EUROPEAN PARLIAMENT

Mr. Ionas Nicolaou
Minister of Justice and Public Order

Brussels, 24 May 2018

Subject: Measures taken by Cyprus authorities to prosecute fraudulent schemes uncovered by Sergei Magnitsky and operations for money laundering and financing of terrorism

Dear Minister,

Following the reply of the Cyprus Attorney General to my letter, which I enclose, I would be grateful if you could reply to a number of questions below concerning actions that the Cyprus authorities may have taken or be considering taking to identify and take measures against perpetrators of fraudulent schemes uncovered by Russian murdered citizen Mr. Sergei Magnitskty, involving operations for money laundering and financing of terrorism using the Cyprus financial and corporate system.

$22 Million on 2 Cypriot Accounts Controlled by US Sanctioned KLYUEV and PAVLOV

1. Will Cyprus authorities investigate and prosecute Dmitry KLYUEV and Andrei PAVLOV, leaders of the KLYUEV Organised Crime Group ("KOCG") sanctioned by the US Treasury as responsible for the US$230 Million Fraud, who have substantial presence in Cyprus and alleged to have received at least **$22 Million** connected to the fraud proceeds, on two Cypriot accounts with FBME Bank (ALTEM INVEST, BVI and ZIBAR MANGEMENT, BVI) wired by OOO CAMELOT and OOO LIGA INVEST from accounts opened with Dmitry KLYUEV's Russian bank (Universal Savings Bank)?

2. Have the Cyprus authorities obtained and analysed evidence on the substantial presence of KOCG leaders – Dmitry KLYUEV and Andrei PAVLOV - in Cyprus in response to applications from Hermitage Capital, the victim of the US$230 Million Fraud, justifying an action by Cyprus prosecution authorities, and comprising information on their:
    - Residency in Cyprus;
    - Bank accounts in Cyprus;
    - Property and assets in Cyprus;
    - Shareholding in Cyprus company;
    - Directorship of Cyprus company;
    - Regular physical presence in Cyprus, including in preparation for and planning of the US$230 Million Fraud, as identified by the US Department of Justice?

3. Have the Cyprus authorities taken steps to interview Dmitry KLYUEV and Andrei PAVLOV during their regular trips to Cyprus in relation to the fraud against Hermitage and laundering of the $230 Million Fraud proceeds?

4. Have the Cyprus authorities issued an arrest warrant for Dmitry KLYUEV and Andrei PAVLOV in connection with the fraud against Hermitage and laundering of the $230 Million Fraud proceeds given the evidence of their involvement and presence in Cyprus?

5. Have the Cyprus authorities obtained and analysed evidence on the nominees, agents and administrators – CONNECT SKY - who presently continue to act for the benefit of US-sanctioned KOCG leaders – Dmitry KLYUEV and Andrei PAVLOV in Cyprus, have they interviewed those agents and obtained evidence on instructions received for the benefit of Mr KLYUEV and Mr PAVLOV?

$11 Million on 16 Cypriot Accounts from Shell Companies & Related Accounts in the $230 Mln Fraud Proceeds Chain

6. In relation to the over **US$11 Million** connected to the proceeds of US$230 Million Fraud wired, as identified by the victim of the fraud, Hermitage Capital, to 16 Cypriot accounts:

   ((i)ASSERTIVE TRADING; (ii) BAYMONT SECURITIES INVESTMENTS LTD; (iii) BERNISCO ENTERPRISES LTD; (iv) ELITE DEVELOPMENTS LTD; (v) FAVEI LTD; (vi) GREEN POT INDUSTRIAL CORP; (vii) HIGH TECH COMPANY LTD; (viii) INVEST COM LTD; (ix) INVESTMENT WORLDWIDE GROUP CORP; (x) LORDPLACE HOLDINGS LTD; (xi) MOBEX LTD; (xii) PALER TRADING LTD; (xiii) RUBICON TRADE LTD; (xiv) SINTHOMA HOLDING LTD; (xv) UNI-INVEST GROUP LTD; (xvi) WINPREMIOUS LTD)

   by shell companies: (i) BUNICON-IMPEX, Moldova; (ii) ELENAST-COM, Moldova; (iii) EVIAC HOLDING, Belize; iv) DORID MANAGEMENT, Belize; (v) VANTEREY UNION, BVI; (vi) MELLAM HOLDING, BVI and Transkreditbank account,

   have the Cyprus authorities identified the real senders of funds, the real purposes of payments (i.e. whether goods or services were actually exchanged and with who), the real controllers of the Cypriot accounts, obtained correspondence for opening accounts and with instructions of payments, interviewed bank employees administering the accounts on the source of funds, and registration agents for the companies, in order to evaluate the signs of money laundering and take prosecution decision?

7. Have the Cyprus authorities provided to law enforcement bodies in the EU countries, to where funds connected to the US$230 Million Fraud were wired out of Cyprus after they were laundered in Cyprus (i.e. funds were wired to Cyprus first, to hide their origin, and then sent out of Cyprus to other jurisdictions as purportedly "clean" funds, thereby injecting criminal proceeds into the EU banking system) to alert them to the money laundering suspicion in connection with those funds? Have this information been provided to EUROPOL and EUROJUST to support a pan-European investigation?

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8. To the extent that the Cyprus authorities identified that the Cypriot accounts that received proceeds of the $230 Million Fraud were beneficially owned by Russian or Ukrainian nationals, have the Cypriot authorities obtained bank records, registration and financial files for these beneficial owners from Cyprus banks and registration agents and taken steps to interview the beneficial owners on the suspected money laundering transactions?

9. Have Cyprus authorities identified and interviewed enablers and facilitators of money laundering at banks and registration agents in Cyprus connected to the 16 Cypriot accounts which received US$11 Million connected to the fraud proceeds? Have the Cyprus authorities investigated the second-tier Cypriot accounts in the money laundering chain, including those that (i) received funds from the 16 accounts above and (ii) subsequently identified by authorities in France, Switzerland, Latvia, Estonia and Lithuania as connected to the US$230 Million Fraud proceeds?

10. What is the status of the investigation and prosecution of the evidence that a Cypriot account of BALEC VENTURES with FBME Bank alleged to have received the US$230 Million Fraud proceeds was used for terrorism financing and support of the Syrian regime?

Political Motivation in Mutual Legal Assistance

11. What is the status of an investigation and prosecution of allegations that an official in the Cyprus Prosecutor's Office was improperly collaborating with Russian authorities and advancing politically-motivated Russian cases?

12. Why are the Cyprus executive authorities cooperating with the retaliatory Russian criminal proceedings (No 153123) against Hermitage executives and lawyers contrary to the recommendations by the Council of Europe not to give assistance to these very Russian proceedings, found to be emblematic of "legal nihilism," and also found to be politically motivated by INTERPOL's governing bodies, and despite the European Convention's provision entitling to refuse assistance in such cases?

Best regards

Ana Gomes

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Member of the European Parliament