

Treasury Targets Individuals Involved in the Sergei Magnitsky Case and Other Gross Violations of Human Rights in Russia

December 20, 2017

A total of 49 individuals have been designated under the Magnitsky Act

WASHINGTON – The U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) today designated five individuals pursuant to the Sergei Magnitsky Rule of Law Accountability Act of 2012 (the Magnitsky Act). In addition, the U.S. Department of State issued its annual submission to Congress on the U.S. Government’s actions to implement the law. As a result of today’s actions, any property or interests in property of those designated within U.S. jurisdiction are blocked, and transactions by U.S. persons involving the designated persons are generally prohibited.

“Treasury remains committed to holding accountable those involved in the Sergei Magnitsky affair, including those with a role in the criminal conspiracy and fraud scheme that he uncovered,” said OFAC Director John E. Smith. “We will continue to use the Magnitsky Act to aggressively target gross violators of human rights in Russia, including individuals responsible for extrajudicial killings, torture, and other despicable acts.”

The Magnitsky Act (P.L. 112-208) targets individuals who are responsible for or participated in efforts to conceal the legal liability for, or financially benefitted from, the detention, abuse, or death of Sergei Magnitsky, or were involved in the criminal conspiracy uncovered by Magnitsky. It also targets those responsible for gross violations of internationally recognized human rights committed against individuals seeking to either expose illegal activity by Russian government officials or obtain, exercise, defend, or promote internationally recognized human rights and freedoms in Russia.

Today’s action brings to 49 the total number of individuals designated by OFAC pursuant to the Magnitsky Act. In addition to these designations, OFAC today announced regulations implementing the Magnitsky Act, which will take effect on Thursday, December 21, 2017 when they are published in the Federal Register.

SERGEI MAGNITSKY'S DETENTION, ABUSE, DEATH, AND THE CRIMINAL CONSPIRACY HE UNCOVERED

Sergei Magnitsky was an attorney-auditor who uncovered a large-scale tax fraud scheme while performing audit work for the Russia-based Hermitage Fund. In November 2008, he was arrested and detained by Russian authorities shortly after testifying as a witness as part of a complaint filed by Hermitage alleging that a group of officials in the Russian Interior Ministry had been involved in a 5.4 billion ruble (\$230 million) tax fraud involving three Hermitage-owned companies, Riland, Parfenion, and Makhaon. Russian Interior Ministry officials previously had raided the Hermitage offices and removed the original seals of incorporation for those three Hermitage-owned companies. The companies then were illegally re-registered under different ownership, and sham lawsuits were brought against those companies – with the same lawyers on both sides of the case – resulting in large court judgments against the three companies, for which the companies then claimed a significant and illegal tax refund from the Russian Government. For exposing this fraud, Magnitsky was subjected to organized physical and psychological pressures while detained, and on November 16, 2009, he died in a pre-trial detention center in Moscow, Russia.

OFAC today designated Alexei Sheshenya for his involvement in the criminal conspiracy uncovered by Magnitsky. Sheshenya was the shareholder of Grand Aktiv, the plaintiff in a lawsuit against Parfenion. The lawsuit involved one of six claims against the three Hermitage Fund subsidiaries, Parfenion, Riland, and Makhaon, illegally re-registered under different ownership in 2007. The judgment in these lawsuits served as the basis for an illegal tax refund in 2007, which Magnitsky exposed.

Yulia Mayorova was also designated for her involvement in the criminal conspiracy uncovered by Magnitsky. Mayorova represented Makhaon and Riland (two of the subsidiaries of the Hermitage Fund illegally re-registered under different ownership in 2007). As noted above, the judgments in the lawsuits served as the basis for an illegal tax refund in 2007, which Magnitsky exposed. The Hermitage Fund had no prior knowledge of or acquaintance with Mayorova and never hired her or authorized her appointment.

OFAC also designated Andrei Pavlov for his involvement in the criminal conspiracy uncovered by Magnitsky. Pavlov represented two of the illegally re-registered Hermitage Fund subsidiaries in separate lawsuits brought by a company he helped to register. The Hermitage Fund had no prior knowledge of or acquaintance with Pavlov and never hired him or authorized his appointment.

GROSS VIOLATIONS OF INTERNATIONALLY RECOGNIZED HUMAN RIGHTS IN RUSSIA

OFAC designated Ramzan Kadyrov for being responsible for extrajudicial killing, torture, or other gross violations of internationally recognized human rights committed against individuals seeking to expose illegal activity carried out by officials of the Government of the Russian Federation, or to obtain, exercise, defend, or promote internationally recognized human rights and freedoms, such as the freedoms of religion, expression, association, and assembly, and the rights to a fair trial and democratic elections, in Russia. As the head of the Chechen Republic, Kadyrov oversees an administration involved in disappearances and extra-judicial killings. One of Kadyrov's political opponents was believed to have been murdered at Kadyrov's direction, after making allegations of torture and ill-treatment taking place in Chechnya, including alleged torture carried out by Kadyrov personally.

Ayub Kataev was also designated for being responsible for extrajudicial killing, torture, or other gross violations of internationally recognized human rights committed against individuals seeking to exercise internationally recognized human rights and freedoms, such as the freedom of expression, association, and assembly, in Russia. Kataev is a law enforcement official in the Russian Republic of Chechnya. Kataev is reported to have been involved in abuses against gay men in Chechnya during the first half of 2017.

[Identifying information on the individuals listed today.](#)

[Magnitsky Act regulations.](#)

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