

Paradise Papers: How a Russian Businessman Scammed a European Bank Out of Millions

Alexander Glukhovskoi had an Interpol warrant for his arrest. But the EBRD still did business with him

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November 09, 2017



Alexander Glukhovskoy / MT

A Russian businessman is reportedly at the center of a scam which funneled millions of dollars from a taxpayer-funded European development bank to offshore shell companies, according to the Paradise Papers leak.

On Sunday, the International Consortium of Investigative Journalists (ICIJ) published 13.4 million documents leaked from the Bermuda-based law firm Appleby. The so-called [Paradise](#)

[Papers](#), which follow the group's earlier Panama Papers in 2015, detail the methods the rich and powerful use to hide their wealth offshore.

Aftenposten, a media partner of ICIJ based in Norway, [reported](#) on Wednesday that the taxpayer-funded European Bank for Reconstruction and Development (EBRD) in 2008 handed millions of dollars of funds to one of Appleby's clients — Imperial Mining.

By November of that year, EBRD had given Imperial Mining \$21 million to mine cobalt in Central Asia, on the border of Russia and Mongolia, according to Aftenposten.

But the money was never actually used for the purpose, Aftenposten claims. According to the Norwegian daily, after exploratory drilling in the summer of 2008, all work ceased.

Meanwhile, early in 2009, Imperial Mining transferred more than \$15 million to a company controlled by one of its own shareholders — IM International, a shell company in the Cayman Islands — supposedly in return for a mining license, which are typically a fraction of the cost. And between 2009 and 2011, Imperial Mining reportedly spent another \$7 million on “consulting fees,” which were not documented, the report says.

Tina Soreide, a professor at the Norwegian School of Economics, told Aftenposten that the transactions look like a “massive” and “well-planned scam.”

Imperial Mining did not respond to The Moscow Times' request for comment.

Alexei Musteatsa, the man listed as the director of Imperial Mining on EBRD's [site](#) for the project, was reached by phone by The Moscow Times.

“I don't know what you're talking about. I haven't worked for that company for many years,” he said, before quickly hanging up.

The company had two shareholders at the time, Aftenposten reports: IM International and Americo Resources, which is co-owned by Alexander Glukhovskoi and his ex-wife, Julia Glukhovskaya. The Moscow Times was able to independently verify Glukhovskoi's position through Imperial Mining's website and a Florida public records search.

According to Aftenposten, the nefarious nature of Imperial Mining should have been clear to the EBRD.

Glukhovskoi had fled Moscow in 2005 after being charged with fraud and threats and was put on Interpol's wanted list that same year. In 2011, he was [reportedly](#) arrested in Thailand, which was where he was last seen.

The Moscow Times called a number registered to Glukhovskoi in Florida, but the number has been disconnected.

Yelena Kotova, the former Russian representative to EBRD, who was herself [charged](#) with bribery in 2013, told The Moscow Times that she expressed to the bank's management her “deep surprise that the EBRD considered a project in which the key beneficiary was under investigation for fraud.”

But, she said, the bank ignored her — and that regardless of her warning, its management should have known otherwise: a simple internet search, she said, would have shown he was on Interpol's list of wanted Russians at the time.

Kotova was fired by EBRD for the bribery allegations two years before she was charged in a Moscow court. After her dismissal, the bank invested another \$250,000 into Imperial Mining, Aftenposten reports.

Asked by The Moscow Times whether the EBRD knew of Glukhovskoi's stake in Imperial Mining at the time of the bank's initial investment, Jonathan Charles, the managing director of EBRD's communications department, did not respond.

He did say, however, that Kotova's account "was flawed." "The investment in Imperial Mining occurred during the period when Kotova was the Russian Federation's Board Director at the EBRD," he said.

"Her activities were detected by the Bank's own internal processes in 2010 and we took immediate action."

According to its website, the bank "was established to help build a new, post-Cold War era in Central and Eastern Europe," and adheres to a "clearly defined set of standards."

"Those occasional projects like Imperial Mining which do not work out as intended," Charles wrote to The Moscow Times, "should be seen in the context of those overall profits and the huge impact that we deliver in our countries."

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