IC Kreditanstalt-Grant. Ordinary registered uncertified Gazprom shares were not credited to the depot account No. 883A/00001054, which belongs to Riland LLC in the period from May 28, 1997 through December 23, 2005; however, in the period preceding the review, 28,372,750 ordinary registered uncertified Gazprom shares were credited to the said depot account. From the depot account No. 883A/00001054 belonging to Riland LLC as of the date of registration according to the depot account certificate, namely: On January 17, 2006, ordinary registered uncertified Gazprom shares acquired by Riland LLC in the period preceding the review, namely: from January 15, 1997 through May 27, 1997, 12,500,000 pieces were sold under Sale and Purchase Agreement No. 100106/01 of January 10, 2006, for a transaction value of RUB 2,512,500,000. In the period from May 28, 1997 to December 23, 2005, Parfenion LLC acquired 72,676,695 ordinary registered uncertified Gazprom shares, which were credited to the depot account No. 679555, owned by Parfenion LLC. PARfenion LLC, which acquired 72,676,695 Gazprom's ordinary registered uncertified shares in the period from May 28, 1997 through December 23, 2005, subsequently sold under sale and purchase contracts, among other things: 17,194,500 pieces under the under Sales and Purchase Agreement No. 1 dated January 10, 2006; 18,500,000 pieces under the Sales and Purchase Agreement No. 2 of January 10, 2006; 15,980,000 pieces under the Sale and Purchase Agreement No. 3 of January 10, 2006; 21,002,195 pieces under the Sales and Purchase Agreement No. 4 of January 10, 2006 (vol. 44 pages 24-201, vol. 45, pages 1-146);

expert report No. 17-3C of December 24, 2004, which shows that as of May 6, 2005 there were 23,703,324 Gazprom shares on the depot account No. 662460 of Makhaon LLC (vol. 45, pages 155-234);

The findings of the financial and economic forensic analysis dated February 15, 2016, which concluded that in the period from December 7, 2004 through December 10, 2004 through several contracts of sale and purchase Dalnaya Step LLC have alienated a total of 37,587,324 Gazprom shares owned by the company. In payment for the securities Dalnaya Step LLC received RUB 2,891,036,262 to a settlement account with HSBC Bank LLC (RR). Dalnaya Step LLC distributed the received funds as dividends, and also transferred a part of it as repayment of loans and interest on loans. Based on the results of the analysis of the values and dynamics of the ratios characterizing the debtor's solvency and the abovementioned debtor transactions, the conclusion was made that there were signs of intentional bankruptcy in the actions of the debtor's founders (participants) related to the decision to pay dividends in the period from September 30, 2004 through December 31, 2004. These actions on payment of dividends caused the debtor's insolvency to arise or increase. A.N. Dolzhenko has not fully complied with its obligations as a trustee in bankruptcy of Dalnaya Step LLC and has not taken all measures to establish the circumstances that led to the initiation of the bankruptcy procedure of the company. Indicators of intentional bankruptcy are determined in two stages. At the first stage, the analysis is carried out on the values and dynamics of the ratios characterizing the solvency of the debtor, calculated for the period under review. If a significant deterioration of two or more of the ratios is established, the second stage is performed, which consists in the analysis of the debtor's transactions. In his opinion on the impossibility to establish the signs of deliberate bankruptcy of A.N. Dolzhenko referred to the lack of documentation. Pursuant to art. 66 of the Federal Insolvency (Bankruptcy) Act (as amended in 2007), the temporary manager was entitled to receive any information and documents relating to the debtor's activities. On the basis of the abovementioned norm, A.N. Dolzhenko, acting in the interests of the creditor,

should have requested from the tax authority, inter alia, the documents on desk audits, from which it would have become known about the facts of receiving profit from the sale of securities. That is, in the performance of the duties of a temporary manager, and then of a bankruptcy manager, A.N. Dolzhenko did not sufficiently request documents from the tax authority, which indicates that the arbitration manager did not show perseverance in obtaining information and documents, that is, did not perform his duties properly. Besides, A.N. Dolzhenko failed to obtain information on the cash flow in the settlement accounts of Dalnaya Step LLC in credit institutions. When reviewing the requirements of the tax authority included in the creditors' claims register, the debtor's 2002-2005 financial statements A.N. Dolzhenko could not have failed to note a significant amount of tax arrears (more than RUB 1 billion), a significant amount of short-term financial investments (more than RUB 2 billion) up to the 4<sup>th</sup> quarter of 2004, and a significant amount of revenue (more than RUB 3 billion) in the 4<sup>th</sup> quarter of 2004 with no revenue in the remaining and subsequent periods. Main measures to be taken by A.N. Dolzhenko – should have been sending of requests to the tax authority to provide a full package of documents concerning the desk audits conducted in 2004. The need for these measures to be taken by the trustee in insolvency is due to the direct obligation of the trustee to conduct an analysis of the debtor's financial position. The provisions of the Federal Law "On Insolvency (Bankruptcy)", as amended both in 2007 and 2015, indicate the obligation of the receiver to act reasonably and in good faith in any procedure conducted, in the interests of the debtor, creditors and the company. Also, the arbitration manager is by the law entitled to receive any information and documents relating to the activities of the debtor (Art. 66 of the Federal Law "On Insolvency (Bankruptcy)", as amended in 2007). In addition, at the time of the bankruptcy proceedings against Dalnaya Step LLC, the relevant professional practice of the arbitration manager was to obtain cash flow statements from credit institutions where the debtor has or had accounts opened, cash flow statements three years prior to the date of filing the bankruptcy petition. Thus, the trustee in insolvency was entitled to implement the following measures in order to properly perform its duties:

- request statements from credit institutions where the debtor has or has had accounts on the cash flow three years prior to the date of filing a claim for bankruptcy of the debtor. This measure allows the trustee in insolvency to obtain information about the debtor's transactions in order to challenge them in the future (invalidate them in court). These rights to receive necessary information about the debtor's activities have not been exercised by A.N. Dolzhenko;

- request from the tax authority, inter alia, documents on desk audits, from which it would have become known about the facts of profit from the sale of securities. In particular, the main measure that should have been taken by A.N. Dolzhenko, but which he failed to do, was to send a request to the Federal Tax Service of Russia for the largest taxpayers of the Republic of Kalmykia to provide a full package of documents on desk audits conducted in 2005. Obtaining these documents would allow the arbitration manager to analyze the reasons for the significant amount of tax arrears (over RUB 1 billion) when receiving revenue (over RUB 3 billion).

A.N. Dolzhenko had the opportunity to request documents from the tax authority and credit organizations in a greater volume, but failed to do so. Thus, he failed to fulfill his duties in full scope, but did it superficially. A.N. Dolzhenko's failure to implement the above measures had a direct impact on the conclusions of his financial analysis and his conclusion on the presence (absence) of signs of intentional bankruptcy with respect to Dalnaya Step LLC (vol. 46, pages 21-59);

the conclusion of the forensic handwriting analysis No. 5523e of November 18, 2015, according to which the signatures on behalf of I.S. Cherkasov in copies of the loan agreement No. 02 dated November 29, 2004 between Makhaon LLC and Apricus Investments Limited, and the loan agreement No. 01 dated November 26, 2004 between Makhaon LLC and Apricus Investments Limited, the entry "true copy" in: Agreement No. 560 of October 4, 2004 between Makhaon LLC and HSBC Bank LLC (RR) on opening and maintaining a bank account in the column "for the client I.S. Cherkasov Director General", copies of the consulting services agreement No. Ass/2005-040 dated October 1, 2005, between Kameya LLC and Ernst & Young (CIS) B.V. under the record "true copy" in the bottom right corner, Appendix No. 1 copy of the invoice No. SUL 1100 FEE NOTE No. 012679 dated January 31, 2007 under the record "true copy", Resolution No. 4 of the sole participant of Rifle LLC dated December 10, 2002, in the line "Director General of Saturn Investments LLC I.S. Cherkasov" are probably made by the same person (vol. 46, pages 99-128);

the conclusion of the forensic handwriting analysis No. 5521e of November 27, 2015, according to which the signatures on behalf of W.F. Browder found in: copies of the loan agreement No. 04 of April 2, 2001 between Kameya LLC and Peninsular Heights Limited, on the reverse side of page 4; Copies of the agreement No. 2 of December 5, 2003, on amendments to the loan agreement No. 04 between Kameya LLC and Peninsular Heights Limited, under the record "true copy" on page 3; copies of the agreement No. 1 of December 5, 2003 on amendments to the Loan Agreement dated October 27, 2003 between Kameya LLC and Peninsular Heights Limited, under the record "true copy" on page 3; copies of the loan agreement dated October 27, 2003 between Kameya LLC and Peninsular Heights Limited, under the record "true copy" on page 4; Agreement No. 2 of December 5, 2003 on amendments to the loan agreement No. 05 of May 3, 2001 between Kameya LLC and Peninsular Heights Limited, in the column "on behalf of the borrower William Browder, an authorized representative"; Copies of the agreement No. 2 dated September 3, 2002 on amendments to the loan agreement No. 1/6 dated August 31, 2000 between Riland LLC and Apricus Investments Limited, on the reverse side of the 2<sup>nd</sup> copy; loan agreement No. 1/6 of August 31, 2000 between Riland LLC and the Hermitage Fund on the reverse side of page 3 near the seal of Riland LLC; Copies of the agreement No. 1 dated October 23, 2000 on amendments to the Loan Agreement No. 1/6 dated August 31, 2000 between Riland LLC and the Hermitage Fund, in the bottom right corners of the 1<sup>st</sup> and 2<sup>nd</sup> pages, have probably been executed by the same person (Vol. 46, pages 152-180);

The conclusion of forensic handwriting analysis No. 12/9-26 of March 31, 2016, according to which signatures on behalf of I.S. Cherkasov found in: copies of the loan agreement No. 02 between Makhaon LLC and Apricus Investments Limited dated November 29, 2004, under the record "True copy"; copies of the loan agreement No. 01 between Makhaon LLC and Apricus Investments Limited dated November 26, 2004, under the record "True copy"; payment order No. 1 dated February 19, 2007, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 36 of August 3, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 35 of August 3, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 24 of April 20, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 23 of April 20, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 27 dated April 21, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 28 of April 21, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 26 of April 20, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Giggs Enterprises Limited); payment order No. 25 of April 20, 2006, in the column "Signature" (payer – Giggs Enterprises Limited, recipient – Giggs Enterprises Limited); payment order No. 31 of April 24, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); the recipient is the Giggs Enterprises Limited; payment order No. 30 dated April 24, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 35 of April 24, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 36 of April 24, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 30 of April 24, 2006, in the column "Signature" (payer – Giggs Enterprises Limited, recipient – Giggs Enterprises Limited); payment order No. 29 of April 24, 2006, in the column "signature" (payer – Giggs Enterprises Limited, the recipient – Giggs Enterprises Limited); payment order No. 34 of April 24, 2006, in the column "signature" (payer – Giggs Enterprises Limited, the recipient – Giggs Enterprises Limited); payment order No. 33 of April 24, 2006, in the column "Signature" (payer – Giggs Enterprises Limited, recipient – Giggs Enterprises Limited); payment order No. 20 dated April 19, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 19 of April 19, 2006, in the column "Signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 17 dated April 19, 2006, in the column "signature" (payer – Giggs Enterprises Limited, recipient – Kameya LLC); payment order No. 18 of April 19, 2006, in the column "Signature" (payer – Giggs Enterprises Limited, recipient – Giggs Enterprises Limited); payment order No. 16 of April 24, 2006, in the column "signature" (payer – Kameya LLC, the recipient – Zhoda Limited);



payment order No. 9 dated April 24, 2006, in the column "signature" (payer – Kameya LLC, the recipient – Zhoda Limited); payment order No. 1 dated April 19, 2006, in the column "signature" (payer – Kameya LLC, the recipient – Zhoda Limited); payment order No. 6 dated April 20, 2006, in the column "signature" (payer – Kameya LLC, the recipient – Zhoda Limited); payment order No. 5 dated April 20, 2006, in the column "signature" (payer – Kameya LLC, the recipient – Zhoda Limited); payment order No. 8 dated April 21, 2006, in the column "signature" (payer – Kameya LLC, the recipient – Zhoda Limited); payment order No. 7 dated April 21, 2006, in the column "signature" (payer – Kameya LLC, the recipient – Zhoda Limited); payment order No. 21 of August 3, 2006, in the column "signature" (payer – Kameya LLC, recipient – Zhoda Limited); payment order No. 3 dated February 19, 2007, in the column "signature" (payer – Kameya LLC, recipient – Zhoda Limited); payment order No. 2 of April 19, 2006, in the column "signature" (payer – Kameya LLC, recipient – Zhoda Limited); payment order No. 15 dated April 24, 2006, in the column "signature" (payer – Kameya LLC, Department of the Federal Treasury of the Ministry of Finance of the Russian Federation for the city of Moscow (Inspectorate No. 7 of the Federal Tax Service of the Russian Federation for the city of Moscow current account [4010077000777](#)); payment order No. 12 dated April 24, 2006, in the column "signature" (payer – Kameya LLC, Department of the Federal Treasury of the Ministry of Finance of the Russian Federation for the city of Moscow (Inspectorate No. 7 of the Federal Tax Service of the Russian Federation for the city of Moscow current account [4010077000777](#)); payment order No. 18 of May 18, 2006, in the column "signature" (payer – Kameya LLC, Department of the Federal Treasury of the Ministry of Finance of the Russian Federation for the city of Moscow (Inspectorate No. 7 of the Federal Tax Service of the Russian Federation for the city of Moscow current account [4010077000777](#)); payment order No. 17 of May 18, 2006, in the column "signature" (payer – Kameya LLC, Department of the Federal Treasury of the Ministry of Finance of the Russian Federation for the city of Moscow (Inspectorate No. 7 of the Federal Tax Service of the Russian Federation for the city of Moscow current account [4010077000777](#)); payment order No. 22 of August 3, 2006, in the column "signature" (payer – Kameya LLC, Department of the Federal Treasury of the Ministry of Finance of the Russian Federation for the city of Moscow (Inspectorate No. 7 of the Federal Tax Service of the Russian Federation for the city of Moscow current account [4010077000777](#)); payment order No. 11 of April 24, 2006, in the column "signature" (payer – Kameya LLC, Department of the Federal Treasury of the Ministry of Finance of the Russian Federation for the city of Moscow (Inspectorate No. 7 of the Federal Tax Service of the Russian Federation for the city of Moscow current account [4010077000777](#)); payment order No. 1 of February 19, 2007, in the column "signature" (payer – Kameya LLC, recipient – Zhoda Limited); in the section "Reliability and completeness of the information specified in this Tax Calculation, I confirm:" on the first page and in the lines "Signature" on the second and third pages of the tax calculation (information) on the amounts paid to foreign organizations and withholding taxes from Kameya LLC to the Inspectorate of the Federal Tax Service № 7 for the Central Administrative District of Moscow of September 18, 2006; in the section "Reliability and completeness of the information specified in this Tax Calculation, I confirm:" on the first page and in the lines "Manager" on the second and third pages of the tax calculation (information) on the amounts paid to foreign organizations and withholding taxes from Kameya LLC to the Inspectorate of the Federal Tax Service № 7 for the Central Administrative District of Moscow of May 17, 2006; in the lines "Manager" and "Chief Accountant" I.S. Cherkasov on the second page of the profit and loss statement for the period from January 1 to December 31, 2006 of Kameya LLC dated January 26, 2007; in the section "Reliability and completeness of the information specified in this Tax Calculation, I confirm:" on the first page and in the lines "Manager" on the second and third pages of the tax calculation (information) on the amounts paid to foreign organizations and withholding taxes from Kameya LLC to the Inspectorate of the Federal Tax Service № 7 for the Central Administrative District of Moscow on January 26, 2007; in the line "Director General I.S. Cherkasov on the third page of the 2006 accounting report of Kameya LLC; in the line "Director General I.S. Cherkasov cover letter for 2006 from Kameya LLC; payment order No. 001 dated 10.12.2004 on transfer of funds from Makhaon LLC to Troika Dialog Investment Company CJSC; payment order No. 02 of 14.12.2004 on transfer of funds from Makhaon LLC to Troika Dialog Investment Company CJSC; payment order No. 03 of 14.12.2004 on transfer of funds from Makhaon LLC to Troika Dialog Investment Company CJSC; payment order No. 04 of 14.12.2004 on transfer of funds from Makhaon LLC to Troika Dialog Investment Company CJSC; payment order No. 05 16.12.2004 on the payment of funds from Makhaon LLC to Troika Dialog Investment Company CJSC; payment order No. 06 of 20.12.2004 on transfer of

funds from Makhaon LLC to Troika Dialog Investment Company CJSC; payment order No. 08 of 20.12.2004 on transfer of funds from Makhaon LLC to Troika Dialog Investment Company CJSC; payment order No. 07 of 20.12.2004 on transfer of funds from Makhaon LLC to Troika Dialog Investment Company CJSC; payment order No. 10 of 22.12.2004 on transfer of funds from Makhaon LLC to Troika Dialog Investment Company CJSC; payment order No. 09 of 22.12.2004 on transfer of funds from Makhaon LLC to Troika Dialog Investment Company CJSC; payment order No. 11 of 28.12.2004 on transfer of funds from Makhaon LLC to Troika Dialog Investment Company CJSC was signed on behalf of the head of Makhaon LLC by I.S. Cherkasov; in the order for the inventory operation to sell 3,000,000 ordinary registered Gazprom shares dated December 15, 2004 to transfer them from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital; in the order for the inventory operation to sell 7,257,324 ordinary registered Gazprom shares dated December 15, 2004 to transfer them from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital; in the order for the inventory operation to sell 2,700,000 ordinary registered Gazprom shares dated December 14, 2004 to transfer them from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital; in the order for the inventory operation to sell 2,900,000 ordinary registered Gazprom shares dated December 14, 2004 to transfer them from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital; in the order for the inventory operation to sell 1,000,000 ordinary registered Gazprom shares dated December 14, 2004 to transfer them from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital; in the order for the inventory operation for the sale of 1,500,000 ordinary registered Gazprom shares dated December 10, 2004 to transfer them from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital; in the order for the inventory operation to sell 4,400,000 ordinary registered Gazprom shares dated December 10, 2004 to transfer them from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital; in the order for the inventory operation to sell 3,000,000 ordinary registered Gazprom shares dated December 10, 2004 to transfer them from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital; in the order for the inventory operation to sell 4,840,000 ordinary registered Gazprom shares dated December 9, 2004 to transfer them from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital; in the order for inventory operation for sale of 1,050,000 ordinary registered Gazprom shares dated December 9, 2004, on transfer from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital; In the order for the inventory operation to sell 2,440,000 ordinary registered Gazprom shares dated December 9, 2004, to transfer them from the depository account of Dalnaya Step LLC to the depository account of CJSC Business Capital, the signatures on behalf of the manager of Dalnaya Step LLC were probably executed by I.S. Cherkasov (vol. 46, pages 202-232);

the conclusion of the tax forensic analysis commission No. 8019/II of July 29, 2016, according to which Riland LLC was the tax agent for calculating the profit tax for 2006 from dividends paid to the Cypriot company Glendora Holdings Limited. Based on part 2 of article 10 of the Agreement between the Governments of the Russian Federation and the Republic of Cyprus on Avoidance of Double Taxation with Respect to Income and Capital Taxes of December 5, 1998, OECD comments to paragraph 2 of article 10 of the OECD Model Tax Convention on Income and Capital Taxes of 1977 and the facts and circumstances established during the examination of the facts and circumstances testifying to the nominal (technical) nature of the Cyprus company Glendora Holdings Limited, its use in step-by-step transactions and its establishment for the purpose of taking advantage of tax benefits of the said Agreement, Glendora Holdings Limited, a Cypriot company, had no actual right to dividends received in 2006 from Riland LLC in accordance with the said Agreement. The manager of Riland LLC applied a 5% income tax rate when calculating the tax to be withheld and paid to the Russian Federation budgets on dividends paid to the Cypriot company Glendora Holdings Limited in 2006. Based on paragraph 3 of Article 275 and subparagraph 2 of paragraph 3 of Article 284, subparagraph 4 of paragraph 2 of Article 310, paragraph 1 of Article 312 of the Tax Code of the Russian Federation and taking into account the conclusion given in the previous paragraph, to the effect that the Cypriot company Glendora Holdings Limited has no actual right to income in the form of dividends, income tax rate to be applied by Riland LLC in respect of the said income should have been 15%. The manager of Riland LLC withheld and paid the income tax in the amount of **RUB 276,857,890** to the Russian

Federation budgets from the dividends paid in 2006 to the Cypriot company Glendor Holdings Limited. Based on paragraph 3 of Article 275, subparagraph 2 of paragraph 3 of Article 284, paragraph 5 of Article 309, paragraph 1 of Article 310 of the Tax Code of the Russian Federation the amount of income tax to be withheld and transferred to Riland LLC from these revenues should have been RUB **830,573,670**. This tax should have been withheld and paid by Riland LLC. Kameya LLC was a tax agent for the calculation of income tax for 2006 on dividends paid to the Cypriot company Glendora Holdings Limited. Based on part 2 of article 10 of the Agreement between the Governments of the Russian Federation and the Republic of Cyprus on Avoidance of Double Taxation with Respect to Income and Capital Taxes of December 5, 1998, OECD comments to paragraph 2 of article 10 of the OECD Model Tax Convention on Income and Capital Taxes of 1977 and the facts and circumstances established during the examination of the facts and circumstances testifying to the nominal (technical) nature of the activities of Cyprus company Zhoda Limited, its use in step-by-step transactions and its establishment for the purpose of taking advantage of tax benefits of the said Agreement, Zhoda Limited, a Cypriot company, had no actual right to dividends received in 2006 from Kameya LLC in accordance with the said Agreement. The manager of Kameya LLC I.S. Cherkasov applied a 5% income tax rate when calculating the tax to be withheld and paid to the Russian Federation budgets on dividends paid to the Cypriot company Zhoda Ltd in 2006. Based on paragraph 3 of Article 275 and subparagraph 2 of paragraph 3 of Article 284, subparagraph 4 of paragraph 2 of Article 310, paragraph 1 of Article 312 of the Tax Code of the Russian Federation and taking into account the conclusion given in the previous paragraph, to the effect that the Cypriot company Zhoda Ltd has no actual right to income in the form of dividends, income tax rate to be applied by Kameya LLC in respect of the said income should have been 15%. The manager of Kameya LLC I.S. Cherkasov withheld and paid the income tax in the amount of **RUB 573,927,300** to the Russian Federation budgets from the dividends paid in 2006 to the Cypriot company Zhoda Ltd. Based on paragraph 3 of Article 275, subparagraph 2 of paragraph 3 of Article 284, paragraph 5 of Article 309, paragraph 1 of Article 310 of the Tax Code of the Russian Federation the amount of income tax to be withheld and transferred to Kameya LLC from these revenues should have been RUB **1,721,781,900**. This tax should have been withheld and paid by Kameya LLC. Makhaon LLC was a tax agent for the calculation of income tax for 2006 on dividends paid to the Cypriot companies Sedena Holdings Limited and Kone Holdings Limited. Based on part 2 of article 10 of the Agreement between the Governments of the Russian Federation and the Republic of Cyprus on Avoidance of Double Taxation with Respect to Income and Capital Taxes of December 5, 1998, OECD comments to paragraph 2 of article 10 of the OECD Model Tax Convention on Income and Capital Taxes of 1977 and the facts and circumstances established during the examination of the facts and circumstances testifying to the nominal (technical) nature of the activities of Cyprus companies Sedena Holdings Limited and Kone Holdings Limited, their use in step-by-step transactions and its establishment for the purpose of taking advantage of tax benefits of the said Agreement, Sedena Holdings Limited and Kone Holdings Limited, Cypriot companies, had no actual right to dividends received in 2006 from Makhaon LLC in accordance with the said Agreement. The manager of Makhaon LLC applied a 5% income tax rate when calculating the tax to be withheld and paid to the Russian Federation budgets on dividends paid to the Cypriot company Sedena Holdings Limited in 2006, and 10% rate on dividends paid to the Cypriot company Kone Holdings Limited in 2006. Based on paragraph 3 of Article 275 and subparagraph 2 of paragraph 3 of Article 284, subparagraph 4 of paragraph 2 of Article 310, paragraph 1 of Article 312 of the Tax Code of the Russian Federation and taking into account the conclusion given in the previous paragraph, to the effect that the Cypriot companies Sedena Holdings Limited and Kone Holdings Limited had no actual right to income in the form of dividends, income tax rate to be applied by Makhaon LLC in respect of the said income should have been 15%. The manager of Makhaon LLC withheld and paid the income tax in the amount of **RUB 62,877,161.13** to the Russian Federation budgets from the dividends paid in 2006 to the Cypriot companies Sedena Holdings Limited and Kone Holdings Limited. Based on paragraph 3 of Article 275, subparagraph 2 of paragraph 3 of Article 284, paragraph 5 of Article 309, paragraph 1 of Article 310 of the Tax Code of the Russian Federation the amount of income tax to be withheld and transferred to Makhaon LLC from these revenues should have been RUB **188,314,560.67**. This tax should have been withheld and paid by Makhaon LLC. Parfenion LLC was a tax agent for the calculation of income tax for 2006-2007 on dividends paid to the Cypriot company Glendora Holdings Limited. Based on part 2 of article 10 of the Agreement between the Governments of the Russian Federation and the Republic of Cyprus on Avoidance of Double Taxation with Respect to Income and Capital

Taxes of December 5, 1998, OECD comments to paragraph 2 of article 10 of the OECD Model Tax Convention on Income and Capital Taxes of 1977 and the facts and circumstances established during the examination of the facts and circumstances testifying to the nominal (technical) nature of the activities of Cyprus company Glendora Hoildings Limited, its use in step-by-step transactions and its establishment for the purpose of taking advantage of tax benefits of the said Agreement, Glendora Hoildings Limited, a Cypriot company, had no actual right to dividends received in 2006 from Parfenion LLC in accordance with the said Agreement. The manager of Parfenion LLC applied a 5% income tax rate when calculating the tax to be withheld and paid to the Russian Federation budgets on dividends paid to the Cypriot company Glendora Holdings Limited in 2006, and 10% rate on dividends paid in 2007. Based on paragraph 3 of Article 275 and subparagraph 2 of paragraph 3 of Article 284, subparagraph 4 of paragraph 2 of Article 310, paragraph 1 of Article 312 of the Tax Code of the Russian Federation and taking into account the conclusion given in the previous paragraph, to the effect that the Cypriot company Glendora Hoildings Limited has no actual right to income in the form of dividends, income tax rate to be applied by Parfenion LLC in respect of the said income should have been 15%. The manager of Parfenion LLC withheld and paid the income tax in the amount of **RUB 558,321,000** to the Russian Federation budgets from the dividends paid in 2006-2007 to the Cypriot company Glendor Holdings Limited. Based on paragraph 3 of Article 275, subparagraph 2 of paragraph 3 of Article 284, paragraph 5 of Article 309, paragraph 1 of Article 310 of the Tax Code of the Russian Federation the amount of income tax to be withheld and transferred to Parfenion LLC from these revenues should have been **RUB 1,674,451,500**. The said tax should have been withheld and paid by Parfenion LLC (vol. 47, pages 34-179);

the report of the forensic handwriting analysis No. 133 of May 27, 2016, which concludes that the signatures in: an claim for amendments to the Unified State Register of Legal Entities on behalf of the manager of Dalnaya Step LLC, E.V. Filipchenkova, which are not related to the amendments to the constituent documents of Dalnaya Step LLC; information on corporate participants of the legal entity (form No. 14001, page D) Dalnaya Step LLC; information on corporate participants of the legal entity (form No. 14001 page E) of Dalnaya Step LLC; claims for state registration of amendments to the constituent documents of the legal entity Dalnaya Step LLC on behalf of the Manager of Dalnaya Step LLC, E.V. Filipchenkova; copies of Minutes No. 21 of the general meeting of participants of Dalnaya Step LLC dated October 21, 2004, certified on behalf of Director General of Dalnaya Step LLC, E.V. Filipchenkova; copies of the order dated October 26, 2004, signed by E.V. Filipchenkova, Director General of Dalnaya Step LLC; a notarized bank card with a sample signature of E.V. Filipchenkova, Director General of Dalnaya Step LLC of November 2, 2004; register No. 6 for registration of notarial deeds by a Moscow notary public O.V. Bushuyeva are executed by E.V. Filipchenkova (vol. 47, pages 191-216).

The court takes into account that the testimony of the representatives of the complainant K.V. Mostovoy, L.I. Rudakova, witnesses T.V. Klevanets, Y.M. Zaitsev, M.O. Aliyeva, Y.Y. Chumakova, K.A. Ponomarev, N.V. Veselnitskaya, T.D. Chulchinova, L.D. Adyanova, S.L. Bochkayev, S.S. Vankaev, P.N. Mendyaev, I.O. Batutimirova, A.P. Chungunova, S.A. Chuvaev, I.B. Chernushkin, L.A. Guzheva, S.A. Mutulov, K.O. Nogotkov, S.L. Magnitsky are objectively confirmed by the materials and circumstances of the case and bear mutual correspondence. Along with the above, the court finds the above evidence to be reliable and sees no grounds for the complainant's representatives or witnesses to defame the defendants, nor does it see any personal interest on the part of these persons in the outcome of the case.

The guilt of the defendants W.F. Browder and I.S. Cherkasov in committing a crime (Article 196 of the Criminal Code of the Russian Federation) is also confirmed by the testimony of A.N. Dolzhenko given by him in the course of the preliminary investigation and announced in the court session, the content of which suggests that on August 7, 2006 the Arbitration Court of the Republic of Kalmykia appointed him as a temporary manager of Dalnaya Step LLC, following which he was transferred the constituent documents of the company, the debtor's tax statements for the three previous years, the accounting balance sheets for 2003, 2004 and the first quarter of 2005, the requirements for payment of taxes and fines, as well as a statement of debtor's accounts according to which the company had currency and current accounts with OJSC DVRB and CJSC IMB. He

requested information on account balances and, on the basis of all available documents, concluded that there were no signs of fictitious bankruptcy and that it was impossible to establish the existence of signs of intentional bankruptcy. In the process of bankruptcy proceedings approximately at the end of November - beginning of December 2006 a little-known man approached A.N. Dolzhenko, who in the course of communication asked to formally bankrupt Dalnaya Step LLC for a monetary reward. By then, such a conclusion was almost ready with A.N. Dolzhenko, but he was lacking primary documents of the company, and the manager of Dalnaya Step LLC was missing. A.N. Dolzhenko agreed to this man's offer. While communicating with the man, the latter often mentioned the names "Browder" and "Magnitsky", and the name of the fund, consonant with the name "Hermitage". After the bankruptcy proceedings, A.N. Dolzhenko received no reward from the said man. A.N. Dolzhenko realized he had not fully implemented all the measures of the bankruptcy proceeding against Dalnaya Step LLC, failed to request bank statements on the existing current accounts, failed to analyse them and established no reason for the withdrawal of funds from Dalnaya Step LLC (vol. 52, pages 125-130, 131-135).

In the court hearing, A.N. Dolzhenko did not confirm the above testimony given as a defendant on July 27 and 28, 2015, stating that he had given them under the psychological pressure of an investigator who had indicated that a severe sentence for the crime could be imposed.

The court considers these explanations to be far-fetched and not objectively confirmed, since A.N. Dolzhenko, having given the initially mentioned testimony, subsequently confirmed it the next day, the interrogations were carried out with the participation of the defense lawyer, A.N. Dolzhenko was advised of his procedural rights, including the right not to testify against himself, and the fact that such testimony may be used as evidence in a criminal case, no statements or comments before, during or after the interrogation regarding the provision of any influence by the investigator aimed at coercing to testify had been received from A.N. Dolzhenko.

Also, A.N. Dolzhenko's arguments concerning the moral impact of the investigator on him during the interrogation is refuted by a copy of the decision not to institute criminal proceedings, issued on September 15, 2016 by the investigator of the Investigations Department for the South Administrative District of the Main Department of the Investigative Committee of the Russian Federation for the city of Moscow, based on the results of the pre-investigation inspection carried out at the claim by A.N. Dolzhenko concerning illegal actions by investigators in connection with the said interrogations.

The testimony of the defense witness V.F. Postarnak was announced in the court session (vol. 50, pages 82-97, 98-103), which suggests that as an employee of the tax authority she took part in the field tax audit of Kameya LLC for 2006-2007, which resulted in the release of the act of May 12, 2009 on the absence of violations in the taxation of the company.

Assessing the testimony of the defense witness and the results of the field tax audit, the court takes into account that the above tax audit of Kameya LLC was conducted at the location of the tax authority in the absence of the full volume of documents on the financial and economic activities of the company, while the conclusions on the commission of the tax offense are included in the act of tax audit only if there are sufficient supporting circumstances and their documentary proof (vol. 31, pages 27-29), in connection with which, the evidence of the defense party demonstrates no violations in the company's taxation.

The evidence reviewed in the course of the court investigation established that the Cypriot companies Zhoda Limited, Peninsular Heights Limited, Giggs Enterprises Limited, Glendora Holdings Limited, Cerasus Investments Limited, Sedena Holdings Limited, Apricus Investments Limited, Kone Holdings, Rivercanal Holdings Limited, and TCI Cyprus Holdings Limited were founders of the Russian companies Makhaon, Parfenion, Riland, Kameya, Pifagor, Dalnaya Step, and Rouse, however, these legal entities were not independent participants in the financial and economic activities, and were controlled by W.F. Browder and I.S. Cherkasov, which is confirmed,

among other things, by the testimonies of witnesses K.A. Ponomarev, L.A. Guzheva, N.V. Veselnitskaya, and by the constituent documents of the companies, documents received from the competent authorities of the Republic of Cyprus, including responses to requests from Chrystalla Argyridou and Yianna Alexandrou, according to which the latter were only nominal directors of the companies.

In addition, the affiliation of all the above companies and entities is also evidenced by the presence of the same legal entities among their founders, such as Chanticleer Professional Services Limited, Chanticleer Management Limited, Apricus Investments Limited, HSBC Management (Guernsey) Limited, Chanticleer Secretarial Limited, and the seizure of banking and other commercial documents of Zhoda Limited, Apricus Investments Limited, Makhaon, Kameya, Baikal-M, Parfenion during searches in the offices of Hermitage Capital Management Limited, CJSC Firestone Duncan.

These companies were established at the behest of W.F. Browder and I.S. Cherkasov for the sole purpose of holding and disposing of Gazprom shares, bypassing the provisions of the Company's Articles of Association and Decree of the President of the Russian Federation No. 529 dated May 28, 1997, which restrict the acquisition of shares by non-residents, and then reducing the tax burden on profits and dividends.

When paying dividends to Cypriot companies, the Russian companies controlled by W.F. Browder and I.S. Cherkasov illegally applied the reduced tax rate of 5% and 10% provided for in the Agreement for the avoidance of double taxation with respect to taxes on income and on capital between the Governments of the Russian Federation and the Republic of Cyprus made on December 5, 1998, which they were not entitled to do, as the Cypriot companies were not actual recipients of income and beneficiaries (beneficial owners), but were conduit (transit) companies controlled by W.F. Browder and I.S. Cherkasov, established solely for the purpose of reducing the tax liabilities, which is confirmed by the totality of the evidence collected in the criminal case, including the conclusion of the tax forensic analysis (vol. 47, pages 34-179), together with the explanations by the Ministry of Finance of the Russian Federation (vol. 31, pages 103-105) and the position of the Organization for Economic Cooperation and Development on the impossibility of applying the provisions of the interstate agreements on avoidance of double taxation in conduit transactions.

As it follows from the evidence examined in the court session, Dalnaya Step LLC was registered on April 30, 1998, from June 9, 1998 through June 17, 2003 W.F. Browder of the company was Director General, and from February 10, 2004 – I.S. Cherkasov. As of November 24, 2004, the depository account No. [835/0029623](#) of Dalnaya Step LLC, opened on August 17, 1999 in the depository center of Gazprombank (OJSC), contained 37,587,324 Gazprom shares, which, together with the funds on the company's settlement accounts, including those received from the sale of shares, were moved to the bank accounts of affiliated legal entities, which indicates the gratuitous nature of the relevant transactions made for the purpose of alienating the property of Dalnaya Step LLC, since the company's assets received from these banking transactions remained under the actual control by W.F. Browder and I.S. Cherkasov, who acted in their personal interests and in the interests of the HSBC Group.

The court also takes into account that the ruling of the Arbitration Court of the Republic of Kalmykia dated April 4, 2017 in case No. A22-941/2006, and the ruling of the Sixteenth Arbitration Court of Appeal dated October 3, 2017 established that the circumstances of the transfer of funds from the accounts of Dalnaya Step LLC indicate that HSBC Bank (RR) LLC acted not as a credit institution fulfilling its obligations under the bank account agreement, but in its own interests as a controlling debtor. The actions of Dalnaya Step LLC and the bank on the withdrawal of assets led to the termination of business operations and bankruptcy of the company. Dalnaya Step LLC was notified of the initiation of tax audits in respect of it, and of the decisions taken by the tax authority to bring it to justice. Prior to December 2004, the Company had sufficient funds in its current account to meet its tax liabilities. However, the unjustified disposal of funds by the bank has

deprived the company of the opportunity to repay its debts to the authorized body. However, all disputed payments were transferred to affiliates on various grounds, including dividend payments. Such payments, in the presence of outstanding tax liabilities, indicate the abuse by the bank and the company, which resulted in the bankruptcy of the latter.

The Hermitage Fund's prospectus, created by HSBC Republik Bank (Guernsey) Limited, shows that the Russian companies Dalnaya Step, Kameya, Riland, Makhaon, Parfenion, and Pifagor Investments were subsidiaries of the Hermitage Fund, and that all of the Fund's and its subsidiaries' funds were held in the member or subsidiary banks (affiliated banks) within HSBC Group.

Through the Russian companies controlled and actually managed by W.F. Browder and I.S. Cherkasov a scheme was organized for withdrawal of funds by means of illegal banking operations carried out by HSBC Bank (RR), Citibank, CJSC International Moscow Bank to dependent Cypriot offshore companies controlled by W.F. Browder and I.S. Cherkasov, and by HSBC Group, whose real beneficiaries were W.F. Browder, I.S. Cherkasov and HSBC Group.

W.F. Browder's and I.S. Cherkasov's direct intention to fail to fulfill the obligations of a tax agent is evidenced by the fact that being aware of the provisions of the legislation of the Russian Federation (Articles 24, 246, 247 of the Tax Code of the Russian Federation), according to which foreign organizations receiving income from sources in the Russian Federation are recognized as payers of income tax in the Russian Federation, including income from dividends received by a foreign organization – participant of Russian organizations, and in the case of payment of dividends to a foreign participant a Russian company is recognized as a tax agent for the purpose of obtaining property benefits for itself, and acting in the interests of the HSBC Bank Group, having controlled and actually managed Russian companies Kameya, Riland, Makhaon, Parfenion, Pifagor Investments, in the payment of dividends to offshore Cypriot companies Zhoda Limited, Sedena Holdings Limited, Kone Holdings Limited, Glendora Holdings Limited, TCI Cyprus Holdings Limited, controlled and actually managed by W.F. Browder and I.S. Cherkasov, have illegally applied the provisions of paragraph "a", part 2 of article 10 of the Agreement "On Avoidance of Double Taxation with Respect to Taxes on Income and Capital" between the Governments of the Russian Federation and the Republic of Cyprus of December 5, 1998, according to which dividends may be taxed in the country of residence of the company paying the dividends, if the person having the actual right to dividends is a resident of another country, the tax levied should not exceed 5% of the total amount of dividends, if the person having the actual right to dividends, directly invested the equivalent of at least \$100,000 into the company's capital, however, W.F. Browder and I.S. Cherkasov, being the actual managers of the above mentioned Cypriot and Russian legal entities, knew with certainty that these provisions of the Agreement were not applicable, since the Cypriot companies did not conduct independent financial and economic activities, were not the actual recipients of income and functioned solely as conduit (transit) companies for the purpose of reducing tax liabilities in operations and, under such circumstances, in accordance with Art. 275, subparagraph 2, paragraph 3 of Art. 284, Art. 310, 312 of the Tax Code of the Russian Federation a tax rate of 15% of the total amount of dividends should have been applied in the payment of dividends.

A qualifying sign of non-fulfillment of the duties of a tax agent on a particularly large scale was confirmed by the total amount of unpaid taxes amounting to RUB 3,405,785,047.54.

The direct intention of W.F. Browder and I.S. Cherkasov, who was the manager of Dalnaya Step LLC, to carry out deliberate bankruptcy was reflected in the acts of the defendants who made civil law transactions to dispose of the company's property, as a result of which liquid assets were moved to the bank accounts of the legal entities affiliated to and controlled by the defendants, as a result of which Dalnaya Step LLC was deprived of the opportunity to satisfy the creditor's claims represented by the tax authority and fulfill the obligation to make mandatory payments.

The qualifying sign of intentional bankruptcy causing major damage was established on the

basis of the amount of the creditor's outstanding claims and the outstanding obligation to make mandatory payments amounting to RUB 1,253,026,159.08.

Since it's established that the role of W.F. Browder both in the failure to perform the duties of a tax agent and in the intentional bankruptcy, was to develop a scheme of committing a crime, search for the perpetrators, including I.S. Cherkasov, control the flow of funds in the bank accounts of affiliates, the distribution of income received for personal purposes, the court recognizes W.F. Browder as the organizer of these crimes, in this connection, qualifies the latter's actions with reference to Part 3 of Article 33 of the Criminal Code of the Russian Federation.

The public prosecutor qualified the actions of the defendants in the course of his speech in the debate: W.F. Browder under article 33, part 3, and article 199.1, part 2, as amended by Federal Law No. 162-FZ of December 8, 2003, article 33, part 3, and article 196, as amended by Federal Law No. 161-FZ of December 19, 2005; I.S. Cherkasov under part 2 of article 199.1 of the Federal Law No. 162-FZ of December 8, 2003 and article 196 of the Federal Law No. 161-FZ of December 19, 2005, excluding from the charge against each defendant the crime provided for in subparagraphs "a,b", part 2 of article 199 of the Criminal Code of the Russian Federation, explaining its position by the fact that this crime is excessively imputed and is covered by the disposition of part 2 of article 199.1 of the Criminal Code of the Russian Federation.

The court fully agrees with the position of the public prosecutor, since the evidence examined in the court hearing, in its entirety, indicates that the actions of W.F. Browder according to part 3 of article 33, subparagraphs "a,b" of part 2 of article 199 of the Criminal Code of the Russian Federation, and I.S. Cherkasov according to the subparagraphs "a,b" of part 2 of Article 199 of the Criminal Code of the Russian Federation were excessively qualified by the pre-trial investigation bodies, therefore, taking into account the provisions of Articles 252 and 246 of the Criminal Procedural Code of the Russian Federation, the court excludes from the charge the reference to the commission of the crime by the defendants.

In view of the above, the court concludes that the guilt of the defendants W.F. Browder and I.S. Cherkasov has been established and proven.

W.F. Browder's actions are subject to qualification:

- according to part 3 of article 33, part 2 of article 199.1 of the Criminal Code of the Russian Federation in the wording of the Federal Law No. 162-FZ of December 8, 2003, because he really organized non-fulfillment in the personal interests of the duties of a tax agent to calculate, withhold and transfer taxes subject to the legislation of the Russian Federation on taxes and fees to calculate, withhold from the taxpayer and transfer to the appropriate budget, in a particularly large amount;
- according to part 3 of article 33, article 196 of the Criminal Code of the Russian Federation in the wording of the Federal Law No. 161-FZ of December 19, 2005, as he actually organized the commission of deliberate bankruptcy, i.e. the commission of actions knowingly causing the inability of a legal entity to fully satisfy the creditors' demands and to fulfill the obligation to make mandatory payments that caused major damage.

Actions of I.S. Cherkasov are subject to qualification:

- according to part 2 of article 199.1 of the Criminal Code of the Russian Federation in the wording of the Federal Law No. 162-FZ of December 8, 2003, because he really committed non-fulfillment in the personal interests of the duties of a tax agent to calculate, withhold and transfer taxes subject to the legislation of the Russian Federation on taxes and fees to calculate, withhold from the taxpayer and transfer to the appropriate budget, in a particularly large amount;
- according to part 3 of article 33, article 196 of the Criminal Code of the Russian Federation in the wording of the Federal Law No. 161-FZ of December 19, 2005, as he actually committed deliberate bankruptcy, i.e. committed the actions knowingly causing the inability of a legal entity to fully satisfy the creditors' demands and to fulfill the obligation to make mandatory payments that caused major damage.



At assignment of punishment, according to articles 6, 7 and part 3 of article 60 of the Criminal Code of the Russian Federation, the court takes into account the character and degree of public danger of the offences committed by W.F. Browder and I.S. Cherkasov, the identities of the defendants, their attitude towards the offence and the circumstances of the case, the nature of their actions and the degree of their participation in the commitment of the offence, and the significance of their participation in achieving the purpose of the offence.

In accordance with Part 2 of Article 61 of the Criminal Code of the Russian Federation, the court recognizes their first prosecution and no criminal record at the time of committing an offence as circumstances mitigating W.F. Browder's and I.S. Cherkasov's punishment. The court has not established any circumstances aggravating the punishment of defendants.

Taking into account the character and degree of public danger of the offences committed by W.F. Browder and I.S. Cherkasov, the actual circumstances of the case, the nature of their actions and the degree of their participation in the commitment of the offences, and the significance of their participation in achieving the purpose of the offences, taking into account the identities of the defendants, the court finds no grounds for imposing an alternative punishment to the deprivation of liberty or for imposing a suspended sentence on the defendants, and concludes that the defendant can only be rectified in conditions of isolation from society and the application of Article 64 or 73 of the Criminal Code of the Russian Federation.

At assignment to the defendant of an additional punishment in the form of the penalty for a crime provided by article 196 of the Criminal Code of the Russian Federation, the court considers severity of the committed crime, property status of the defendants and their families, possibility to work, to receive a salary and other income, and provisions of part 2 of article 46 of the Criminal Code of the Russian Federation.

Taking into account the identities of the defendants, their occupation, the circumstances of the committed crime, provided by Part 2 of Article 199.1 of the Criminal Code of the Russian Federation, the court considers it necessary to impose additional punishment in the form of deprivation of the right to engage in entrepreneurial activity in the territory of the Russian Federation.

Taking into account the actual circumstances of the crimes committed by the defendants and the degree of their public danger, the court does not see any reason to change the category of crimes to less serious in accordance with Part 6 of Article 15 of the Criminal Code of the Russian Federation.

Because W.F. Browder and I.S. Cherkasov are condemned for committing felonies, in accordance with part 3 of article 69 of the Criminal Code of the Russian Federation the court assigns the punishment to the defendants by partial addition of the punishments appointed for each crime.

Considering that on July 11, 2013 W.F. Browder was sentenced by the Tver District Court of Moscow to 9 years' imprisonment in a penal colony with deprivation of the right to engage in entrepreneurial activity on the territory of the Russian Federation for a period of 3 years, the court imposes a final sentence under the rules of Part 5 of Article 69 of the Criminal Code of the Russian Federation, on the totality of crimes committed, by partially adding up the sentences imposed.

Taking into account the circumstances of the crimes established in the court session, the identities of the defendants, the conduct of judicial proceedings in the manner prescribed by Part 5 of Article 247 of the Criminal Procedural Code of the Russian Federation, the court elects to remand W.F. Browder and I.S. Cherkasov in custody.

During the preliminary investigation, the representative of the complainant filed a civil claim for joint recovery from W.F. Browder and I.S. Cherkasov in favor of the budget of the Russian Federation as compensation for property damage: according to part 2 of article 199.1 of the Criminal Code of the Russian Federation – RUB 3,405,785,047.54, according to article 196 of the Criminal Code of the Russian Federation – RUB1,253,026,159.08, and total of RUB 4,658,811,206.62 (vol. 59, page 53).

In a judicial session the representative of the complainant has given the information on repayment of a part of property damage in the amount of RUB 390,726,645.53; in connection therewith, he reduced the claims declared under Art. 196 Criminal Code of the Russian Federation, to RUB 862,299,513.55, and requested to collect from defendants the total amount of RUB 4,268,084,561.09.

The Public Prosecutor requested that the civil action be granted to the extent specified.

Having examined the claims stated by the representative of the complainant, the court, taking into account the proof of guilt of the defendants, W.F. Browder and I.S. Cherkasov, confirmation of the size of claim by the circumstances established in the criminal case, guided by articles 1064 and 1080 of the Civil Code of the Russian Federation, according to which the damage caused to the person or property of the citizen, as well as the damage caused to the property of the legal person, is subject to compensation in full by the person who caused the damage, and the persons who have jointly caused the damage are jointly responsible to the complainants, considers the claim to be subject to satisfaction.

In accordance with paragraph 5 of Part 3 of Article 81 of the Criminal Procedural Code of the Russian Federation, the documents which are physical evidence and maintained in a sewn form in the criminal case file, should be left in the criminal case during the entire retention period of the latter.

Since the criminal case against W.F. Browder and I.S. Cherkasov was singled out as a separate case from Criminal Case No. 153123 investigated by the Investigative Department of the Russian Ministry of Internal Affairs against other persons, physical evidence: register of notarial actions of the Moscow notary public O.V. Bushuyeva should be kept in the notary's office until the final procedural decision on the criminal case No. 153123; seals of Makhaon, Baikal-M, Rouse, Riland, Orient-K, Kameya, Hermitage Capital Management Limited, computer system units seized during the search in Firestone Duncan's office, Rover Book Voyager laptop seized during the search of D.I. Dorofeyev's home, located in the physical storage room of the Investigation Department of the Ministry of Internal Affairs of the Russian Federation should be kept in the criminal case file No. 153123 until the final procedural decision is made thereon.

Governed by articles 297-299, 304, 307-309 of the Russian Federation Code of Criminal Procedure, the court

#### **RULED:**

**Mr. William Felix Browder** is found guilty of committing the crimes under article 33, part 3, article 199.1, part 2 (as amended by Federal Law No. 162-FZ of December 8, 2003), part 3, article 33, article 196 (as amended by Federal Law No. 161-FZ of December 19, 2005) of the Criminal Code of the Russian Federation and to impose the following sentence on him:

- under article 33, part 3, article 199.1, part 2 of the Criminal Code of the Russian Federation (as amended by Federal Law No. 162-FZ of December 8, 2003) in the form of imprisonment for 5 (five) years, 6 (six) months, and impose a fine of RUB 200,000 (two hundred

thousand);

- under article 33, part 3, and article 196, of the Criminal Code of the Russian Federation (as amended by Federal Act No. 161 of December 19, 2005), in the form of imprisonment for a period of 5 (five) years and 6 (six) months, with deprivation of the right to engage in entrepreneurial activity in the territory of the Russian Federation for a period of 3 (three) years.

On the basis of part 3 of article 69 of the Criminal Code of the Russian Federation, on the aggregate of crimes, by partial addition of the appointed punishments, to assign punishment on W.F. Browder in a form of imprisonment for a period of 9 (nine) years, with a fine of RUB 200,000 (two hundred thousand), and deprivation of the right to engage in entrepreneurial activity in the territory of the Russian Federation for a period of 3 (three) years.

On the basis of part 5 of article 69 of the Criminal Code of the Russian Federation, on the aggregate of crimes, by partial addition of the appointed punishments, under this sentence and under the sentence by Tversky District Court of Moscow of July 11, 2013, to assign aggregate punishment on W.F. Browder in a form of imprisonment for a period of 9 (nine) years, serving a sentence in a general-regime correctional facility, with a fine of RUB 200,000 (two hundred thousand), and deprivation of the right to engage in entrepreneurial activity in the territory of the Russian Federation for a period of 3 (three) years.

**Mr. Ivan Sergeevich Cherkasov** is found guilty of committing the crimes under article 199.1, part 2 (as amended by Federal Law No. 162-FZ of December 8, 2003), article 196 (as amended by Federal Law No. 161-FZ of December 19, 2005) of the Criminal Code of the Russian Federation and to impose the following sentence on him:

- under article 199.1, part 2 of the Criminal Code of the Russian Federation (as amended by Federal Law No. 162-FZ of December 8, 2003) in the form of imprisonment for 5 (five) years, and impose a fine of RUB 200,000 (two hundred thousand);

- under article 196, of the Criminal Code of the Russian Federation (as amended by Federal Act No. 161 of December 19, 2005), in the form of imprisonment for a period of 5 (five) years, with deprivation of the right to engage in entrepreneurial activity in the territory of the Russian Federation for a period of 3 (three) years.

On the basis of part 3 of article 69 of the Criminal Code of the Russian Federation, on the aggregate of crimes, by partial addition of the appointed punishments, to assign aggregate punishment on I.S. Cherkasov in a form of imprisonment for a period of 8 (eight) years, serving a sentence in a general-regime correctional facility, with a fine of RUB 200,000 (two hundred thousand), and deprivation of the right to engage in entrepreneurial activity in the territory of the Russian Federation for a period of 3 (three) years.

W.F. Browder and I.S. Cherkasov shall be remanded in custody. W.F. Browder's and I.S. Cherkasov's sentence period shall be calculated from the moment of their actual detention.

The civil claim filed in the interests of the Russian Federation shall be satisfied.

To recover jointly from William Felix Browder and Ivan Sergeevich Cherkasov in favor of the budget of the Russian Federation RUB 4,268,084,561.09 (four billion two hundred and sixty-eight million, eighty-four thousand, five hundred and sixty one rubles and nine kopecks) as compensation for property damage.

Material evidence: documents maintained in a sewn form in the criminal case file shall be left in the criminal case during the entire retention period of the latter register of notarial actions of the Moscow notary public O.V. Bushuyeva should be kept in the notary's office until the final procedural decision on the criminal case No. 153123; seals of Makhaon, Baikal-M, Rouse, Riland, Orient-K, Kameya, Hermitage Capital Management Limited, computer system units seized during the search in Firestone Duncan's office, Rover Book Voyager laptop seized during the search of D.I. Dorofeyev's home, located in the physical storage room of the Investigation Department of the Ministry of Internal Affairs of the Russian Federation should be kept in the criminal case file No. 153123 until the final procedural decision is made thereon.

The verdict may be appealed to the Moscow City Court, through the Tversky District Court

of the city of Moscow, within ten days from the date of proclamation thereof.

In the event that an appeal (objections to appeals and representations by other parties to the proceedings) is filed, the convicted person may, within ten days from the date of delivery of a copy of the verdict (complaint, representation), file a petition for his or her participation in the consideration of the criminal case with the court of appeal, and commission his or her defence in the court of appeal with the defence counsel chosen by him or her or her, or request the court to appoint a defence counsel.

Chaiperson:

P/S (the text of the verdict has been formatted into a text editor of a copy of the verdict received upon request in December 2018)

87