

March 21st 2012

Testimony to the House Committee on Foreign Affairs

William Browder, Chief Executive Officer, Hermitage Capital Management, and head of the global justice campaign for Sergei Magnitsky

Madame Chairman, members of the Foreign Affairs Committee,

Thank you for inviting me to speak about repression and corruption in Russia today. The story I'm going to share with you will leave you in no doubt that the Russian state no longer functions as a normal state as we know it, but something more akin to a criminal enterprise.

This is the story of my Russian lawyer Sergei Magnitsky. In 2009, he died a horrible and tragic death working in my service. It is my duty to his memory and his family to make sure that justice is done and everyone knows what happened to him.

The story starts out more than fifteen years ago when I moved to Russia to set up an investment firm called Hermitage Capital Management, which went on to become the largest foreign investment firm in the country.

In this role, I discovered that many of the companies that I invested in were corrupt and the managers were stealing billions of dollars from the companies.

I decided to fight the corruption by exposing it through the mass media.

This created very high-powered enemies, and in 2005 I was expelled from Russia and declared a threat to national security.

In 2007, police officers raided my Moscow office, seized all of our official corporate documents and then used those documents to expropriate our investment holding companies.

Then, through a complicated scheme involving a number of government officials, they were able to ultimately steal \$230 million in taxes that we had previously paid to the Russian government.

While all this was going on, I hired Sergei Magnitsky, a smart, diligent 36 year-old Russian lawyer working for an American law firm to try to stop these state-sanctioned crimes.

In his investigation, he found damning evidence of high-level Russian government officials who were involved in the theft of the \$230 million of state taxes.

Instead of turning a blind eye, as most people in Russia would have done, in August 2008, Sergei bravely decided to testify against the officials involved.

One month later, on November 24th, 2008 the same officials he testified against came to his home at 8 in the morning, and arrested him in front of his wife and two children.

They put him in a pre-trial detention and began to torture him to withdraw his testimony.

They put him in a cell with fourteen inmates and eight beds, and left the lights on twenty-four hours a day to sleep deprive him.

They put him in a cell with no heat and no window panes in December in Moscow, and he nearly froze to death.

They put him in a cell with no toilet, just a hole in the floor, where sewage would bubble up.

After six months, his health started to break down. He lost 40 pounds, had severe stomach pains, and was diagnosed with pancreatitis and gallstones. He was prescribed an operation for August 1, 2009.

One week before the scheduled operation, his captors came to him with a Faustian bargain.

They said, “drop your allegations about the state officials’ and sign a confession saying that you stole the \$230 million, then you will get the medical care you need.”

Despite the horrific physical pain he was suffering, he refused to sacrifice his integrity.

In response, he was abruptly moved to a maximum-security prison called Butyrka, which is widely considered to be one of the toughest prisons in Russia and most significantly for Sergei, there were no medical facilities there whatsoever.

At Butyrka, his health completely broke down, he went into constant, agonizing, unbearable pain. He and his lawyers made more than 20 official requests for medical attention.

Despite his increasingly desperate situation, every single one of his written requests was either ignored or rejected.

On the night of November 16, 2009, his body finally gave out and he fell into critical condition.

Only then was he moved to a prison with an emergency room, but instead of treating him, they put him in an isolation cell, chained him to a bed and allowed eight riot guards with rubber batons beat him for one hour eighteen minutes until he was dead.

He was 37 years old. He left a wife and two children.

How do we know all this?

Because Sergei wrote it all down in the form of 450 legal complaints during his 358 days in detention.

His case has become the most well-documented and emblematic cases of the torture, corruption and state-sanctioned murder in modern Russia.

While every facet of his story is appalling, what makes this case truly significant on an international scale is the high-level government cover-up that followed.

On the day after he died, the Russian Interior Ministry announced that Sergei had never complained about his health, and that he died of natural causes.

Every single one of the police officers, judges, jailers and members of the security service involved in his case have been formally exonerated. Some have even been promoted and granted state honors

And to add insult to injury, they are now taking Sergei to court more than two years after his death and prosecuting him in the very first posthumous prosecution in Russian history.

And if that was not bad enough, the same officials who killed Sergei are now summoning his grieving mother to be a witness in the case against her dead son.

Given these circumstances, it is clear that no justice is possible inside of Russia, and so I, and his family, have sought justice outside of Russia.

There are now 11 parliaments around the world, and most importantly the US congress, that are considering visa sanctions and asset freezes on the people who killed Sergei Magnitsky, as well as against others who perpetrate gross human rights abuses.

This story is a heartbreaking story for Sergei's family, and me but it is the tip of an enormous iceberg in Russia. This story lays bare the face of Russia today.

Thank you.

United States House of Representatives
Committee on Foreign Affairs

“TRUTH IN TESTIMONY” DISCLOSURE FORM

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee require the disclosure of the following information. A copy of this form should be attached to your written testimony and will be made publicly available in electronic format, per House Rules.

1. Name:	2. Organization or organizations you are representing:
WILLIAM BROWDER .	HERMITAGE CAPITAL .
3. Date of Committee hearing:	
21ST MARCH 2012 .	
4. Have <u>you</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?	5. Have any of the <u>organizations you are representing</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6. If you answered yes to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets.	
7. Signature:	
<div style="display: flex; align-items: center;"> W </div>	

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