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Magnitsky, Browder Charged With Tax Evasion

By The Moscow Times

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The Prosecutor General's Office said Thursday that it is leveling charges of tax evasion against Hermitage Capital Management founder Bill Browder and a former attorney for the firm, Sergei Magnitsky, who died in a Moscow prison in 2009.

Magnitsky and Browder are charged with skirting 522 million rubles ($16.8 million) in taxes by "falsifying tax declarations and illegally using benefits intended for disabled persons," the general prosecutor said in a statement posted on its website.

The case will be heard at Tverskoi District Court in Moscow, prosecutors said.

Hermitage Capital had one of the largest investment portfolios of all foreign investors here until Browder, its chief executive officer, had a political and legal falling-out with Russian authorities in the late 2000s.

Magnitsky, who handled tax matters for Hermitage through his job with Moscow law firm Firestone Duncan, was arrested for tax fraud in November 2008. He died in November 2009 in Moscow's prison after becoming gravely ill while imprisoned. He never went on trial.

In 2011, the Kremlin's human rights council said Magnitsky, 37, had been severely beaten on the day of his death and that the investigators in his case should never have been involved because of a conflict of interest.

Magnitsky's supporters say the charges against him were made by the same officials whom he had accused of a $230 million tax fraud.

Browder, a U.S.-born British citizen who was refused entry to Russia in 2005, ostensibly because he posed a national security threat, is being prosecuted in absentia. Prosecutors said Browder refuses to appear before investigators, and Britain "is refusing international legal cooperation with Russia on this issue."

Hermitage Capital said in a statement Thursday that it considers the tax evasion case against Browder and Magnitsky to be based on fraudulent materials.

Magnitsky's relatives have rejected the government's decision to close the criminal investigation of the legal adviser's death and, as a result, the prosecutor general's case will be handed to the courts "for consideration of its merits," the statement said.

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