Top of Form

Top of Form

Bottom of Form

# Transcript: William Browder’s testimony on the Magnitsky Act

**Hermitage Capital Management CEO William Browder’s testimony on the Russia government’s efforts to repeal the Magnitsky Act. The Senate Judiciary Committee hearing was held on July 27, 2017:**

…Thank you very much for giving me this opportunity to tell my story about the Russian campaign, about the Vladimir Putin campaign to repeal the Magnitsky Act in Washington, D.C.

I’m Bill Browder. I’m the founder and CEO of Hermitage Capital Management.

My firm was once the largest foreign investment adviser in Russia.

In that capacity, we discovered massive corruption in the companies that we invested in. To fight that corruption, we started to research how they went about – how the oligarchs went about doing the stealing in these companies, and then shared that research with the international media.

This naming and shaming campaign had some positive effect on the share price of the companies, and it also made Russia a better place for some period of time.

But as you can imagine, exposing billions of dollars of malfeasance upset the people who were benefitting from that malfeasance and those people had very close connections with the Putin regime.

In November of 2005, I was expelled from the country. I was declared a threat to national security in response to my anti-corruption activities.

In June of 2007, my Moscow office was raided by 25 officers from the Moscow Interior Ministry, 25 more officers raided the office of my American law firm Firestone Duncan.

In those raids, they sought to get the stamp, seals, and certificates for our investment holding companies, and those stamp, seals, or certificates, they were able to conduct a corporate identity theft.

At that point, I hired the smartest lawyer I knew in Russia, a young man named Sergei Magnitsky – he was 35 years old – to investigate who did what and how we could stop them.

Sergei went out, investigated and came back with an astounding conclusion.

The conclusion he came back with was that the purpose of stealing our companies was to try to steal our assets, which they didn’t succeed in doing.

However, they did succeed in stealing $230 million in taxes that we paid to the Russian government from the Russian government.

And so I should point out that the theft wasn’t of my money or my firm’s money but it was of the Russian government’s money – $230 million. It was the largest tax refund fraud in the history of Russia.

Sergei and I were both convinced that this must be a rogue operation. We thought that Putin was a nationalist, that Putin wouldn’t have allowed his own officials to steal from his own country. And we figured that if we brought it to the attention of the highest authorities in Russia, then the good guys would get the bad guys and that would be the end of the story.

And so we wrote criminal complaints to every different branch of the Russian justice system. I went to the newspapers, and Sergei gave sworn testimonies to the Russian State Investigative Committee, which is their version of the FBI. And we waited for the good guys to get the bad guys.

It turned out that in Putin’s Russia, there are no good guys.

On Nov. 24, 2008, about six weeks after Sergei testified against a bunch of corrupt officials, some of the same officials he testified against came to his home at eight in the morning in front of his wife and two children arrested him and put him in pre-trial detention where he was then tortured to get him to withdraw his testimony.

They put him in cells with 14 inmates and eight beds and left lights on 24 hours a day to impose sleep deprivation.

They put him in cells with no heat and no window panes in December in Moscow so he nearly froze to death.

They put him in cells with no toilet, just a hole on the floor where the sewage would bubble up.

They moved him from cell to cell to cell in the middle of the night.

The purpose of this was to get him to withdraw his testimony and to get him to sign a false confession that he stole the $230 million and did so in my instructions, and Sergei refused to do that.

Because he refused, the pressure just increased, and after six months his health deteriorated. He developed terrible pains in his stomach. He lost 40 pounds. And he was diagnosed as having pancreatitis and gallstones and needing an operation, which was scheduled for the first of August 2009.

A week before his operation, they abruptly moved him to a prison that had medical facilities to a maximum security prison called Butyrka, considered to be one of the most awful prisons in Russia and most significantly for Sergei there were no medical facilities there.

At Butyrka, his health completely broke down. He went into constant, agonizing, ear-piercing pain from his pancreatitis and they refused him medical treatment.

Sergei and his lawyers wrote 20 different requests – desperate requests – for medical attention. All the requests were either ignored or in some cases denied in writing.

After a couple of months of this horrible torture, Sergei’s body could no longer hold out.

And on the night of Nov. 16th, Sergei Magnitsky went into critical condition.

On that night, the Butyrka authorities didn’t want to have responsibility for him, so they put him in an ambulance, sent him to a different prison that had medical facilities.

But when he arrived at that different prison, instead of giving him – instead of putting him in an emergency room, they put him in an isolation cell. He was chained to a bed. And eight riot guards with rubber batons beat him until he died.

Sergei Magnitsky was 37 years old. He left a wife and two children.

I got the news of his murder the morning of the 17th and I’ve made it my life’s work since then to get justice for Sergei Magnitsky.

Unfortunately, justice was impossible to get in Russia. They circled the wagons and exonerated everybody involved, gave promotions, state honors to the people who were most complicit.

So I sought justice outside of Russia, and I came here to Washington.

I told Senator Benjamin Cardin and Senator John McCain the same story I’m sharing with you today, and they came up with the Magnitsky Act to freeze assets and ban visas of the people who killed Sergei Magnitsky and the people who commit other gross human rights abuses in Russia.

The Magnitsky Act passed 92 to 4 in the Senate, 89% of the House of Representatives and was signed into law on the 14th of December 2012.

President Putin was absolutely infuriated by this, and he then in retaliation banned the adoption of Russian orphans by American families.

The reason why he took such a drastic step was because Vladimir Putin was one of the beneficiaries of the $230 million fraud.

We’ve since traced some of that money to an account of a man named Sergei Roldugin, who’s been exposed in the Panama Papers as being one of his nominees.

Vladimir Putin was so infuriated at the Magnitsky Act that he put Sergei Magnitsky on trial three years after they killed him in the first ever trial against a dead in the history of Russia. They put me on trial as his co-defendant, finding us both guilty.

In addition to that, a number of people have been killed in connection with this whole Magnitsky case. There are seven people who have died either from murder or suspicious circumstances and there’s a number of other attempted murders.

For example, Boris Nemtsov, who was one of the – one of our allies in fighting for justice for Magnitsky and coming to Congress here, coming to the European Parliament. He was murdered in front of – coming to these organizations to lobby for the Magnitsky Act – was murdered in front of the Kremlin in 2015.

His protege, Vladimir Kara-Murza, was poisoned within an inch of his life. He went into critical condition. He was in coma. He had multiple organ failures from the poison and barely survived.

The Magnitsky family lawyer, Nikolai Gorokhov, was thrown off a fourth floor balcony right before he was supposed to testify in court about this.

And I’ve had numerous threats from all up and down the Russian government for my own life.

It’s not just death threats – or I should say it’s not just violence that the Russian government does but it’s also what I call political violence.

And the political violence came in the form of a massive campaign that the Russian government via Natalia Veselnitskaya launched here in Washington.

She organized a number of individuals to come to Washington and lobby – basically tell a story – tell a false story that Sergei Magnitsky wasn’t murdered, he wasn’t a whistleblower in order to have the Magnitsky Act repealed.

She engaged Rinat Akhmetshin. She engaged Glenn Simpson from Fusion GPS. She engaged Chris Cooper from Potomac Strategies. She engaged Ron Dellums. She engaged a number of other people.

And the purpose of the engagement was to withdraw or to repeal the Magnitsky Act and withdraw Sergei Magnitsky’s name from the Global Magnitsky Act.

In addition to it being effectively a campaign to…In addition to it being a campaign to effectively cover up a murder, it was also –

Sen. Dianne Feinstein (D-California): [Interrupting] Can you just ask the year that she came and did this?

Sen. Chuck Grassley (R-Iowa):
The question is – you can still finish your statement but right now would you ask your –

Sen. Dianne Feinstein (D-California):
Yes, thank you.

[Crosstalk]

When Veselnitskaya came to this country, what year was that?

William Browder:
I believe that she came to this country in 2014.

…In addition to this being morally reprehensible, it’s also – none of these people registered as agents – foreign agents – under the Foreign Agents Registration Act.

And so, I put together – my firm put together – a complaint to the Department of Justice, where we listed out what they did, who did what, and the fact that they weren’t registered with the Foreign Agents Registration Act, and filed that in July of 2016.

And I’m here today to tell the story, to clarify any of the details because I believe the fact that these people were able to run around on Putin’s agenda and without any transparency about they were working for is something that needs to stop in the future, and I think that the rules governing this thing should be strengthened.

Thank you very much.