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France Freezes Funds as Part of Magnitsky Fraud Case

By The Moscow Times

June 25, 2015



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PARIS — French authorities have frozen millions of euros in bank accounts after launching an investigation into an alleged Russian fraud scheme uncovered by Sergei Magnitsky, a Moscow lawyer who died in a Russian jail.

A judicial official in Paris said leading investigative magistrate Renaud Van Ruymbeke was heading a team of three judges inquiring into the laundering of cash from Russia connected to the case Magnitsky was working on.

The French investigation arose after a complaint filed by Magnitsky's employer, Hermitage Capital, an investment fund active in Russia. Hermitage provided evidence that detailed a trail of cash into France and Luxembourg allegedly forming part of the proceeds of a $230 million fraud exposed by Magnitsky.

Magnitsky died in prison in 2009, aged 37. Human rights groups say he was beaten and denied medical help. He had been arrested after filing a complaint alleging the forcible takeover of companies belonging to Hermitage which were then used to claim fake tax rebates.

U.S. Sanctions

Two people with knowledge of the French case said several million euros in bank accounts in France has already been frozen. A judicial official said a woman of Russian origin had been arrested and questioned about her knowledge of the money.

The official said the woman was under formal investigation, a step which under French law means there are grounds for suspicion but does not always lead to trial. The woman's lawyer, Julie Archippe, said she had no comment on the case.

The outcry that followed Magnitsky's death led to sanctions imposed on several Russian officials by U.S. Congress, the seizure of property in New York, and criminal investigations into money laundering launched in several countries.

Safya Akorri, a lawyer for Hermitage in Paris, said Magnitsky has been killed because he wanted a major crime exposed, and Russian authorities never rendered justice for this murder. "It is good to see that justice can prevail here in France and that money laundering and corruption will be taken with the seriousness it deserves."

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