

Hermitage Capital Sues in Constitutional Court

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Hermitage Capital, William Browder's \$1.2 billion hedge fund, has filed a suit with the Constitutional Court against the Interior Ministry over a criminal tax investigation opened against the company in 2007.

The suit is an attempt to combat "the development over the last five years of the whole idea of corporate raiding and extortion by law enforcement officers," Browder told The Moscow Times.

Lodged on Feb. 21 by a legal representative of Hermitage Capital, the suit was received and stamped by the Constitutional Court on Feb. 24.

Hermitage Capital contends that the Interior Ministry abused its power by permitting a criminal tax investigation when the tax authorities had never made any tax claims against the company. Furthermore, the subsequent raids on the company's offices were a front for the

theft of corporate documents later used to misappropriate Hermitage Fund companies and steal \$230 million of taxes that had already been paid to the Russian government, the hedge fund alleged.

Browder said this practice is not unique to Hermitage Capital and that the success of the case — and a change in the law — would benefit thousands of businesses across Russia.

Russia denied Browder entry on national security grounds in 2005 and put him on its international wanted list in 2009 on a charge of tax evasion to the tune of more than 500 million rubles (\$16.2 million).

Sergei Magnitsky, an attorney used by Hermitage Capital, died in prison after being denied medical treatment following his arrest in relation to the allegations.

Browder said it is likely that the Constitutional Court will reach a judgment by early fall. Hermitage Capital does not necessarily expect a positive outcome, but it is technically possible for a rejection of the suit to be accompanied by a change in the law.

"At the end of the day, it's a question of public opinion," Browder said.

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