

PAUL WRENCH - CONFIDENTIAL

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

X

UNITED STATES OF AMERICA, )  
Plaintiff, ) NO. 1:13-CV-06326

-vs- ) (TPG)

PREVEZON HOLDINGS, LTD, FERENCOI )

INVESTMENTS LTD, KOLEVINS LTD, )

et al, )

Defendants. ---) -----

X

DATE: September 25, 2015

TIME: 9:41 a.m.

CONFIDENTIAL VIDEOTAPED DEPOSITION OF PAUL WRENCH, held at the offices of Baker  
Hostetler, 45 Rockefeller Plaza, New York, New York, pursuant to Subpoena, before Hope Menaker, a  
Shorthand Reporter and Notary Public of the State of New York.

Elisa Dreier Reporting Corp. (212) 557-5558

950 Third Avenue, New York, NY 10022

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1 PAUL WRENCH - CONFIDENTIAL

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4 PAUL WRENCH, called as a witness,  
5 having been duly sworn on September 25, 2015,  
6 by a Notary Public, that the above prior  
7 testimony given was true and accurate.

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9 PAUL WRENCH, called as a witness,  
10 having been duly sworn on September 25, 2015,  
11 by a Notary Public, was examined and  
12 testified as follows:

13 BY MR. LEVINE:

14 Q. Look at Paragraph 26.

15 When, if ever, did you learn about  
16 the events in that paragraph?

17 MR. SIMPSON: Let me just -- I'm not  
18 posing an objection. If the time is  
19 different for each event, then please put  
20 that in your answer.

21 A. Okay. Subsequent to finding out  
22 about the raid, I would say -- in the latter half  
23 of 2007, but I can't be specific.

24 Q. Okay. Who told you about that?

25 A. Ivan Cherkasov.

<p>1 PAUL WRENCH - CONFIDENTIAL                  2 99645.                  3 A. Is that page 42?                  4 Q. Yes.                  5 A. You want me to look at --                  6 Q. All right. Paragraph 145, it talks                  7 about "a credible track record and strong                  8 reputation is the principal factor that a                  9 potential investor looks for when choosing an                  10 investment advisor in Russia."                  11 Do you see that?                  12 A. Yes, I see that.                  13 Q. Mr. Browder had already been barred                  14 entry into Russia at that time?                  15 A. Yeah, in July 2008 he had been barred                  16 entry to Russia.                  17 Q. Okay. He wasn't going to get back                  18 into the country, right?                  19 MR. SIMPSON: Objection.                  20 A. Couldn't comment. I couldn't                  21 comment.                  22 Q. The success says of Mr. Browder's                  23 fund -- the success of the Hermitage Fund depended                  24 upon Mr. Browder's presence in Russia, right?                  25 A. I wouldn't agree.                  101</p>	<p>1 PAUL WRENCH - CONFIDENTIAL Were there                  2 redemptions in 2006? Yeah, sure.                  3 Q. Okay. Was it enough to make the fund                  4 question its continuing viability in Russia?                  5 A. Not to the best of my recollection.                  6                  7 Sorry, could you be specific?                  8 Continued viability in Russia; the fund wasn't in                  9 Russia, the fund was in Guernsey.                  10 Q. The continuing viability of its                  11 investment potential for the fund in Russia?                  12 A. To the best of my knowledge that                  13 didn't happen in 2006.                  14 Q. And you're not aware that Mr. Browder                  15 attempted to -- to start a potential new fund                  16 sometime in 2006 early 2007, focusing on other                  17 places other than Russia?                  18 A. I'm aware that there was and there is                  19 another fund under the -- the umbrella but I                  20 couldn't -- I don't recall that it was 2006. That                  21 wasn't something I was specifically involved with.                  22 Q. Paragraph 149 states, "What is at                  23 risk in these proceedings is not the value of the                  24 assets stolen or liabilities unlawfully accrued to                  25 Rilend, Parfenion, Makhaon, rather the continued                  103</p>
<p>1 PAUL WRENCH - CONFIDENTIAL                  2 Q. You wouldn't agree?                  3 The success of Mr. Browder's fund in                  4 Russia depended upon his presence in Russia?                  5 A. I wouldn't agree.                  6 Q. You wouldn't agree?                  7 You know that a lot of -- of his                  8 investors started redeeming shares of their fund                  9 in 2006?                  10 A. I don't recall specifically it was                  11 2006, but okay.                  12 Q. You don't recall that Hermitage lost                  13 -- Hermitage Fund at least lost half of its                  14 investors in 2006?                  15 Strike that.                  16 You don't recall that the Hermitage                  17 Fund lost half of its investment shares, the                  18 people who had put money into it, half the money                  19 put in by investors, in 2006?                  20 A. I don't recall that it was                  21 specifically 2006.                  22 Q. Do you recall a significant number of                  23 redemptions by investors in 2006?                  24 A. I don't know what you mean by                  25 "significant."                  102</p>	<p>1 PAUL WRENCH - CONFIDENTIAL                  2 existence of the Hermitage Fund itself at stake.                  3 In order to protect the reputation of the bond and                  4 the interest of its investors and claimants or of                  5 its investors, the claimants must make every                  6 effort to retain control over their Russian                  7 investment vehicles. Only by regaining control                  8 over Rilend, Parfenion and Makhaon can a                  9 step-by-step investigation reveal the perpetrators                  10 of and reasons for the fraud that I have                  11 described."                  12 Do you see that?                  13 A. I see that.                  14 Q. Okay so in 2008, in July, you're                  15 telling a BVI court that the value of the assets                  16 stolen or liabilities unlawfully accrued to                  17 Rilend, Parfenion and Makhaon is not at stake in                  18 the proceedings before its court, right?                  19 A. Yes, I think that's correct.                  20 Q. And that you weren't seeking to                  21 recoup funds, right?                  22 A. That's my recollection.                  23 Q. Okay. The funds from Rilend                  24 Parfenion and Makhaon, they'd already been                  25 withdrawn from Russia; is that correct?                  104</p>

<p>1 PAUL WRENCH - CONFIDENTIAL                  2 MR. SIMPSON: As of the date of this affidavit?                  3 MR. LEVINE: Yes.                  4 A. As I recall, yes, by 2008, yes.                  5 Q. Okay. So there was -- there was no                  6                  7 money belonging to Rilend, Parfenion and Makhaon                  8 left in Russia, correct?                  9 A. There may have been some small                  10 amounts, but I don't think there was anything                  11 significant left.                  12 Q. Okay.                  13 A. I don't recall specifically.                  14 Q. The small amounts there would have                  15 been parked at a -- at a bank account, correct?                  16 A. I can only assume. I have no direct                  17 knowledge.                  18 Q. And Rilend banked at HSBC in -- in                  19 Russia?                  20 A. I didn't know that.                  21 Q. Parfenion banked at HSBC in Russia?                  22 A. I don't know that either.                  23 Q. And Makhaon banked at HSBC in Russia?                  24 A. I don't know. I don't recall.                  25 MR. LEVINE: Do you guys want to                  105</p>	<p>1 PAUL WRENCH - CONFIDENTIAL MR. SIMPSON: Object                  2 to the form.                  3 A. That's correct.                  4 Q. And if you look at the -- if you                  5 could read Page 185 and 186 to the top of Page 186                  6 to yourself, please?                  7 A. From where to where.                  8 Q. 185.                  9 A. Yeah.                  10 Q. And to the top of 186. If you could                  11 read that to yourself, please?                  12 A. Okay.                  13 Q. All right. So I'm going to read the                  14 bottom of Page 185. It states, So on March 31st,                  15 I would get my first look at how bad the situation                  16 was. At 520 p.m. that day, I received the                  17 redemption spreadsheet from HSBC, the funds                  18 administrator. Normally the subscriptions and                  19 redemptions were listed on a single page. In a                  20 busy quarter it might be two or 3 pages, but this                  21 spreadsheet was ten pages long with 240 line items                  22 of people requesting their money back. I quickly                  23 flipped to the end and added it all up. More than                  24 twenty percent of the fund was redeeming!                  25 That passage refresh your                  107</p>
<p>1 PAUL WRENCH - CONFIDENTIAL                  2 break early for lunch?                  3 MR. SIMPSON: How long do you want to                  4 take?                  5 MR. LEVINE: Forty-five minutes?                  6 MR. SIMPSON: Forty-five, no                  7 objection here.                  8 MR. LEVINE: All right.                  9 THE VIDEOGRAPHER: The time is                  10 12:38 p.m. We're going off the record.                  11 (Whereupon, a lunch break was taken                  12 from 12:38 p.m. to 1:38 p.m.)                  13 THE VIDEOGRAPHER: This begins media                  14 unit number 3. The time is 1:38 p.m. We're                  15 back on the record.                  16 BY MR. LEVINE:                  17 Q. All right. Mr. Wrench, if you could                  18 resume looking at Exhibit 5.                  19 A. 5?                  20 Q. Yes.                  21 MR. SIMPSON: It's one of the                  22 excerpts from the book. It looks like this.                  23 Q. In the early part of 2006, investors                  24 in the fund can only redeem their shares on like a                  25 quarterly basis, correct?                  106</p>	<p>1 PAUL WRENCH - CONFIDENTIAL                  2 recollection that 20 percent of the fund redeemed                  3 their 20 percent of the investors in the fund                  4 redeemed their shares in the beginning --                  5 MR. SIMPSON: Object.                  6 Q. -- of 2006?                  7 MR. SIMPSON: Objection to form.                  8 A. I recollected that there was a period                  9 of large redemptions from the fund, but I couldn't                  10 tell you with certainty that that was in 2006                  11 until this -- until I read this.                  12 Q. Okay. But reading this here, does                  13 that refresh your recollection that 20 percent of                  14 the money invested in the fund was withdrawn in                  15 the early part of 2006?                  16 MR. SIMPSON: Object to the form.                  17 A. Yes.                  18 Q. All right. Let's take a look at                  19 another excerpt from "Red Notice." It's going to                  20 be from Chapter 22.                  21 MR. LEVINE: We'll mark this as                  22 Exhibit 8.                  23 (Whereupon, Wrench Exhibit 8 was                  24 marked at this time.)                  25 Q. If you could read pages 190 through                  108</p>

<p>1 PAUL WRENCH - CONFIDENTIAL Cherkasov or the                  2 attorneys who drafted the affidavit on your behalf                  3 before you signed it and swore to it?                  4 A. No, I don't recall doing any                  5 third-party due diligence on the contents of the                  6 document.                  7                  8 MR. LEVINE: Let's take a short                  9 break.                  10 THE VIDEOGRAPHER: The time is                  11 3:36 p.m. We're going off the record.                  12 (Whereupon, there was a brief recess                  13 in the proceedings.)                  14 THE VIDEOGRAPHER: This begins media                  15 unit number 4. The time is 3:43 p.m. We're                  16 back on the record.                  17 BY MR. LEVINE:                  18 Q. All right. I'm going to show you                  19 what we're going to mark as Wrench Exhibit 15.                  20 (Whereupon, Wrench Exhibit 15 was                  21 marked at this time.)                  22 Q. Have you seen this document before?                  23 A. Yes, I have.                  24 Q. Did you draft this document?                  25 A. I did not.                  169</p>	<p>1 PAUL WRENCH - CONFIDENTIAL                  2 A. Well, I signed it.                  3 So what was the question?                  4 Q. You went ahead and signed to the                  5 accuracy of the contents of the document, right?                  6 MR. SIMPSON: Objection to form. Go ahead.                  7                  8 A. Yeah, I assume so.                  9 MR. LEVINE: All right. I'm going to                  10 mark this one as Exhibit 16.                  11 (Whereupon, Wrench Exhibit 16 was                  12 marked at this time.)                  13 Q. Have you seen this document before?                  14 A. Yes, I have.                  15 Q. Did you draft this document?                  16 A. No, I did not.                  17 Q. Do you know who did?                  18 A. Not specifically, no.                  19 Q. Was it drafted by one of the lawyers                  20 at Brown Rudnick?                  21 A. I don't know specifically who drafted                  22 it.                  23 Q. Do you see at the bottom of the                  24 left-hand corner?                  25 A. What?                  171</p>
<p>1 PAUL WRENCH - CONFIDENTIAL                  2 Q. Was it drafted in Russian or drafted                  3 originally in English?                  4 A. I don't know.                  5 Q. Do you know who drafted this                  6 document?                  7 A. Not specifically.                  8 Q. Did you discuss this document with                  9 anyone at the time you signed it?                  10 A. At the time I signed it? I would                  11 have discussed this document before signing it.                  12 Q. With whom?                  13 A. With Ivan Cherkasov.                  14 Q. Anyone else that you recall?                  15 A. Not that I recall.                  16 Q. Okay. Did you do any independent                  17 investigation into the statements in this document                  18 prior to signing this document or did you just                  19 discuss it with Mr. Cherkasov and then -- and then                  20 sign it?                  21 A. I didn't do any separate independent                  22 investigation into the contents.                  23 Q. You went ahead and signed to the                  24 accuracy of the document, right?                  25 MR. SIMPSON: Objection to form.                  170</p>	<p>1 PAUL WRENCH - CONFIDENTIAL                  2 Q. Bottom of the left-hand corner of the                  3 first page?                  4 A. DRD-                  5 Q. Right. Do you see that number there?                  6 A. 4946822 version 3.                  7 Q. Do you recognize that as a lawyer's                  8 tracking system?                  9 A. I have no idea what it is.                  10 Q. All right. Did you discuss this                  11 document with anybody at the time you signed it?                  12 A. I would have discussed it before I                  13 signed it.                  14 Q. With who?                  15 A. Ivan Cherkasov.                  16 Q. Anyone else?                  17 A. Not that I recall.                  18 Q. Page 179218, it talks about                  19 fraudulent tax rebates.                  20 Do you see that?                  21 I think it's page --                  22 A. 5.1?                  23 Q. Yes.                  24 A. Yes, I see that.                  25 Q. Do you have any personal knowledge as                  172</p>

