

Wednesday, 12 October 2011

(10.15 am)

Discussion re housekeeping

MS DAVIES: My Lady, before we start the evidence may we just deal with one short matter relating to Clydesdale Bank.

MRS JUSTICE GLOSTER: Yes.

MS DAVIES: My Lady has made two orders against Clydesdale Bank and that has resulted in various material being produced, but the material that's been produced contains some redactions apparently on the ground that the redactions relate to names which are not names of the parties.

MRS JUSTICE GLOSTER: Yes.

MS DAVIES: Essentially the parties have now agreed that various terms should not be redacted and Clydesdale, through their solicitors, Dundas & Wilson, have accepted that they would not oppose an order requiring those terms to be unredacted and we therefore ask my Lady to make an order requiring those terms to be unredacted.

I hope in front of you you have a draft order, which has been seen by my learned friends for Mr Berezovsky and for the family defendants who are concerned with this.

MRS JUSTICE GLOSTER: It was handed to me just before I came

down. I haven't read it. I better just read it. I'll read it over the short break.

MS DAVIES: I'm very grateful, my Lady.

MRS JUSTICE GLOSTER: But there's no opposition from Clydesdale or from the claimant?

MS DAVIES: There's a letter at the back of the clip from Dundas & Wilson of last night indicating they're neutral on the application.

MRS JUSTICE GLOSTER: Right. Well, I'll read it in the short break.

MS DAVIES: I'm grateful, my Lady.

MR BORIS BEREZOVSKY (continued)

MRS JUSTICE GLOSTER: Mr Berezovsky, good morning, you're still on oath.

THE WITNESS: Good morning.

Cross-examination by MR SUMPTION (continued)

MR SUMPTION: Good morning, Mr Berezovsky.

You may remember that in your witness statement and in oral evidence yesterday you gave us one of your reasons for wanting the agreement over the \$1.3 billion to be in writing: that you would need to satisfy western money-laundering regulations. Do you remember that?

A. Yes, I remember that there were several reasons and one of the reason was that everything should be absolutely transparent and clear for the banks.

- Q. Yes. That was because you were aware that the banks would be bound by rules requiring them to discover the source of the funds?
- A. At that time I already understood much more about requirements of western banks and it was one of the reasons why I want to have -- don't have any problem with western regulations of money sources.
- Q. Now, in 1999, as we established the day before yesterday I think, Mr Fomichev became your financial manager?
- A. I think he became financial manager a long time before that but in 1990 (sic) he was financial manager of our group, it's absolutely correct.
- Q. Well, by 1999, it may have been earlier, he was the financial manager of you personally, your affairs, wasn't he?
- A. As I told you, till I leave Russia, everything what -- all operations with money or main operation with money was done by Badri.
- Q. Was it Mr Fomichev who suggested to you that you should consider shifting your assets into offshore holding companies and trusts?
- A. Which kind of companies?
- Q. Well, any kind of companies and trusts. As I understand it, in about late 1999 or 2000 --
- A. Yes.

- Q. -- you and Badri had a project to put your assets into offshore holding companies and trusts?
- A. Yes, you're absolutely correct that at the end of '99 and the beginning of 2000 we start to think how to construct our assets in western manner. It's correct. And Ruslan Fomichev was the one who accept to help us to do that.
- Q. Yes. Was the suggestion originally made by Mr Fomichev?
- A. I don't remember well. I think that it was mainly Badri and my personal understanding already at that time that the way how even we manage our business with Mr Abramovich, it's time now to move forward and to do in western manner.
- Q. Yes. Well now, when you say "in western manner", you mean shift the assets into western financial institutions, don't you?
- A. It means to create more protection on the one hand and to another hand to create more transparency for banks on the west. And on the other hand, more -- to increase our protection as far as Russia is concerned.
- Q. Now, Mr Fomichev has often been mentioned in the course of the evidence and I'm afraid he's going to be mentioned quite a lot more.

You are aware, are you not, that at least one of the various firms of solicitors who have acted for you in

this litigation have interviewed Mr Fomichev?

Cadwaladers did so in December 2007, didn't they?

A. Definitely I don't remember that but if you said that and it's so, I absolutely believe in that.

Q. Well, that was evidence given in the striking-out application but you may not know one way or the other.

I understand that you have quarrelled with Mr Fomichev about a loan and indeed you sued him in the North Shore litigation?

A. Moreover I won the case and it's the final decision of Supreme Court to refuse the appeal of Mr Fomichev. It's final decision and I won around \$35 million, it's true.

Q. Yes. Well, you've fallen out with Mr Fomichev. Have you asked Mr Fomichev to give evidence in this action?

A. Definitely not, because after I lost my trust to Mr Fomichev and after I recognise him as a crook and moreover I went to the court and passed through all courts, I mean the initial court, the appeal court and finally the other, I don't have now any doubt that he's crook.

Q. Well, you had a quarrel over a loan; it's not quite the same thing as being a crook.

MRS JUSTICE GLOSTER: Is that a question?

MR SUMPTION: Yes.

MRS JUSTICE GLOSTER: What's your answer to that?

A. I'm sorry. (Pause)

The reason of my separation with Mr Fomichev was exactly the reason that he is crook. I didn't recognise that from the beginning but I -- after recognise that, me personally, I identified as a crook.

MR SUMPTION: If you do not know all the details of your financial affairs and Mr Fomichev, as you said in your evidence in the North Shore litigation, does know all the details of your financial affairs, what have you got to lose by calling him?

A. That he lost his credibility. Impossible to call person who is playing game, as I know now. He has already relations with team of Mr -- with the team of Mr Abramovich, I know this, I got this knowledge from people from Salford, and it means that he's playing game.

But that time definitely I didn't know that, but I lost my -- any my respect to him. I recognised him as a crook. And how I may ask him to be witness at this court which, from the very beginning, my understanding is that to present true, only true and nothing except of true? It will be illogical completely.

Q. Does Mr Fomichev live in England?

A. I know that he has apartment here with his wife and children. I know as well that his father is general --

was general of KGB and that he's continued travelling to Russia. This my knowledge is.

Q. Well, he lives at least for much of the year in England, doesn't he?

A. I didn't meet him last two or three years at all.

Q. Now, Ms Nosova tells us that Mr Fomichev introduced you and Badri to Mr Samuelson of Valmet in Geneva. Is that correct?

A. I think this is correct. This was introduction by Mr Fomichev and as well I think Mr Curtis as well was introduced to me by Mr Fomichev.

Q. By Mr Fomichev or by Mr Samuelson? Ms Nosova thinks it's Mr Samuelson.

A. I don't remember that. Ms Nosova definitely has better memory than me and I think that she's correct.

Q. Now, Valmet and Mr Samuelson were specialists, were they not, in creating offshore structures to hold assets for very rich individuals?

A. As I understood from the beginning, it was exactly the reason to introduce me to them. I did not aware -- was aware that they work just for rich; I think that they work for everybody who want to create proper structure to keep their assets in legal way. But I didn't know anything about other clients of them.

Q. No, okay. Well now, is it right that before you ever

met Mr Samuelson, there had been preliminary meetings with him by Mr Fomichev and Ms Nosova?

A. Again, I don't recollect that. But I am sure that if Mr Fomichev decide to introduce him to me, it means that he had knowledge who is this gentleman.

Q. Now, at paragraph 249 of your witness statement D2/17/248 you tell us -- and this is consistent with what you said this morning -- that at the time when Mr Samuelson became involved, which I think was in 2000, you already knew something about western money-laundering regulations.

A. I didn't know anything about money-laundering regulation but I knew the word "money-laundering" and I knew that it's bad.

Q. Yes.

A. But I didn't know anything about regulation.

Q. Well, you have told us earlier this morning that you realised that western banks had certain duties to perform about investigating funds deposited with them?

A. It's absolutely correct. It means that if I know that it's money-laundering regulation, it means that something what is possible to check.

Q. Yes. Now, when I talk about western money-laundering regulations, I'm talking about the regulations that required the banks to carry out those investigations.

Do you understand? It's a shorthand.

A. Yes, yes, and I understood that I should present absolutely clear picture the source of the money and what is there.

Q. Right.

Now, if you look at paragraph 249?

A. 249, sorry?

Q. Yes, 249.

A. Yes.

Q. Right. At the very bottom of the page you're talking here about the offshore trusts, the Hotspur and the Octopus Trusts --

A. Yes.

Q. -- and you say that these structures were created to legalise or to formalise your interests in various businesses:

"This was not solely in order to provide protection from political attacks; we had also learned by this time that, in order to comply with Western money laundering compliance requirements, it was necessary to have interests in assets formally recorded so that the source of funds could be demonstrated where required."

A. Yes, correct.

Q. Now, as I understand it, you understood by this time -- that's to say early 2000 -- that the best way of

satisfying western financial institutions about the source of funds was to demonstrate that they represented an asset that you owned?

A. Yes, it's optimum.

Q. Yes. And you also realised, didn't you, that in order to satisfy western institutions about that, you would need to have documents establishing your ownership of them?

A. I understood well that the words are not enough; you need to present the picture which they want to have.

Q. Yes, with documentary evidence?

A. If -- definitely it's the best way.

Q. Yes.

Now, in 1999 and early 2000 you and Mr Patarkatsishvili were receiving large sums of money from Mr Abramovich and companies associated with him which you were unable to explain with any documentary evidence; do you agree?

A. It's exactly what I try to make happen and it's the reason why I call professionals in establishing the foundation and it's -- not foundation -- the professional who can establish the structure and exactly that I want to explain them what is source of my money and they accept my explanation.

Q. Now, would it be fair to say that during the period

after you left Russia, the need to satisfy western institutions about the source of your funds was a significant issue for you and Mr Patarkatsishvili?

- A. It was significant issue even when I have been in Russia and, as you correctly mentioned, I start to think about that in '99, at the end of '99, the beginning of 2000. And as you remember, I left Russia in autumn 2000. It means that I start to think about that not when I -- when I left Russia but at the moment when I recognised that it's now a moment already because it was already clear that Putin will become president, it was election campaign March 2000, and we start to think how to make transparent our assets.

And if again we return back to meeting in Le Bourget, it's my request to Mr Abramovich was absolutely the same: I want to make everything transparent for western bank.

- Q. Yes. And you have had to face, since leaving Russia, haven't you, money-laundering investigations by prosecutors and judges in a number of countries?
- A. You're absolutely correct. I face that -- faced the source of this investigation was just Russia and it was just political motivated, what was accepted in this country when I was granted political asylum. All the rest investigations, Mr Sumption, you know well, are

closed because no one reason was found that it was money-laundering. I mean Switzerland, I mean Holland and --

Q. France?

A. -- and as far as Russia is concerned, I don't calculate at all because it doesn't matter.

Q. I'm simply trying to establish the significance in your financial affairs of this question of money-laundering regulations.

A. And we know the result.

Q. Yes. Well now, you have mentioned Russia, Switzerland and Holland and I think there have also been investigations in France and Brazil, haven't there?

A. In Brazil it's still ongoing.

Q. Yes.

A. And as far as France is concerned, as I understand, we don't have investigation of money-laundering. We have investigation now already activity of Runicom company, which belong to Mr Abramovich. And as I understand from the last question of French lawyer, lawyer accept the position that impossible to discuss just about Berezovsky at this matter without discussing of role of Mr Abramovich and Mr Shvidler at this matter. This is my understanding of what French judge recognised.

Q. Now, did you meet Mr Samuelson of Valmet at your house

in Cap d'Antibes at the beginning of September 2000?

A. My recollection is that I met him earlier, I met him in spring 2000, and then I had several meetings with him and could be in September as well.

Q. I see. Could you perhaps be given bundle H(A)19.

I would like you to turn to H(A)19/10, please. This document is a note made by Mr Samuelson, an internal note within Valmet made by Mr Samuelson about discussions that he had had with you and Mr Patarkatsishvili. The date of the discussions does not appear from the document; the document itself is dated 5 September 2000. It's the American dating system that's been used.

A. It could be the same May 9 but I don't want to argue against of that now.

Q. Yes. Well now, you think that it was in spring that you had discussions with Mr Samuelson?

A. My recollection is spring, the beginning of our relations, of our conversations. But, as I told before, I can't exclude that -- not I can't exclude -- it could be several discussions and one of them could happen in September, what is less probable. But nevertheless I had several discussions with Mr Samuelson.

Q. Yes, understood.

Now, if you look at the bottom of page 10 and the

top of page 11, there is a description, a summary, in Mr Samuelson's note of the Hotspur and Octopus Trust structures. Do you see that?

A. Just a second. Okay.

Q. Now, that suggests, at any rate to me, that at the time this note was prepared the Hotspur and Octopus Trust structures had been created already. Is that correct?

A. I don't know. I don't know. I just remember the big -- how to say? -- pieces of paper which a lot of trusts and mentioning aluminium, Sibneft and connection how symmetrical trusts for Badri and for me will be organised; not only trust but how everything will be specified.

Q. Did you discuss with Mr Samuelson what assets you wanted to transfer to these offshore structures?

A. Yes, I discuss with him. We discuss that it will be almost all valuable assets which, as I understand, Badri and me share. And we discuss about Sibneft, we discuss about aluminium assets, we discuss about our -- as I remember, our mass media -- our TV, our newspapers, about future privatisation -- possible future privatisation of Aeroflot and Transaero, which we already own at that time. We discuss about all potential -- all existing potential assets which Badri and me own or will own together.

Q. If you would look at the top of page 11, you will see, five lines down from the top, Mr Samuelson says:

"We will start by moving the Sibneft holdings in to the funds in about ten days."

A. Just a second.

Q. Five lines down.

A. Just a second. Mr Sumption --

THE INTERPRETER: Five lines down.

THE WITNESS: Mr Sumption, I ask you very much: don't push me, I am not in hurry.

MR SUMPTION: I'm trying to help you by telling you where to find it.

THE WITNESS: Thank you very much, I have help from my translator.

THE INTERPRETER: Sir, is this --

THE WITNESS: Even translator doesn't understand where is that.

MR SUMPTION: Top of page 11, five lines down from the top.

THE WITNESS: Okay, just a second.

THE INTERPRETER: "We will start by moving..."

THE WITNESS: Yes.

MR SUMPTION: Right.

"We will start by moving the Sibneft holdings in to the funds in about ten days. These holdings are owned through Cypriot companies mainly today."

Did you tell Mr Samuelson that your holdings in Sibneft were held through Cypriot companies?

- A. Not at all. I don't remember that at all because I didn't know that -- as I told you, my relations with Abramovich at that time were that he hold my shares and it means that it was not organised in any way how it's structurised. And it's exactly the reason of if I already own through Cyprus company, why I should -- what the reason to change one way to another way?

- Q. Well, quite, but let's just establish the facts.

Your interests in Sibneft, as you claim, were not in fact held by Cypriot companies for you, were they?

- A. Again, my interests in Sibneft hold by Mr Abramovich and he organise how to hold that. I was really the first time informed how it's organised in Le Bourget, as you remember, Mr Sumption, I think well, because exactly there Mr Abramovich said, "Oh" -- when I said, "I want to organise in western manner", and Abramovich said, "Boris, it's already organised for me". And I don't remember who is owning what, Zhenya or Zhenya, he said exactly in his -- in our discussion at Le Bourget: it means Evgeny Tenenbaum or Evgeny Shvidler. And I was a little bit surprised that he already organise everything in western manner and why he does not want to do me the same, in the same way.

It's exactly what I start to think at the beginning of 2000 and Abramovich just confirm that he already have done that. I didn't know that until I met him in the -- during our meeting in Le Bourget.

Q. Mr Berezovsky, you must have told Mr Samuelson that your Sibneft holdings were held for you by Cypriot companies or Mr Samuelson wouldn't have recorded the fact in this note?

A. Mr Sumption, my position is very simple and very clear: I never mislead Mr Samuelson. What he wrote in his papers, maybe he think that best way is Cyprus; I don't know at all. But I never mentioned him that I have any structure which own my shares in Sibneft because I knew well that it's owned by Abramovich.

Q. Can you suggest any way in which Mr Samuelson could have been under that impression if you or your staff had not told him?

A. Mr Sumption, I give you clear answer: I didn't know anything about how that time all shares, including which belonged to me, Abramovich structurised. I got this knowledge just in Le Bourget. And you -- and if you read attentively, and from yesterday I understood that you read attentively what happened in Le Bourget, it means that Abramovich already had a structure to structurise and I insist and press Mr Abramovich to do

the same; Abramovich refused.

Q. Now, did you tell Mr Samuelson that you had a large stake in Aeroflot?

A. Definitely I informed Mr Samuelson that we are going to privatise Aeroflot. At that time I didn't have, as you told, stake. As I know, being already many years before managing Aeroflot, Logovaz had maybe less than 1 per cent share there.

But the plan which we established from the beginning was to go to privatise Aeroflot and, as you know well, at that time we already owned Transaero -- it's, my Lady, also very big air company -- and my plan was to integrate together Aeroflot and Transaero like one company, and this company should control more than definitely maybe 70 per cent of Russian market in passenger -- in transportation by air.

Q. Transaero was a charter and internal airline within Russia, wasn't it?

A. It's not correct.

Q. What was it?

A. Even now it's one of the most famous for foreign airlines as well and you know well that they have even domination in some countries, like Israel, and they have flights also in Great Britain.

Q. Now, Aeroflot had been privatised about five years

before this, hadn't it?

- A. Unfortunately not. Unfortunately not, and Aeroflot really become privatised only -- very small portion of Aeroflot was privatised at the time when Glushkov, Nikolai Glushkov, was deputy general manager of Aeroflot; and, as I told you, Logovaz had just very small portion of that.
- Q. Mr Glushkov tells us in his witness statement that when he joined Aeroflot at the beginning of 1996 it was in the process of being privatised. Initially, he says, it was 51 per cent owned by the State and the rest by the employees. As I understand it, the privatisation occurred in the mid-1990s. Is that wrong?
- A. No, maybe it's -- you are correct. I mean that privatisation not for the market, I mean that State kept 51 per cent control. And I didn't recollect that -- definitely I don't remember -- that maybe the employers (sic), maybe correctly, own 49 per cent. But it was not privatisation itself as we understood well; it was not on the market to buy and to sell. It's the reason why, as I told you, Logovaz, we owned just very small portion of that.
- Q. You did not own any stake in Aeroflot in 2000, did you?
- A. As I remember as well, I did not own anything and we just -- and at that time Abramovich move to the Aeroflot

and, as you remember, he even sold shares of Aeroflot because, breaking our agreement, he already operate himself and only who I know the first real private owner except of employers (sic) was Mr Abramovich and his team.

Q. Mr Glushkov tells us in his witness statement that you were not involved in Aeroflot either as a director, shareholder, employee or otherwise. Is that correct?

A. It's absolutely correct. Again, and as I told you before, I'm not sure did Logovaz -- how much Logovaz owned; it means my involvement may be one-hundredth part of per cent. But, as I know, we did not start -- we try to start privatisation in real sense and we were not successful that time. Only Abramovich was successful when he took control over Aeroflot.

Q. If you look back at Mr Samuelson's note on page 11?

A. Page?

Q. 11 -- you'll see that he records that you and Mr Patarkatsishvili owned a large stake in Aeroflot. That's what you told him, isn't it?

A. I never told him that because I did not own. It's absolutely clear.

Q. Would you look at the top of the next page, page 12, please.

A. Yes.

Q. What's recorded here is that you had been:

"... lent on by a past Prime Minister to support his Presidential campaign and, having refused, was targeted for the attention of the Prosecutor in Moscow on the Aeroflot cash collecting arrangements."

A. Again --

Q. And in the third and fourth line of that page --

A. Yes.

Q. -- Mr Samuelson records:

"Aeroflot was partially owned by [Berezovsky] and also by the State."

That's what you told him, isn't it?

A. No, I didn't told him that. Maybe his understanding was that because Aeroflot, as you mentioned now, what I recollect, was privatised by employers (sic) partially, maybe his understanding was that it's my privatisation. I didn't have -- again, I did not have any shares but I planned to participate in privatisation of Aeroflot. What happened later, when Abramovich privatised, this exactly was my plan which Abramovich realised when I left Russia.

Q. You didn't have any plan to privatise Aeroflot, Mr Berezovsky, because it had already been largely privatised in the middle years of the decade, hadn't it?

A. Again, it's not correct. I told you precisely that

private -- I mean businessman, I'm sorry, in this terminology, did not privatise Aeroflot until Abramovich came there. There is no one had any real stake. Maybe the employers (sic) they had shares, small shares, but it was not privatised in the sense that business control Aeroflot. And only Abramovich was successful with that, basing on what Mr Glushkov had done before.

And Abramovich came there because he asked me personally, "Boris, could we also manage Aeroflot?" We have -- I had real understanding that he is good professional manager with Shvidler and so, having experience in Sibneft already, and it's the reason why -- and Glushkov was not happy with that, he did not like that, but finally I organised meeting of Mr Shvidler with Mr Jenni as well, Mr Jenni who, as I understand, will give witness statement here, and it's the way how they start to be involved in Aeroflot. And finally they privatise, not me.

Q. Well now, could I ask you, please, to look at bundle H(A)18.

A. 18?

Q. Yes. The full reference is H(A)18/221.003.

Now, this is something which in this litigation has been called the "Explanatory note". The Russian version starts at page 003.

A. Yes, I have it.

Q. There's an English translation of the first page over the page and then the following pages follow. Okay?

A. Yes.

Q. Now, we don't know a great deal about the origin of this document except that it's been disclosed by the family defendants and appears to have come from the office of Mr Kay.

A. Yes.

Q. Now, it appears to be a plan or a draft plan for the restructuring of your assets at some stage around 2000 or possibly a bit earlier.

A. Yes.

Q. Now, if you look at stage 2 in the proposal that's been made --

A. Just a second. Could I have the English as well? Because I have just Russian.

Q. You will see on the page after the Russian --

A. Yes, yes, fine.

Q. -- there's a translation.

A. Yes, yes, good.

Q. And each page of Russian is followed by its own translation.

A. Yes, thank you.

Q. Okay? I'm looking at the translation and at the bottom

of page 003T of the English H(A)18/221.003T, stage 2 of this process is described.

A. Yes.

Q. This is describing a process of distributing assets to partners in proportion to their stakes.

A. Yes.

Q. Over the page in the English, you will see a list of seven assets:

"It is initially envisaged that assets owned by the partners in the main business interests will be distributed. Such business interests include:

- "1. LOGOVAZ;
- "2. The aluminium sector;
- "3. SIBNEFT;
- "4. ORT and other media;
- "5. AEROFLOT..."

A. Yes.

Q. Now, were you telling your staff around 2000 that you owned part of Aeroflot?

A. Mr Fomichev, who you mentioned before, knew absolutely perfectly what situation is as far as Sibneft, aluminium, Aeroflot as well, and he knew well that we plan to privatise Aeroflot at that time.

It's the reason why all the time I'm a little bit sceptical when you mention the date of Valmet document,

insisting that it was September, not May. I can accept September as well, but in September, as you already know, I was in fight already with president and I did not pay -- I did not wait that I will be able to privatise Aeroflot. But nevertheless it was a plan and it's absolutely clear reflected here.

But if you demonstrate me the other paper with the structure which my Lady mentioned, big list with a lot of companies and so-so, you will find out clear that Aeroflot is not mentioned there because it was just plan for the future. It's mentioned there just aluminium and Sibneft as the main assets there.

And it's just -- I don't know is it argument or not, but my understanding is absolutely clear that that time we are going to privatise Aeroflot; what Abramovich have done later but without our participation, breaking our agreement.

- Q. Mr Berezovsky, we have seen two documents from entirely independent sources but both relating to your assets which refer to Aeroflot as an existing asset. What I suggest to you is that you were giving people the impression that you owned part of Aeroflot.
- A. Mr Sumption, I already gave you answer to this question; I can just repeat the answer if you insist to do that. I plan -- because it was absolutely regular way at that

time and you know also that well from Russian history that if one business group planned to privatise something, they try first of all to take management control.

It's exactly what Mr Abramovich have done, and Mr Shvidler, with Sibneft. They knew well general manager of the companies and they went there and -- in their witness statement, moreover, Mr Shvidler said precisely that we were surprised to privatise because it's enough, for us, financial streams to control. Definitely it was hypocrisy, and Mr Abramovich was happy to privatise, but it was a general approach for privatisation: first of all you put team who professional is able to manage in market economy and then you try to privatise.

- Q. Mr Berezovsky, while you've been answering those questions we've checked the position on Aeroflot. 49 per cent of the company was privatised in the mid-1990s; the other 51 per cent is still owned by the Russian State to this day. That's the position, isn't it?
- A. Mr Sumption, you remind me, even today I didn't remember that, but it's not privatisation itself because if you compare -- it was -- sometimes State made this step to privatise for employers (sic) and you were absolutely

correctly said that it was not privatisation itself; it's just the beginning of privatisation when State split shares among of employers (sic), not on the market.

Q. There has been no further privatisation of Aeroflot either in 2000 or since 2000, has there?

A. As I recollect, it was -- it's happened later when Abramovich took control over the company.

Q. It never happened. The Russian State still owns the same 51 per cent as it owned in the mid-'90s. That's the position, isn't it?

A. I can't recollect that. I just know that Abramovich privatised the company and sold his stake. This is the point.

Q. Was --

A. And it's -- I don't -- definitely I don't know how Abramovich got this stake but it's absolutely clear that he become -- he finally bought the stake of Aeroflot, not me.

Q. Now, was Andava a joint venture company originally owned by you and Mr Glushkov and I think Andre & Company?

A. Andava was created by my initiative, together with Mr Glushkov and I understand with Andre & Cie, who were -- who are still or who were our partners in Logovaz, and a company was created for the collecting

money for the -- for finding money to fund the new project, which name is Ava. And I start this project in '93, before the coup, and when coup happened it was autumn '93: everything collapsed, market collapsed. I didn't have enough money on the internal market and it's the reason why I, having experience with the Forus company, which help me to fund Avtovaz, I create -- I propose the same idea to fund Ava project.

And it's absolutely correct: you said that this company was created by me, Mr Glushkov and Andre & Cie, maybe -- no, Badri definitely as well. As I understand, that's it.

- Q. Did you, in 2000, still have a significant interest in Andava?
- A. I think that in 2000 I still continue to have shares in Andava; how much definitely I don't remember. But it's clear to understand because Andava is transparent company, it's not a problem to understand what is that. Moreover, as I told you before, it was a lot of investigation in Switzerland, pushing by Russian Prosecutor Office, and they finally were closed all of them without any judging against of me.
- Q. The case that you have made in the Chancery action is that after 1996 you held 75 per cent of Andava; is that correct?

- A. Maybe together with Glushkov or someone. I don't remember that I control Andava at all.
- Q. Well, not in connection with Glushkov because, as you have told us in your evidence, Mr Glushkov gave his shares to you in about 1996 or '97, didn't he?
- A. Mr Sumption, I just want to remind you that he gave me shares of Logovaz.
- Q. Of Logovaz?
- A. And later on, when Glushkov returned back to --
- Q. Well, Mr Berezovsky, I'm puzzled about that. I'm reading from your pleadings in the Chancery action, where you say --
- A. It's --
- Q. Let me finish.
- A. Sorry, sorry.
- Q. -- Mr Glushkov gifted his shares in Andava to BB such that BB held a 75 per cent stake in Andava, and that's said to be in 1996.
- A. Mr Sumption, you're absolutely correct because I still have been in 2000 year, and that was a different time. You're absolutely correct then when Glushkov gave up his shares, including Andava, he gave up to me. You're absolutely correct.
- Q. Now, in 2000 were you still receiving income from Andava?

A. I really don't know did that time Andava generate money, but what I understand that -- and why I forgot about Glushkov, because when Glushkov return back to -- when he return back and went to serve Aeroflot, it was happened in '96. He served Aeroflot between '96 and '98. He, as I recollect, used the Andava as a vehicle for Aeroflot.

Q. Yes.

A. It's the reason why I forgot that he did not -- I think that he become again shareholder but it's the reason why I forgot -- I thought that we discuss about already new time. Sorry.

Q. Well now, is it right that from 1996 onwards Andava managed the foreign currency -- that's to say the non-ruble -- treasury of Aeroflot?

A. It's absolutely correct. And it was the idea of Glushkov to concentrate all foreign streams which were spread through more than hundred banks in one hand, that to control -- first of all to put all income of Aeroflot in one place and, basing on that, to obtain the credit to lease the new planes for Aeroflot. Yes, it was idea of Mr Glushkov, it's correct.

Q. Okay. Now, Mr Jenni says in his witness statement that when Mr Glushkov arranged for Andava to manage the foreign currency treasury of Aeroflot, it had no other

business thereafter; its only business was managing the foreign currency treasury of Aeroflot. Do you agree?

A. Mr Sumption, as I told you before, I was not involved in managing anything at all. I just follow at that point Andava. As I told you, at the beginning we create Andava to find funding for other project; it's the reason why it's Andava, yes? Later on Glushkov decide to use that for the purpose of Aeroflot and I don't have any connection how it was managed and Glushkov completely was responsible how to do that.

Q. Now, in 1996 and '97, is it right that substantial sums of money were paid by Andava to companies controlled by you?

A. What do you mean? Which company controlled by me?

Q. Anros, Forus and Ruco, principally.

A. I participate in Anros, I participate in Ruco and definitely Andava was not -- how to say? -- Andava was a business project, not just a charity.

Q. You see, the Swiss court, in its judgment against Mr Jenni, has established in some detail, hasn't it, that funds derived from the management of Aeroflot's foreign treasury were transferred to companies including Anros, Forus and Ruco in which you, and in some cases Mr Glushkov, were interested?

A. Believe me that I did not read the judgment of Swiss

court or Swiss judge but I want just to stress you: there were a lot of attack to me from Russian Prosecutor Office which they spread all over the world, including Switzerland. And as I told you recently, today, I didn't have any charge from Swiss authorities against of me.

And moreover, all investigations which Russia initiate for many years is closed now. I have official paper which demonstrate that they don't have any -- anything what I have done illegally there.

And again Andava was a business, not charity: it means that absolutely clear that this company generate money.

Q. Now, Aeroflot's foreign treasury was still being managed by Andava in 2000, wasn't it?

A. It's a great story. You're absolutely correct. As I heard, I don't remember well, that even when Glushkov was in prison in Russia, Russian -- Aeroflot continued to use the vehicle which Glushkov created. And it's really -- they charge him because he create this mechanism first of all, Andava, and on the other hand they continue to use this mechanism for the purpose of Aeroflot. It's just demonstration again that his charge, the case against of Glushkov was just political motivated, nothing more, because his connection to me.

Q. Now, Mr Berezovsky, we've seen in Mr Samuelson's note in two places that he was given to understand by somebody that you owned a large part of Aeroflot. What I suggest to you is that that was the impression that you gave him because you were receiving large sums of income via Andava and the other companies, Forus, Anros and Ruco, which actually emanated from Aeroflot.

A. Mr Sumption, it's absolutely wrong. I gave all my answers to your questions. I never mislead Mr Samuelson as, I would like to say you, nobody who I met in business.

Q. Now, at some stage after the meeting that Mr Samuelson records in his note -- which I should tell you does not refer to problems about meeting money-laundering regulations at all -- at some stage after that meeting did you and Mr Patarkatsishvili decide that you would need to consult a specialist, a lawyer, about money-laundering requirements?

A. I don't remember that at all. I just know that all -- everything what's concerning our visualisation -- legalisation on the west, you're absolutely correct, was -- at that time was managed by Mr Fomichev, as I understand. Mrs Nosova also participate but not so much like Mr Fomichev. And as I recollect, he introduced to us several people, including Mr Samuelson,

Mr Curtis, as I remember later, or the same time,  
I don't remember.

But again, the point is not what -- not that we want  
to hide something; we want to make it transparent,  
that's it. Transparent and protected from western  
regulation -- from point of view of western regulation.

Q. Mr Curtis of Curtis & Co was a solicitor that you had,  
I think, briefly had dealings with at the time of your  
litigation against Forbes, is that right, in 1998?

A. I don't remember that, '98. Maybe you remind me it.  
Mainly I remember Mr Curtis appearance connected to the  
time when we decide to create the proper western  
structures but I can't exclude that I met him earlier.

Q. Right. Well now, can you tell us when you first met  
Mr Curtis in connection with the western structures?

A. I don't remember well. I met him many times generally,  
I met him many times in London. He based in London.  
I knew him well and he organised this idea with sheikh  
and so. And if -- maybe it's so, the way to remind,  
maybe -- already I know that Roman pay to us our profit,  
I forgot from aluminium or from Sibneft, already using  
the structure of sheikh. Definitely sheikh was --  
I knew, I got knowledge about sheikh through Mr Curtis,  
it's true.

Q. Now, Mr Patarkatsishvili appears to have consulted

Curtis & Co, Mr Curtis's firm, in October 2000. Were you aware of that?

A. I don't remember.

Q. You can't remember?

A. I don't remember. I know that Badri, as I told you, as only we decide to create the proper western structures and Ruslan Fomichev took initiative to organise that because he said that he has connections, proper connections on the west. And Natalia Nosova as well, but less that time I think, but she remember that better.

And at that time I was introduced to several people. As far as Curtis, I told you that I didn't remember that I met him in '98 but I met him a lot already in -- being in France, I think, and definitely more often in London. And he was the key person, as I understand, who organise the Devonian deal, when we sold our interest in Sibneft, and -- because his connection to sheikh, as I understand.

Q. Now --

A. And I just want to mention to you that I was confirmed by Mr Nevzlin and, as I recollect, Mr Khodorkovsky that Mr Curtis is a proper lawyer because they -- he serve them as well; I mean Menatep Group.

Q. Now, at the end of 2000, as we know, you and

Mr Patarkatsishvili agreed to sell your stake in ORT for \$150 million. Now, do you remember that the agreement that you signed to sell your stake to Mr Abramovich's company Akmos only mentioned \$10 million of that \$150 million price, \$5 million to each of you? Do you recall that?

- A. No, I just remember well that we decided to organise payment in the way which is proper for Mr Abramovich, which is proper for us, because you remember in Le Bourget Abramovich mentioned that Putin does not like to be involved in that and so and so. And as my recollection is the price was, as you correctly said, 150 is completely wrong as a price because even press secretary of Abramovich gave clear evidence in 2010 that the price was at least \$1 billion, but we didn't have choice, as I told you. And because of tax reason or some other reason I don't understand, Abramovich --

MRS JUSTICE GLOSTER: Just a second. Mr Berezovsky, when you say that the secretary of Abramovich gave clear evidence in 2010 that the price was at least \$1 billion --

- A. You are correct.

MRS JUSTICE GLOSTER: -- are you talking about the price or the value?

- A. I'm talking about value of the company which is -- was

estimated by Central Bank when they gave a credit to  
ORT. It was '99, after the crisis, and estimation --  
and we gave our collateral, 13 per cent, 1-3,  
13 per cent, and they gave credit 100 million.

MRS JUSTICE GLOSTER: Yes, I see.

A. This is the point which I mentioned. That means that  
I understood well the real value of ORT that time.

MR SUMPTION: Mr Berezovsky, I'm asking you about the terms  
of the agreement that you signed for the sale.

A. The terms of the agreement were very simple.

Q. A very simple question. There were two agreements for  
the sale of ORT to Akmos, one by you and one by  
Mr Patarkatsishvili; do you agree?

A. Mm-hm. I don't remember Akmos name but I remember well,  
as you mention, terms of agreement.

Q. The price mentioned in each of those two agreements was  
\$5 million, wasn't it?

A. It's absolutely correct.

Q. So the only price that was referred to in your  
agreements for the sale of ORT was a total of  
\$10 million, not 150?

A. Where is mentioned?

Q. The price mentioned in the sale agreements between you  
and Akmos was only \$5 million each, a total of  
\$10 million, not \$150 million?

A. Mr Sumption, as I told you, I follow advice of Badri and my financial advisers and I told them clearly what I remember well: that the price, real price, is \$150 million but we're --

Q. I'm not quarrelling with you about that. I quite accept it was \$150 million. The point I'm putting to you is that out of that \$150 million, only \$10 million was referred to in the written agreements. Is that right?

A. Mr Sumption, as far as my signature under \$5 million or \$10 million -- I don't remember well -- you are absolutely correct.

Q. Thank you. Now, was that because you wanted to avoid receiving the other \$140 million in Russia?

A. It's absolutely correct.

Q. Did that mean that you had no documented explanation for the fact that your actual receipts were \$150 million?

A. I don't know that at all, but I am sure that if banks accept that, they have reference why -- what is that. And you remember well, again in Le Bourget Mr Abramovich insist -- not me, Mr Abramovich insist -- that it should be in this manner. And I never insist -- I prefer the direct payment, like --

Q. In what manner?

A. Sorry?

Q. In what manner do you say Mr --

- A. In manner that we should think about tax, we should think about that Central Bank maybe not give me this money because it needs to discuss with the Russian -- because you know all that what happened in Le Bourget.
- Q. Did you or Mr Patarkatsishvili instruct Curtis & Co to assist you in documenting the source of the \$140 million?
- A. As far as me is concerned, I am sure that not. As far as Badri concerned, I think likely that he instructed, or Mr Fomichev, I don't remember. But definitely I never -- I don't remember that I gave any instruction, as you said, to my financial adviser, so people who organised the deal.
- Q. What do you know about a company called Spectrum General Trading?
- A. I know I heard the name but I don't -- can't identify. If you remind me, I'll do that.
- Q. Well, from your recollection, however, can you not tell us anything about Spectrum Trading?
- A. I don't remember the name. I just --
- Q. You don't remember the name?
- A. The name Spectrum?
- Q. Spectrum General Trading.
- A. I don't remember the name.
- Q. You don't remember the name. I see. Would you please

take bundle J2/2, flag 9.

A. Just a second.

Q. This is addressed to the assistant so that she can find the page for you: flag 9 of bundle J2/2, page 122 J2/2.09/122.

A. Yes.

Q. Now, this is part of the witness statement of Mr Marino, your then solicitor --

A. Yes.

Q. -- which was used in the striking-out proceedings.

A. Yes.

Q. He talks about Spectrum in this part of his witness statement.

A. Yes.

Q. At paragraph 381 he refers to the sale agreement, then at paragraph 382 he says that:

"A third party was involved... Spectrum, which was an Abu Dhabi corporation."

A. Yes.

Q. Owned by Sheikh Sultan bin Khalifa et cetera.

A. Mm-hm.

Q. And in the next paragraph under 382 he says that he understands from you --

A. Just a second.

Q. Last sentence of 382.

- A. 382, last sentence, yes.
- Q. "I understand from Mr Berezovsky that Spectrum...  
entered into a deed of assignment with Akmos, pursuant  
to which Spectrum assigned its rights under the call  
option to Akmos."
- A. Yes.
- Q. Now, you appear to have discussed Spectrum with  
Mr Marino; do you agree?
- A. No, look, again, if they present me how it was  
structured, because definitely I did not participate  
how it was structured, and they mention, "This is  
Spectrum, which made a deal with Akmos", definitely  
I can identify that it was so. But when you put me the  
question, "Did I remember Spectrum?", I gave you the  
answer: I don't remember Spectrum at all, the name.
- Q. Were you the chairman of Spectrum?
- A. I don't know.
- Q. You don't know?
- A. I don't remember.
- Q. You don't remember whether you were the chairman of  
Spectrum?
- A. Definitely.
- Q. If you were the chairman of a company, you wouldn't  
recollect that at all; is that right?
- A. I recollect -- I just remember that I was executive

secretary of CIS countries and so, but I definitely didn't recollect in which company I was chairman because there were 1,000 different companies and only Badri and my advisers regulated where I should be chairman or not.

Like it's happened, for example -- and you know well example: it's NFK. I was -- it turned out that I was chairman and definitely it was not my approach to become chairman of this company; it was approach of Mr Shvidler and Abramovich to put me in this position, and Badri.

Q. Let's concentrate on Spectrum, shall we?

A. I concentrate already. I didn't -- I don't recollect anything.

Q. Spectrum was a company 100 per cent owned by the sheikh. Did the sheikh, as 100 per cent owner of Spectrum, make you its chairman?

A. I don't know that. I don't remember that.

Q. Do you remember that on 6 January 2001 you applied to open an account at Clydesdale Bank?

A. I knew only that account was opened in this bank, definitely I don't remember the date, but I know that the money which were -- which should be paid from the transaction of -- I don't remember -- Sibneft definitely but I don't remember the others, ORT and so, they paid -- finally they should be on the account of this bank -- what is the name?

- Q. Well, this is a personal account of yours, not an account in the name of one of your trusts.
- A. It means that I didn't recollect that I had personal account there.
- Q. Well now, could you please look at bundle H(A)27/248. Do you have that? This is an account opening application form.
- A. Yes.
- Q. Do you see?
- A. Just a second.
- Q. It's signed and I think completed in manuscript by you; is that right?
- A. I recognise my signature here.
- Q. Yes. And do you recognise your handwriting on the rest of the form?
- A. Not. It's not my wording, my hand.
- Q. But it is your signature?
- A. Signature is mine, definitely.
- Q. Right.

Now, this shows that on 6 January you applied to open an account at Clydesdale Bank. Whose idea was it that you should open an account at that bank?

- A. I think it's idea of Ruslan Fomichev or Curtis, I don't remember.
- Q. Now, over the page, second page of the document, you

describe yourself as the company chairman of Spectrum.

Can you tell us why you did that?

A. First of all, definitely, as I told you, it's not my hand.

Q. Right.

A. It's someone who prepare that and even there is no signature at this page. It means that it could be almost 100 per cent that I even didn't see this page because my signature is only on the front page. And you may put me very correct question: is it your -- your hand which put the letters? I said: signature is mine, all the rest is not mine.

Q. Mr Berezovsky, if you signed a document which described you as the chairman of Spectrum, that must be because you or one of your staff gave that information to the person who actually wrote it out before passing it to you for signature; is that right?

A. Mr Sumption, I want to be very, very precise. This is my signature, it's correct. I am responsible formally for everything what is written. As you have seen before, I put my signature even where I was mentioned and even not me was mentioned because my birthday was completely wrong. You have seen this document.

I am sorry to say it's not good, I agree with you, but believe me, it's almost zero per cent probability

that I have seen the second page. They gave me it to sign; I sign. They said me that it will be your account; fine. Because it's prepared not by me, it's prepared by people to whom I trust.

Q. Like Mr Fomichev?

A. Absolutely correct.

Q. Right.

Now, Spectrum was the company through which you intended to pass most of the proceeds of the sale of ORT, wasn't it?

A. I don't remember that, but I think you're absolutely correct. Because, as I told you, the mechanism to sell our assets through sheikh was created before Sibneft and even before I think ORT because part of the -- again, it's my recollection, I don't want to insist that -- that part of our profit from Sibneft or maybe from aluminium -- again, I don't want now to mislead you -- we pass in the same way. And it means that this Clydesdale Bank operate in our favour, it's correct.

Q. Right. So sometime before 6 January --

A. 6 January which year?

Q. 2001.

A. Yes.

Q. -- you and Mr Patarkatsishvili had decided, for whatever reason, that you would be using Spectrum as a structure

for getting you the proceeds of your ORT stake?

A. Be sure it was -- be sure it was not my decision.

Definitely it was decision of my adviser and maybe first of all Badri because, as I told you before, Mr Sumption, I trust Badri, it was time when I trust Fomichev as well. And it's my way -- maybe it's the reason why I'm here in the court -- to trust people who I really think that they are fair and they are truthful, but it's happened different.

But again, Mr Sumption, you don't have -- you shouldn't have any doubts that I never went into details. I was asking to sign; I signed that. Moreover, I wouldn't too much surprise, I was lucky that it was not -- it is not my signature on the second page. I just was lucky, because it could be that my signature also could be there, because I just follow advice of my financial adviser. And it's not good, I know that.

Q. Now, could you please be given bundle H(A)28/73.

MRS JUSTICE GLOSTER: Can we put this one away?

MR SUMPTION: Yes, my Lady.

I'm told that there may be an error on [draft] line 22 on the current page of the transcript where "lucky" has been rendered as "slightly", but maybe that can be checked on the tape in due course.

MRS JUSTICE GLOSTER: Yes. Yes, it was "lucky".

MR SUMPTION: That was what we remember.

Now, this is a letter from Mr Curtis to an official at Clydesdale Bank. He says that he's acting for Spectrum at the very beginning of the letter, as you'll see.

A. Just a second. Yes.

Q. Now, if you look at the third paragraph, you will find the basis -- I mean, your evidence was you don't know about this but just to show you, in the third paragraph you will find that Mr Curtis says:

"... we have previously acted for Mr Berezovsky, our first instruction being in 1998. Mr Berezovsky's associates in turn introduced me to Mr Arkady..."

That is obviously Mr Patarkatsishvili.

"... who I have acted for for a period of three months."

It is for that reason that I suggested to you that Mr Patarkatsishvili had consulted Mr Curtis in October.

A. Yes. Logical.

Q. Now, looking at the rest of the letter, Mr Curtis in this letter describes the two sums of \$70 million that are to be credited to the accounts of you and Mr Patarkatsishvili. I should tell you that there's also an application form to open an account at Clydesdale Bank for Mr Patarkatsishvili.

A. Mm-hm.

Q. In the second paragraph:

"Pursuant to the option agreement, it is proposed  
that Mr Berezovsky" --

A. In the second paragraph?

Q. Second paragraph.

A. The first page or the second?

Q. The first page.

A. Yes.

Q. "... it is proposed that Mr Berezovsky and Mr Arkady  
will each be paid the sum of US\$70 million. These sums  
will be remitted from Spektrum's account with the  
National Bank of Fujairah and we are advised by  
Dr Jumean that they will be accompanied by confirmation  
of non-criminal source."

Now, if you look over the page, he asks Mr Sykes in  
the second last paragraph whether they would be prepared  
to accept these two sums of \$70 million, one for each  
account.

A. Yes, okay. Just a second. Yes. Mm-hm. Yes.

Q. What he is explaining to Mr Sykes is that there is going  
to be an option agreement. I'm trying to find the first  
reference to the option agreement but it's also referred  
to in the first full paragraph on the second page of the  
letter.

If you look at the first paragraph of the whole letter on the first page, in the opening of the letter he says:

"We have been instructed by Spektrum... in connection with a proposed option agreement. Pursuant" --

A. It's the first paragraph?

Q. Yes, first paragraph on the first page.

"Pursuant to the agreement Spektrum's nominee will acquire 99% of the issued share capital of ORT KB... which we understand is the largest [TV... operator...]"

Et cetera. Over the page Mr Curtis says:

"We have yet to finalise the terms of the option agreement and are agreeing the format of this with Mr [Ivlev, as he should be called], the senior partner of Eversheds [Moscow bureau]..."

A. Yes.

Q. So what Mr Curtis was explaining to Clydesdale Bank was that there was going to be an option agreement --

A. Yes.

Q. -- and that the \$70 million that each of you and Mr Patarkatsishvili were going to receive represented the amount payable under that option agreement.

A. It's written here.

Q. Yes. Now, what can you tell us about this option

agreement?

A. Nothing.

Q. Nothing?

A. I don't know anything how they organise the payment. My request was just simple: I want to have this legally on the west. And, as I know, until now nobody, even Russian Prosecutor Office, didn't charge me about this sum.

I want like nevertheless, Mr Sumption, to stress what is I think very, very important: Russian Prosecutor Office is fishing all over the world for the last ten years and big, big amount of money, billions, they never even recognise, knowing well, and I know why: because it's paid by Abramovich. If it would not be paid by Abramovich, they immediately recognise that it's dirty money and I already was charged in all countries which connected to that. It's only reason, because it's a lot of money. They find even \$5,000 which were transferred to my account, I mean Prosecutor Office.

Q. Would you agree with me that you had never agreed with Mr Abramovich in relation to ORT that there would be any option agreement?

A. Me personally? I don't remember --

Q. You personally.

A. Me personally, I don't remember at all how it was

organised. We just discuss, and you see it in Le Bourget again transcript that there is discussion about amount. I don't discuss with Abramovich definitely about any option or somehow.

Q. Right.

Now, the option agreement that we have is not dated but, for various reasons that I won't trouble you with, it must have been prepared after 9 February. And I'm going to ask --

A. 9 February which year?

Q. 2001.

A. Mm-hm.

Q. Well, it must have been signed, sorry, after 9 February.

I won't trouble you with the reasons for that because it's not matters that you would necessarily have known about.

I want to ask you to look at one of the three execution copies of that agreement which was signed by you.

A. Okay.

Q. You'll find that in bundle H(A)28 at page 225

H(A)28/225. Okay?

A. Just a second.

Q. Do you have 225 open? If you flick forward to 231,

I think you'll find your signature.

A. Just a second.

Okay, it's my signature.

Q. Now, this agreement is an agreement relating to what are called the option shares -- look at page 225 -- and that's 23,726 shares owned by you in the capital of ORT-KB.

A. Yes.

Q. That is the correct number of shares that you had owned back in December in ORT-KB, isn't it?

A. Definitely I don't remember correct or not correct.

I don't remember these numbers. I just know what I own in shares. In shares my impression is that Badri and me own together 49 per cent.

Q. Well now, this document which you signed is a document which, on the face of it, grants to Spectrum an option to acquire your shares in ORT-KB for \$70 million.

A. Yes.

Q. See clause 2 on page 226.

Now, somebody must have explained to you when they asked you to sign this what it was?

A. Mr Sumption, I don't recollect at all. I absolutely confirm that it's my signature, it's absolutely correct. I absolutely confirm that we discuss about \$70 million to me and \$70 million to Badri as a sale of ORT. I don't remember this paper.

- Q. Did you know when you signed this document that the transfers of your shares in ORT-KB had actually been registered in the Moscow Companies Register on 29 December 2000?
- A. Definitely I didn't know. I know that it should be registered. I know that Abramovich is beneficiary, is final buyer of that. Definitely I don't know how it's organised in Moscow. I know that -- just that I deliver all request of my team and Mr Putin to sell my shares. That's it.
- Q. You wanted the transfer to go through as soon as possible after you'd agreed it with Mr Abramovich in order to get Mr Glushkov, you say, out of jail?
- A. Definitely it's correct.
- Q. Right. So it won't surprise you to learn that it did in fact go through very soon after the agreements were signed on 29 December, even if you don't know the exact date?
- A. Again, I just want to tell you what I told you yesterday: that definitely -- and it's just confirmed -- that it took time to prepare. It's completely opposite what Abramovich insist and you insist: that it was prepared in Le Bourget. And definitely up to the last moment I try to get Nikolai Glushkov out of the jail and it was agreed that he will be released after his

birthday, the 24th. And when I got the call and then when I recognise that it will not happen, I signed this agreement.

- Q. You see, Mr Berezovsky, the agreement that you signed here is a completely bogus document, isn't it? It's pretending --
- A. It's completely...?
- Q. It's a completely misleading document because it is pretending to be selling to the sheikh's company for \$70 million shares that had in fact already been transferred to Mr Abramovich's company Akmos weeks before.
- A. Mr Sumption, I don't want to argue against your definition, yes? I just argue against of what happened. Never no one, again, charge me of something wrong with this paper -- not the bank which got the money; not Russian Prosecutor Office; not Mr Putin personally -- because it was organised not by me. It was organised in proper way, as I understand, because no one charge was done against of this paper.

And if you will be lucky, after this court it will be charged. But I am sure it will not be because it's nothing against of law as I understand, at least until now. It means that to insist, to continue to insist that it was money-laundering and so on, it's not correct

already.

- Q. Mr Berezovsky, this document, I suggest to you, was signed by you for the sole purpose of being shown to Clydesdale Bank in order to get them to accept your \$70 million. That's the position, isn't it?
- A. Mr Sumption, it is not. The position is that I follow advice of my lawyers, including, as you know, as you mentioned yourself, professional English lawyer, Mr Curtis or some others, but professional English -- certified English lawyers. And what is wrong with that? Never after that I had any problem with this payment. What is wrong with that?
- Q. You mustn't assume that everything I am putting to you is necessarily an accusation of wrongdoing, Mr Berezovsky. But would you agree with me that you did not in fact sell an option on your shares in February or thereabouts of 2001 in ORT because you had already sold them to Akmos and they had been registered already in Akmos's name? Do you agree with that?
- A. Mr Sumption, I even don't understand what you are telling. I'm sorry to say that.
- Q. Can you tell us what the point of this agreement was then?
- A. The point was very simple. Putin threat me -- messenger was Abramovich -- to sell my shares in ORT. They kept

in jail my friend, Mr Glushkov, and he was very sick. And I didn't have choice, under threat, to sell my shares of ORT. How they organise, through option, through not option, I don't care at all. I just care that finally the western bank should accept this money without problem for me and for the bank. It was done. That was done. That's it.

Q. Hadn't you pretended to be chairman of Spectrum in your account opening form in order to prepare the way for this agreement?

A. Mr Sumption, I was absolutely sincere and truthful when I told you that I even don't remember this name, this company.

MR SUMPTION: My Lady, would that be a convenient point to break?

MRS JUSTICE GLOSTER: Yes. Can I just ask you, Mr Sumption, is there a reference to any transfer to -- just a second.

MR SUMPTION: We have the document which records the registration of the transfer in ORT-KB to Akmos. Would your Ladyship like the reference to that?

MRS JUSTICE GLOSTER: I would like the reference to that. You can give it to me later.

MR SUMPTION: I will give that to you on your Ladyship's return.

MRS JUSTICE GLOSTER: Yes, very well.

Yes, ten minutes, Mr Berezovsky.

(11.44 am)

(A short break)

(11.55 am)

MR SUMPTION: My Lady, I will invite your Ladyship to look at the document because it will give the witness the opportunity to do so as well.

MRS JUSTICE GLOSTER: Yes.

MR SUMPTION: It's in bundle H(A)26 at 151 in the Russian and 152 in English H(A)26/152.

A. H(A)28?

Q. H(A)26, page 151. You are being given it, Mr Berezovsky.

A. You will not need that more, the previous one?

Q. Don't put any other bundles away for the moment, please, because you may need them again. If I can ask you, in spite of rather encumbering your desk, just to take the bundle that's being given to you.

A. Yes.

Q. H(A)26/151 is the Russian version of an extract from the register of ORT-KB --

A. Yes.

Q. -- at 29 December. You will see that this records that at 29 December --

- A. Just a second. Just a second. 29 December.
- Q. Top right.
- A. Yes. I already left Russia. Yes, okay.
- Q. Halfway down the document, you will see that the party into whose name it was registered was Akmos Trade Limited, which was the Abramovich company to which you contracted in late December to sell the shares.
- A. Yes. It's the page -- let's see in English, which page?
- Q. It's the following page in English.
- A. Okay, thank you. Where are you referring to Akmos?
- Q. Halfway down the page.
- A. The third paragraph, let's say?
- Q. The third box, yes.
- A. Thank you.
- Q. Okay?
- A. Yes.
- Q. So at the time when Mr Curtis was drafting and you were signing documents which were apparently assignments of your shares to Spectrum, in fact the same shares had already, with your consent, been registered in the name of Akmos?
- A. I didn't know anything about that.
- Q. I see.

Well now, my Lady, just for the transcript, I don't think there's any dispute about the chronology.

Mr Ivlev, who is being called as a witness and was Mr Berezovsky and Mr Patarkatsishvili's Moscow lawyer at the time, confirms the date at paragraph 33 of his witness statement D1/08/107; so also does Mr Gorodilov, who handled the transfer on our side, at paragraph 78 of his first witness statement E2/04/32.

MRS JUSTICE GLOSTER: Yes, thank you.

MR SUMPTION: Now, I would like you, please -- you can put away the bundle that I've just been showing you, Mr Berezovsky, and perhaps you could be given instead bundle H(A)27/218.

Mr Berezovsky, you may remember that I showed you earlier this morning an extract from Mr Marino's witness statement in which he said that you had told him about an assignment between Akmos and Spectrum.

A. Yes, I remember that, that you told me that.

Q. And I showed you the passage from Mr Marino's evidence in which he said that he'd been told about this assignment by you.

A. I can't refuse that.

Q. Well now, this is the assignment in question. It's a document which appears on its face to be an assignment of the option that you had just granted to Spectrum by Spectrum to Akmos Trade --

A. Yes.

- Q. -- and this too was drafted sometime after the middle of January.
- A. It could be.
- Q. And there is, on page 220 a signature on behalf of Spectrum and there is a signature on behalf of Akmos which I have to tell you is a forgery.
- A. Okay, it's --
- Q. You wouldn't know about that but it is a forgery.
- A. I don't know anything about this document.
- Q. No, I'm not suggesting you do.
- A. And you have proved that it's not correct?
- Q. That will be our evidence.
- A. Okay.
- Q. Now, this document is pretending to be an assignment back to Akmos of the shares that you had granted an option to Spectrum over.
- A. Mm-hm.
- Q. Now, what I want you to help us on is this: how were you able to tell Mr Marino when he made his witness statement about this document? You obviously knew about it, didn't you?
- A. Definitely -- I just describe, my Lady -- definitely I don't remember about this document, about Spectrum, about how it's organised. But when Marino put in his -- what it was, statement or somehow?

Q. Yes.

A. -- he just use information how he understand that.

Q. Yes.

A. Believe me, I never know about this document and I even -- maybe he remind me that it was Spectrum involved and so, but I didn't know anything about that.

Q. Mr Berezovsky, that can't be true, can it? Because what Mr Marino said -- you saw the document this morning J2/2.09/122 -- was:

"I understand from Mr Berezovsky that Spectrum then entered into a deed of assignment with Akmos, pursuant to which it assigned its rights under the call option to Akmos."

A. Mr Sumption, again, if he told me, "Boris, do you know that it was organised like that?" I just say that, "Mr Marino, I didn't remember that definitely, but if you have evidence that it's organised like that, I confirm that it's organised like that". Definitely, Mr Sumption, you understand well that I didn't know not Spectrum, not anything, before someone remind they me that it's Spectrum and it's Akmos. I even don't know that.

Again, Mr Sumption, I don't want to present me that I don't have memory at all, and so I have memory what I remember, yes, and I remember the most important for

me. That was not important for me at all; I was just presented my assistants what to do. And if Mr Marino, who is very professional, present me that it was organised like that, "Boris, can you confirm?" I said, "I think so". That's it. Believe me, I didn't went in investigation how it was organised.

Q. This --

A. And now you even said that it's false. I don't know at all what is that.

Q. This document appears to have been disclosed by Mr Patarkatsishvili's widow and may not have been available to Mr Marino when he made his witness statement.

A. I don't know anything about it.

Q. But you told him about it, didn't you? He didn't tell you about it; you told him?

A. Mr Sumption, again, the technology is very simple. They -- my lawyers, they try to investigate how happened maybe ten years ago, maybe five years ago, and they told me, "Boris, look, it was organised like that. Do you remember anything about that?" Definitely my -- the probable answer, "I don't remember. But if you investigate that, put like that".

Mr Sumption, believe me, I'm not misleading you. My Lady, I'm not misleading you. I just present what

I remember and what I think happened that time, when Mr Marino present his pleading or something.

Q. Did you read Mr Marino's witness statement before he served it on us in the striking-out proceedings?

A. I did not. I just --

Q. You did not?

A. I just -- he told me about general position but I did not read that in any details.

Q. I see. Well, did you read it at all?

A. Definitely I didn't read that, that pleading.

Q. Why did you say in your own witness statement in the strike-out proceedings:

"I have read the first witness statement of Pietro Marcello Marino dated 16 April and confirm that to the best of my knowledge and belief it contains an accurate account of events."

A. I signed it because, as I told you, Mr Marino explain me what is in this pleading. But I didn't read all details what were presented there.

Q. Well, you must have read it carefully enough to be able to confirm that it contained an accurate account of events, surely?

A. Mr Sumption, again, I believe, I trust Mr Marino and definitely you understand already well that I did not read that attentively what he present and if I need to

sign that I understand what is this document, I sign that.

Q. In the course of your evidence about this transaction this morning you have been trying to distance yourself from it although in fact you know full well what its purpose was, do you not?

A. I didn't try to distance myself. I just present what I know about that, what I remember about that. And my recollection is very simple: we agreed finally that we will pay -- we will be paid \$175 million. \$25 million I should return back to Abramovich in favour of election campaign of Putin. It was very hypocritical at that time because I already was out of the country, but nevertheless it was agreement before and we deliver that.

Then we discuss that how it should be structured and to protect our money and not to be squeezed and should be transparent enough for the west and so-so. But it's not my point which I discussed personally; I just heard about that, nothing more.

What I remember well that we agreed that \$10 million will be paid in Russia, \$140 million will be paid abroad. It should be finally put in proper western bank. That's it. This is my knowledge. What I know today again just confirm that everything was done in

proper way: no one commission, no one prosecutor charge me or Mr Abramovich or Mr Badri for that.

- Q. Mr Berezovsky, could you please be given bundle H(D)2. This is a note in documents recently produced by Clydesdale Bank. You probably won't have seen it because they were produced while you've been giving evidence.

I'd like you, please, in H(D)2 to turn to page 4a, which is behind flag 4 H(D)2/04/5.

- A. It is in -- not in typing, yes?

- Q. It's a manuscript note. There is a typed-up version behind it -- not in my copy. I'm told there is a typed-up version. We'll have to produce that in due course. It is on Magnum but it hasn't found its way into the bundle.

Let me just tell you what this is. This is a note made by an official at Clydesdale Bank of a conversation with Mr Curtis on 22 January 2001.

- A. 2001?

- Q. Yes.

- A. Which month?

- Q. January.

- A. January, thank you.

- Q. On the second page of the note, and I'm sorry that the handwriting is not that easy --

A. No problem. I trust you.

Q. On the second page of the note you will see that there's a break in the page and just about halfway down the page there's a paragraph that begins:

"Berezovsky is v[ery] political animal..."

And about four lines down...

The typewritten version I'm told is on the screen now. Does your Ladyship have that?

MRS JUSTICE GLOSTER: Yes, I have it.

MR SUMPTION: And I hope the witness does as well.

You will see:

"Berezovsky is v political animal -- has own views. He had a large part to play in putting Yeltsin in power. New guy started campaign against Berezovsky. B[erezovsky] also has shares in Aeroflot and receives Russian flyover fees."

Now --

A. And what?

Q. -- it looks as if either you and some member of your staff told Mr Curtis that you had at this stage a share in Aeroflot, doesn't it?

A. Mr Curtis, I already gave many times answer to the same question: I didn't have shares in Aeroflot.

Q. No, but you did tell Mr Curtis that you did?

A. I did not tell Mr Curtis about that. I present

Mr Curtis just true, nothing more. He is English lawyer.

- Q. But your evidence is that you didn't have shares in Aeroflot. What about the overflying --
- A. My evidence is that I did not have shares of Aeroflot, it's correct.
- Q. Tell us about the Russian overflying fees -- flyover fees?
- A. Overflying fees, it means that, as I understand again, that Russia -- Mr Glushkov, definitely he is professor in that, he will give you a correct answer. But, as I understand, every country, including Russia, take fees for their flights over the -- this country.
- Q. Indeed.
- A. And company collect this money or State collect this money; it depends on the country, as I understand. This is the fees, yes.
- Q. Yes. And were you, Mr Berezovsky, entitled to receive Russian flyover fees?
- A. Mr Sumption, I told you I don't know. I don't know because not me operate with the business concerning Aeroflot. As you correctly said, it was Andava company, based in Switzerland, which provides service for Aeroflot, and it was business itself for Andava. As I know, Glushkov never was charged for something wrong

with that --

- Q. I'm not asking you about Andava or Aeroflot; I'm asking you about flyover fees.
- A. Okay, okay. My answer: I don't know.
- Q. Right. Somebody told Mr Curtis that you were entitled to receive Russian flyover fees. That was wrong, wasn't it?
- A. I don't know. I don't know. Again, I don't know how Mr Curtis obtained wrong information, as I understand.
- Q. Do you agree it is wrong?
- A. Sorry?
- Q. Do you agree that it is wrong? You weren't entitled to receive Russian flyover fees?
- A. No, I don't know. In amount of money that Andava made, maybe it was, as I say, money of this flyover. It could be. But I told you I don't know that.
- Q. Mr Berezovsky, I'm not asking you about Andava. Andava may have had nothing to do with these flyovers.
- A. Yes, it's correct. Okay, I don't know --
- Q. Russian --
- A. -- I don't know that this money was paid to me. I don't know about it.
- Q. Russian flyover fees, given the size of Russia's land mass, charged, as you correctly say, on commercial flights overflying Russian territory, amount to a very

large sum, don't they?

A. I don't know how much they charge.

Q. Are you seriously --

A. I know that they charge.

Q. Are you seriously suggesting that you could have been receiving Russian flyover fees without knowing it?

A. Again, I don't know did I receive or not this money; this is the point number one. And definitely I don't know the amount of money that the State or company charged for these flights.

MRS JUSTICE GLOSTER: Can I just ask you this. You've mentioned Andava; you say you don't know whether Andava received some flyover fees.

A. Yes, because my impression was that Andava operating with the Aeroflot, as we told before, that maybe Andava charged this money for flying.

MRS JUSTICE GLOSTER: Okay. But did you personally receive -- forget about Andava. Did you personally receive any flyover fees?

A. No. Definitely not. Definitely not.

MR SUMPTION: You see, what I would suggest to you is that this is an example of you telling, either directly to Mr Curtis or via your staff, fibs about what you owned.

A. Mr Curtis -- sorry, Mr Curtis unfortunately not with us but you are there.

Q. But I am.

A. I refer -- yes, I'm happy as well.

Q. I'm very grateful for that confirmation.

A. I'm sorry, Mr Sumption, for this comparison.

Mr Sumption, I really never report -- never mislead Mr Curtis, understanding well the rules of English lawyers. And not only because of that but English lawyers, first of all, I really learn from the very beginning that English lawyer not person who just protect me; it is the person who try to present the truth to the court, as you said at your interview in BBC, five minutes' interview recently, and I really believe that you also want not to mislead my Lady but to present the truth in front of the court.

Q. Just in case your Ladyship is wondering, that was not an interview on the subject of this case.

A. But -- no, it's your general position.

Q. Okay.

Now, Mr Marino tells us in his witness statement for the strike-out application that the procedure used to deal with the \$1.3 billion, when that came along a few months later, was similar to the one used in the case of the ORT proceeds, and I think you said something to much the same effect earlier.

A. Yes, my understanding was that generally for the selling

our interests in Sibneft was decided -- first of all Badri, and Mr Fomichev I think at that time as well, but he assist just Badri -- that this way will be the -- factually it's only one because, as you remember well, in my witness statement I said that our approach was to ask Mr Abramovich to pay us directly but Mr Abramovich refused that and he even explain why he refused: because maybe he will -- because of he will be harmed. And we didn't have choice, we accept this way; as in ORT, we also have not a lot of choice how to do that.

Q. We'll come to that in a moment, Mr Berezovsky. But, as I understand it, your case is that because of what you say was Mr Abramovich's intimidation, you entered into the Devonia agreement, selling your interest to Devonia. That's your case, isn't it?

A. My case is that not the mechanism how it was sold; my case is that it was sold under threat. And how it was organised, this is the other story.

Q. Well, what you are saying in this action is that you didn't actually sell your interest to Mr Abramovich; you sold it to the sheikh's company, Devonia?

A. I sold my interest to Mr Abramovich definitely, but mechanism how it was organised, it was organised with sheikh, and exactly did he insist that I sold my interest in ORT or my shares not to Abramovich. I sold

to Abramovich exactly that I sold again through sheikh, exactly what happened with Sibneft, I sold my interests through sheikh to Abramovich.

It's absolutely -- if to compare those two events, it's absolutely clear that I sold my interest in Sibneft, Abramovich recognised my interest, using the technology -- the same technology, that's it.

Q. What involvement did you personally have with the planning of the Devonia structure?

A. Not -- I don't recollect that I have any involvement. As I told you, that I didn't recollect that I have any involvement in selling of ORT. I just was told by Mr Curtis, I think, and then already Mr Badri, that this is factually only way how we can make it transparent for the bank, to be guaranteed that it will be finally paid by Abramovich and give us track that it's happened, that we sold that. And as I told you before, yesterday, I need to have this track because I took a decision that one day I go against of Abramovich to the court, what is happening now.

Q. Who was it who suggested the Devonia structure?

A. I don't remember well. I think or Badri or Mr Curtis himself or Mr Fomichev, I don't remember. I think likely it was Fomichev that time because -- ah, Devonia structure -- no, Devonia, you mean Sibneft. Just

a second, I just want to recollect that. I think it's Mr Curtis who discussed that.

Q. Yes.

A. Or Fomichev. Mr Curtis and Fomichev, I think.

Q. Well, the evidence you gave in the North Shore litigation was that the structure was proposed by Mr Curtis in order to protect your assets and your money because the Russian authorities were after your assets all over the world.

A. It's a very rare example where I really recollect that it was Curtis, it's true.

Q. Well now, could you please look at your witness statement, paragraph 379 D2/17/279. Now, you say here that:

"One possibility we discussed was a direct sale to Mr Abramovich... another... was a sale to a third party..."

Now, as I understand it -- correct me if I'm wrong -- this refers to discussions that you had with Mr Patarkatsishvili which you mention in the previous paragraph. Is that right?

A. I don't see anyone who could talk to Mr Abramovich -- as far as me, I already didn't talk to him at all, and it means that it's Mr Patarkatsishvili the most probable.

Q. So "we" in that sentence means you and

Mr Patarkatsishvili?

A. It means that he present my interests in front of Mr Abramovich. As I told you before, I never talked to Abramovich after we --

Q. That's not what I am suggesting.

You discussed a direct sale to Mr Abramovich, you say, and, as I understand it, you discussed it with Mr Patarkatsishvili. That's what you're saying here; is that right?

A. Again, to be absolutely precise, I never talk to Abramovich more after Cap d'Antibes; the first point. It means that when it is said "we", it means Badri, from my name -- the most probable, Badri discussed that with Mr Abramovich, correct.

Q. What you're saying here is that you discussed it with Mr Patarkatsishvili; isn't that right?

"... we discussed... a direct sale to Mr Abramovich."

A. "We" -- again, "we" means --

Q. "We" means you and Mr Patarkatsishvili?

A. Mr Sumption, don't please do that like what you are doing. I told you absolutely correctly that I didn't talk to Abramovich at all; I talked to Badri.

Q. If you listened more carefully, Mr Berezovsky, you would realise I'm not suggesting that you spoke to

Mr Abramovich about this; indeed, I entirely accept that you never did.

All I'm trying to ask you is: was this a subject that you discussed with Mr Patarkatsishvili and is that what you're saying in this paragraph?

A. Yes, I discussed this subject with Mr Patarkatsishvili, it's correct.

Q. Thank you.

A. The subject how to organise the technology to sell.

I discussed the subject because Abramovich refused to sell directly, correct.

Q. Who else did you discuss it with, in addition to Mr Patarkatsishvili?

A. I think Mr Curtis also.

Q. You discussed it with Mr Curtis, right.

A. Mr Curtis. I don't remember -- and I think maybe Mr Fomichev as well.

Q. Yes. And did you discuss it also with Mr Jumean, the head of the sheikh's private financial office?

A. You mean Eyhab?

Q. Sorry?

A. You mean Eyhab?

Q. Eyhab was his first name.

A. Yes, yes, yes, I know him. I know him, I would like to say, well. I was introduced to him and maybe he is the

first person who I identify with sheikh, he is like right hand or head of administration, and I can't -- I am sure that I talk about that also with Eyhab as well.

Q. So you discussed the Devonia structure with Mr Curtis, Mr Patarkatsishvili, Mr Fomichev and Mr Jumean?

A. Not correct at all. I didn't discuss the structure. Again, I did not discuss the structure. I discussed the deal should be done through sheikh. I never discussed structure of Devonia. I don't know even what is that.

Q. Did you discuss with those people the fact that the Devonia transaction was used simply as a means of effecting the sale of your interest in Sibneft?

A. No. We discussed -- my recollection is, and the only way how I can discuss, that we are selling our interest in Sibneft; we are selling that to Abramovich.

Q. Mm-hm.

A. This the number one point. We need to get this, the money, the payment, in the proper way that to have that on the western bank and we discuss that we already have done that and example was ORT. And my recollection is that I just was present at the moment when we decide to do it the same way.

What is the structure of Devonia? I did not know when ORT was transacted, I didn't know when was

transaction of money for sale of our interest in Sibneft.

And moreover, Mr Sumption, you definitely remember how and where I signed Devonia agreement. I signed that at Nobu at 10 o'clock pm, on the table of Nobu.

It means that this is -- I don't want to present -- my Lady, and it is important -- I don't want to present that I really don't remember everything and I just refuse and worry what happened if I start to go into details but it's really what I know. I don't know more; I know just that. I never went into -- I never was even presented the structure of Devonia, never.

Q. Well, I think what you have said, however, is that there were some aspects of the transaction that you did discuss with Mr Curtis, Mr Patarkatsishvili, Mr Fomichev and Mr Jumean.

A. We discussed.

Q. Now, just tell us what you did discuss with them.

A. Yes, yes, exactly.

We discussed that it will be done in the same way like ORT, through Sheikh Sultan. We discuss that we have a bank on the west and that this bank, which is Clyde -- sorry -- Clydesdale Bank, which where money will be. We discussed that we should have no problem, legal problem, with that transaction. And we discussed

that I want to have at least track of that transaction.

And Mr Curtis, as I understand -- because later on I was shown the papers -- that he understood that it's our beneficial interest. It's really complicated to explain our relations with Mr Abramovich but this only what I was interested in, nothing more. I didn't know -- even -- and you know well that I even didn't see sheikh until the moment when he already -- I already based in London and he came to our family, my wife have been here and me, and he came also with his wife -- it was 2003 or 2004, I don't remember well, maybe 2005 -- and I was introduced before to Mr -- to sheikh.

Q. Now, you said a moment --

A. And I knew later, or that same time, I knew about commission which we should pay to sheikh.

Q. I'm going to come to that.

A. Yes, okay.

Q. Now, you mentioned as part of that answer that one of the things you had discussed was that you had banking arrangements in England for receiving the money with Clydesdale Bank.

A. I discussed maybe not Clydesdale Bank but I discussed the bank in England because I already had my personal understanding of the country and it's the reason why I worry that -- I prefer definitely that money should be

in London.

Q. Were you planning to pay the \$1.3 billion into accounts of the Itchen Trust and the Test Trust at Clydesdale Bank?

A. When?

Q. In 2001.

A. No, the question is -- when?

Q. Were you planning that when you received the \$1.3 billion, you were going to have them paid into accounts of the Itchen Trust and the Test Trust with Clydesdale Bank?

A. It's -- again, it's not my decision, it was Badri decision, because he operate with our money, and I think Curtis and Fomichev as well. And that time I already -- we signed agreement in June or July 2001, I still that time based in France, but I don't remember where I was -- I think that I had been that time -- no, I signed agreement in Nobu, in London, but I spent mostly my time that time in France.

Q. The Itchen Trust was your trust, wasn't it?

A. Yes, I remember that it's -- there were two trusts, I think one Badri and one belonged to me.

Q. Your trust was the Itchen Trust, wasn't it, and his was the Test Trust?

A. I think so.

- Q. Right. Now, accounts were being opened, were they not, for those two trusts at the Clydesdale Bank?
- A. It's so -- again, I don't recollect it, but I am sure that it's -- we don't have the other bank that time, as I understand. We don't use the other bank, as I understand.
- Q. And what you needed -- is this right? -- was a document which might explain where this money had come from?
- A. Not me, I don't need that. Bank need that document to make money absolutely sufficient, absolutely clean.
- Q. Well, you knew perfectly well, didn't you, that both of you would need documents to prove that you had sold assets, namely an interest in Sibneft, and that that explained where the \$1.3 billion came from?
- A. Definitely I think it was request of financial institution. But on the other hand, as I told you before, I need the track, the recognition that I sold my interest to Mr Abramovich; and as far as Mr Abramovich refused to make it directly, it means that it was done in the way through -- which you described just now, through Sheikh Sultan.
- Q. Now, you say that Mr Abramovich refused to give you a document. When do you say that he refused to give you a document?
- A. I didn't say that he refused to give me document; he

refused to pay directly. We never discuss about document; we discussed just about his payment, his obligation to pay. And he refused that from the very beginning when we start to discuss how it will be organised and we, as I understand, start to discuss that immediately after Badri met Mr Abramovich or before. It was -- in any case it was spring 2001.

- Q. When did you say that Mr Abramovich refused to pay you directly?
- A. I should recollect. I think, as I recollect -- it is in my witness statement, but I think it was after we took -- after Badri met Mr Abramovich in Munich or Cologne.
- Q. Are you referring to what you say in your witness statement at the top of page 282, paragraph 391 D2/17/282?
- A. Just a second. 2 -- paragraph?
- Q. Paragraph 391 of your witness statement.
- A. I'm sorry. Yes.
- Q. Is that what you're referring to?
- A. Absolutely correct.
- Q. Yes. Now, Mr Abramovich, I must suggest to you, did not say that to Mr Patarkatsishvili; that at least will be his evidence. Are you aware of any attempt by Mr Patarkatsishvili to get a written document out of

Mr Abramovich?

A. Mr Sumption, I never discuss -- I don't remember at least that we discussed about any document. We discussed just about the payment of Abramovich to us, our interest in Sibneft, and we -- our preference was to make it absolutely transparent and direct payment. That's it. Nothing more. And when Abramovich refused that, motivating that it will harm him and so, we didn't have choice. That's it. And it's the reason why we decided to use the same vehicle which we used before for ORT; almost the same, as I understand.

Q. Now, did Mr Curtis visit you at Cap d'Antibes on 17 May 2001?

A. 17...?

Q. Mr Jacobson --

A. Just a second.

Q. -- says that he did.

A. 17...?

Q. 17 May 2001.

A. I don't remember that.

Q. If Mr Jacobson says that Mr Curtis visited you at Cap d'Antibes, you wouldn't deny it, presumably?

A. I wouldn't deny because I don't remember that.

Q. I see.

Well now, did Mr Curtis ever advise you that you

needed to have a written agreement with Mr Abramovich?

Did he advise you that?

- A. You see, I had a lot of advisers -- not a lot. I don't understand -- I don't understand that moment Mr Curtis understood reality or did not understand reality, I think that definitely as a lawyer, as a proper professional English lawyer, he advised me to do it in simple way, in direct way, and I don't remember that we discussed that. I really don't remember, but in any case I am sure that his advice would be to make it directly. But he already had experience with ORT because he organised ORT deal.

- Q. Yes. Well now, could you please turn to bundle H(A)30/148, which you haven't got yet.

Now, let me just explain to you what this document is, with information that I have obtained from Mr Jacobson's witness statement. Okay?

- A. Yes.

- Q. This document was prepared in London at Mr Curtis's office while he was in Cap d'Antibes with you and it was faxed to the Villa Medy Roc, which I think was Mr Patarkatsishvili's house --

- A. It's correct.

- Q. -- at 2.47 pm during your discussions and Mr Patarkatsishvili's discussions with Mr Curtis.

- A. So sorry. Again, I had been with Mr Patarkatsishvili at that time or with Mr Curtis?
- Q. According to Mr Jacobson --
- A. Yes.
- Q. -- Mr Curtis came out to Cap d'Antibes for discussions with you and Mr Patarkatsishvili and I think also Mr Fomichev.
- A. And all together we have been at the Badri place, yes?
- Q. Well, I don't know which house this was in. Mr Jacobson has --
- A. No, Medy Roc is Badri's house.
- Q. Yes. Well, it may have been in Mr Patarkatsishvili's house or it may have been in yours, but it was at Cap d'Antibes; that's what Mr Jacobson says?
- A. My question is -- I'm sorry that I ask you that because I should know better than you, but I don't remember -- we have been together with Badri at that time or we have been separate this time with Badri?
- Q. Well, Mr Jacobson appears to suggest that he had discussions with all of you and I have assumed that they were together, but perhaps you can help us on that.
- A. No, unfortunately I don't, because I don't recollect that.
- Q. Now, this document is described as a:
- "Preliminary discussion draft..."

Do you see the italicised heading just below the fax details?

"Preliminary discussion draft for [Mr Curtis] SLC to discuss with the Vendors and Ruslan Fomichev in the South of France on 17th May..."

A. Sorry, where is that? (Consults interpreter)

Yes, okay.

Q. Okay?

A. Okay.

Q. Now, "the Vendors", as you'll see by turning over the page, means you and Mr Patarkatsishvili.

A. Where is that?

Q. If you look, you'll see that the sale and purchase agreement is between Boris Berezovsky --

A. Yes, yes, yes.

Q. "The Vendors".

A. Yes.

Q. So this is a draft being sent to Mr Curtis in the south of France to be discussed with you and Mr Patarkatsishvili and Mr Fomichev.

My question is this: did you discuss this draft with Mr Curtis?

A. I don't remember that.

Q. Now, I suggest that you must have done because this document was specially prepared to be discussed with you

and the others.

A. Mr Sumption, again, I don't remember that. I don't refuse: it could be discussed. I don't have anything in my memory about 17 May 2001. I'm sorry to say that. I even don't remember did I really meet that day Mr Sumption -- sorry -- Mr Curtis or not. This is the point.

Q. Now, Mr Jacobson also tells us that he thinks that Mr Curtis rang him from France to get his office in London to amend this document and that that explains the manuscript notes that one can see on page 161 H(A)30/161.

These are manuscript notes in Mr Jacobson's handwriting --

A. Just a second. 161?

Q. Yes.

A. Yes.

Q. Now, you wouldn't necessarily have seen these notes; I quite accept that. You certainly wouldn't have seen them at the time. These are notes which Mr Jacobson made in London. According to Mr Jacobson, he made these notes when Mr Curtis rang him from the south of France and said, "We'll need to make changes to the draft", and suggested what changes should be made.

A. I can't comment that. I don't know that at all.

Q. I see.

Now, at the same time as he faxed this document to you, the one that starts at page 148 --

A. Faxed to whom?

Q. To the Villa Medy Roc.

A. Yes, okay.

Q. -- Mr Curtis also faxed a draft deed of release by which Mr Abramovich was to -- it starts at page 163. Sorry, let me just check this. Yes, this document starts at page 187.

A. 187?

Q. 187.

A. Yes, because this document which you showed me started that we have 44% to sell to Mr Abramovich. It's not correct, I'm sure.

Q. The first document that starts at 148 --

A. 148?

Q. 148 is a draft sale agreement directly between you and Mr Patarkatsishvili to Mr Abramovich, yes?

A. Yes.

Q. The document that starts at 187, which was also sent at about the same time to Mr Curtis from London, is a document which says "In consideration of Abramovich paying to the Transferees", that means you and Mr Patarkatsishvili, various sums that are set out,

a release is being agreed.

Clause 1:

"... the Transferees hereby... undertake to [Mr] Abramovich that upon receipt of all such payments detailed below... they shall release all or any claims of any nature they may have [in relation to the shares]."

Do you see that?

MRS JUSTICE GLOSTER: I can't see it.

MR SUMPTION: It's on page 187 -- I'm told Magnum has the wrong document.

MR RABINOWITZ: I think we all have the wrong page.

MR SUMPTION: Well, there's another reference, H(A)30/142.

This is to assist the people operating the Magnum system.

THE WITNESS: No, no, no, that's no problem. I just want to know the page.

MR SUMPTION: You've got the right document,

Mr Berezovsky --

THE WITNESS: I think H(A)30.

MR SUMPTION: -- I'm just ensuring that so does the judge.

THE WITNESS: I'm sorry.

MR RABINOWITZ: With respect to my learned friend, I'm not sure the document he's referring all of us to is the right document because I also can't find it.

MR SUMPTION: H(A)30/142 I'm told is the deed of release.

Yes. I've got it up under that title on Ms Davies's screen.

Does your Ladyship have that?

MRS JUSTICE GLOSTER: Yes, I do.

MR SUMPTION: It's a fax which was sent to the Villa Medy Roc at 14.29 on the 17th.

MRS JUSTICE GLOSTER: Yes, I have that.

MR SUMPTION: Does the witness have that?

THE WITNESS: Was sent -- yes.

MR SUMPTION: Okay.

If you look at clause 1 of this document, you will see that it is a draft of an undertaking by you --

A. What is by me?

Q. -- that as soon as you have received --

A. Yes.

Q. -- the payments listed below, you will release Mr Abramovich from "all... claims of any nature they may have" in relation to the shares.

A. What is the question?

Q. The question is: did you discuss a document of that kind with Mr Curtis on the 17th?

A. As I told you before, I don't remember the discussion. What is important is that this paragraph you mentioned now, because I was even absolutely surprised when the

first time I was shown the same way how Badri managed that with Abramovich in case of Rusal selling, yes, that Badri took obligation in front of Abramovich not to make any claim of that, and I was absolutely surprised.

As far as this is concerned, this point is concerned, I never -- I can't recollect at all that we -- that it was under discussion because for me, as I told you from the beginning, that before Badri travelled to Munich I said, "Badri, one day we go to the court", and definitely I never accept this point.

I don't know what happened in reality; I never have seen that it was signed by our side. I just know that Badri signed the same in this way the document concerning Rusal and I completely -- and I am sure 100 per cent that I never even was shown this paper. It means that when you show me this now, the first time I see that, Mr Sumption, and I surprised that it is here. I never accept that.

- Q. Now, in fact, as I think you accept, no direct agreements, either by way of release or by way of sale, were ever made in writing with Mr Abramovich about the \$1.3 billion, were they?
- A. I don't know a direct agreement. I know just how it was done finally through Sheikh Sultan.
- Q. Nobody on your side ever approached Abramovich and asked

him to sign these documents containing a release agreement and a sale agreement, did they?

A. I already answer to this question. Badri told to Abramovich and insist even that we should have direct sale from Mr Abramovich to us; Abramovich refused that. This only my knowledge about that.

Q. When do you say that happened?

A. It's happened -- it's happened I think after meeting in Munich.

Q. Well, the meeting in Munich had happened earlier in May and these documents were being produced on 17 May.

A. Again, I don't have anything with this document, Mr Sumption, and I told that absolutely precisely.

Q. The proposal to abandon direct dealings with Mr Abramovich, I suggest, Mr Berezovsky, was made for this reason: you abandoned the idea of entering into written agreements with Mr Abramovich because you knew perfectly well he was never going to sign a sale agreement, didn't you?

A. Mr Sumption, I already gave my answer to this question.

Q. He was never going to sign a sale agreement because there had never been a sale.

A. Mr Sumption, this is the case and this is why we are argued here. Abramovich own my shares. Abramovich -- I sold finally under threat and intimidation my shares,

my interest in Sibneft to Abramovich, and this is the case.

Q. Would you please turn to bundle H(A)35/89.

A. Yes.

Q. This is the signed version, which you signed, as you rightly remember, at Nobu restaurant at 10.00 pm. This is a document by which you are apparently selling your interest in Sibneft to the sheikh's company, Devonian. Were you aware that that's what this document was when you signed it?

A. Not so good but I was informed that it's our sale of our interest in Sibneft to Mr Abramovich and it's prepared by professional English lawyers.

Q. You were told, weren't you, that it was a document which recorded a sale of your interest to Devonian, not to Mr Abramovich?

A. Yes, because it was agreed that it will not be the direct sale because Abramovich refused to have direct sale.

Q. Ms Minty was the solicitor who produced this document for you to sign at the restaurant, wasn't it?

A. Definitely I don't remember her name but -- because I was preparing for this and I was shown, I was told that it was Mrs Minty. I don't recollect her now but I think it's so. She is -- as I understand, she is from

the Mr Curtis company.

Q. Well, just so that you don't answer questions under a misapprehension, Ms Minty -- and I don't think this is at all controversial, Mr Berezovsky -- what had happened was that Mr Curtis decided he couldn't act for both you and the sheikh.

A. Yes, I knew that later.

Q. So he acted for the sheikh and he arranged for Reid Minty, which was Ms Minty's firm, to act for you in the last three or four days before this was signed on 5 June?

A. You're absolutely correct because my impression long time was that Mr Curtis operate for us but it's turned out that Mr Curtis operate for sheikh interest. It's the reason why the other company appeared as a company who present our interest.

Q. Now, could you please look at bundle H(A)35/240.

A. We should close this one?

Q. No, no, it's the same bundle. If you turn on to page 240, you will see a note made by Ms Minty.

A. 240?

Q. Yes. Now, what she records -- and it's in the third block of text down on page 240 -- is that she met Mr Fomichev and you at 10.00 pm in the foyer of the Nobu restaurant in Park Lane.

A. Yes.

Q. She records that she gave you the amended letter of advice and the agreement.

A. Yes.

Q. And Mr Fomichev went through those documents with you answering questions, presumably from you, in Russian.

A. I don't remember that, okay.

Q. And they had a copy of the agreement which had been faxed by Mr Patarkatsishvili. You already had, apparently, a copy of the agreement --

A. A copy of the agreement which we are discussing now, yes?

Q. Yes. And then you signed it.

A. Mr Sumption, I really even not able to recollect. It's important event in my life to get 1.3 billion but it's happened like happened. It's happened in Nobu, at 10 o'clock pm, and she's correctly -- she's correct. Again, I don't remember but it's written here, I don't have any --

Q. So --

A. Just a second, Mr Sumption. Definitely I was not able to read that, this a lot of papers. I trust what they present to me and I don't recollect that I have seen this document before. I don't remember that. It doesn't mean that it was not happen.

- Q. In your witness statement, it's paragraph 393  
D2/17/282, you say you have seen this attendance note,  
you summarise it.
- A. Sorry, the paragraph?
- Q. 393.
- A. Just a second.
- Q. You say:
- "I do not specifically recall this, but I have no  
reason to doubt that everything happened as written in  
this note."
- A. Okay, it's exactly what I just told now.
- Q. Yes, absolutely. So you don't doubt, do you, that you  
were in fact taken through the agreement by Mr Fomichev,  
asked questions, and apparently had them answered?
- A. I don't remember that at all. And, moreover, I have  
a lot of doubt because, as I told you, maybe it's --  
again maybe it's rubbish, maybe it's bad, but I trust  
that time to Fomichev and definitely I didn't spend my  
time to read what they write here. I trust him and it's  
reason why I signed this document. I can't recollect  
that I investigate this document. It doesn't mean that  
it did not happen but I can't recollect and it's not  
very high probability that I went into details of this  
document. As I told you before, I didn't know about  
structure of Devonian, I didn't know anything and

I didn't pay attention to them because I just trust Badri and Mr Fomichev. That's it.

- Q. I suggest that you did actually understand the transaction because you were taken through this agreement in detail by Mr Fomichev in the presence of your solicitor, Ms Minty.
- A. Mr Sumption, I can't not accept what you are saying but you also can't produce impression that in Nobu restaurant I go through this document at 10 o'clock pm.
- Q. Now, if you turn back in this bundle to page 84 H(A)35/84, you will see the other document --
- A. 84?
- Q. Yes -- which Ms Minty says was explained to you. This is the letter of advice which is referred to in Ms Minty's note.
- A. Yes.
- Q. And it's a letter of advice which was written by her partner, Mr Stephen Moss, who was the other person at Reid Minty involved in this transaction?
- A. Yes.
- Q. I won't read you the whole of it. What it begins by saying is that Mr Moss has been told by Mr Curtis that you wish this firm to act for you in relation to the sale of your interest in Sibneft:

"I attended a meeting... with Mr Curtis... who are

acting for [the] Sheikh...

"As I understand it, the proposed transaction consists of a sale by you of a percentage of your beneficial interest in Sibneft, and a series of options enabling (but not requiring) Sheikh Sultan to acquire further tranches of your beneficial interest. I enclose a copy of the current draft of the agreement and I should be glad if you would read through this carefully to ensure that it represents your intentions..."

Right. Now, before I ask you anything, if you just look at the next paragraph --

A. What paragraph was that, what you just read?

Q. The second paragraph in the letter.

A. Yes, okay. Give me time, I just want to --

Q. Of course, just read it to yourself. (Pause)

A. It's addressed to me, yes? (Consults interpreter)

Q. All right?

A. Just a second.

Q. The next paragraph, the very next paragraph of text if you look at it, he specifically draws your attention to the warranty section:

"The lawyers representing Sheikh Sultan have asked you to give various warranties in relation to the shares..."

And they include --

A. What --

Q. I will tell you what a warranty is. A warranty is a promise that something is true, okay?

A. Yes.

Q. One of the things that you had agreed to promise was true was that you had the right to sell this interest, okay?

A. Yes.

Q. And he says that he cannot advise you -- see six lines down from the third paragraph:

"I cannot advise you to give these warranties because, as I understand it, you are not involved in the running of the company..."

That's Sibneft.

"... and have no documentary evidence that the beneficial interest in the shares is held... for you."

A. Yes, and what?

Q. Now, you were given this advice, were you not? You were told what the nature of the transaction was, see the second paragraph, and then you were told that you should not give the warranties that were contained in the agreement because you had no documentary evidence to support it?

A. Mr Sumption, I follow advice of my lawyers. If they put

questions, I gave truthful answer. If they didn't put the question, I did not comment at all and, as I mentioned from the beginning, I wanted everything should be done in proper western way, in proper English way. That's it.

Q. Were you taken through this letter?

A. I don't remember.

Q. It's recorded in Ms Minty's attendance note that we looked at last that you were taken through it.

A. No, it's my signature at the second page. It means that she told me about that, at least, yes.

Q. And you signed it --

A. And I signed it, yes, it's correct.

Q. -- to acknowledge that you had read it and understood it?

A. Definitely. And what?

Q. So, now, you did understand, didn't you, that this was a sale of your beneficial interest to the sheikh? You understood that, didn't you?

A. Definitely, Mr Sumption, I explain them absolutely precisely that I -- that my point is that I -- Roman Abramovich is holding my shares. How they call that beneficial interest, it's their understanding of that, and it's happened many times that people understand that it's beneficial interest because definitely on the west

it's almost impossible to imagine that two men shake hands, agreed and that's it. I understand your point.

Q. Mr Berezovsky, I'm not asking you about that. I'm asking you what you understood the contract with Devonian to mean at the time. Do you see that in the second paragraph, Mr Moss points out in his letter --

A. Second of which page?

Q. The first page, second paragraph. Mr Moss points out in his letter that the Devonian agreement which you were being asked to sign contained various options. It wasn't an outright sale of the shares in Sibneft, it was a series of options, right?

A. It's the mechanism, as I understand, how it was done, my Lady. Because the payment was done not in one shot, it was done in several portions in some period of time. It means that step by step, according of the payment from Mr Abramovich, the shares -- our interest become interest of Abramovich. That's it.

Q. Now, do you see that you are being advised in that second paragraph that, under the agreement you were about to sign, the sheikh in fact had no obligation to buy your shares at all; he only had an option to do so.

A. Mr Sumption, again, I sign that. I understood well that we made a deal with sheikh and with Abramovich and how it technologically was organised is another problem.

I just sold my interest in Sibneft to Mr Abramovich through Sheikh Sultan, like I have done almost the same with ORT. And what I know, the payment was done not in one shot, it was done in several payments and this is the point what we are discussing now.

MR SUMPTION: My Lady, I'm going to be a little longer on Devonia. I say a little, far too long to try and accommodate it before the break.

MRS JUSTICE GLOSTER: Very well. I'll sit again at 2 o'clock.

Ms Davies, I thought my clerk had taken the draft order up to my room, he hadn't, he'd left it there.

I'll look at it over the luncheon adjournment.

MS DAVIES: I'm very grateful, my Lady.

MRS JUSTICE GLOSTER: Very well. 2 o'clock.

(1.02 pm)

(The short adjournment)

(2.00 pm)

MRS JUSTICE GLOSTER: Ms Davies, I've read the papers now and I've made the order. I've made one slight amendment to the recital which deletes "and counsel for the respondent's" and substitutes "and upon reading Dundas & Wilson's letter dated...", et cetera.

MS DAVIES: Thank you very much, my Lady.

MRS JUSTICE GLOSTER: Once it's been sealed, can you provide

my clerk with a copy, please?

MS DAVIES: Of course.

MR SUMPTION: Mr Berezovsky, are you aware that the Devonian agreement which you signed provided for the transfer of one-thirteenth of your Sibneft shares that you claim to have, followed by 12 options for further thirteenths which had to be exercised over the next year? Are you aware that that was the shape of the agreement?

A. I just knew that it will not be paid -- it will not be paid in one shot, it will be paid in several payments and it takes time.

Q. You see, Mr Moss, in this letter of advice which you should still have open in front of you, was pointing out to you, wasn't he, that under this agreement you weren't necessarily going to get the whole \$1.3 billion because the sheikh did not have any obligation to exercise those options; he only had a right to do so?

A. I don't recollect that at all. I just remember that it will be paid in several shots and I don't remember what you mention. I'm reading now that he has right to retain that and so on. But my understanding was clear that we made a deal and he will get commissions for that and money will be paid in several steps and it takes -- as I recollect, they finished to pay at the very beginning 2003.

Q. Were you aware that in the course of Mr Patarkatsishvili's meetings with Mr Abramovich in May, it was agreed between them that the payments of the \$1.3 billion would be made to an account nominated by Mr Fomichev, \$500 million within the next month and then instalments of \$100 million eight times over the next year? Were you aware that that was the agreed timetable for payment?

A. No, I did not -- I don't recollect that. I just understood, as I told you before, that it will be not in one shot, it will be several payment.

And what is also agreed with Badri that in contradiction -- or additionally to our agreement with Badri that I will be paid -- I will be paid for sale 2:1, 2 in my favour, 1 to Badri favour, because we now have new situation that we are in difficulties. I accept position -- I don't remember who initiate that, maybe me, maybe Badri -- that 500 will share equally, not in proportion 2:1, and the rest 800 will be shared in proportion 2:1 in my favour.

That's only my recollection; it does not connect at all to what you said just now.

Q. Well, I'm not going to cross-examine you about that because your only claim in this action is for half of it or half of the total loss.

Now, would you agree that the Devonia structure was thought up by your lawyer, Mr Curtis, in order to protect your interests?

A. As I told you, and this is a point which is little controversial, that Mr Curtis, I understood him as my lawyer but it's turned out that he serve sheikh formally and it's reason why the other lady came to sign the agreement from the other company. Definitely I didn't pay attention to that at that time, I didn't understand that well, because he -- I mean Mr Curtis -- he operate like my lawyer. I didn't understand that time that he formally present interest of Sheikh Sultan.

MRS JUSTICE GLOSTER: I think you may have told me this: was the sheikh a client of Mr Curtis prior to your introduction to him?

A. Sorry? Sorry?

MRS JUSTICE GLOSTER: Was the sheikh a client of Mr Curtis?

A. Yes, yes, as turned out, he was a client of Mr Curtis.

MRS JUSTICE GLOSTER: Yes.

A. But I did not understand that because he communicate with me like presenting my interest.

MRS JUSTICE GLOSTER: Yes, but prior to your introduction to the sheikh in the context of the ORT agreement, did you know that he was a client of Mr Curtis's?

A. No, I didn't know that. I didn't know that.

MR SUMPTION: My Lady, I think one of Mr Curtis's letters to the Clydesdale Bank which I referred to this morning refers to his having been a client of Mr Curtis for, from recollection, three years.

MRS JUSTICE GLOSTER: I think that's where I picked it up from, yes.

MR SUMPTION: Now --

A. And as I told you, my Lady, I met sheikh just later on, already being in London.

MRS JUSTICE GLOSTER: Yes, you told me that.

MR SUMPTION: Now, the question that I put to you was about the purpose of the Devonia structure. What I want to know is: do you agree that its purpose was to protect your interests?

A. I understood it well that its purpose to protect my interest, definitely.

Q. Now, if we can just identify with your assistance what those interests were.

Was one of the purposes of the structure to protect your assets from being identified by the Russian authorities?

A. No, I formulate the general point which I already formulate today that I want to be paid, I want to be -- that money should be transparent for western banks and should be acceptable there. On the other hand, I want

to protect myself from Russian authorities as well. But this what the formula which I formulate in front of Mr Curtis and Mr Fomichev; and not only me, I think that mainly Badri was involved in the realisation of the formula. But understanding is exactly like you just mentioned now.

And still now I am successful, Russian authorities never touch this money; maybe because it's money of Abramovich, I don't know.

Q. Yes. I mean, I think that you are saying much the same as you said in the North Shore litigation, where you said that the structure was proposed by Mr Curtis and the final beneficiary, you say, was Mr Abramovich:

"... but it was done through Sheikh Sultan. The reason to do that was just to protect my assets and to protect my money because the Russian authorities went after all my assets and my money all over the world."

Was that evidence true?

A. It's -- the evidence is true.

Q. Now, I think you mentioned in the last answer that you gave that there may have been another purpose and that's what I want to ask you about now.

Do you agree that the other purpose of this structure was to generate documents which would satisfy the enquiries of Clydesdale Bank?

- A. I don't know about anything "to generate"; I just formulate my understanding that I need to have clear money on the west, nothing more. I want as much as possible to be protected against of Russian attack and I want to have any record that in future I can use against of Abramovich understanding that it was threat, nothing more. Three points.
- Q. Well, you needed a document, didn't you, to explain to Clydesdale Bank where the money had come from?
- A. Mr Sumption, again, I don't need -- I didn't care about any documents; I care just about how to settle that that it will be proper for western bank. As you know, we had basic problem with documents, yes? Because I had with Abramovich, as you remember, agreement '95 and agreement '96, it's verbal agreement. It's agreement. And what is important for me that bank accept my explanation.
- And again, Mr Sumption, I again want to stress: nobody ever had any problem with this money. With the other, yes, they investigate a lot.

MRS JUSTICE GLOSTER: I've got that point.

THE WITNESS: Sorry, my Lady.

MRS JUSTICE GLOSTER: No, I've got it.

MR SUMPTION: Now, could you please be given bundle J2/2.

This is Mr Marino's witness statement again. I'd like you to turn in that bundle to page 131.

A. Yes.

MRS JUSTICE GLOSTER: It's tab 9, isn't it?

MR SUMPTION: It is tab 9, yes. The reference for Magnum is J2/2.09/131.

MRS JUSTICE GLOSTER: Thank you.

MR SUMPTION: Now, this is part of Mr Marino's statement.

I think perhaps you should start on the previous page just to get the context.

A. The page previous is 130?

Q. Yes. Now, first of all, do you see paragraph 405?

"Mr Berezovsky informs me that it was his clear understanding, including from discussions with Mr Curtis, Mr Patarkatsishvili, and Mr Fomichev that the interests being sold under the Devonia transaction were being acquired by Mr Abramovich, or one of his companies, and that the Sheikh and Devonia were merely acting as intermediaries in the transaction."

Is that the information that you gave to Mr Marino?

A. I think that yes.

Q. Now, Mr Marino then goes on to describe a dinner at Mossimans and at paragraph 407 you will see that he quotes from a document of 14 May.

A. Just a second. 14 May --

Q. Paragraph 407.

A. Just a second. 14 May which year?

- Q. 14 May 2001.
- A. 2001. And what is this document?
- Q. Now, he is referring to a note --
- A. Note of whom?
- Q. -- of a conversation -- it's a note made by Mr Jacobson of a conversation between Mr Curtis and the compliance officer at Clydesdale Bank.
- A. Okay.
- Q. Okay?
- A. Jacobson refer to conversation of Mr Curtis --
- Q. Mr Jacobson was present at this conversation --
- A. Yes. But he refer to conversation, yes.
- Q. -- and he prepared a note of it, and the note is quoted in this paragraph.
- A. Yes, okay.
- Q. Have a look at it, would you? (Pause)
- A. All of items to read or just first one?
- Q. I would like you to read the whole of paragraph 407.
- A. Yes, I see. Okay, yes.
- Q. Have you done that?
- A. The four points, yes?
- Q. That's right. (Pause)
- A. Okay, fine.
- Q. Now, in summary, what that note records is that Clydesdale Bank were told that Mr Abramovich's funds

were coming from Latvia and Ms Hilton, the compliance officer of Clydesdale Bank, said that was going to be a problem because Latvian banks would not be bound by the same stringent money-laundering regulations as UK banks.

A. Mm-hm.

Q. Then in 4, over the page, Mr Curtis suggests that the new deal would be more along the lines of the option scenario.

Now, if you look next at paragraph 408, the next paragraph, Mr Marino --

A. Just a second.

Q. For the transcript, my Lady, I will give your Ladyship the bundle reference to that note --

MRS JUSTICE GLOSTER: Yes, thank you.

MR SUMPTION: -- which is H(A)30/33.

MRS JUSTICE GLOSTER: Thank you.

MR SUMPTION: Now, Mr Berezovsky, what Mr Marino is saying at paragraph 408 is that the original plan was to have a sale directly between Mr Abramovich and you and Mr Patarkatsishvili but that was unattractive to Clydesdale Bank because of the problems of identifying the source of funds coming from Latvia if they came from Mr Abramovich.

A. Mm-hm.

Q. By contrast, Ms Hilton said that they were happy with the idea of receiving money from the sheikh because they had undertaken due diligence on the sheikh already.

Now, this is Mr Marino's explanation of why the Devonia structure was adopted: he says it was adopted in order to satisfy the Clydesdale Bank.

A. I don't have any doubt that it's so.

Q. Sorry?

A. I don't have -- I think it's so.

Q. Right. Therefore, he says in paragraph 409:

"These problems were overcome by the Sheikh purchasing Mr Berezovsky's and Mr Patarkatsishvili's interests... using his own funds and then entering into a separate arrangement... to sell [them to Mr Abramovich]. The purchase was effected through Devonia..."

Now, he says:

"I understand from Mr Jacobson that the Sheikh did not actually commit to being involved in the transaction until on or about 29 May..."

Now, the purpose therefore, in addition to protecting your assets from the Russians, was also, was it not, to satisfy the money-laundering requirements of Clydesdale Bank, to satisfy their money-laundering enquiries?

A. Mr Sumption, I even start to understand a little bit more -- thank you very much -- how it's happened. But I just want to tell that from the very beginning, I want just again to concentrate for three points which arise when we decide -- when we decide to sell. Three points. Money should be absolutely transparent for bank: it means that bank accept that and in future I will not have problem. The second: it should be a record that it's happened. And the first one I already forgot because several times I repeat the same.

But the point, the most important point, the point is that my condition was absolutely clear: I don't want -- not I don't want -- I don't know how to organise that, is it possible to organise that or not? Because my advice, what is written here, my proposal was to pay directly because I'm not able -- I'm not in position to hide. It's my money; it's not fund of Abramovich, it's my money. I want to get that. I want to get it in the most simple, transparent, but protected way. This is the story.

If they decide to organise that through option, it's not my point. I'm advising by professional lawyers and I got my money. Again, I want just to stress that till now I don't have any problem with this money. It means I know that a lot of -- you know, a lot of -- there

exist a lot of ways how to reduce the tax. There are many legal ways to reduce the tax; there are many illegal ways to reduce the tax. And as to make it absolutely legally, that monies should be identified like my money, and again I want to stress: no problem with that any time at all, in spite of a lot of problems with the other monies.

Q. In your --

A. And Latvian bank -- I'm sorry that I just want to add -- and Latvian bank, I have experience with a Latvian bank. Now they are much more transparent for -- not much transparent -- they operate in proper way. I don't want to discuss which bank I use before Russia close my account there, sent letter to bank, "Berezovsky is using money from your bank". It has happened recently, my Lady, yes? But again, it's not a problem for me if they decide to follow this way.

Q. Right. Now, Mr Berezovsky, earlier today, you gave evidence that the reason for why you abandoned the direct sale proposal involving a contract directly with Mr Abramovich and instead sold your interest, you say, to Devonia was because Mr Abramovich had refused to engage in a direct transaction.

A. It's correct. Abramovich refused to engage direct transaction; it's true.

Q. Mr Marino does not say that, does he?

A. Okay.

Q. What he says is that the reason was that it was not possible to satisfy the Clydesdale Bank's enquiries if the money came directly from Mr Abramovich.

A. Mr Sumption, it's not so. Many times you already find confirmation that Abramovich refused to make direct transaction. Even recently it was written somewhere. I forgot where it was written.

Mr Sumption, again and again, my point was very simple: as more transparent as better; as more simple as better. Only problem that time I worry really seriously how to protect my money from Russia. Nothing more. But money should be transparent. It's happened. It's happened as a fact. And after many years, after many years, nothing happened more.

It's well known, it's absolutely clear for British authorities when I move here how my money moved because I declared in front of Pricewaterhouse that I sold my interest in Sibneft and Rusal. I'm sure that they investigate in details and if something crime here, definitely I'll have a problem earlier, not now.

Q. Mr Berezovsky, we established this morning that you had read Mr Marino's witness statement and you said in your own witness statement in the strike-out proceedings that

you agreed with it.

A. Mr Sumption, where I put my signature, it means that I agree. It means -- on the other hand, it doesn't mean that I go into details. I responsible for that, what I was writing, it's true, and only my Lady able to estimate is it correct what I have done or not correct. I absolutely open in front of you. I told you everything how I understand and it's -- you are judge and you took a decision.

Q. Mr Berezovsky, presumably when you write and sign a document saying that something is true, you go to some care, do you, to ensure that it is? Or don't you?

A. Mr Sumption, yes, definitely yes, and I responsible for that. I try to explain you. My way unfortunately is not correct and even the document of sale of \$1.3 billion I signed in the restaurant. It's wrong, I agree with that. But you want to know the truth; I present you the truth.

Q. Now, I would like to ask you to turn, please, to bundle H(A)34/64. Now, this is a letter from Mr Curtis to the sheikh's private financial office.

A. When it was written?

Q. 1 June 2001.

A. 1 June 2001.

Q. Yes.

A. Okay, thank you.

Q. And I can tell you that a copy of this letter was sent to the Clydesdale Bank.

A. Okay.

Q. My Lady, for the transcript, the reference to that is H(D)2/22.

MRS JUSTICE GLOSTER: Thank you.

MR SUMPTION: Now, at page 65, which is the second page of this letter, Mr Curtis is writing a letter to the sheikh --

A. Which paragraph?

Q. It's the second full paragraph beginning, "The bank also have to satisfy themselves..."

A. Yes.

Q. "The bank also have to satisfy themselves with regard to the underlying assets. They are aware of the position with regard to the shares in Sibneft and, in particular, that these are registered in Mr Abramovich's name. I am required to make yourself aware of the potential dangers of acquiring a nebulous beneficial interest without any third party confirmations from Mr Abramovich as to ownership. I am not sure whether you are addressing this independently with your lawyers in Abu Dhabi but in either event, I would be grateful if you would again be kind enough to countersign this letter in order that

I can show to the bank that the issues detailed above, including the question of the beneficial interest in the shares, have been brought to your attention."

So he's writing this letter to the sheikh --

A. Yes.

Q. -- in order that it can subsequently be provided to the bank, as indeed it was.

Now, if you look at the next paragraph after that, you will see that there's a reference to Mr Abramovich's position:

"It is likely that we are going to have to provide additional information with regard to the shares in Sibneft... As yet I am unclear... what the bank will require. I have explained the reluctance of Mr Abramovich" --

A. Just a second. Yes, mm-hm.

Q. "... to provide written confirmation of his trustee status and this may be a sticking point. Ruslan..."

That's Mr Fomichev.

"... is providing me with articles including one from The Financial Times in which Mr Abramovich acknowledges [Mr Berezovsky's] involvement. I will address this with you again [later]."

Now, either you or somebody working for you must have told Mr Curtis that Mr Abramovich would not be

likely to provide a written confirmation of his trustee status and that that was likely to be a sticking point?

- A. I don't know anything about that at all. As I told you, I knew just from the beginning Abramovich refuse to make direct payment. I don't know why Mr Abramovich used Latvian bank for that if he already was so great businessman and knew well that Latvian bank is not transparent enough. It's already -- it's question definitely not to me; I don't know anything about that.

But again, it means that just I provide absolutely fully information which I have about this deal; or Badri provide, I don't know. It means that we didn't hide anything at all, not in front of Mr Curtis, not in front -- not Curtis in front of Mr Sheikh. It means that it was absolutely correct what we described there.

- Q. If you would look at the next paragraph but one, the last full paragraph on the page --

- A. The last -- "I am sure..."?

- Q. The last full paragraph on the same page:

"I am sure there will be a number of other hurdles that we will have to address... generally, there is certainly a willingness to proceed with this transaction given your [the sheikh's] involvement. I have copied this letter to Ruslan and Joseph and will ask them to bring this to the attention of their principals."

A. Mm-hm.

Q. Now, Mr Curtis is there saying that he sent a copy of this letter to Mr Fomichev, who was your financial manager, and Mr Kay, who was Badri's financial manager, in order that they could bring the letter to your attention.

Did Mr Fomichev bring a copy of this letter to your attention at the time?

A. I can't recollect that completely. Moreover, I'm sure that not, but again I don't remember that.

Q. You are sure he didn't?

A. Again, I am sure that he did not, but I can't guarantee that. And again, it was not my problem at all. My problems finished when we agreed in principle what we will do: sheikh involvement, the English bank and so and so. After that, I'm almost sure that nobody inform me what was happening. And definitely when you remind me that it was not paid in one shot, I also at the beginning of our conversation forgot about that.

Q. Now, can you think of any reason why if Mr Fomichev was asked to bring a document to your attention he should not have done so? Surely if he was asked, he would have done?

A. Because it's turned out that he is not professional, it's turned out for me that he is crook. I don't know

why. It's my -- but that time I didn't think so; I didn't have, let's say, example of that. Now I know that he's crook and it is the reason why I don't invite him as a witness to this hearing.

- Q. Do you say that the sheikh sold this interest you say that he bought from you on to Mr Abramovich or do you not know?
- A. It was agreed from the beginning and I -- what I know from Badri and -- because I, as you know, I didn't communicate to Abramovich directly. What I know from Badri and from Fomichev and from Mr Curtis that it was interest because in other case, what is the reason that Abramovich pay money? This exactly our agreement with Abramovich: that we sell our interest in Sibneft to him in this way, not direct way. But the final beneficiary of this deal definitely is Mr Abramovich and all the world knows that.
- Q. Are you saying that somebody on your behalf agreed with Mr Abramovich that he would buy your interest from the sheikh?
- A. Again, I gave all power to Badri to organise and to Fomichev and to Curtis to organise that. I didn't have any doubts that Abramovich camp absolutely knew for what he paid money. This is the point.
- Q. So are you saying that somebody on your behalf agreed

with Mr Abramovich that Mr Abramovich would buy your interest from the sheikh?

A. Badri during his conversation -- from the sheikh, that time we didn't discuss the sheikh; we just discussed with Badri that Abramovich will buy our interest. And mechanism how it will be done became later, as a parallel with mechanism of ORT. And it means that I didn't have any doubts that the final beneficiary will be Abramovich because Abramovich once already was involved in that. Exactly like transaction of ORT interest; it's nothing new with Abramovich.

Q. Well, you may not know the answer to this question, in which case you must say you don't know.

A. Okay.

Q. But what I would like to know is: do you have any knowledge that there was actually some agreement with Mr Abramovich that he would buy the stake --

A. Now I understand, yes.

Q. -- in Sibneft from the sheikh's company?

A. I don't have any knowledge about his agreement, direct agreement, with sheikh of buying share or buying my interest.

Q. Yes. You see, I must suggest to you that there never was a sale by the sheikh to Mr Abramovich and there was never intended to be.

- A. It's your suggestion. You have right for this suggestion. It's completely wrong what you said. Abramovich perfectly knew what was happening and sheikh perfectly knew what happening and Mr Curtis perfectly knew what happened and Badri perfectly knew what happened. And if Abramovich did not knew, it's just his point, not my point.
- Q. How do you know that Mr Abramovich knew about the Devonia structure?
- A. I don't know anything about Abramovich knowledge of Devonia structure at all. I don't know anything because I did not communicate to Abramovich at all.
- Q. This whole transaction, as you knew, was a sham which was designed to hide your assets and to deceive banks, wasn't it?
- A. No, I didn't know that at all. I knew that it's absolutely legal way to get my money for my interest in Sibneft, what's advised by my lawyers.
- Q. Could you, in the same bundle that you've got open, please turn to page 62, which is the previous document H(A)34/62. This is a document written on the same day as the letter to the sheikh we've just been looking at --
- A. Yes.
- Q. -- and it's addressed to Mr Fomichev and Mr Kay.

A. Just a second, I have the other one. What is the number?

Q. Pages 62 and 63.

A. This document addressed to Mr -- signed by Mr Curtis; correct?

Q. Yes.

A. And addressed to Mr...?

Q. Fomichev and Mr Kay.

A. Yes.

Q. If you look at the last paragraph of the letter, he says that unfortunately he doesn't have email addresses for you and Mr Patarkatsishvili and would not wish to send this letter via the London office.

"May I therefore impose upon each of you to bring this letter to the attention of your respective principals."

So Mr Curtis is writing to Mr Fomichev and Mr Kay and asking them to show you this letter.

A. Yes.

Q. The likelihood is that if Mr Fomichev was asked to show you this letter, he did show it to you; do you agree?

A. He -- I never -- I can't say precisely but I can't recollect that I have seen this letter at all, at all. Moreover, I have told you many times already, Mr Sumption -- you may believe me, you may not believe

me -- it's in so details, they never inform me about that; never. Maximum what could happen that they show it to Badri and not to me. It's 100 per cent.

Q. Let's have a look at the last paragraph on the first page that begins "Finally..." Do you see that? This paragraph says:

"Finally, you will appreciate that in order for the proceeds" --

A. Just a second. May I look? Where is that? (Consults interpreter)

Q. First page of the letter, last paragraph, "Finally..."

A. Yes, sorry. (Pause)

Okay.

Q. Have you had translated to you that paragraph?

A. Half of the paragraph. You need -- you want I translate all the paragraph?

Q. I would like you to go to the end of the paragraph.

A. Yes, okay. (Pause)

Q. Mr Curtis is saying in that paragraph, towards the end of the paragraph, that it would be very useful if Mr Fomichev could produce some newspaper articles in which there was reference to your owning a stake in Sibneft. That's what he's saying, isn't it?

A. I don't know.

Q. Well, have a look.

"Leigh has been incredibly helpful in trying to find a way round this."

A. Yes, sorry.

Q. "It is possible that we will require additional comfort..."

A. Yes. It's why: we didn't read the end. Okay, please.  
(Pause)

Q. "... Ruslan is endeavouring to provide" --

A. Just a second.

Q. -- "back up documentary evidence in the form of newspaper articles." (Pause)

A. I'm sorry, I didn't catch: she is trying to find confirmation of what?

Q. Of the existence of your interest in Sibneft.

A. Yes, yes, yes.

Q. And Mr Fomichev was looking for newspaper articles which referred to your being an important shareholder or having some kind of interest in Sibneft?

A. Yes, clear.

Q. Right. Now, the problem was, was it not, that there weren't any articles of that sort because you never had claimed in any newspaper that you had an interest in Sibneft?

A. No, I claimed that I have interest in Sibneft; I never claimed that I am shareholder. But you gave a lot of

examples of my controversial position that I -- on the one hand I try to prove, to demonstrate publicly that I am not shareholder, but on the other hand that I have interest in that.

And maybe the best -- one of the best confirmation is not my presentation but Khodorkovsky presentation when we merge with the Yukos, when Khodorkovsky said that Berezovsky definitely will be shareholder of Yukos. It came not from the air, it's because of merge of Sibneft, and Khodorkovsky was aware definitely that I not just simple shareholder, small; that I founded Sibneft and I am one of the principal shareholders of Sibneft.

But what is important in this letter, finally I find the answer to the question which you put me, Mr Sumption, many times, many times: that Abramovich has problem in Russia, not somewhere -- it's written here exactly that he has made in Russia, yes? You know, it is written here that he has made in Russia. The problem which Abramovich has, he has a problem in Russia. And it's correctly what Badri told me: that if there will be direct sale, it harm Abramovich in Russia. This is the point and it's clear reference to this problem; the first time I have seen, I'm sorry to say.

Q. Mr Berezovsky, at the time this letter was written, on

1 June 2001, there weren't any newspaper articles which said that you had a significant interest in Sibneft, were there?

A. Mr Sumption, you know well that there are many reference to my interest in Sibneft in many articles.

Q. Not at this stage.

A. Not what --

Q. Later there were references, but --

A. No, no, no, no, no, no, no. Even from the beginning when we start to create Sibneft, there were a lot of reference that I'm founder of Sibneft. It's completely wrong what you are saying now, completely wrong. That I'm the principal founder of Sibneft from the beginning.

Q. I've taken you through that material and it's perfectly true that you had claimed to be a 50 per cent owner, through Consolidated Bank, of FNK.

A. Okay, through Consolidated Bank. Okay, fine.

Q. Now, the point that I'm putting to you is this: is it right that as a result of Mr Curtis saying it was desirable to get newspaper articles, you started, in June 2001, claiming for the first time that you were a large shareholder in Sibneft?

A. Mr Curtis -- Mr Sumption, there are a lot of coincidental in our life and believe me it's not the reason -- because you raised this question yesterday, as

I remember, or the day before yesterday -- that the first time I start to talk about that so and so. I started to talk about that, as we recognised yesterday, because of the merge of Sibneft and Yukos the second time.

And I was over my emotions, as I told you, but there are a lot of references, a lot of references, and it's the reason why Mr Shvidler and Mr Abramovich all the time tried to distance me and we had a special agreement '96 which we discussed with you that my distance from Sibneft.

It's not correct what you said now.

- Q. Mr Berezovsky, the second Yukos merger was proposed in 2003, well after these events.
- A. 2003. You understand that the first time in 2001?
- Q. Yes, well, the first one was in fact in 1998, wasn't it?
- A. The first merge was -- attempt to merge, '98.
- Q. Now, the interview with Mr Khodorkovsky that you are referring to where you say that your interest was referred to is at bundle H(A)10, page 29.
- A. H(A)...
- Q. H(A)10/29. Now, this is the interview with Mr Khodorkovsky and at the bottom of the first page of the text there is in fact, I think, a Russian version immediately after it.

A. Yes, yes.

Q. What he says is -- the question is:

"You said that you did not give a thought to the list of shareholders. But have you discussed this merge with Mr Berezovsky?"

"Yes. We have discussed this deal. And with Mr Berezovsky also, though he is not a direct Sibneft shareholder. Five and not two companies are involved in this deal. Two main companies and three supporting ones. Mr Berezovsky indeed is not a Sibneft shareholder, but he is part of the Group and obviously will be one of the shareholders of the new company."

A. Yes, correct.

Q. Now, it's not true, is it, that that interview establishes that you had an interest in Sibneft?

A. It's written here correctly that "[he] is not a [direct] Sibneft shareholder". It's the language which you already know well when, for example, Mr Shvidler used in his witness statement present to my case against Forbes magazine. On the one hand he put the paper which is false, as I understand it, I told you, my Lady; on the other hand he wrote that Berezovsky is not shareholder.

It's the language. I'm not shareholder, it's true, but I have interest in that and there are a lot of reference to that. You yourself, as I remember,

demonstrate that at the beginning of our hearing.

Q. Now, could you please have a look at bundle H(A)36/187. You can put away the H(A) bundle that you have just been looking at. This is an article that you've seen before, which was the first occasion when you publicly claimed to have half of Sibneft.

A. Yes.

Q. I want to look at it again in the context of the document I've just been showing you.

A. Just a second. When it was published?

Q. This was published on 28 June in the Moscow Times.

A. June of which year?

Q. 2001.

A. Yes, okay.

Q. "Boris Berezovsky announced Wednesday..."

And that was 27 June.

A. Yes.

Q. "... that he owns half of Sibneft, backing away from earlier contradictory statements that he either owns 7 per cent of the No. 6 oil company or no stake at all.

"The announcement, which left some market watchers scratching their heads and others tight-lipped, also flies against repeated denials by Sibneft that Berezovsky has any interest in the oil company that he helped [to] form.

"Berezovsky said his shares in Sibneft are being managed by a team overseen by Roman Abramovich, the oil and metals tycoon who was a close ally of [his] in the 1990s..."

And below you will see there's a strong denial by Sibneft.

Now, what I suggest to you, Mr Berezovsky, is that, at the suggestion of Mr Curtis, Mr Fomichev came to you and said, "We must find some newspaper articles which refer to your owning half of Sibneft", and what you went out and did is that you generated such newspaper articles by claiming, contrary to previous statements, that you owned half the company.

Do you follow my point?

- A. Yes, I absolutely follow your point. It's absolutely wrong. It's absolutely not truthful. It's -- even here it's written I own 7 per cent; it's more or less known fact. It's registered, moreover, that in this company PK I own 7 per cent. It means that it's not news and the news is just that I present that publicly. As I recollect what we discussed before, that Badri worry that Roman will stop to pay us if I refuse that I am shareholder and we don't need to hide more. This is the point.

My point was that -- and it's the reason why it's

happened; not because nobody knew that I had been shareholder of Sibneft. All the time I try really to hide that. I try not to present it publicly because of request of Abramovich and Shvidler as well.

Q. Could you please be given bundle H(D)2 and turn to flag 19 H(D)2/19/121. Have you got that, Mr --

A. Just a second. I am waiting for it.

Q. Understood.

Now, what you are being handed, Mr Berezovsky, comes from the files of Clydesdale Bank that were disclosed to us last week --

A. Yes.

Q. -- and what you see here is a copy of the same article --

A. Yes.

Q. -- and you will see Mr Curtis's initials just by the headline.

A. Yes.

Q. Now, it's apparent that what happened was that Mr Curtis suggested that newspaper articles should be produced, you gave a press interview in which you claimed an interest in Sibneft, somebody -- probably Mr Fomichev -- then promptly sent a copy of that to Mr Curtis and Mr Curtis supplied it to Clydesdale Bank.

A. Mr Sumption, I want just to repeat again and again:

I don't responsible for coincidentials, even if even they are positive for me or negative, I am sorry to say. I didn't initiate anything specially, anything to support the Devonian deal. What happened, that's happened; I'm not responsible for it.

But it's absolutely common knowledge all over the Russia, all over the business community in the world, that I create Sibneft first of all, I find the way how to privatise Sibneft, and I was -- I have interest in Sibneft. This is the point. It's common knowledge.

- Q. The limited point that I was putting to you is that you deliberately claimed for the first time in newspaper interviews in June 2001 that you had an interest in Sibneft in order to supply the evidence that Mr Curtis said he needed to show to Clydesdale Bank.
- A. I'm sorry to say, Mr Sumption, even here is -- the title is absolutely wrong. I never claimed that I have half of Sibneft; I claimed that I have just 25 per cent of Sibneft. And if I would be -- I would like to be correct in front of bank, definitely I wrote Badri and me, we have 50 per cent, not half; 25 per cent each. It means that I mislead the bank.
- Q. Now, do you remember, Mr Berezovsky, that there was a problem later in 2001 because the money was arriving in Clydesdale Bank's accounts in instalments which did

not correspond to the instalments in the Devonia agreement? Do you remember that problem arose?

- A. I remember problem. I don't remember -- and moreover I remember that we should move our money from Clydesdale Bank to another bank and we have done that.

I didn't understand the reason because nobody informed me why that happened. My understanding is because Russian were pressing them because I have all the time the problem to open any account in bank because banks -- many banks operate in Russia, they afraid to lose business there, it's natural. And the reason -- but I never informed about the reason of why they decide to do so.

As I know, I ask my adviser at the time, Fomichev and Natalia Nosova, to help me to move money because at that time I didn't have direct connection to Badri because Badri is -- which year it was? Which year it was?

- Q. Which year what was?

- A. They asked me to move money from the bank.

- Q. At the end of August 2001 Clydesdale Bank said they wouldn't accept any further money into the trust accounts and they asked you to close those accounts within two weeks.

- A. I remember that well and I remember that we move money

to another bank which accept our money.

Q. Right.

Now, could you please look in the same bundle that you should have open, H(D)2, at flag 29, which is another letter from the Clydesdale files H(D)2/29/147.

A. Yes.

Q. This is a fax letter from Mr Curtis to the compliance officer at Clydesdale.

A. Yes.

Q. In the first paragraph he is saying that, having spoken to Mr Jumean:

"All parties have agreed that they will [vary the Devonia agreement]... pursuant to which..."

So that the sheikh can purchase --

A. Just a second, Mr Sumption. I don't follow you. It's the first paragraph, is it?

Q. Yes, it is.

A. Okay. From the beginning or in the middle?

Q. Well, he starts by saying --

A. "All parties", okay, fine.

Q. -- he's spoken to Mr Jumean.

A. Yes. (Pause)

Okay.

Q. Now --

A. Okay, fine. Just the first paragraph, yes?

Q. Right.

A. Yes.

Q. The reason this letter was written was that money was turning up from Devonia's account in Latvia to the trust accounts at Clydesdale Bank in multiples of \$20 million instead of \$100 million and therefore the instalments were not matching what was said in the Devonia agreement. So Mr --

A. I don't know anything about that.

Q. Mr Curtis was saying that, "All parties have agreed that they will enter into a variation agreement", so that the sheikh can buy in multiples of \$20 million instead of \$100 million.

Now, "all parties" included you. You were a party to the 12 June agreement. Had anybody ever, at about this time, suggested to you that you should amend the agreement so as to alter the instalments?

A. Again, Mr Sumption, definitely I don't remember about this agreement. I remember only that we agreed that our money will be moved to Clydesdale Bank; then we had a problem with the bank -- it's absolutely correct what you said -- and we moved money to another bank which accept that money.

The point -- the problem, as I understand why it's so, as I mentioned to you before, because Russian tried

to follow my money everywhere and -- or Clydesdale Bank decide that it's dangerous for them, because they work in Russia, to keep me as a client, because, as I told you, I never have any problem with this money, and it's the reason why they afraid to condition relations with me.

It's happened recently, as I told you, recently, just maybe two months ago, when one bank account was closed because of request of Russian Prosecutor Office.

- Q. Mr Berezovsky, the problem with Clydesdale Bank rejecting your money arose after this, at the end of August. I would like you to concentrate, please --
- A. I concentrate.
- Q. -- on this letter.
- A. Thank you for same advice.
- Q. What Mr Curtis was telling the bank was that all parties had agreed to enter into a variation agreement of the Devonia agreement so as to allow the sheikh to buy the shares in instalments of \$20 million instead of \$100 million.
- A. Okay.
- Q. Now, my question to you was: did you ever agree to enter into a variation agreement of that kind at about this time?
- A. I follow all advices which were given me by Curtis and

my financial officers and if they advise me to do that, it means that I will do that, and maybe there is even my signature somewhere that I accept that. It does not mean that I understand what is happening. It means that I just follow again the same agreement which I have done, principal agreement, which Badri have done, not me, Badri have done with Mr Abramovich, that he will be paid \$1.3 million -- billion for our interest in Sibneft. Nothing more.

- Q. Well, I can reassure you on one point, Mr Berezovsky: there is no documentary evidence that any proposal was ever made of the kind described by Mr Curtis in this letter to you or to Mr Patarkatsishvili --
- A. Yes, maybe.
- Q. -- or anyone else.
- A. I don't know.
- Q. We do not know where Mr Curtis got this information from but it appears to be wrong.
- A. Mr Sumption, I already gave my comment.
- Q. Now --
- A. I still don't understand why Mr Abramovich decide to have this headache if he just gave me one more present, \$1.3 billion, and have this headache with a Latvian bank, with Devonia and so-so, if it's just his goodwill to give me just for my service, political krysha, and

why he should have this headache. I don't understand at all.

Q. Now, the Devonian agreement was amended much later, wasn't it, two and a half years later, at the end of 2002?

A. No, I'm sorry to say, this letter dated by 1 August 2001, as I understand. The agreement with Mr Abramovich to sell our shares in Sibneft is 2001, not two years before.

Q. Mr Berezovsky, listen carefully to the question, please.

There was an amendment to the Devonian agreement, was there not, at the end of 2002, some time after this?

A. Oh, I see. Okay.

Q. Do you agree with that? You give some evidence about it in your witness statement.

A. Amendment to this agreement?

Q. An amendment to the Devonian agreement that you had signed in the Nobu restaurant?

A. Yes, yes. Yes, it's correct.

Q. Now, it may be that you can recall the outlines of that agreement without looking at it, but if you have difficulty of course I will show it to you.

Is it true that in early 2002 Mr Curtis raised with your advisers, Mr Samuelson and Mr Fomichev, the problem of how the agreement could be amended so as to match the

actual flow of funds that was happening? Do you remember that?

A. Just a second. I don't remember that, but I can't exclude that.

Q. Right. Because there's a note of that meeting in which Mr Jenni attended as an observer on your behalf. Do you remember that?

A. Mr Jenni -- Hans-Peter Jenni?

Q. Sorry?

A. Hans-Peter Jenni, yes?

Q. That's it.

A. Okay.

Q. Do you remember Mr Jenni attending on your behalf in early 2002 a meeting with Mr Curtis and Mr Samuelson to discuss the problem about the flow of funds out of the Devonia account in Latvia not matching what was said in the Devonia agreement?

A. I don't remember definitely that but I can't exclude because I -- Mr Hans-Peter Jenni, I knew him long time from establishing of Logovaz as a Swiss lawyer and definitely he was involved in many my transactions.

Q. Well now, do you remember signing a retrospective agreement in December 2002 which altered the contractual schedule of payments from Devonia so as to match the actual flow of funds?

- A. I don't remember that, but I can't exclude that it was necessary to sign the kind of document referring to Devonia payment and I signed that. I can't exclude that.
- Q. Yes. What happened was this, was it not: you had agreed with -- or Mr Patarkatsishvili, rather, had agreed on your behalf with Mr Abramovich in May the instalments?
- A. In May which year?
- Q. In May 2001.
- A. Yes.
- Q. That was paid to the account nominated by Mr Fomichev, which was the Devonia account, and money was paid out of the Devonia account in instalments which had no relation at all to the instalments in which Mr Abramovich was paying?
- A. I don't remember that at all. Again, as I understand, the Devonia itself was the intermedium between Abramovich and me and Badri on the other hand.

And again, I did not add anything compared with what was my position from the beginning. I want to have -- again, 100 times to repeat: I want to have transparent money, I want to have on the west, I want to have track of this payment; that's it. And Abramovich refused from the beginning and now he finally -- I find out why he said there is the difficulties in Russia, why he was not

able to make direct payment, as I understand, from the letter which we discussed before.

Q. Can you please be given bundle H(A)51/89. This is the amending agreement of December 2002, signed by you.

A. Yes.

Q. What it does is, if you look at page 93 H(A)51/93, you will see a schedule of payments into the Clydesdale Bank accounts --

A. Yes.

Q. -- which started out in multiples of \$100 million but were then reduced to multiples of 35, then two of 20 and then one of 25. Do you see?

A. Yes.

Q. And then there's another schedule on the next page --

A. Yes.

Q. -- which is sums paid into other accounts after the Clydesdale Bank refused to accept any more.

A. Yes.

Q. And what this agreement does is that it retrospectively amends the Devonia agreement so that the parties agree that the obligation of Devonia is to pay the instalments set out in schedule 1 and schedule 2.

A. Yes.

Q. What this was about was creating a document trail that would support, in the eyes of banks, the money that you

were actually receiving, wasn't it?

- A. I don't know. I don't know the purpose of that. I just confirm that it's my signature again and it's Badri's signature even. Just a second, just a second. Yes, my signature and Badri's signature what I -- which I able to recognise.

But I don't understand, let's say -- and I understand that it was the reschedule, as you mentioned, is it correct. But the reason why it was reschedule, I just make guess that it's because they have difficulties with our money. Why they have difficulties? I don't know, as I told you. That's it.

- Q. Well, the difficulty that they had was that you had produced the Devonia agreement to explain the receipt of funds and it didn't explain the receipt of funds because they were coming in in different amounts at different times.

- A. I didn't produce -- I did not produce Devonia agreement. It was produced by professional lawyers and their responsibility. Why there were more questions after that? It's not question to me. I did not produce Devonia agreement. They produce the technology and Devonia agreement, professional lawyers.

Later on they had difficulties I think because of me, because my problem in Russia generally, because bank

want to continue to develop business in Russia, as I told you. It's my guess; it's not my knowledge.

Q. Your agents --

A. But it's not my problem at all why they decide to reschedule this -- to reschedule the payment.

Q. Your agents provided the Devonia agreement to the Clydesdale Bank and subsequently to other banks, did they not?

A. I don't know.

MR SUMPTION: My Lady, would that be a convenient moment?

MRS JUSTICE GLOSTER: Yes. I've got one question.

A. Yes.

MRS JUSTICE GLOSTER: Do you know who was the bank signatory to the Devonia bank account?

A. Just a second. (Consults interpreter)

I don't remember that.

MRS JUSTICE GLOSTER: You don't remember or you don't --

A. I am not able to insist that I don't know. I don't remember at all, yes.

MRS JUSTICE GLOSTER: Yes, I see. Yes, thank you.

Yes, I'll take ten minutes.

(3.14 pm)

(A short break)

(3.27 pm)

MR SUMPTION: My Lady, the answer to your Ladyship's

questions are that the Devonia account in Latvia was operated by Mr Neyadi, who was a person who we understand to have worked in the sheikh's private financial office and had been nominated as the sole director of Devonia. The reference to that is H(A)40/188. That is a document of December 2001 but we do not understand the position to have been any different any earlier. There are large numbers of transfers which he authorised.

MRS JUSTICE GLOSTER: Thank you.

MR SUMPTION: There were also accounts for the trusts at Clydesdale Bank which were operated -- I don't know whether your Ladyship wished to know who operated those but the account opening documentation shows that those were operated by Mr Fomichev and by two --

MRS JUSTICE GLOSTER: This is Itchen, is it?

MR SUMPTION: This is the Itchen Trust account at Clydesdale. They were operated by Mr Fomichev and by one or other of two solicitors at Denton Wilde Sapte Gibraltar: Mr Keeling or Mr Murphy.

MRS JUSTICE GLOSTER: Yes.

MR SUMPTION: And the reference to that is H(D)2/17/48.

MRS JUSTICE GLOSTER: Thank you.

MR SUMPTION: Mr Berezovsky, I would like to ask you about commissions payable to the intermediaries involved in

the Devonian transaction and for that purpose I would like to ask you to look at bundle R(D)1/20/151. Have you got that?

A. Yes.

Q. Now, you will see that this is a record by Mr Lindley, then your solicitor, of a meeting at Downside Manor, which was Mr Patarkatsishvili's English home, wasn't it?

A. Yes, yes.

Q. And various people are recorded as being present, including you and Mr Patarkatsishvili.

A. It's the note, yes, of Mr Lindley.

Q. Yes, that's right, and you will see that you were present from the third line.

A. Yes.

Q. Now, commissions are dealt with towards the bottom of the page. There's a paragraph, it's the fourth paragraph from the bottom, beginning:

"With regard to Signeft, there was an agreed commission of 15% to be paid to [the sheikh] and this had been represented to [Mr Berezovsky] and [Mr Patarkatsishvili]."

So it was being said that the sheikh had taken 15 per cent and you had been told about that.

"Representations had been made to [the sheikh] that their commission was 4%.

"1.3% was paid to [Mr Curtis] and it appeared that the remaining 1.7%..."

This is the two sums that make up the 4 per cent above.

"... was in some way distributed between [Mr Kay, Mr Jumean]..."

Who was the head of the sheikh's private office:

"... and [Mr Fomichev]."

A. Yes.

Q. Now, do you agree that those commissions were paid?

A. Mr Sumption, this is not important but this is more or less what I remember, not in this way, I'm sorry to say. I was remember perfectly and I remember that from Eyhab that it should be commissioned 15 per cent and I don't remember -- it was almost the same with ORT as well, as I remember, and later on it was a point to discuss with Abramovich that he should cover 50, but it doesn't relate now to your question.

My understanding was that sheikh -- at the beginning, maybe it come later, it's already 2007, but at the beginning my understanding was that sheikh should be paid 15 per cent: he will get 11 per cent personally and 4 per cent will be splitted between Eyhab, between Fomichev and between Joseph Kay, Badri adviser. I did not remember that time involvement of Curtis in the

sharing of this money.

And as I told you, Mr Sumption and my Lady, I remind you that I had a meeting with sheikh just one time in London, already later when everything happened, and before the meeting I was told by -- I was informed by -- I was informed by one, I don't remember who one, not to mention sheikh that he got just 4 per cent. It means that people who were around him trick him, saying me -- we were informed that he will be paid 11 per cent and not 4 as a reality, yes?

Q. Not 15?

A. Sorry, no, no. They told that 15 per cent but the sheikh himself will get 11 and the rest 4 will be distributed between them, between Ruslan Fomichev, between Joseph Kay and between Eyhab; but it's turned out that sheikh was paid just 4 per cent. I think that that knowledge I got from Mr Curtis.

And this is one of the point which I decide to discuss with sheikh because I want -- don't want to lose face in front of him when he visited me. And as I remember, and my wife was present at this our meeting, I told him that I did not understand what is reality and he mentioned me that he is fully now informed about everything and I shouldn't worry about that. This is what he mentioned.

- Q. Do I understand this right -- I hope I haven't misunderstood what you've just said.
- A. Yes, yes.
- Q. Mr Curtis told you that part of the sheikh's commission was being secretly deducted and shared between the head of his financial office, Mr Jumean, your financial manager, Mr Fomichev, and Mr Patarkatsishvili's financial manager, Mr Kay?
- A. Absolutely not.
- Q. I see.
- A. Absolutely not.
- Q. I see. What are you saying?
- A. I was told first of all not by Mr Curtis; I was told by Eyhab, sheikh head of administration, about that sheikh will get 11 per cent and the rest party -- I mean, they agreed Joseph Kay, Ruslan and himself will get -- I -- because I was not involved in so details, I immediately passed that to Badri.
- The point is that Eyhab -- it's happened so that Eyhab become close to me because he based in London and it's the reason why he told me that. But I immediately referred it to Badri and after that I don't know anything about what happened.
- Q. But this 4 per cent that was being taken out of the sheikh's share, 1.3 per cent was paid to Mr Curtis;

isn't that right? According to that note.

- A. I was not -- again, as I recollect, I didn't know about that. It could be that -- it's my recollection; it could be that it's different. But I don't remember that, that Curtis was paid as a percentage. I remember that Curtis was paid money for that, that I remember well. But is it percentage of 15 per cent or some different? I don't know that, I don't remember that.
- Q. Mr Curtis's commission was in fact at your expense, wasn't it, because he deducted it from the monies paid into the Devonia account with your consent?
- A. No, again, it was agreed that 15 per cent will be sheikh money and not my money and it will be commission from this which he will be paid because of this transaction. And it's his problem how he share his money; it's not my problem. But definitely, as I told you, I didn't have discussion with sheikh about that; I just had discussion with Eyhab, who have been and still now, as I understand, chief administration of sheikh.
- Q. And when you said that somebody was tricking the sheikh, who do you say was tricking the sheikh?
- A. Somebody. Somebody, I don't know who. Maybe those people who it's -- I thought that maybe -- I thought maybe Eyhab trick sheikh. But again, as far as follows from conversation, mine and my wife and sheikh and his

wife in London, it's turned out that it's not so; that sheikh understood the reality.

Q. Could you please look at bundle H(A) --

MRS JUSTICE GLOSTER: Sorry, just before you leave that, Mr Sumption.

The statement, "Representations had been made to SS that their commission was 4%", who is "their" in that?

A. I think that "SS" it's mentioned that's Sheikh Sultan.

MRS JUSTICE GLOSTER: Yes, I appreciate that.

"Representations had been made to [Sheikh Sultan] that their commission was 4%."

Who is "their", in front of the word "commission", referring to?

A. Sorry, just a second. (Pause)

I think that 4 per cent, it's exactly coincide with 4 per cent at the beginning we discuss, yes? 11 plus 4, it means 15.

MRS JUSTICE GLOSTER: Yes, I see.

A. It means 4 per cent for --

MRS JUSTICE GLOSTER: So the 4 per cent going to the four people who are mentioned in the next paragraph?

A. Just a second. Next paragraph.

MRS JUSTICE GLOSTER: Sorry, that's --

A. Joseph Kay, correct.

MRS JUSTICE GLOSTER: Yes.

A. This is correct. And Ruslan Fomichev, this is correct.

This is my understanding.

MRS JUSTICE GLOSTER: That's 3 per cent. I'm just not following the arithmetic quite.

A. Yes, me as well.

MRS JUSTICE GLOSTER: No, right. Okay.

MR SUMPTION: Well, let's look at what went to Mr Curtis. Could you please look at H(A)54/256.

Now, this is a letter of 28 February which is from Mr Curtis --

A. Just a second, I'm sorry. 20...?

Q. 28 February.

A. Which year?

Q. 2003.

A. Thank you.

Q. And it's Mr Curtis, addressed to Mr Hussein, the head of the sheikh's private office in Abu Dhabi.

A. Yes.

Q. Now, this is about commissions.

A. Yes.

Q. And if you look at the second paragraph you will see that:

"At that meeting..."

And he's referring to a meeting that he had had with the sheikh a few days earlier:

"At that meeting, I also presented to you and His Highness the enclosed handwritten Schedule of Fees, gifts and payments received by me or my family relating to His Highness' gift, the Sibneft transaction, Itchen Trust and [Rainbow Fund]. I wanted these major payments to be highlighted to His Highness and to Boris Berezovskiy so that there would not be any misunderstanding."

And he goes on below on that point on the page. The next paragraph --

A. Just a second. May I try to understand. I'm sorry.

(Consults interpreter)

Sorry, I understand, okay.

Q. Right. If you look at the next paragraph, it says:

"I have copied this letter to Boris by way of clarification so there can be no misunderstandings as to the benefits, gifts and payments that [he has obtained]."

A. Mm-hm.

Q. And over the page you will see the typed up version of what he appears to have handed them in manuscript at the meeting a few days earlier.

A. Sorry, which page?

Q. Page 257 of the bundle H(A)554/257.

A. 257, the next page, yes?

Q. Yes. And you'll see that item 1 on the schedule is:

"Kind Settlement by His Highness Sheikh Sultan... of £3 million (equivalent US\$4.5 million) proceeds used to purchase [his] Penthouse..."

That appears to have been a gift. Then item 2 is:

"Payments procured by Eyhab Jumean on behalf of His Highness..."

And you will see the first of those payments is a sum of £481,000 invoices of his firm plus authorised disbursements of 388,000. So those are the professional fees and disbursements of his firm as solicitors.

A. Mm-hm.

Q. Then item 3 is:

"Payment made by Devonia Investments to Stephen Langford Curtis \$13.8 million."

A. Mm-hm.

Q. "Payment made by Devonia Investments on request of Itchen Trust \$4.5 million."

He then says:

"You will recall that I introduced this transaction and it was agreed by His Highness that while I represented him on the Sibneft transaction, he had no problem with me... or Curtis & Co working for the Itchen Trust or the other vendors in the Sibneft transaction (provided that I took no action for them in

relation to the Sibneft transaction)."

Now, adding the \$13.8 million and the \$4.5 million, it looks, does it not, as if Mr Curtis received, in addition to his professional fees and disbursements, \$18.3 million in commissions?

A. Mr Sumption, look, I don't know the relations, business relations between Sheikh Sultan and Curtis. It turned out he serve not me, he serve him. And it's, as I understand -- again, I didn't catch. Was this letter shown me or not, I don't remember --

Q. Yes, it was.

A. -- I don't remember that, but it's not reason why I answer you.

I just want to mention that my understanding, and as far as I understand your understanding, is clear that Mr Curtis serve not me, he serve sheikh, and it's sheikh decision how he want to appreciate Mr Curtis. And this is his decision; that's it. And I think that he paid this money through this 15 per cent, but it's his decision, not mine.

Q. Mr Berezovsky, the point is that if you look on the first page --

A. Yes.

Q. -- can I remind you that Mr Curtis was saying he wanted these payments to be drawn to your attention and he has

therefore copied this letter to you. Do you see that?

A. Yes, I see that. I see that.

Q. And the reason for that is that items 3 and 4 on the schedule are payments made by Devonia Investments and those sums came out of the bank accounts whose balances would otherwise have been paid to you.

A. Yes, Mr Sumption, I just want to repeat again: Mr Curtis serve not me, he serve Sheikh Sultan. And if Sheikh Sultan decide to pay him and decide to inform me that he is so grateful to Mr Curtis, it's not my point. Again, even if I was informed about that, it doesn't mean that it was my decision to do that; it's decision of Sheikh Sultan.

Q. Mr Berezovsky, it may have been the sheikh's decision but it was directly at your expense, wasn't it, and Badri's, because it was coming out of the Devonia monies, wasn't it?

A. Yes, I don't care at all how Sheikh Sultan will spend this 15 per cent. He decide to be grateful to Mr Curtis or he decide to use this money to pay other people, it's not my point at all.

Q. Mr Berezovsky, you are not listening to my question.

A. Yes.

Q. I am making to you the point that you were paying Mr Curtis this \$18.3 million, not the sheikh. You were

paying him --

A. I don't -- I don't remember --

Q. -- because the money was coming out of the Devonia accounts.

A. Again, Mr Sumption, I don't know anything about that. I just know that I paid 15 per cent to sheikh. If it was another additional expenses, I just don't remember that. But again, as I understand, Mr Curtis served Mr -- Sheikh Sultan, not me.

Q. Mr Berezovsky, item 4 is a payment of \$4.5 million paid on request of Itchen Trust. That was your trust, wasn't it?

A. It's my trust, it's correct.

Q. Yes. And your trust had asked that that \$4.5 million should be paid to Mr Curtis, hadn't it?

A. Again, Mr Sumption, I don't know why it's came through Itchen Trust. It's not again my point. It's the point how Mr Curtis was paid. He was paid by his request and the reason why they mentioned here Sheikh Sultan, it does not connect to my Itchen Trust. Why the reason that they mention -- that they inform Mr -- Sheikh Sultan about that? What is the reason for that?

Q. The reason that they were informing you was that they needed your consent, and you gave it in writing, didn't you?

A. I don't remember that at all, that I gave this in writing. Again, I can't exclude that. But again, it's all the connect to Devonia agreement and if here sheikh is mentioned, it means that because of sheikh want to do so -- because in opposite case why he is mentioned here -- we'll do that. But --

MRS JUSTICE GLOSTER: Can I be clear: are you saying that what Mr Curtis received by way of commission came out of the sheikh's 15 per cent?

A. My understanding is so, but Mr Sumption understanding is different. He said that I paid from my Itchen Trust --

MRS JUSTICE GLOSTER: Well, we can see it comes -- it's a payment made by Devonia on request of the Itchen Trust. What I'm trying to understand is: is it your case that any payments made to Curtis by way of commission came out of --

A. Of 15 per cent.

MRS JUSTICE GLOSTER: -- the sheikh's 15 per cent?

A. It's my understanding. Correct, my Lady.

MR SUMPTION: Could you please look at bundle H(A)55/153.

I'd like you to leave open the last document you looked at.

A. Yes.

Q. Don't please take away bundle H(A)54.

Have you got open in front of you H(A)55/153?

A. Sorry, no. Yes, now I have it.

Q. Now, this is a letter dated 24 March 2003, about four weeks after the letter we've just looked at. Right?

A. Yes.

Q. And it's addressed to the sheikh and it's written by Mr Curtis. He says:

"Your Highness

"I refer to the Settlement Agreement which I am in the process of negotiating..."

Then in the next paragraph:

"On the basis that I am able to successfully negotiate that you retain the \$5.8 million referred to [in that agreement]... I understand that you have agreed to acknowledge the payments detailed in my last letter to Mahmoud."

That's the one we've just looked at.

"This letter was sent only to satisfy my obligations to all parties to disclose my fees and those of Curtis & Co and I confirm that Boris is aware of these payments and has already signed to acknowledge them. I have however asked Boris to countersign this letter by way of his further confirmation in this regard. Neither the letter to Mahmoud or this letter imposes any obligation on you to make any payments..."

He goes on:

"In consideration thereof, I understand that you will have also agreed that Curtis & Co shall terminate its retainer..."

If you look at the text at the bottom of the page --

A. Yes.

Q. -- the sheikh signs by way of confirmation of the above and there's a countersignature of yours:

"Countersigned by way of acknowledgement of payments made to Stephen Curtis and Curtis & Co pursuant to the letter dated 28th February 2003 and confirmation that there are no further obligations on His Highness in relation to such payments."

Now, that's your signature, isn't it?

A. This my signature but not under this letter, as I understand, because there is a reference:

"Countersigned by way of confirmation of the above."

And what is that?

Q. Well, that's the sheikh's signature.

A. No, no, no, no, no, just a second. And my signature also "Countersigned by way of acknowledgement" and so-so. My signature, it's not on the letter of Mr Curtis, as I understand, sorry, as I understand --

Q. What you are signing is an acknowledgement to show that you consent to the payments made to Mr Curtis. Do you agree?

A. I can't disagree but I don't understand what I sign because this is not the letter which you just read; it's a little bit different.

Q. This is a letter which was written four weeks or so after the letter of 28 February. There's a letter of 28 February which lists the payments; then there's this letter on 24 March which refers to the letter of 28 February. Do you see?

A. Yes, yes, I see.

Q. And this letter asks the sheikh to sign by way of acceptance that Mr Curtis is going to get those commissions, and you also sign at the very bottom.

A. Again, Mr Sumption, my clear understanding is that this how sheikh decide himself to share 15 per cent. Again, this is my understanding, yes? And again, Mr Curtis serve sheikh, formally at least, not me, and I accept any proposal which lead to sheikh or people around this deal to -- that Mr Curtis should be paid.

I don't know exactly why it's organised like that but my understanding is that -- finally, I mean, understanding is -- that Mr Curtis paid by sheikh, not by me.

Q. Well, Mr Curtis was in effect paid by you because the money came out of the Devonia accounts which would otherwise have been paid to you?

- A. No, again, Mr Sumption, it's again -- because we -- if you calculate correctly and I accept to calculate correctly, is the money inside of 15 per cent or inside of 85 per cent, definitely I should accept the logic. But my understanding is that it's from commission which we paid already -- which we had obligation to pay sheikh and sheikh spread money between his people, not me. And this is again my understanding and the answer to question of my Lady.
- Q. Why did you consent to the payment of these large sums to Mr Curtis in addition to his professional fees?
- A. Again, I just follow advices of people who organise this deal, Devonia agreement: it was Badri, it was Curtis, it was Ruslan Fomichev. I didn't create any initiative myself and I never accept only myself any payment. It means that, as I told you, it was a big mess with this 15 per cent; I don't know who even now finally got it. And I told you absolutely correctly that I was a surprised a little bit when I knew that sheikh was just 4 per cent and the rest was shared between the other parties.
- Q. Mr Berezovsky, would you please take bundle H(A)61, page 137 H(A)61/137.
- A. I should keep that open?
- Q. I think your desk is getting a bit crowded. Perhaps

they could be kept handy behind just for the moment.

The first document I'd like you to look at is H(A)61, page 137. This relates to the \$4.5 million and it's a letter of 17 July 2003 from Mr Keeling, who was the solicitor to the Itchen Trust in Gibraltar --

A. Yes.

Q. -- addressed to Mr Jacobson of Curtis & Co. He was in fact a trustee of the trust. And what he says is:

"You will recall the decision that a special payment be made to [Mr Curtis] out of the monies due to the Trust from the [Berezovsky/Patarkatsishvili]/Devonia/Sheikh Sultan agreements as amended."

A. Mm-hm.

Q. Now, what he is saying is that the special payment, which was the \$4.5 million -- and you can see that from the following page --

A. Yes.

Q. -- where it's resolved that:

"... in consideration of the services provided by Mr... Curtis to the Trust... the Trustees should award a special payment to Mr Curtis in the amount of US\$4,500,000 and the payment of that amount to Mr Curtis be and hereby is approved."

A. Yes, yes, sorry.

Q. Now, Mr Keeling is referring to a decision that

\$4.5 million should be paid to Mr Curtis out of your trust.

A. Mm-hm.

Q. And you were aware of that, weren't you? You were paying that \$4.5 million?

A. Just a second. Let's try to clarify. Before we discuss about \$13.5 million, correct?

Q. I'm not talking about the 13 --

A. Just a second. What we discuss in previous discussion, we discuss about the same payment or this is different payment?

Q. In the previous documents, two payments are referred to: one of \$4.5 million and one of \$13.8 million.

A. It means that the previous what we discussed, that was 13.5; yes, correct?

Q. Right.

A. And now it's 4.5?

Q. There are two sums being paid to Mr Curtis referred to in the previous document.

A. Yes.

Q. This document that I'm showing you now is only concerned with the \$4.5 million. Okay?

A. Only of one payment, yes?

Q. Yes.

A. Yes.

- Q. And what it is showing is that that \$4.5 million was paid out of your trust? You --
- A. But the previous \$13.5 million also was paid?
- Q. Forget about that. I'll deal with that in a minute.
- A. Okay, okay. It's absolutely -- my answer is absolutely the same.
- Q. Right.
- A. I can't -- I can't present you now the clear understanding of what is that. My clear understanding connect only to one point: that Mr Curtis, as I understand perfect now, work for Sheikh Sultan and we paid Sheikh Sultan 15 per cent. Was it done from my Itchen Trust which I control, by request -- by some other reason or not? I don't know. I don't know anything that we, I'm sorry to say, bribe Mr Curtis in this way. I don't know anything about that.
- Q. Mr Berezovsky, first of all, Mr Curtis in fact acted for you up to 1 June; he only acted for the sheikh in the last four days before the transaction was signed. That's a matter of record, I can tell you that.
- A. This is also news for me because on the one hand at the beginning I thought that Curtis operated for me; then it's turned out that he operate for sheikh; and now it's clear that he operate just five days. I don't know anything about that, believe me.

Q. It must have been obvious to you when Mr Curtis came and gave you advice on 17 May that at that stage he was acting as your solicitor and that's what you had told us before?

A. Mr Sumption, I don't understand anything now because my impression is -- was that Mr Curtis operate for my favour; then it's turned out that he operate not for my favour, for Mr -- for Sheikh Sultan favour; now it's turned out again that he operate for... I don't understand anything.

I just want to present what I know here. I made -- I deliver everything what my financial adviser decide to deliver. If they decide to deliver, and my understanding still now is that Mr Curtis was not bribing, he was professional English lawyer and he was paid by Sheikh Sultan the way from 15 per cent, the way how he was paid is that, but I don't have any idea why it should be different.

Q. Mr Berezovsky, the truth is that Mr Curtis actually acted for both you and the sheikh.

A. Ah, okay. It's great.

Q. I'm interested in what you consented to.

This document, the reason I'm showing it to you is that it demonstrates that the \$4.5 million actually came out of your trust and not the sheikh's money at all; you

paid it.

A. No, no, no, no, definitely it came from my trust, it's absolutely correct.

Q. Right.

A. I don't know how it was agreed Mr Curtis will be paid, directly from sheikh or from my -- money which came to my trust and later on send it back to Curtis. I just really, my Lady, don't understand anything now because I don't understand the position of Mr Curtis now already.

Q. Well, let's have a look at the document that records the same thing in relation to the \$13.8 million.

MRS JUSTICE GLOSTER: Mr Sumption, just before we go along this, it must be a matter of record what is the total in relation to which the 15 per cent was agreed?

MR SUMPTION: \$1.3 billion.

THE WITNESS: No, no, no.

MR SUMPTION: \$1.3 billion.

MRS JUSTICE GLOSTER: \$1.3 billion. Therefore if one is looking at the figure of US\$26.38 million and the additional \$5.8 million that was paid, one must be able to work out what all the percentages are as a matter of arithmetic.

MR SUMPTION: Yes, one can. It doesn't exactly match. But we do know what was in fact paid to Mr Curtis and these

two documents demonstrate that. The attendant --

MRS JUSTICE GLOSTER: What I'm asking for, and I'm not asking for it now, is I would quite like a bit of paper that sets out the total and the percentages and what the percentages were of the total that Curtis received and the sheikh received and anybody else received.

MR SUMPTION: Yes. We'll certainly supply that. But these documents at least show what the figures were in actual money.

Mr Berezovsky, could you be given H(A)51/9, please. This is Mr Keeling's attendance note --

A. Just a second, Mr Sumption.

Q. Mr Keeling was a trustee of your trust and this is an attendance note of points being made about these payments. Most of them are not relevant to the present point but could you please look at paragraph 10 on page 10, which is.

A. It's dated 5 December 2002; correct?

Q. Yes.

A. At page? Which page?

Q. Page 10.

A. Yes.

Q. And that says, paragraph 10:

"SLC [Mr Curtis] made the point that the fees due to him of which the US\$13.8 million form part, are part of

the fee of" --

A. Just a second, I'm sorry. The paragraph number?

Q. 10?

A. So sorry, yes. 10, fine.

Q. "SLC made the point that the fees due to him of which the US\$13.8 million form part, are part of the fee of 0.66% of the 'turn' between the price at which Sheikh Sultan purchased the Sibneft beneficial interests from [Berezovsky] and [Patarkatsishvili] and the price at which he has sold those beneficial interests to Abramovich. Originally the Sheikh was going to pay those fees but it had been agreed that it would be taken from BB's share (i.e. Itchen Trust) and credit would therefore be given for that amount in the context of the Sibneft shares..."

So what is being said here is that originally the sheikh was going to pay them but then it was decided that you could pay them.

A. No, no, no, no. It is exactly answer, as I understand, to question of my Lady. It is exactly written here that 0.666 (sic), it's just the percentage which, as I understand, is are part of the payment of 15 per cent which were paid to sheikh, or sheikh was paid less to this 0.666 (sic) percentage.

Q. Look at the next sentence, please, Mr Berezovsky.

A. Yes.

Q. "Originally the Sheikh was going to pay those fees but it had been agreed that it would be taken from BB's share (i.e. Itchen Trust) and credit would therefore be given for that amount in the context of the Sibneft shares... transaction."

A. It does not mean that it was not paid from -- it means that it's paid just from Itchen Trust, it's correct, but it doesn't mean that it's additional payment.

Q. The Itchen trustees had a formal meeting at which, with your express consent, it was agreed that the \$13.8 million should be taken out of your trust?

A. Again, Mr Sumption, I don't want to say that I don't know; I don't remember anything of that. I just understand today that Mr Curtis work for both sides, for my side and for sheikh's side. And how it was agreed to pay, again I never was involved in that. I never knew that Mr Curtis was bribed in any way. And, as I understand, everything was part of agreement which we had from the very beginning. This is the point.

Q. Let's look at a document which you signed, Mr Berezovsky. I would like you to turn to bundle H(A)55/166.

A. Thank you.

Q. Now, what you've got here is a minute of the meeting of

the trustees of your trust.

A. Yes.

Q. Do you see that?

A. Yes.

Q. And present are Mr Keeling --

A. Yes.

Q. -- and Mr Jenni, who was your lawyer?

A. Yes. Yes.

Q. If you look over the page, you will see that you signed it?

A. Yes, I see that.

Q. Would you look at item 3 --

A. It's not signed, it's just my confirmation because they --

Q. All right. But that's your signature, isn't it?

A. Yes, the -- just a second.

It looks like my signature. I am not sure 100 per cent but it looks like my signature.

Q. Would you look at paragraph 3(b), please.

A. Yes.

Q. "IT WAS FURTHER NOTED that an additional sum of US \$13,800,000, also emanating from the Trust's entitlement pursuant to the Agreements mentioned above, had been remitted directly at the request and direction of the trustees and also [Rainbow Fund] to

Stephen Curtis in respect of his appointment as managing director... of [Rainbow Fund]."

A. Yes, it's written here.

Q. Right. Now, that \$13.8 million, which we've seen described in an earlier document as an introduction commission, came out of your trust with your consent, didn't it?

A. Definitely, if it's my signature -- and I think it's my signature -- definitely it's so.

Q. So the position is, is it not, that a total of \$18.3 million was paid out of your trust to Mr Curtis? And my question is this: what service did Mr Curtis perform for you that justified the payment of \$18.3 million to him on top of his professional fees?

A. Mr Sumption, it's again the same answer. As I understand, Mr Curtis serve me and Sheikh Sultan. How it was paid? It was paid from Itchen Trust or it was paid from Sheikh Sultan, a cover(?) he support. It's turned out now that Mr Curtis, unfortunately, was a little bit controversial even for my understanding for whom he was working. I just follow advice of my lawyers to pay this money. My understanding was, if I can recollect that, that it was money which was paid in the frame of 15 per cent which sheikh was paid for this deal, nothing more.

Q. Well, we've seen that they came out of your trust. Can I repeat my question. What service did you understand Mr Curtis to have performed that justified the payment of £18.3 million to him on top of his professional fees?

A. Okay, I don't know --

Q. Dollars, I'm sorry, not pounds.

A. I'm sorry, I don't know top or not top because I don't know how Mr Curtis was paid. I had a lot of -- not a lot, I had several deals which organise by Mr Curtis and it was not my point to decide how much he should be paid. I don't know -- I understand it is a lot, 18.5 million. I don't understand that time definitely -- now I understand a little bit better -- that lawyers got a lot of money, but believe me that I don't understand what kind of service he was paid.

Q. Well, I will suggest to you what kind of service he was paid. Mr Curtis had performed for you a service that was worth a lot of money, he had helped to launder your money, hadn't he, with your consent?

A. Mr Sumption, it's not correct to say that because I never made anything illegal and -- I accused [in] Russia many times that I made illegal but never happened that on the west somebody can say me that it's something I have done illegal. The point is in Russia, it's political motivated, I don't want 100 times to repeat

that, but I never was even mentioned that it's something I have done illegal. Believe me, I paid Curtis, according of my understanding, when he serve me. I didn't know that he change several times who he serve, I already don't know, but I don't have any reason to -- for your statement that it was help of money-laundering. It is not help for money-laundering because it was -- (inaudible) it will be discovered as money-laundering. That's it.

MRS JUSTICE GLOSTER: Mr Sumption, just before you stop, I can't seem to get up the page that is on the screen. I know what the reference is: it's H(A)55/166.

MR MALEK: Try 170 H(A)55/170.

MRS JUSTICE GLOSTER: 170, thank you very much. That's it. Thank you very much.

Yes, Mr Sumption.

MR SUMPTION: My Lady, I think five minutes worth of Rusal will not be very instructive at 4.10 but I'm in your Ladyship's hands.

MRS JUSTICE GLOSTER: No, I think that's enough for today.

Mr Berezovsky, I repeat the warning I've already given you, don't talk about your evidence or the case.

THE WITNESS: Be sure, my Lady.

MRS JUSTICE GLOSTER: Fine. 10.15 tomorrow. Very well.

MR SUMPTION: My Lady, I should say that I would expect,

with all the reservations that one has about any prediction, to finish probably late tomorrow morning.

MRS JUSTICE GLOSTER: What, all cross-examination?

MR SUMPTION: My cross-examination.

MRS JUSTICE GLOSTER: Are any other members of your team following you on the cross-examination?

MR SUMPTION: Not of my team but I understand that other parties wish to cross-examine, I understand for a short time.

MRS JUSTICE GLOSTER: Very well. Thank you very much.

(4.12 pm)

(The hearing adjourned until  
Thursday, 13 October 2011 at 10.15 am)

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