



Hermitage Capital Management

Charles E. Grassley
Chairman
United States Senate
Committee on the Judiciary
Washington DC
20510-6275

By Email: Samantha_Brennan@judiciary-rep.senate.gov

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Dear Chairman Grassley

Response to Charles E. Grassley, Chairman, Committee on the Judiciary

1. Do you stand by your testimony that Fusion GPS received money from the Russian government? Please explain.

Answer:

Yes, I stand by my testimony that Fusion GPS received money from the Russian government. I have based my determination on the following facts:

1. Fusion GPS was involved in the anti-Magnitsky campaign in Washington DC in the spring-summer of 2016.
2. The anti-Magnitsky campaign was a major foreign policy priority of the Russian government.
3. Fusion GPS was paid by the Katsyv family, which is headed by a high-ranking Russian government official named Pyotr Katsyv.
4. Pyotr Katsyv is a senior member of the Putin regime. Currently, he is Vice President of 'Russian Railways', a huge Russian transportation company, in which the Russian government is the sole shareholder. He was previously for many years Vice Chair of the Government and Minister of Transport of the Moscow Region (a province larger in size than the Netherlands).

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2. How does the Russian government structure its arrangements for agents to do propaganda work on its behalf in other countries?

Answer:

The Russian government in some cases works directly and openly with Western PR agents, for example with the US firm Ketchum.

In other cases, the Russian government works through proxies, like the Katsyv family. As I mentioned in my Senate Judiciary Committee testimony, the Katsyv family hired Glenn Simpson of Fusion GPS, Chris Cooper of Potomac Strategies, Cozen O'Connor, Ron Dellums, the Washington DC office of Baker Hostetler, Rinat Akhmetshin, and others try to repeal the Magnitsky sanctions, remove Magnitsky's name from the Global Magnitsky Bill, and spread a false message about Sergei Magnitsky and myself.

A similar exercise took place by the Klyuev Organised Crime Group in the UK, in order to try to influence policy on the Magnitsky case. The Klyuev Group is headed by the Russian mob boss, Dmitry Klyuev who received a significant portion of the proceeds from the \$230 million crime that Sergei Magnitsky exposed. A number of senior Russian officials belong to the Klyuev Group.

Andrei Pavlov (the Klyuev group lawyer who played a similar role in the UK to Natalia Veselnitskaya in the US), hired former UK Attorney General Lord Goldsmith, private investigation firm GPW headed by a UK's career diplomat Andrew Fulton, a former British Member of Parliament Adrian Flook and a former advisor to member of parliament Alex Moore, both from the lobbying firm CTF.

3. How does the Russian government make payments to its agents?

Answer:

Over the last seventeen years, the Putin regime has created a class of 'dependent oligarchs.' These individuals became wealthy through corruption and abuse, which was authorized and sanctioned by Putin and his regime.

The quid-pro-quo for this illegal wealth creation was that these individuals were then on-call to execute various actions important for the Putin regime and to spend some of the ill-gotten gains on those projects.

When the Putin regime is not acting through direct channels, they make payments to their agents through 'dependent oligarchs'. The Katsyv family is a case in point.

Between 2000 and 2012, Pyotr Katsyv was the Minister of Transport for the Moscow Regional Government. In that role, he controlled a multi-million-dollar government budget and was responsible for transportation in the Moscow Region. Between 2004 and 2012 Mr. Katsyv was also Vice Chair of the Moscow Regional Government.



In 2002, his son Denis, who was 25 years old at the time, became the owner of a Russian company called Mosobltrans-1, which provided transportation services. Some of the most important clients for Mosobltrans-1 were departments of the Moscow Regional Government, where his father was the Minister of Transport and Vice Governor. This company then generated dozens of millions of dollars in revenues.

Through schemes like this, the Katsyv family became extremely wealthy. Putin did not just tolerate this type of arrangement in Russia, but encouraged it. One of the main benefits to Putin was to be able to call on people like Mr. Katsyv to undertake important projects for him.

In 2013 the US Department of Justice discovered that Denis Katsyv had been receiving funds from the \$230 million crime that Sergei Magnitsky exposed. The US authorities subsequently froze \$14 million of properties and assets that belonged to Denis Katsyv in New York. As the Katsyv family started to prepare their legal defense, I believe Putin effectively deputized the Katsyv family to wage a full-scale war to challenge the Magnitsky Act in the US with the objective of repealing it and stalling the passing of the Global Magnitsky Act.

All the work that the Katsyv family did to try to have the Magnitsky Act repealed did not have any bearing on the asset forfeiture case that the U.S. Department of Justice had brought against them. The case was based on pre-existing U.S. money laundering statutes which were not dependent on the Magnitsky Act and had nothing to do with the Global Magnitsky Act.

Even if the Katsyv family had been successful in repealing the Magnitsky Act or delaying the vote on the Global Magnitsky Act, the money laundering charges issued by the Department of Justice would have remained.

The economics of the Katsyv case also makes that apparent. Even though \$14 million had been frozen by the US Government, I estimate that the Katsyv family spent more than that on lawyers, PR agents, consultants and lobbyists to act on a much wider agenda addressing Putin's objectives.

4. Do you stand by your testimony that Fusion GPS' work in the Prevezon case was not limited to litigation support research, but also included an anti-Magnitsky propaganda campaign as well? Please explain.

Answer:

Yes. I stand by my testimony.

In 2016, Fusion GPS was involved in a coordinated campaign on behalf of the Russian government to repeal the Magnitsky Act, delay the passage of the Global Magnitsky Act through Congress and to have Sergei Magnitsky's name removed from the bill.

The role of Fusion GPS in this anti-Magnitsky campaign was to contact journalists to make false claims about Sergei Magnitsky and myself, so that articles could be then presented to those in Congress and



congressional staff members to influence the decision-making on U.S. sanctions legislation and foreign policy towards human rights abusers. This work was clearly outside the scope of any litigation.

It is also clear that Fusion GPS's anti-Magnitsky PR work would not have been appropriate in court. In the jury selection process in the Prevezon case, the questionnaire to prospective jury members asked: "Have you heard, read, or seen anything recently about ... the Magnitsky Act?" and "Have you heard, read or seen anything about this case or any of the events that are associated with this case?" and "Please indicate if you are familiar with ...Sergei Magnitsky..The Magnitsky Act or List... If yes, please explain." The reason for the questionnaire was to exclude potential jurors who may have had pre-conceived ideas or formed prejudices about the case from the media, among other things.

Additionally, Judge Pauley who was presiding over the Prevezon case would not have based his decisions on articles in the press, but on evidence presented in court.

Furthermore, the timing of Fusion GPS' PR work is inconsistent with 'litigation support'. At the time of their anti-Magnitsky media outreach (between April and June 2016) when Fusion GPS was contacting journalists, there was no litigation taking place. The proceeding had, since 25 January 2016, been stayed by an order of the US Court of Appeals for the Second Circuit pending consideration of ethical violations by Baker Hostetler, Prevezon's law firm and the firm that formally hired Fusion GPS. Later in 2016, the US Court of Appeals ruled that the case of ethical violations presented "extraordinary circumstances" necessary to grant a writ of mandamus and ordered to disqualify Baker Hostetler.

5. After reading the Post article, do you still believe that Fusion GPS should have registered under the Foreign Agents Registration Act? Please explain.

Answer:

Yes, I believe that Fusion GPS should have registered under the Foreign Agents Registration Act for the work they did on the anti-Magnitsky campaign. I believe that the Washington Post story ignored a number of key facts that I had provided to the reporter before the story was written.

My logic in respect of the Fusion GPS' Foreign Agents Registration Act violation is as follows:

1. Fusion GPS was working on the Russian government's anti-Magnitsky campaign which aimed to repeal the Magnitsky Act, delay the passage of the Global Magnitsky Act in Congress, and/or to remove Magnitsky's name from the Global Magnitsky bill.
 2. The anti-Magnitsky campaign has been a clear priority of the Russian government which had been identified by the Russian President, the Russian Foreign Affairs Minister, and the Russian General Prosecutor, among others.
 3. Fusion GPS was reaching out to journalists in order to generate press coverage for use in that anti-Magnitsky campaign.
 4. Fusion GPS was paid for their work by the family of a senior Russian government official (the Katsyv family), who coordinated their activities with other members of the Putin regime.
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5. The criteria for registration requires agents working for foreign government interests to further the political agendas of those foreign governments, to register.
6. Fusion GPS did not register under the Foreign Agents Registration Act, even though the Russian government's anti-Magnitsky agenda and the fact that Fusion GPS' client was a son of a senior Russian government official were both public knowledge.
7. Therefore, Fusion GPS was not in compliance with the Foreign Agents Registration Act.

6. According to the article you agreed with its conclusion: "Even Browder, a fierce critic of Fusion, said in an interview the White House is 'conflating two issues.'" Is that quote a fair representation of all your communications with the Post for the article?

Answer:

Not really. On the contrary, the main point I made to reporter Glenn Kessler at the Washington Post was that Fusion GPS was doing work for the Russian government at the same time as it was working on the Trump dossier. I also made it clear that I do not know who paid Fusion GPS for the Trump dossier.

7. The Post gave Sanders "Three Pinocchios" for the statement that, "The Democrat-linked firm Fusion GPS actually took money from the Russian government while it created the phony dossier that's been the basis for all of the Russia scandal fake news." The factual elements of that statement most important to your testimony for the purposes of the Committee's work are: (1) Fusion GPS took money from the Russian government, and (2) it did so while it was working on the Trump dossier (reportedly for another client who supported Hillary Clinton). Your sworn testimony was that the first element is true. To the best of your knowledge, is the second element true as well?

Answer:

Yes. Based on the timing of Fusion GPS' work on the anti-Magnitsky campaign, as it was undertaken at the same time that Fusion GPS was also working for an unknown client on the Trump dossier.

Yours sincerely,

William Browder

Leader of the Global Magnitsky Justice Movement and CEO of Hermitage Capital Management
