

“Oversight of the Foreign Agents Registration Act and Attempts to Influence U.S. Elections: Lessons Learned from Current and Prior Administrations”

ANSWERS TO QUESTIONS FROM SENATOR FEINSTEIN

by William Browder

17 August 2017

1. In your testimony on July 27, in response to my question regarding the goals of the Russians in organizing the June 9, 2016 meeting between the Trump campaign and Russian lawyer Natalia Veselnitskaya, you testified: “The interest and the goal in that meeting was to repeal the Magnitsky Act. She said it. It’s been said by people who attended that meeting. And that’s the one thing that we can conclude with certainty about what happened in that meeting.” You also said:

“I do know how the Russian government behaves and the Russian security services behave. This was a big ask. To go and ask the possible future next president of the United States to repeal a major piece of human rights legislation, they wouldn’t have gone in and say, ‘Please can you repeal this for us?’ without having something to offer in return. What they were willing to offer in return, I don’t know. Whether that offer made any sense to the other side, I don’t know. But I would know, I do know that the KGB, the FSB, that these are the security services, they would have studied their targets carefully, they would have constructed an offer that they thought was appealing, and sizable enough to be consistent with what they were asking for.”

- a. **Would it be consistent with the Russian government’s past actions and tactics to offer assistance with the election or explore the campaign’s receptiveness to that type of offer?**

Answer:

Vladimir Putin is not constrained by moral, legal or reputational considerations when he acts. In looking at his foreign policy objectives, it would be perfectly normal for him to assign agents to test the receptiveness to his support in the elections and to offer such support.

The Russian government has been shown to get involved in the political and election processes in Europe. In France, for example, a Russian affiliated bank made a multi-million dollar loan to Marine Le Pen’s party.

- b. **Would it have been out of the norm for the Russians to offer information about Trump’s political opponent, Secretary Clinton as part of a *quid pro quo*?**

Answer:

It is likely that Russian agents would have been trying to target both campaigns and use partisan politics to their advantage.

The Russian government, through their agents, would have certainly been on the lookout for any incentives, in furtherance of the Russian government's goals.

If they thought that providing information on opponents could do the trick, they would have promised to deliver it, even if they did not have any such information.

2. Donald Trump, Jr. says he did not know the names of the individuals with whom he would be meeting on June 9, 2016 prior to the meeting. (“Trump team met with lawyer linked to Kremlin during campaign,” *New York Times*, July 8, 2017.)

- a. **If the campaign had asked for meeting attendees’ names before accepting the meeting, could they have learned about Ms. Veselnitskaya and Mr. Akhmetshin ties to the Russian government? What kind of research would they have had to do and what would they have learned?**

Answer:

A Google search on Natalia Veselnitskaya at that time would have indicated that she was working for the Russian-owned Prevezon Holdings, accused by the US Department of Justice of money laundering in relation to proceeds of the \$230 million fraud that my lawyer Sergei Magnitsky was killed for uncovering. It would have also shown her involvement with the anti-Magnitsky campaign.

A Google search on Rinat Akhmetshin would have indicated that he presents himself as a consultant on strategic communications, who speaks Russian and has knowledge of Eurasian affairs. There were reports identifying him as a former Soviet spy, and allegations against him for computer hacking, payments to journalists, slander and other controversial activities in various court submissions in connection with Russian oligarchs.

- b. **Given your experience, do you think Ms. Veselnitskaya was there asking for something on behalf of Russia? Would she likely have something to offer in return?**

Answer:

Natalia Veselnitskaya was coordinating her activities in the US with Yuri Chaika, Russian General Prosecutor and a key member of the Putin regime. Consequently, she would have had significant state resources at her disposal.

The Magnitsky Act is a landmark piece of human rights legislation, which imposes sanctions on torturers, murderers and corrupt officials in the Putin regime. If Natalia Veselnitskaya was going to ask the son of the possible future next president of the United States for something as big as repealing that legislation, she would surely have been offering something which she thought would be commensurate with that enormous request, knowing that such a request would have had huge resistance in Congress.

3. You testified on July 27 that you are at least somewhat familiar with the “Steele dossier”, based on what you have read in the press. As you are likely aware, the dossier was originally solicited by Republicans who were opposed to the Trump campaign. It describes a long-term effort by Russia to gather compromising information on Donald Trump, and also describes a series of contacts between the Trump campaign and Russian officials during the election. The dossier was written by former British intelligence agent Christopher Steele.

- a. What do you know about Mr. Steele, and his reputation gathering intelligence about Russia?**

Answer:

I know that Mr Steele is a director of a UK-based private intelligence company and that prior to that he worked for the British government.

- b. Do you have any reasons to doubt Mr. Steele’s expertise in gathering Russian intelligence?**

Answer:

I do not have information to be able to judge Mr. Steele’s expertise.

- c. The dossier alleges that Russia has been cultivating and supporting Donald Trump for at least five years, with a goal by Putin of encouraging divisions in western alliance. Does this seem plausible to you, as something Russia might do?**

Answer:

It has been a clear objective of President Putin to sow discontent in the West at all levels.

Putin has been very clear that he would like to see NATO weakened or dissolved, the European Union broken up, sanctions against Russian persons and entities lifted, and to be left alone to wreak havoc over his neighboring countries.

To achieve Putin's objectives, Russian agents pursue active measures to cultivate, overtly and covertly, high-profile Western targets in the world of politics, business,

sports, media and entertainment. They also attempt to pursue pretty much anyone coming into their orbit, to advance Russia's foreign policy objectives.

- d. The dossier alleges a “well-developed conspiracy of co-operation” between the Trump campaign and Russian leadership, managed on the Trump side by Trump campaign manager Paul Manafort. Given what you know about Putin, the Russian government, and Mr. Manafort, is this scenario plausible?**

Answer:

I have no specific knowledge of such cooperation.

It is plausible that if the Russian government wanted to work with the Trump campaign, they would have approached him or those close to him.

There are historic precedents of Russia engaging with former Western leaders. When former German Chancellor Gerhard Schroder stepped down as Chancellor, he was offered and took up a very lucrative position working for an affiliate of the Russian state-owned company Gazprom. He then used his position in the German Social Democratic Party to try to influence German policy towards Russia including easing Western sanctions.

4. You testified that while you do not know Trump campaign manager Paul Manafort, you are generally familiar with who he is. Recent press reports indicate that Mr. Manafort has received tens-of-millions of dollars over the last several years from Russian oligarchs -- including Oleg Deripaska and Dmytro Firtash -- and Ukraine's pro-Russia political party and its leader, Viktor Yanukovich. Press reports further indicate that Manafort is in significant debt to at least some of these interests. (“Manafort was in debt to pro-Russia interests, Cyprus records show,” *New York Times*, July 19, 2017)

Are you familiar with Oleg Deripaska, Dmytro Firtash, or Viktor Yanukovich? If so, can you explain what their relationships to Putin are?

Answer:

Oleg Deripaska is a powerful and well-connected Russian oligarch in the Putin regime. I don't know the basis for his relationship with Putin, but when Deripaska's businesses were in trouble, it was reported that Russian state owned banks appeared to either have made emergency loans to his businesses or relaxed the terms of their previous loans so that he didn't go bankrupt. When Deripaska was denied a US visa, Russian officials regularly brought up reinstating his visa as part of their conversations with their US counterparts.

Victor Yanukovich is the former Ukrainian president who was granted asylum by Vladimir Putin, after Yanukovich fled Ukraine amid public protests against his kleptocratic regime.

Dmytro Firtash is a Ukrainian oligarch whose extradition is being sought by the US Department of Justice in relation to various allegations of wrong-doing. He was also reported to be the owner of two Russian companies, Euraltransgas and RosUkrenergo, which both siphoned huge profits out of Russia's state owned company Gazprom by acting as intermediaries at different times in Russian gas sales between Russia and Ukraine. In spite of the enormous losses that Gazprom suffered and the lack of obvious reason for this intermediary to exist, Putin tolerated and encouraged Firtash's companies over a long period of time.

5. You testified that “following the money is the key” to determine business relationships that could indicate compromised relationships between U.S. persons and Russia. However, you also stated that the U.S. is “one of the few remaining places in the world” corporations can hide their true ownership and operate anonymously, in the shadows. It would seem that the lack of corporate transparency in the U.S. is preventing us from actually following the money and understanding potential relationships between Russia and U.S. persons.

- a. What policies or legislation should we pursue in order to ensure that Russia and other foreign adversaries are not able to anonymously exert influence here in the U.S. through shell companies and other opaque corporate entities?**

Answer:

The first method is to focus on enforcing the existing rules which require registration of foreign agents. As the Russian anti-Magnitsky lobbying in the US has shown, Russia's agents were able to hire and pay multiple U.S. persons who were distributing the Russian government's propaganda in Washington, DC in spring-summer of 2016, but who had not registered under FARA. The activities of these agents were not entirely clandestine. The Russian propaganda effort was covered in the press. We filed a report providing pertinent information. Yet, it appears there were no consequences.

The second method is to monitor and take action where there are red flags involving anonymous or opaque foreign entities acting on U.S. policy issues. For example, the Russian anti-Magnitsky campaign in the US, according to disclosure forms, is partly supported through an unknown company called Berryle Trading Inc.

It would be important for the US investigators to have the tools to be able to verify the ownership structures and financials of such firms who have been utilized for Russian propaganda in Washington and yet have not fully disclosed their foreign affiliations.

- b. If an individual is suspected of acting as a foreign agent under FARA, should the Justice Department's investigation of that individual include an examination of that individual's finances and business records?**

Answer:

There are obviously a number of investigative avenues in cases of a suspected FARA violation that have to be pursued. A very important tool is to be able to understand and obtain evidence of who is ultimately paying for the foreign propaganda.

In the case of the Russian anti-Magnitsky propaganda, some of it was paid using an account of a US law firm, Baker Hostetler, who then distributed funds to US persons, like Fusion GPS, who pitched anti-Magnitsky stories to journalists. Baker Hostetler's account in turn was funded by a son of a Russian government official (the Katsyv family).

In addition, lobbying disclosure forms for the Anti-Magnitsky propaganda vehicle, HRAGI, registered in Delaware, shows Vladimir Lelyukh, without identifying him. A person with such name works as Deputy CEO of an affiliate of Russia's state-owned bank, Sberbank.

When agents of the foreign principal are obscured and payments are executed through a chain of people, entities and accounts, the only way of establishing that the person is a foreign agent is to be able to examine the payments all the way up the chain and require fuller disclosure.

- c. **Could you reiterate why you believe that “following the money” is critical to understanding the ways in which Russia exerts influence in the U.S.? What in Russia’s tool box for foreign interference makes financial and corporate transparency so crucial to have here in the U.S.?**

Answer:

Putin's Russia is not fighting an ideological war with the West, but a criminal war. Putin and his regime have engaged in a wholesale looting of the country that has no historic precedent. Their main foreign policy objective is to hold onto their money and hold onto their power. Their foreign policy is to break up any large united blocs that can stop their criminal activities in the West.

Because they are non-ideological, a principal way that they co-opt people in the West is with money. There are many Western enablers who gladly assist the Putin regime figures in laundering their money, keeping it safe, and then using it to achieve foreign agents' objectives. They do these services for high fees, but since every one of these enablers are doing it for money, it is possible to trace it by following the money.

However, following the money is difficult because there are bottlenecks in the system with anonymous shell companies, uncooperative jurisdictions and legal systems that make disclosure extremely costly and time consuming.

It took us seven years and a large team of investigators to find the money that Sergei Magnitsky exposed and was killed over.

Having transparency would make it less costly and easier to monitor and enforce regulations and to stop illicit foreign activity.

Answers to Questions from Senator Dick Durbin

By William Browder

17 August 2017

1. **Mr. Browder, given what you have seen with the corruption of Vladimir Putin’s regime, can you discuss the methods that Putin and his allies use to pay off those who serve their interests? Do they often use proxies, such as oligarchs from former Soviet States, and shell company transactions to help transmit these corrupt funds?**

Answer:

President Putin and his regime rely on a class of ‘dependent oligarchs’ and organized crime figures to use 'black funds' to further their foreign policy interests.

As an example, we discovered that some of the \$230 million stolen from the Russian government, that Sergei Magnitsky exposed and was killed over, was wired through Switzerland to Cyprus to a company called Balec. This company was owned by a Syrian/Russian dual national identified by the US government as being involved in providing material support to the Assad regime.

2. When President Trump held a second, undisclosed private meeting with Vladimir Putin at the G-20 summit, President Trump told the New York Times that he and Putin talked “about adoption.” **What do you think President Trump meant when he said that he talked “about adoption” with Putin?**

Answer:

In the context of this story, the word ‘adoption’ is code for the Magnitsky Act. Shortly after the Magnitsky Act was passed in 2012, Putin retaliated by banning the adoption of Russian orphans by American families. Putin was effectively taking his own orphans hostage and then offering to free the hostages if the US would repeal the Magnitsky Act. So when anyone from the Putin regime mentions adoptions, it is solely about repealing financial and travel sanctions imposed under the Magnitsky Act against some of the worst human rights abusers in the Putin regime.

3. In your testimony you said: “[s]ince its passage in 2012, the Putin regime has gone after everybody who has been advocating for the Magnitsky Act.” **How far do you think Vladimir Putin would go to cover his tracks with respect to efforts to influence the U.S. election in a way that might advance his efforts to repeal the Magnitsky Act?**

Answer:

Putin would do whatever was in his power to conceal his actions and his motives. The Putin regime would not stop at kidnapping or killing people if they thought there was any risk that those people could become whistleblowers against the regime.

Putin's only constraint is getting caught.

To give you a small sample of the criminality he is capable of:

1. In 1999, Putin authorized the bombing of apartment buildings which killed 293 of his own citizens in order to rally popular support for his presidency.
 2. In 2012 Putin took Russian orphans hostage as bargaining chips in his effort to have the Magnitsky Act repealed.
 3. In 2015 Boris Nemtsov, the Russian opposition politician most outspoken on the Magnitsky Act in the US Congress, Canadian parliament and the European parliament, was assassinated right in front of the Kremlin.
 4. In both 2015 and 2017 Vladimir Kara Murza, another advocate for the Magnitsky Act, was poisoned in Russia. He barely survived both assassination attempts.
4. In a February 6 interview with Bill O'Reilly, President Trump said he respected Vladimir Putin. O'Reilly said "but he's a killer." President Trump responded "there are a lot of killers. You think our country's so innocent?" **What would you say in response to President Trump's comments?**

Answer:

It is obviously very distressing for me to hear anyone try to minimize Putin's crimes as a victim of those crimes.

I believe Putin is personally responsible for the murders of Russian opposition politician Boris Nemtsov and independent journalist Anna Politkovskaya. Putin also personally participated in the cover up of the murder of my lawyer, Sergei Magnitsky.

I know of no other situation in modern history involving a US head of state comparable to what Putin has done in Russia.

5. On July 29, President Trump wrote a tweet linking to a Fox News article entitled "Firm behind anti-Trump dossier also worked for Russia, Senate witness says" and then saying "In other words, Russia was against Trump in the 2016 Election." President Trump's tweet runs counter to the January 6 Intelligence Community Assessment, which found that Russian President Vladimir Putin ordered an influence campaign in 2016 aimed at the U.S. presidential election

and that Putin and the Russian Government developed a clear preference for Trump. **Do you believe Russia “was against Trump in the 2016 Election”?**

Answer:

I have not seen any evidence that shows that Putin or the Russian government were against Trump during the US presidential election campaign. On the day of Trump’s election victory, there were celebrations in the Russian State Duma, on Russian state television and warm comments by Vladimir Putin.

6. Christopher Steele reportedly informed the FBI in August 2016 about his findings of potential collusion between the Trump campaign and Russian interests. **Should Donald Trump Jr. and the other Trump campaign advisors present for the June 9 meeting with Natalia Veselnitskaya have alerted the FBI that they received an offer to meet with a “Russian government attorney” who would provide “official documents and information” as “part of Russia and its government’s support for Mr. Trump”?**

Answer:

It is difficult for me to comment on the state of mind of the Trump campaign team or how they responded to information. If I had been in a similar situation, I would have certainly taken action to report it to law enforcement or other appropriate authorities.

7. **Based on your experience, do you believe that a failure by the United States to forcefully respond to Russian interference in our election will embolden Vladimir Putin to further interfere in elections in the U.S. and in other western democracies?**

Answer:

The only thing that Putin understands is hard consequences. If he has found a way to interfere in elections in the US and elsewhere and get away with it, he will not only repeat his interference in the future, but escalate it.

Answers to Questions from Senator Kennedy

by Mr. William Browder

17 August 2017

1. During the committee's hearing (on July 26) concerns were expressed that foreign entities could be used to anonymously donate to 501 (c)(4) groups as a means spread influence. With these comments referencing 501 (c) (4) entities in mind, please answer the following questions:

a. Have you seen evidence of foreign powers and their commercial interests seeking to influence U.S. policy by contributing to 501 (c) (3) or (c) (4) entities?

Answer:

I have no experience in this area.

b. Do you know of any examples of foreign commercial entities in the United States that have used non-profit groups, think tanks, media outlets or grass roots groups as a means of influencing policy? Do you know of examples where this has occurred and such entities did not register under Foreign Agents Registration Act?

Answer:

Yes. Russia's anti-Magnitsky Act lobbying campaign took place in the spring and summer of 2016. The campaign was financed by the family of a senior Putin regime official (the Katsyv family). The Katsyv family registered a corporation in Delaware called HRAGI (or the "Human Rights Global Accountability Initiative Foundation"). This fake NGO presented itself as an advocacy organization for Russian adoptions when in reality it was a front for Russia to lobby against the Magnitsky Act.

This organization and the Katsyv family hired lobbying and PR consultants, including Fusion GPS, Potomac Strategies, Cozen O'Connor, the Washington DC office of Baker Hostetler, Rinat Akhmetshin and others who did not register under the Foreign Agents Registration Act.

c. Do you believe such failures to register are due to ambiguities in the existing law? If not, please explain?

Answer:

I believe that the failure to register under FARA is mainly due to the lack of meaningful enforcement and consequences. Because the probability of any real consequences for not registering as a foreign agent is so low, foreign agents think that it is more beneficial to just keep their clients and their client's agendas secret.

- d. Do you believe that reforms are needed to the Foreign Agents Registration Act in order to prevent foreign agents, or quasi-governmental commercial entities from using non-profit groups as a means to represent their interests anonymously?

Answer:

Yes. I believe more robust FARA enforcement as well as more stringent requirements for disclosure of information on foreign clients of US lobbyists would make a big difference.

For example, although the Russian anti-Magnitsky Act vehicle, HRAGI, didn't file a FARA report, they did file lobbying disclosure reports naming five foreign entities who "support policies that would reinstate the ability for U.S. citizens to adopt Russian children". However, there was no information included to show that one of the lobbying clients was the son of a Russian government official, and that another one was a senior officer at a division of one of Russia's most important state-owned banks. The name of the official's son ('Katsyv') in the lobbying form was spelled differently (as 'Katcyv'), making it harder for anyone doing a name search to identify him. Real addresses for Mr Katsyv and his associates were not provided, instead address entries stated: "NA Moscow Russia." The fifth foreign entity was only presented as "Berryle Trading Inc," with no other data on it. There also appears to be insufficient public data on one of the two persons named as HRAGI's lobbyists (Robert Arakelian).

2. In remarks made during this hearing by Deputy Assistant AG Hickey, and by committee members, there were multiple references made to the difficulty in determining whether or not a foreign commercial entity represents the interests of a foreign government. As an example of such ambiguity, Senator Cornyn mentioned countries like China where there is a high level of state involvement in the actions and ownership of commercial entities. Considering the concerns raised during the course of this hearing, please answer the following questions:
 - a. Would you consider the Foreign Agents Registration Act currently well equipped to handle the rise of quasi-governmental commercial firms, or other similar entities that may seek to influence U.S. policy?

Answer:

No. I believe that some foreign governments deliberately avoid registration under the Foreign Agents Registration Act by using commercial proxies to help them advance their interests. This loophole needs to be closed.

- b. In your experience, how would you describe the typical structure of a commercial entity that clearly represents the interests of the home country?

Answer:

My experience is limited to Russia. In Russia, the government, criminals and businesses are all effectively merged and intertwined. This means that all private structures can be called on to do the state's bidding at any point.

When Putin has foreign projects where he doesn't want to show the face of the state, he will tell one of 'dependent oligarchs' who were allowed to get rich during his regime, to use some of their wealth to further his particular interest. The benefit to him is that there is no direct trace of government money and plausible deniability if anyone tries to link it to the Russian government.

One of the "tell" signs in those situations is an inconsistency between the business of a foreign commercial entity and the U.S. policy agenda they suddenly choose to pursue. For example, in case of Denis Katsyv, he is in the real estate and transportation businesses, yet his company is supposedly supporting the topic of American adoption.

- c. Do you agree that legislative changes are warranted to either the Foreign Agents Registration Act or the Lobbying Disclosure Act in order to adequately track and provide transparency for entities tied to foreign governments?

Answer:

At the moment, a company that has links to a foreign government can avoid registering under the Foreign Agents Registration Act by registering under the Lobbying Disclosure Act. The information provided by Russian lobbyists in their disclosure reports in turn, is insufficient and often conceals their connection to the Russian government's interests.

- d. Do you agree that it would be helpful to have a clear definitions and criteria that quantify whether or not a commercial entity is acting as an agent of a foreign power?

Answer:

Yes. In countries like Russia, commercial entities are often used as proxies for state interests because most businesses are 'captured' by the state, due to the lack of freedom, democracy, and rule of law.

Some of the questions that could be asked to define whether a commercial entity has been effectively 'captured' would be:

1. Is the key shareholder(s) connected to state interests?
2. Are key executives connected to state interests?
3. Are there connections between family members of shareholders and key executives and government officials in home state?
4. Is the wealth of shareholder(s) dependent on the government in any way?
5. Are the property rights of the key shareholder(s) dependent on the government?

6. Are the operations of the commercial entity under state influence (either due to funding, or contracts, or distribution)?
7. Could state regulatory pressure be easily applied in an unfair, discriminatory or abusive way to that company?
8. Are there links to security services through company personnel or otherwise?

It is crucial to be able to define when a company is legitimately separate from a foreign government and when one is or could be under pressure to act as a proxy.

The sophistication of foreign governments has grown in recent times and the FARA rules should reflect the practices that we have witnessed by adversarial foreign governments using commercial or quasi-independent intermediaries.