

Police Set to Charge Browder for Buying Gazprom Stock

By [The Moscow Times](#)

March 05, 2013

The  Moscow Times

The Interior Ministry is preparing to bring criminal charges against U.S.-born investor Bill Browder, the latest turn in a feud that has led to U.S. sanctions against Russian officials, a Russian ban on U.S. adoptions of Russian children and the upcoming posthumous trial of Sergei Magnitsky.

Magnitsky worked as a lawyer for Browder's Hermitage Capital, once a minority shareholder in the state-controlled gas giant, Gazprom. He died in jail in 2009 after his pancreatitis went untreated. The Kremlin human rights council said in a 2011 report that Magnitsky had been repeatedly beaten and deliberately denied medical treatment.

Magnitsky and Browder are due to be put on trial next week for tax evasion.

Browder, a British citizen, has been barred from Russia since 2005 as a security threat, according to Russian officials. He has campaigned to bring those responsible for Magnitsky's

death to justice.

Mikhail Alexandrov from the Interior Ministry's Investigative Department said Tuesday that there is sufficient evidence to charge Browder with misappropriation for allegedly using subsidiaries to amass a 3 billion ruble stake in Gazprom between 2001 to 2004. Until 2005, foreign investors were not allowed to hold more than 9 percent of Gazprom shares.

"We're talking about not only personal enrichment with the violation of Russian laws by illegally buying up stocks in strategically important gas monopolist Gazprom, but it's about intending to impose their own rules on that company," Alexandrov said.

The police official also charged that Browder was trying to gain access to the company's financial reports.

Magnitsky alleged in 2008 that organized criminals colluded with corrupt Interior Ministry officials to claim a \$230 million tax rebate through illegally obtained subsidiaries of Hermitage Capital.

Those same officials had Magnitsky arrested and placed in pre-trial detention. Magnitsky and Browder were accused of evading \$16.8 million in taxes.

The Magnitsky Act was passed in the United States in December, targeting the Russian officials who had been identified by Browder and his associates as people involved in Magnitsky's death. In retaliation, Russia banned the adoption of Russian children to the United States, sparking protests in Russia and abroad.

Browder, whose Hermitage Capital used to be Russia's largest portfolio investor, said that "purchasing Gazprom shares through derivative structures was entirely legal in Russia and was blessed by both the Russian Federal Securities Commission and Gazprom itself."

"Roughly 35 percent of all Gazprom shares were owned by foreigners through these products," he said.

Browder described the charges as "politically motivated charges in retaliation to my involvement in passing the Magnitsky Act in the U.S. and advocating for similar Magnitsky sanctions in Europe."

Browder no longer has any assets in Russia, and it was unclear what impact a conviction in a Russian court would have.

Browder said he expects further charges against him to be manufactured "by the Russian government based on an instruction from Putin."

Original url:

<https://www.themoscowtimes.com/2013/03/05/police-set-to-charge-browder-for-buying-gazprom-stock-a22084>