

ECONOMY

news > economy > Russia > Allegations by Bill Browder: Why SPIEGEL sticks to Magnitski research

Investigator**Bill Browder's allegations****why SPIEGEL is sticking to Magnitski's research**

Former major investor **Bill Browder** accuses **SPIEGEL** of misrepresenting the circumstances surrounding the death of Russian **Sergei Magnitsky**. **SPIEGEL** rejects this - and lists the arguments and facts.



Luke MacGregor / Bloomberg / Getty Images

Bill Browder, founder of Hermitage Capital Management



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SPIEGEL reported on the background of the so-called Magnitsky sanctions on November 23. These punitive measures, which were imposed on Russian officials by the United States, are mainly based on the account of the former major investor Bill Browder and relate to the fate of his colleague Sergei Magnitsky.

Magnitsky died in a prison in Moscow in 2009 in circumstances that were not fully understood. Browder claims Magnitsky was murdered for uncovering a tax scandal. The SPIEGEL report describes the contradictions in Browder's statements and states that he cannot provide sufficient evidence for his thesis.

Browder has now made a complaint against the text public, in the form of a letter to the editor-in-chief and a complaint to the German Press Council. In his letter, he accuses SPIEGEL of distorting the facts.

We consider the complaint to be unfounded and therefore want to make it clear once again where our considerable doubts about Brudder's story come from and why we consider it necessary to discuss it publicly. We have also made [the text](#) freely available to all SPIEGEL readers ([you can find the text here](#)). In this statement, we also link some of the sources to which we referred in our research.

The SPIEGEL Browder Report



The Magnitsky case

How true is the story on which US sanctions against Russia are based?

We have corrected an error in the English version of the SPIEGEL report. There we had the information that a rubber truncheon was used, wrongly assigned to a report from 2009. In fact, it only appears in another report from 2011. The German version was correct from the start.

No doubt Magnitsky died a terrible death. As it was said in the SPIEGEL report, "horrible injustice" happened to him. In our view, it is also appropriate to speak of a "mercilessly omitted assistance". The "use of a rubber stick" is also indisputable. At no point in the SPIEGEL report is the issue of exonerating the Russian state from guilt for Magnitski's death. It is about showing the inconsistencies, contradictions, and unsubstantiated claims in the story that Browder has been coming and going to Western governments for years - and which have become the basis for Western sanctions against Russian officials.

Browder's account of what happened to Sergei Magnitski's death consists of several key elements:

How it all started: According to Browder, tax inquiries were launched in Moscow in 2007, which he described as clearly "criminal and politically motivated". The proceedings were fictitious, initiated only for the purpose of confiscating important documents from some of his letterbox companies during a search. On June 4, 2007, searches were conducted in Moscow. Numerous company documents were confiscated.

Magnitski becomes a whistleblower: Browder claims that he entrusted Magnitski with the investigation in 2007: three mailbox companies were hijacked after the search. According to Browder, Magnitski reported these events to the State Investigation Committee on June 5 and October 7, 2008, and explicitly accused two police officers of the crime, Artyom Kuznetsov and Pavel Karpov. According to Browder, this advertisement gives a clear motive for the later arrest and murder of Magnitski.

Arrest and death : A trial against Magnitsky will open in autumn 2008. The allegation is tax evasion. Magnitsky was arrested in November 2008. He died in Russian custody on November 16, 2009. Browder repeatedly describes the death as a targeted murder plot.

Browder's presentation of the exact events varied. The campaign videos that he published on Youtube are exemplary.

Among other things, it states:

"?? After Sergei Magnitsky testified against the same criminal group for an even larger crime, the same officers arrested, tortured and eventually killed Sergei to hide their crime."

"Instead of supporting Sergei Magnitsky and recognizing him as a hero, the government allowed interior ministry officers, Kuznetsov, Karpov ... to arrest, torture and kill him."

At every stage of this presentation, numerous points do not stand up to scrutiny. A London court came to the conclusion that Browder did not even begin to substantiate his allegations against Karpov (the [full court order can be viewed here](#))

Again and again it becomes clear that Browder's story contains errors and inconsistencies that distort the overall picture of the events surrounding Magnitski's death.

1. The tax investigation

The investigation started much earlier than Browder claims. While he has repeatedly stressed that he first heard the name of the investigator Artyom Kuznetsov in 2007, the opposite is well documented. Kusnezow's name is already on a letter from the tax investigator from June 2006, which went to Browders companies.

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[Letter from the Russian tax investigation 2006](#)

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That Browder's team was aware of the process also results from Magnitski's statement of June 5, 2008. There he describes that Kusnezow requested company and bank documents at the end of May 2006. This mid-2006 investigation is also mentioned in complaints that Browders people sent to the authorities in December 2007.

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[English translation of Magnitski's statement on June 5, 2008](#)

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In addition, Magnitski himself was questioned by the authorities in 2006 about tax inquiries. Before 2004, investigations into tax evasion by mailbox companies in the vicinity of Browder, including the company "Saturn Investment", which Magnitski was concerned with, also date from.

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 [English translation of Magnitski's statement in October 2006](#)

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Several court rulings were brought against Browder's companies, then the proceedings were closed, but reopened in 2008.

SPIEGEL does not adopt the views of the Russian judiciary. A final clarification on whether the allegations of tax evasion were valid would be up to an independent court, in a fair trial. It becomes clear, however, that the investigation did not suddenly start in 2007 as Browder claims, apparently recognizable without any basis. The investigation has a well-documented history. The European Court of Human Rights concluded in its judgment on the case that Magnitsky was not "arbitrarily" detained:

"The Court observes that the inquiry into alleged tax evasion, resulting in the criminal proceedings against Mr Magnitskiy, started in 2004, long before he complained that prosecuting officials had been involved in fraudulent acts."
([Find the verdict here](#))

2. Magnitski's role as a crucial whistleblower:

In Brotherer's account, Magnitski's statement to investigators is the motive for his imprisonment and later targeted murder: a corrupt rope team silenced the man who was dangerous to her. This is the core of the story spread by Browder.

Browder describes Magnitski as a decisive whistleblower. But this is a retrospective construction. Several people from Browder's team have made the same or very similar allegations against the Russian authorities, some of them earlier than Magnitsky:

- Browder's lawyer Eduard Chairetdinow in complaints to the authorities in early December 2007 (PDF on [Browders website](#))
- Paul Wrench on December 10, 2007 (PDF on [Browders website](#))
- According to Browder, Magnitski's first statement on the matter dates back to June 5, 2008. He speaks about the search and confiscation of documents that, in his opinion, have been carefully used to hijack the companies. He does not speak of the great tax fraud. Magnitski had "not yet discovered the scam", writes Browder on his website.
- A week earlier, however, on May 28, 2008, another Browder man named Grant Felgenhauer wrote in a letter to the anti-corruption council of the Russian president about the suspicion that the attackers' real goal was to refund hundreds of millions of dollars (PDF [on Browders website](#) - the corresponding passage is on top three, Felgenhauer speculates over \$ 300 million).

The media have already reported the events. The business service [Bloomberg](#) , the "Financial Times" and the "Wall Street Journal" reported in early April 2008.

The New York Times also made public the \$ 230 million fraud on July 24, 2008 (link to [article](#)). Magnitski, in turn, did not speak to the authorities until his statement on October 7, 2008.

This chronological sequence is one reason why observers have doubts as to whether Magnitsky was actually murdered so that the charges against the police officers are no longer raised. The allegations against the Russian police were worldwide, regardless of Magnitski's testimony.

Human rights activist Soja Svetowa, who dealt with the case from the beginning, put it this way in conversation with SPIEGEL last summer.

SPIEGEL : What about the version that was specifically targeted for being killed? Is there evidence of this?

Svetowa : No. There is no evidence of this. What was the point of killing him? No sense.

SPIEGEL : Because he knew about a \$ 230 million fraud.

Svetowa : Yes, but not only did he know about this fraud, the entire management and colleagues also knew about it. It was written about in newspapers. He didn't reveal a secret.

SPIEGEL : But your report mentions that pressure may have been put on him while in custody.

Svetowa : When he was in custody, people wanted statements from him against Bill Browder. But he didn't do any. And probably he would never have made such a statement. But killing him would have been completely pointless for her.

Svetowa agreed to the interview and its recording in July 2019. In previous years, she had taken the position that there was no evidence of a targeted murder. In 2014, for example, she wrote that she could not imagine that someone had caused Magnitski's death in a targeted manner ("Well, after five years have passed, I think this killing was not intentional" - [original in Russian](#)).

Shortly before the publication of the SPIEGEL report in November, she said that although that was her words, she had meanwhile changed her mind and believed that targeted murder was possible. Svetowa's change of heart is transparently documented in the SPIEGEL text.

3. The motive for Magnitski's arrest

Browder claims that Magnitsky was arrested to force him to withdraw his statements against the police. He was therefore tortured and murdered. Magnitski's attorney at the time presented the situation differently right from the start. Dmitrij Charitonow told SPIEGEL in autumn 2009 that his client was only a hostage, and that the authorities actually wanted to put pressure on Bill Browder (click here for the [article](#)).

Charitonow has used the phrase "hostage" more often. In an interview with the Russian edition of Forbes magazine, he reported that Magnitsky said about himself in court: "Your honor, I was actually taken hostage. My person hardly interests anyone, everyone is interested in the person of the Hermitage- Chefs "([Russian text](#)).

Human rights activist Soja Svetowa also argued in a similar fashion in an interview with SPIEGEL this summer.

Svetowa : The figure Magnitsky combines the two greatest grievances in the Russian judiciary and the Russian investigative system. If a lawsuit is opened against a company and it is not possible to arrest its boss, then they take his assistant or his deputy or simply a colleague hostage. We see that in many cases: It was the same with Mikhail Khodorkovsky's group Jukos (??). First, they take hostages. Magnitsky was also a hostage. He was of no interest to anyone, they wanted Browder.

SPIEGEL : Although the Russian authorities had just thrown Browder out of the country.

Svetowa : You wanted Magnitsky to tell you what terrible things Browder did. They wanted him to discredit him, that he was a fraud and tax evader. Even though they stole his companies from him.

Svetowa has represented this position several times, in 2014, for example, "[Radio Liberty](#)".

In the 2009 test report co-authored by Svetowa, evidence is given that investigators, together with the prison authorities, put pressure on Magnitsky. The report also contains a corresponding quote from Magnitski. His conditions of detention had deteriorated in coordination with the investigator of the case against him, Oleg Siltschenko. Their goal is "that I accept false accusations, burden myself and others". There is no mention of Brotherer's claim that Magnitski should have revoked his statements.

The Russian original of the report is available on Brotherer's website ([PDF](#)). While the Russian text does not contain the name of the investigator Kuznetsov, the English translation also published on Browders' website expressly refers to this ([PDF](#)).

4. The alleged evidence of a targeted murder plot

As alleged evidence of his thesis of targeted murder, Browder cites photos of hematomas on the dead man's hands. Some may have been handcuffed, others may have been from Magnitski's desperate punches on a door. A fatal injury cannot be seen in the pictures.

This does not preclude Magnitski from being killed by external violence, but there is no evidence of a targeted murder by beating eight prison guards over an hour and 18 minutes, as Browder has variously claimed.

The contradicting information about the cause of death of the Russian authorities is disturbing, it is not sufficient evidence for a targeted murder. The use of a rubber stick was also mentioned in the SPIEGEL text.

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[Brother's letter to SPIEGEL](#)

PDF size: 814 kB

5. Magnitski's alleged statements against police officers Karpow and Kusnezow

Browder accuses SPIEGEL of embezzling the true content of Sergei Magnitski's statements. In fact, Magnitski clearly named police officers Kuznetsov and Karpov as guilty in the statements before his arrest.

Nowhere in the two documents does Magnitsky raise a direct personal accusation against Karpow and Kusnezow.

6. The role of the police officer Karpov in the Magnitsky case

Browder accuses SPIEGEL of spreading Pavel Karpov's claim that it has nothing to do with Magnitski's death and tax fraud. However, it is part of the journalistic due diligence to give people who have been charged with serious crimes the opportunity to comment. This also applies to Karpov.

Magnitski's lawyer Dmitry Charitonov has emphasized several times (for example [here](#) in conversation with the Russian radio station Echo Moscow) that Pavel Karpov played no role in the prosecution of his client. Charitonov repeated this statement to SPIEGEL twice. Human rights activist Soja Svetowa also said in the summer of 2019 with a view to Karpov: "But there is no evidence that Karpov put pressure on him (Magnitsky)."


In addition, the London High Court has also [found](#) that Browder's allegations against Karpov are insufficiently substantiated.

7. The question of money

The SPIEGEL report does not go any further into the course of the \$ 230 million fraud, which Browder complains. He refers to the findings of US investigators in the New York trial ([PDF](#)).


However, this case is less clear than Browder claims. The responsible US investigator had to admit in a survey that his findings are based solely on statements and documents from Browder and his team. The process ended with a comparison. The Russian Kazyw clan - accused by Browder of profiting from tax fraud - has enforced the express written note that it has nothing to do with the Magnitsky case.

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 [Comparison between the Kazyws and the USA](#)
PDF size: 2 MB

Browder has been interviewed in the process. Under oath, he is unable to explain how he and his people want to have followed the cash flows. Video recordings of the statement have landed on Youtube, the transcript is available on Pacer.gov, an electronic database for documents from US proceedings.

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 [Protocol from Browder's survey in the US proceedings \(2015\)](#)
PDF size: 761 kB

Browder was able to take a comprehensive position on SPIEGEL on all of the points covered in the report, including two talks each lasting two hours in summer.

SPIEGEL also sent questions to Browder on November 21 that go beyond the text previously published. Browder didn't respond.

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Letter of complaint from Paul Rench

Bloomberg report from April 2008

Letter from Grant Felgenhauser dated May 28, 2008

New York Times report of July 24, 2008

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