

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
MEDIA AND COMMUNICATIONS LIST



BETWEEN

ROMAN ABRAMOVICH

Claimant

and

(1) HARPERCOLLINS PUBLISHERS LIMITED
(2) CATHERINE BELTON

Defendants

PARTICULARS OF CLAIM

The Parties

1. The Claimant is a successful Israeli-Russian entrepreneur and businessman. He has a very substantial reputation in this jurisdiction, where he has been widely-known since 2003 as the owner of Chelsea Football Club.
2. The First Defendant is a book publishing company whose principal place of business is London. It is part of the HarperCollins worldwide group, which describes itself as one of the world's foremost book publishers. It publishes around 1,000 books each year in the UK and its imprints include *William Collins*.
3. The Second Defendant is a journalist and author who lives in London.



Publication

4. The publication of which complaint is made is the book entitled *Putin's People: How the KGB Took Back Russia and Then Took on the West* ("the Book"). The Book is written by the Second Defendant and published by the First Defendant. It has been published since 2 April 2020 in electronic form and since 16 April 2020 in hard copy form.

5. The Defendants have published the Book, or caused it to be published, to a very substantial but presently unquantifiable number of readers. Pending provision of this information by the Defendant and/or disclosure, in support of an inference of substantial publication the Claimant will rely upon all the circumstances and in particular the following:
 - 5.1. The Book is described by the First Defendant as 'THE SUNDAY TIMES BESTSELLER';
 - 5.2. On Amazon.co.uk the Book is listed as the 'best seller' in the 'UK Politics' and 'Historical Russia Biographies' categories;
 - 5.3. The Book has been promoted by prominent reviews in numerous UK newspapers and magazines, including as 'Book of the Week' in the *The Times*, *Guardian*, *Observer* and *Daily Mail*, and as 'Lead Book Review' in the *Spectator*. The Book was also a *Times*, *Sunday Times* and *Telegraph* 'Book of the Year' 2020.

Words Complained Of

6. The specific passages of the Book of which the Claimant complains are set out below:

Dramatis Personae

- (1) **“‘The Family’, the coterie of relatives, officials and businessmen closely surrounding the first Russian president Boris Yeltsin**

...



Roman Abramovich – Oil trader who became Berezovsky's protégé and later outmanoeuvred him to take over Berezovsky's business empire 'Cashier' to the Yeltsin Family and then to Putin." [Pages xii – xiii]

Prologue

- (2) "The Kremlin had first learned to navigate its way through the UK court system during its victory against Boris Berezovsky, the exiled oligarch who'd become Putin's fiercest critic, in a case that seemed to turn Russian history on its head. Berezovsky was the fast-talking one-time Kremlin insider who had tried – and failed – to sue his erstwhile business partner Roman Abramovich, a close Kremlin ally, for \$6.5 billion in London's High Court. The judge overseeing the case, Dame Elizabeth Gloster, had taken a dim view of Berezovsky's claim that he'd jointly owned one of Russia's biggest oil majors, Sibneft, and a stake in Rusal, Russia's biggest aluminium giant, with Abramovich, and that Abramovich had forced him to sell his stakes at a knockdown price. Though Berezovsky was recognised throughout Russia as owner of these concerns, Mrs Justice Gloster said she found him to be 'an inherently unreliable witness',⁵ and sided with Abramovich, who'd claimed that Berezovsky had never owned these assets; he'd merely been paid for providing political patronage. Later, it turned out that Mrs Justice Gloster's stepson had been paid nearly £500,000 to represent Abramovich in the early stages of the case. Berezovsky's lawyers claimed his involvement was more extensive than had previously been disclosed."⁶ [Pages 3-4]

⁵ Jane Croft and Neil Buckley, 'Kremlin Critic Loses \$6.5 Billion Lawsuit Against Fellow Oligarch', *Financial Times*, September 1 2012; Konstantin Kagalovsky, the former representative of the Russian government to international financial institutions and an architect of the loans-for-shares privatisation schemes, later told me that 'many in Russia knew that [Abramovich and Berezovsky] were 50:50 partners'. He said that he himself had found documents testifying to that, but had since destroyed them. (Kagalovsky also served as first deputy head of Khodorkovsky's Menatep bank, and was working on merger plans between Khodorkovsky's Yukos and Sibneft.) 'During [Berezovsky's] court case no one from Russia came to testify about Berezovsky's ownership because they did not want to damage their relationship with the Russian authorities and with Roma [Abramovich],' he said." [Page 505]

⁶ Berezovsky had condemned the ruling at the time. 'Sometimes I have the impression that Putin himself wrote this judgment,' he said. 'Roman Abramovich wins Court Battle against Berezovsky', BBC News, August 31 2012. Later, it turned out that Mrs Justice Gloster's



stepson had been paid nearly £500,000 to represent Abramovich in the early stages of the case. David Leppard, 'Berezovsky Cries Foul Over £3.5bn Abramovich Trial Judge', *Sunday Times*, September 22 2012. Mrs Justice Gloster declined to comment, while the Judicial Office, which represents judges, said she had declared the matter and that Berezovsky had raised no objection at the time." [Pages 505-6]

PART ONE

Chapter 2: *Inside Job*

- (3) Another oil giant, Sibneft, was won for \$100 million by Boris Berezovsky, who already controlled sales at Russia's biggest carmaker and chaired a bank of his own." [Page 81]

Chapter 3: *'The Tip Of An Iceberg'*

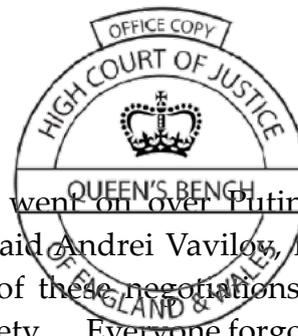
- (4) "In essence, what had been created was what in Russian criminal parlance is called an '*obschak*', a common cash pot or slush fund for a criminal gang. It was a model based on handing out riches to a tightly controlled network of close allies, where the lines between what was to be used for strategic operations and what was for personal use were always conveniently blurred. This model became the basis for the kleptocracy of the Putin regime, and later its influence operations too – and it was based on the clandestine networks and payments systems of the KGB." [Page 94]

Chapter 4: *Operation Successor: 'It Was Already After Midnight'*

- (5) "Suspensions had long circulated that relations between Sibneft and the Yeltsin Family were too close, that the company had been the basis for its owner, Boris Berezovsky, to become the consummate insider oligarch. Sibneft had sold oil through two trading companies: one of them, Runicom, was owned by Berezovsky's business partner Roman Abramovich; the other, a more obscure outfit known as Belka Trading, was owned and run by Tatyana's then husband, Leonid Dyachenko.⁵⁶" [Page 129]

Chapter 5: *'Children's Toys in Pools of Mud'*

- (6) "The Yeltsin Family still felt secure in the belief that Putin would protect their safety and their fortunes from attack. When Yeltsin had agreed to bow out ahead of time, behind the scenes they'd made a pact with his successor, according to a close Putin ally and a former senior government official.⁸⁴ One of Putin's first acts as acting president was to issue a decree granting Yeltsin immunity from prosecution. But a broader bargain had also been sealed



behind the scenes. 'The negotiations that went on over Putin's rise and Yeltsin's departure were about property,' said Andrei Vavilov, first deputy finance minister at the time. 'The subject of these negotiations was about property, and not about the structure of society ... Everyone forgot. Everyone thought that democracy would just be there. Everyone was just thinking about their personal interests.'

The bargain was to guarantee the Yeltsin Family immunity from prosecution and preserve the financial empires of their acolytes, chief among them the vast businesses owned by Berezovsky's business partner Roman Abramovich, long labelled in the media as the cashier of the Yeltsin Family. The businesses involved included the Sibneft oil major and the aluminium giant Rusal, forged just before Putin took the presidency and permitted to take control of more than 60 per cent of the Russian aluminium industry – a potent symbol of the Family's continued power.⁸⁵ The deal also granted the Yeltsin Family's appointees the right to continue to run the economy during Putin's first term in power, the close Putin ally said.⁸⁶

Yumashev, however, denies any such deal was ever made. The decree issued by Putin granting Yeltsin immunity had made no mention of the Yeltsin Family, he said, while the Family had no businesses to be preserved." [Pages 175-76]

PART TWO

Chapter 6: 'The Inner Circle Made Him'

- (7) "With branches in London, Geneva and the Isle of Man, it managed the foreign bank accounts of Khodorkovsky's Menatep Group, as well as the Swiss oil trader Runicom, which exported oil from Sibneft, the Russian oil major belonging to Boris Berezovsky and Roman Abramovich." [Pages 193-4]
- (8) "In February 2001, on the insistence of Voloshin, Berezovsky sold his shares in ORT to Roman Abramovich, who'd abandoned his former partner to become a financial bridge between the Yeltsin Family and Putin's men, and who promptly sold the shares to the state." [Page 208]

Chapter 7: 'Operation Energy'

- (9) "When the most strategic and lucrative sectors of Soviet industry were sold off in the mid-nineties under the loans-for-shares auctions, many of these gold seams for KGB networks passed into private hands. The likes of Yukos and Sibneft, a neighbouring west Siberian oil producer, were sold into the hands of the young bankers close to the Yeltsin government, to Khodorkovsky and the partnership of Berezovsky and Abramovich, for just \$300 million and \$100 million apiece." [Page 212]



PART THREE

Chapter 10: *Obschak*

(10) “When Putin took over the presidency, Petromed became a centre for collecting hundreds of millions of dollars in so-called donations, ostensibly to buy medical equipment from Siemens and General Electric to upgrade St Petersburg’s Military Medical Academy. But the ‘donations’ were essentially tributes paid by oligarchs to the new Russian tsar, an entry ticket to Putin’s inner circle, and they became part of a slush fund for Putin’s rule. A large percentage of the money was used to fund Bank Rossiya’s rapid expansion. It provided the cash for Bank Rossiya to acquire Gazprom’s Sogaz insurance company – and for Gorelov and Shamalov to acquire stakes in Bank Rossiya. By that time Matthias Warnig, the former Stasi officer with whom Putin had also worked closely on technology transfers, had become chairman of Bank Rossiya. It was a sign that Putin’s former KGB networks were more than being preserved: they were being resurrected, and then provided with tens of billions of dollars of siphoned Gazprom cash.

The story Kolesnikov was to tell me, years later, when he emerged from it all, still wide-eyed at the secrets he was daring to reveal, described how he worked with Shamalov and Gorelov to funnel the Petromed ‘donations’ through a web of offshore companies that stretched from Liechtenstein to the British Virgin Islands to Panama. Thirty-five per cent of one such donation – of \$203 million from the Yeltsin Family oligarch Roman Abramovich in July 2001 – was transferred to a BVI company, Rollins International, and \$50 million of that then made its way to a Panamanian company called Santal Trading, which Kolesnikov liked to call the ‘safe’.¹⁸ This was the cash store that funded the Bank Rossiya expansion, while Rollins International financed Gorelov and Shamalov’s acquisition of 12.6 per cent stakes apiece in Bank Rossiya on the eve of the bank’s rapid growth.” [Pages 314-5]

(11) “Cowed by the legal attack on Khodorkovsky, the remaining Yeltsin-era tycoons were, one by one, beginning to vow fealty to the Putin regime. The unruly media tycoons Gusinsky and Berezovsky had been exiled, their assets taken over by the state. A consolidation of assets was occurring across industry – in particular in the strategic sector – and the new leaders who emerged all bowed to the Kremlin’s might. But it was Roman Abramovich, the billionaire oil trader who’d taken over Berezovsky’s business empire, a powerful broker long considered the purse-holder for the Yeltsin Family, who performed the first and most overt act of fealty of all.” [Page 343]

Chapter 11: *Londongrad*



(12) “According to a tycoon close to him, he was sent to Chukotka on Putin’s orders⁴ because Putin wanted the fortune Abramovich had made through his stakes in the oil major Sibneft and in Rusal, the aluminium giant that controlled more than 90 per cent of the nation’s output, to be at his command. It wasn’t enough that Abramovich’s charitable foundation Pole of Hope was ready to later donate \$203 million to Petromed, the medical-equipment-supplies company connected to Bank Rossiya.⁵ Putin wanted to be able to access the rest of Abramovich’s cash too, and the laws of the time made it easier to jail officials than businessmen. [Page 345]

(13) “But the ever-present threat of tax fraud charges was part of a process that was gradually turning the Yeltsin-era oligarchs into loyal vassals. Abramovich, long before the others, had been first among them.

...

After Khodorkovsky’s trial, Russia’s businessmen were all too aware that a criminal case could be opened against them at any time, in which, guilty or not, the odds would be stacked against them from the start. A feudal system was being resurrected, where the owners of the country’s biggest companies, especially those in the strategic resource sector, were beginning to operate as hired managers, working on behalf of the state. They were no more than the guardians, and they kept their businesses by the Kremlin’s grace.

...

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The signs should have been troubling. But for a long time, it seemed the West didn’t understand the depth of Russia’s transformation. The rise of Putin’s KGB men was evident as they asserted control over the country’s strategic energy sector, and the boards of the biggest state companies. But to Western eyes, the rest of the nation’s business still appeared to be largely independent. Yeltsin-era tycoons like Abramovich were seen as symbols of modernising, pro-Western forces in the Russian economy.” [Pages 345-7]

(14) “The city was awash with Russian cash. But instead of Russia being changed through its integration into Western markets, it was Russia that was changing the West. The tycoons coming to London, who the West hoped would become independent driving forces for change, were instead becoming more dependent on the Kremlin. They were vassals of Putin’s increasingly authoritarian and kleptocratic state. Instead of bringing Russia into line with its rules-based system, slowly the West was being corrupted. It was as if a virus was being injected into it.



*

The path had been smoothed in part, it seemed, when Roman Abramovich bought London's Chelsea Football Club in the summer of 2003. The £150 million (\$240m) purchase was something of a PR coup. London newspapers marvelled at Abramovich's private Boeing 767 as he swooped into London to inspect his new club. They devoted copious column inches to his luxury yachts, including the world's biggest, the Eclipse, a 168-metre floating palace kitted out with two helicopter pads and its own submarine. The secretive oligarch, stubble-faced and dressed simply in jeans, was lauded as he spent lavish funds buying world-famous players for Chelsea, and upgrading its Stamford Bridge stadium. Few asked where his money came from. 'It's very good exposure,' one former Abramovich associate said. 'With Chelsea, he'll get three pages in the back of the papers, and there's nothing bad. No one questions him.'³⁶

Putin's Kremlin had accurately calculated that the way to gain acceptance in British society was through the country's greatest love, its national sport. According to Sergei Pugachev, from the start the acquisition had been aimed at building a beachhead for Russian influence in the UK.³⁷ 'Putin personally told me of his plan to acquire the Chelsea Football Club in order to increase his influence and raise Russia's profile, not only with the elite but with ordinary British people,' he said.³⁸ Putin had directed Abramovich to buy the club, claimed a Russian tycoon and a former Abramovich associate. 'It was a great operation. No questions were asked.' The purchase made Abramovich an instant celebrity in Britain. An invitation to watch a match from his private box was one of the hottest tickets in town.

Abramovich's move into Premier League football had also been aimed at increasing Russia's clout with FIFA, the International Football Federation, which later chose Russia to host the 2018 World Cup. 'Roman was asked by Putin to go into football,' said the former Abramovich associate. 'He thought they should do it to win influence in FIFA, which was well-known as a corrupt organisation.'³⁹ 'Through Chelsea, he got an entry ticket into the football world,' said the Russian tycoon. 'He was able to use it to lobby for the World Cup, which meant a lot for Moscow. They wanted to win the hosting to show to people that Russia was not in isolation. It was very important for them.'⁴⁰

A person close to Abramovich denied the tycoon was acting under Kremlin direction when he bought the club.⁴¹ But whatever the truth of the matter, Abramovich's choice of Chelsea became a symbol of the Russian cash that was flooding into the UK, and his ready acceptance helped Russian money become part of the fabric of London life. 'It was also an entry ticket into UK high society. It was an entrance into the House of Lords,' said a former business partner. 'He created a club at Chelsea especially for this.'



The reason few questions were asked about Abramovich was partly that he appeared at first glance to have nothing to do with Putin's KGB men. He'd continued to maintain close ties with the Yeltsin Family with Valentin Yumashev and with Alexander Voloshin, the Yeltsin-era Kremlin chief of staff. He was seen as the acceptable face of Russian business, a representative of the more liberal wing of the Russian elite the UK was so anxious to cultivate. But this perception was in fact no more than a convenience for Putin. 'Putin likes people like Abramovich and Yumashev to travel the world and tell people he's not such a crocodile,' said Alexander Temerko, the former Yukos shareholder who by the end of 2004 had fled Russia for the UK. 'He needs them to do this for him. They are voluntary unpaid ambassadors for him.'⁴²

Whether he wanted to or not, Abramovich had become part of the Putin machine, one of the Kremlin's trusted custodians. He played an integral role in helping create a KGB capitalism that was becoming turbocharged as it extended its reach into the West while energy prices continued to soar. His Sibneft oil major was part of that transformation. In September 2005 it too was swallowed up by the state as the Kremlin continued its drive to take control of the strategic energy sector. But instead of winding up in jail like Khodorkovsky, his company bankrupted over billions of dollars in back tax charges, Abramovich was able to sell Sibneft to the state for \$13 billion – cash. But barely any of the earnings were to be considered his own. Instead of merging with Yukos and selling the company to the US's Exxon or Chevron as he and Khodorkovsky had once planned, Abramovich had bowed instead to the Kremlin's new order. Once again, he had little choice. The sale of Sibneft to Gazprom at the end of 2005 was another stage in the process by which the Kremlin's energy takeover gained international legitimacy, further fuelling the Russian stock market boom. It was the moment when Abramovich's wealth became even more wedded to the Kremlin than before." [Pages 352-4]

"38 Pugachev said Putin had first raised it with him a year before Abramovich bought Chelsea, suggesting that he, Pugachev, buy the club as a way of increasing Russia's influence. 'Before the deal happened, Putin told me this was the best way to infiltrate England,' he said. 'He said it's the same as buying up all the pubs. "We'll get such depth.'"' [Page 567]

- (15) "Gazprom, in turn, announced that it was going to use the cash it received from the government for its shares for an acquisition of its own: rather than bankrupting Abramovich's Sibneft and then seizing control, it was going to buy it. This was a compromise amid the infighting with Sechin that would give Gazprom an oil operation of its own. In the end, Gazprom purchased



Sibneft from Abramovich for \$13 billion, in a deal that seemed to underline how much Abramovich's fate differed from Khodorkovsky's.⁴⁵ The deal handed over yet another oil major from the private sector into the hands of Putin's men. But Abramovich appeared to have walked away with a fair market price for his company, without the forced sale, bankruptcy and back tax charges of the Khodorkovsky case – despite the fact that Sibneft paid an even lower effective tax rate than Yukos ever had. It was lauded as the biggest takeover deal in Russian history, and was seen by the market as a sign that the Kremlin had moved on from the Yukos affair, and that further expropriations would not occur.

But in fact it was just another evolution of an emerging KGB capitalism in which nothing was quite as it seemed. Rumours flew that Abramovich had had to split the lion's share of the \$13 billion he'd received with Putin's men. 'I've been saying for a long time that Putin is a business partner of Abramovich's,' said his former business partner Boris Berezovsky at the time. 'I have no doubt that the profits from the sale of Sibneft will be shared between Abramovich and Putin as well as among several other individuals.'⁴⁶

'It's not just his money,' a Russian tycoon once close to Abramovich said.⁴⁷ 'He is Putin's representative.' 'No one knows how much he's got,' said another former associate.⁴⁸ Another Russian tycoon said Abramovich had once complained to him that he'd had to spend more than his share of the money from the Sibneft sale on implementing orders for Putin – on building football stadiums in Russia, on investments in Chukotka, and other strategic operations for the Kremlin's benefit.⁴⁹

It was becoming a system in which all businesses of any scale were dependent on the good will of the Kremlin, where tycoons had to serve the state in order to preserve their standing and wealth. But it was also a system that, by stealth, was gaining ever greater international acceptance and legitimacy. While the West had immediately accepted what it believed were liberal-minded tycoons like Abramovich, it had also begun to reconcile itself to the Kremlin's new energy order." [Pages 355-6]

- (16) "But the [Rosneft] IPO had in fact not really been an IPO at all. Instead, it was more like a private placement. Foreign oil majors including BP, Malaysia's state oil company Petronas, and China National Petroleum Corporation, anxious to curry favour with the Kremlin, had bought up almost half the total offering, while KGB-connected Gazprombank bought \$2.5 billion in shares.⁵⁷ It was widely reported that the Kremlin, which couldn't allow the sale to fail, had pressed tycoons like Abramovich to take part in it. Abramovich was reported to have bought as much as \$300 million worth of shares, a further indication that he was operating at the Kremlin's behest.⁵⁸" [Page 358]



- (17) “But London real-estate brokers were well aware that their biggest clients, splashing millions on the capital’s finest property, were from the former Soviet Union, while the city’s lawyers and bankers queued to service the billions of dollars at the command of the Russian tycoons. This money’s provenance, and who really controlled it, were of little concern.

The West hadn’t known then that, for instance, when Abramovich bought Chelsea he may have been acting on Kremlin orders. There was scant awareness that the British lords paid lavish salaries to sit on the boards of Russian companies had been granted little oversight of the corporate activities. ‘In London, money rules everything,’ said one Russian tycoon. ‘Anyone and anything can be bought. The Russians came to London to corrupt the UK political elite.’⁸⁵ ‘The Russians know very well how to play the game,’ said a former senior London banker with ties at the top of Kremlin power. ‘They manipulate lots of people with money. There are fifty people here I could name. What do you think all those lords are doing on the boards of Russian companies? They are being paid £500,000 a year.’⁸⁶

As London became known as Londongrad, or Moskva-na-Thames (Moscow on the Thames), two of Russia’s richest billionaires, Roman Abramovich and Alisher Usmanov, an Uzbek-born metals tycoon whose business had always gone hand in hand with the Russian state, set up residence in the city and took prime positions in the top ten of the Sunday Times rich list. For one Russian tycoon, the process reminded him of an old Soviet anecdote from many years before.⁸⁷ In those days, when the Soviet Union was careening towards bankruptcy, the KGB was preparing to send an agent to the US. The agent had thought up an attractive cover story for himself: he would arrive in America as a rich man, with a fleet of yachts and a prestigious mansion. The whole of US high society would come to him. He’d told his KGB boss how effective this plan would be, and the chief wholeheartedly approved. But when it came to seeking approval from the KGB finance department, the concept had to be changed. The agent was told there was no money for such a scheme. Instead, he would have to head to the US as a homeless person without money. ‘This was the situation,’ the tycoon said. ‘And now the dream has come true. They have the big yachts and the private planes. And here they have their big houses. There is Chelsea Football Club. It’s not just Abramovich, but it’s a whole group that have descended into the West. The infiltration of the UK has succeeded.’ ” [Pages 364–5]

Chapter 12: *The Battle Begins*

- (18) For one of Putin’s closest allies, Vladimir Yakunin, the former KGB officer who’d been one of the first shareholders of Bank Rossiya and who now served as head of Russian Railways, being on the US sanctions list was a badge of honour. But as far as he was concerned, the US government was behind the



times in claiming that only Timchenko and Kovalchuk were cashiers for Putin: 'The Russian president has access to the funds of the entire country,' he said.⁸⁸

It was a sentiment echoed in warning by another close former partner of Timchenko. When we met one rainy day in November 2014, he warned me that the US sanctions might be too little too late. By then a vast web of money men and tycoons were acting as proxies for the Putin regime. 'You'd have to sanction every one of them,' he said.⁸⁹ [Pages 393-4]

- (19) "For Pugachev, the danger was clear. The system of black cash to corrupt and buy off officials had long gone beyond the first custodians of the Putin regime, beyond Timchenko, Kovalchuk and Rotenberg, and had extended to all the Russian billionaires who acted as fronts at the Kremlin's command. 'They all get calls to send money for this and for that. They all say, "We'll give it. What else do you need?" This is the system. It all depends on the first person, because he has unlimited power. All are ready to work under those rules. And those who aren't are either in jail or abroad.'⁹³

If the Soviet Union had run influence operations deep into the Middle East and Africa, now Putin's KGB capitalism had penetrated deep into Europe. 'This black cash is like a dirty atomic bomb,' said Pugachev. 'In some ways it's there, in some ways it's not. Nowadays it's much harder to trace.'⁹⁴ [Pages 394-5]

Chapter 13: Black Cash

- (20) "The scheme the ICIJ uncovered looked at first glance to provide a close-up glimpse into one of the crony slush funds that had become endemic to the Putin regime, a money machine by which tycoons paid 'donations' or tributes into the Putin *obshchak*, sometimes in return for deals" [Page 398]

Chapter 14: Soft Power in an Iron Fist – 'I Call Them the Orthodox Taliban'

- (21) "But as the Kremlin – and the FSB in particular – could turn to any businessman or illegal slush fund for support, unofficial sources of cash were also readily on tap." [Page 423]
- (22) "As Russia hurtled deeper into standoff with the West, some in the Obama administration became increasingly alarmed about the Putin regime's capacities. One of the most vocal at the time was vice president Joe Biden, who warned of how the Kremlin had generated the ability to direct loyal oligarchs to carry out geopolitical strategic operations, and was using corruption as a power to undermine democratic regimes. 'Corruption is the new tool of foreign policy,' said Biden. 'It's never been as handy and as useful in the hands of nations who want to disrupt and oligarchs that respond to



them. It's like the kryptonite of a functioning democracy. The stakes are strategic as well as economic, because Russia and others are using corruption and oligarchs as tools of coercion.¹¹³ [Page 445]

Chapter 15: *The Network and Donald Trump*

- (23) "Putin was being facetious. The use of the term 'private individuals' was a typical KGB tactic that allowed plausible deniability for any Kremlin involvement, and it went to the heart of how Putin's regime operated. By then under his KGB capitalism, all of Russia's significant so-called 'private' businessmen had become agents of the state. [Page 483]
- (24) "Even beyond this network of Moscow money men that had expanded to include the new generation from Brighton Beach (Sater and Dvoskin), Putin had developed other levers of influence. There was Dmitry Rybolovlev, the fertiliser tycoon who overpaid for Donald Trump's Palm Beach mansion. There was Roman Abramovich, the former oil magnate who in recent years had switched his focus from London to New York, where his second wife (until their August 2017 divorce) bought a brownstone mansion and they wine and dined Trump's daughter Ivanka, her husband Jared Kushner and his brother. 'I know Putin sent Abramovich there to continue the influence campaign,' said one former close associate.¹⁷² Then there was Viktor Vekselberg, the mandarin-like head of the Skolkovo high-tech hub who spent some of the fortune he'd acquired in Russian oil buying up American assets, including control of CIFC, one of the US's largest managers of collateralised loan obligations, which managed \$14 billion in private debt, making it a vehicle of potentially untold leverage and influence over indebted American businessmen. 'Each one of the top ten Russian businessmen is doing something', said a former close associate of one Russian billionaire. 'They have so much cash. They can buy anyone.' [Pages 485-6]
- (25) "But from the beginning the Russian black-cash networks had, in part, been embedded to erode the system, and exacerbate corruption in the West. For one senior Russian businessman, Putin's Russia posed an increasing threat to Western liberal democracy. In the impeachment probe and the 2020 US presidential race, the clash between liberal values and a Putin-style corrupt authoritarian order was reaching a denouement. 'Putin understands that Russia can spend any amount of money it wants [on sowing chaos in the West]. The *obschak*, the black-cash box, has become the size of the budget, and they can give orders to the oligarchs as well. It is a mafia that has seized power, and the state is acting as the mafia.'¹⁸⁷

The system of KGB capitalism was still working. The networks were still in place." [Page 488]



Epilogue

- (26) "In Russia, the West's willing complicity had helped produce a KGB simulation of a normal market economy. Institutions of power and the market that were meant to be independent were in fact no more than Kremlin fronts... The court system was not a court system, it was an arm of the Kremlin. The same went for the parliament, for elections, and for the oligarchy. Putin's KGB men controlled all of them." [Page 497]

7. The Claimant will rely upon the whole of the Book, including Notes and Index, for the full context and true meaning of the words complained of.

Meaning

8. In their natural and ordinary and/or inferential meaning and in context the words complained of meant and were understood to mean:

(1) The Claimant has a corrupt relationship with Russian President Vladimir Putin, covertly acting at his direction and for his benefit and operating as his cashier, as the custodian of slush funds that can be accessed and used by President Putin for his own purposes.

(2) Further to that corrupt relationship, while presenting himself as an independent businessman, the Claimant:

- a. covertly provided President Putin with access to the fortune he had made through his stake in Sibneft, making the majority of the \$13 billion in cash that he received in 2005 from the sale of Sibneft to Gazprom available to President Putin and his associates;



- b. purchased Chelsea Football Club in 2003 at the secret direction of President Putin in order to infiltrate, manipulate and corrupt the British elite; and
 - c. moved to New York at the direction of President Putin in order to cultivate influence with the family of Donald Trump on the Kremlin's behalf.
- (3) In 2001 the Claimant made a corrupt payment of \$203 million to a company called Petromed, disguised as a donation for the purchase of medical supplies, but which he knew was in fact going to be paid in substantial part into a slush fund for President Putin's use.
- (4) The Claimant helped the Kremlin use the UK court system to damage its opponents by achieving victory in the \$6.5 billion legal case brought by Boris Berezovsky in the London High Court through his dishonest denial that Mr Berezovsky had ever owned stakes in Sibneft or Rusal.
- (5) The Claimant improperly attempted to influence the Judge in the case brought against him by Boris Berezovsky, Mrs Justice Gloster, by paying nearly £500,000 to her stepson and failing to disclose the full extent of that arrangement to Mr Berezovsky's lawyers.
- (6) The Claimant had previously acted as cashier for former Russian President Boris Yeltsin, as the custodian of slush funds that were accessed and used by President Yeltsin and his family for their own private purposes.

Serious Harm



9. The publication by the Defendants of the allegations made by the words complained (and each of them) has caused and is likely to cause serious harm to the Claimant's reputation. The Claimant will rely upon all the circumstances and in particular the following:

- 9.1. The self-evidently extremely serious nature of the allegations.
- 9.2. The political context in which the allegations were published. The political climate is one of deep suspicion and mistrust towards President Putin and the Russian State, with the result that allegations that the Claimant has a close and corrupt relationship with President Putin and covertly acts under his direction will inevitably cause very serious harm to the Claimant's reputation.
- 9.3. The very substantial extent of publication of the Book and the fact that this publication is ongoing.
- 9.4. The fact that the allegations were conveyed in an ostensibly serious and credible form, by a reputable publisher and an author who holds herself out as an expert in the subject matter of the Book. The Book has been expressly promoted to readers by the Defendants as being a serious and credible account of its subject. The Claimant will rely upon the following:
 - (a) The large quote on the front cover, 'THIS IS THE PUTIN BOOK THAT WE'VE BEEN WAITING FOR', OLIVER BULLOUGH, AUTHOR OF *MONEYLAND*';
 - (b) The description of the Second Defendant on the inside front cover of the hard copy as an "investigative journalist" and of the content of the Book as an "untold story" which the Second Defendant has 'revealed' and a "chilling exposé... [b]ased on many years of research";
 - (c) The following quotes on the back cover of the hard copy:
 - (i) "'Meticulously researched and superbly written; terrifying in its scope and utterly convincing in its argument' *Oliver Bullough, author of Moneyland*";
 - (ii) "'Catherine Belton is quite simply the most detailed and best-informed journalist covering Russia ... If you want to know the



terrifying facts – from the nexus of KGB business and crime which was Putin's Petri dish to the complex reality of the relationship with Trump – and if you want to see how all this combines into a whole new system, then this is the book' Peter Pomerantsev, author of *Nothing Is True and Everything Is Possible: Adventures in Modern Russia*"; and

- (iii) "A ground-breaking investigative history of the rise of Vladimir Putin ... Belton has pulled away the curtain on two decades of hidden financial networks and lucrative secret deals, exposing the inner workings of Putin & Co. in remarkable and disturbing detail. A real eye-opener.' David E. Hoffman, author of *The Oligarchs: Wealth and Power in the New Russia*".

Remedies

10. The publication by the Defendants of the words complained of has gravely injured the reputation of the Claimant and has caused him damage and upset.

11. In support of his claim for damages, including aggravated damages, the Claimant will rely upon the following facts and matters:

11.1. The matters set out in paragraphs 9.1 to 9.4 above.

11.2. The Defendants failed to put, fully and candidly, their allegations to the Claimant for comment prior to publication, depriving the Claimant of the opportunity properly to explain their falsity. To the limited extent that the Second Defendant did engage with the Claimant's representative prior to publication, she was deceitful about the nature of the allegations that she intended to publish and then materially altered the limited response that the Claimant's representative was able to provide in the circumstances:

- (a) the content of the Book as regards the Claimant was significantly misrepresented by her as "*a very small part of a very long book*";
- (b) she materially altered, to the Claimant's detriment, the quotations that she was given permission to publish in respect of the allegations in respect of



which comment was sought, despite the precise terms of those quotations having been agreed via email; and

(c) she misled the Claimant's representative into believing that she already had, and was going to use, quotations from other sources that would rebut those allegations in any event, thereby contributing to the impression that she would not be giving credence to those allegations in the Book.

11.3. Contrary to the presentation of the Book as set out in paragraph 9.4 above, the Defendants in fact relied extensively upon sources that were obviously untrustworthy, including individuals who had who had obvious axes to grind and had been found to be unreliable and dishonest witnesses by judges of the High Court, namely Sergei Pugachev, Boris Berezovsky and Leonid Nevzlin.

11.4. The Defendants repeatedly sought to undermine the clear conclusions reached by a High Court judge after a full trial of Mr Berezovsky's claim on matters such as his alleged share of Sibneft, and repeated an obviously false allegation in respect of the trial of that claim stating that "*no one from Russia came to testify about Berezovsky's ownership*".

11.5. The Defendants have refused to apologise for, correct or even suspend the continued publication of the words complained of, despite the Claimant placing them on notice of the false and defamatory nature of the allegations shortly after the electronic publication of the Book and prior to first publication of the hard copy version of the Book.

12. The Defendants have rejected the Claimant's complaints in pre-action correspondence and continue to publish the Book. Unless and until the Defendants provide a suitable undertaking not to further publish the words complained of the Claimant will seek an injunction at trial to restrain the same.

AND the Claimant claims:

(1) Damages, including aggravated damages, for libel;



- (2) An injunction restraining the Defendants from further publishing or causing or permitting to be published, by any means howsoever, the same or similar words defamatory of the Claimant;
- (3) An order that the Defendant publish a summary of the Court's judgment, pursuant to s.12, Defamation Act 2013;
- (4) Further and other relief;
- (5) Costs.

HUGH TOMLINSON QC

IAN HELME

19 March 2021