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Hermitage Gets Swiss Probe

By The Moscow Times

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The Swiss attorney general on Wednesday confirmed opening a money-laundering probe after Hermitage Capital Management claimed that a former Russian tax official moved fraudulent tax refunds through accounts at Credit Suisse.

Hermitage, once the largest foreign investor in Russia, claims that Olga Stepanova pocketed at least $38 million from the fraud and used the money to buy homes in Dubai, Montenegro and Russia.

The London-based fund manager on Jan. 28 asked Switzerland and Credit Suisse to investigate accounts held by two offshore companies it says were set up by Stepanova's husband to finance the foreign real estate deals.

"The Office of the Attorney General of Switzerland confirms having officially launched a criminal investigation in respect of suspected money laundering," spokeswoman Jeanette Balmer said in an e-mail from Bern when asked about the Hermitage allegations.

"The investigation relates to persons unknown," she said, declining to release further details.

Hermitage founder William Browder has been campaigning for the prosecution of Russian officials he blames for the death of Sergei Magnitsky, a lawyer who alleged that Interior Ministry officials fraudulently collected a $230 million tax refund on behalf of the investment fund. Magnitsky died in November 2009

after almost a year in pretrial detention during which he said he was abused and denied medical care.

Stepanova signed off on the $230 million tax refund, according to a video that Magnitsky supporters released this week.

Stepanova, now an adviser to the head of Russia's arms procurement agency, Rosoboronpostavka, didn't respond to e-mailed, faxed and phone requests for comment submitted to the agency's press service Wednesday. Her husband, Vladlen Stepanov, an employee of Moscow-based Volsstroi, is on vacation until mid-May, according to a person who answered the company's phone and said he would pass on a reporter's contact number.

Credit Suisse declined to comment on Hermitage's specific allegations, saying it complies with "all applicable laws," including those related to money laundering.

"We are confident that we have a sound control framework with the necessary internal policies," the Zurich-based bank said in an e-mailed statement. "As a matter of policy we are unable to comment on any potential client relationships."

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