

WHO ENABLED THE UZBEK PRINCESS?



GULNARA KARIMOVA'S \$240 MILLION PROPERTY EMPIRE

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07

POWER BRIEFS | CENTRAL ASIA

A REPORT BY
FREEDOM FOR EURASIA

POWER BRIEFS | CENTRAL ASIA

ABOUT THE SERIES

Drawing on the systematic methodologies behind investigative journalism, open source intelligence gathering, big-data, criminology, and political science, this series maps the transnational corporate, legal and governmental structures employed by organisations and figures in Central Asia to accumulate wealth, influence and political power. The findings will be analysed from a good governance, human rights, and democratic perspective, to draw out the big picture lessons.

Each instalment will feature a digestible, analytical snapshot centring on a particular thematic, individual, or organisation, delivered in a format that is designed to be accessible to the public, useful to policy makers, and valuable to civil society.

ABOUT FREEDOM FOR EURASIA

Freedom for Eurasia is a nonpartisan international human rights organization established in 2021 in Vienna, Austria. Freedom for Eurasia documents and reports on human rights and corruption abuses in Eurasia (the former Soviet Republics of Eastern Europe and Central Asia). Our first major report, 'Bad Connection', was a report on corruption in the telecoms industry in Kazakhstan.

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EXECUTIVE SUMMARY

In recent years, much focus has been placed on real estate as a destination for laundered money and corrupted funds from abroad. In 2015, the then UK prime minister David Cameron announced a crackdown on property bought with “dodgy cash”,¹ yet legislative efforts to tackle this problem subsequently stalled. It was only after Russia’s attack on Ukraine in February 2022 – which brought attention to the hundreds of millions of pounds’ worth of property owned by Russian oligarchs in the UK – that the government rushed through the Economic Crime Act, which was passed in March 2022. This included legislation that will put on record the real owners of those properties whose ownership was previously hidden by offshore companies. Questions remain, however, on how successful this new legislation will be: as always, enforcement will be key.

This renewed focus on real estate brings scrutiny to those individuals involved in such transactions – solicitors, bankers, estate agents – whose actions can ‘enable’ financial crime. As defined by Transparency International, enabling practices can come in many forms – from unwitting involvement to complicit behaviour.² An individual from a regulated profession may even enable financial crime while actively complying with all laws and regulations: for example, they may alert the authorities on suspicion of a particular transaction which later transpires to have involved criminal funds, yet law enforcement makes no

move to freeze the monies involved because it considers the evidence of illegal activity not strong enough to build a case.

Targeting complicit, corrupted or wilfully blind professional enablers has been identified as a priority for the UK authorities in its response to money laundering.³ We can learn about how illicit money flows through our companies and into real estate by examining case studies which feature corrupt officials from abroad investing in property. One of the biggest cases in recent years features Gulnara Islamovna Karimova, the daughter of Uzbekistan’s first president, who for

many years was the poster child of the excesses associated with families of kleptocratic dictators.

Her jailing in Uzbekistan in December 2017⁴ represented a remarkable fall from grace. Two years later, the U.S. Department of Justice (DoJ) indicted Karimova for money laundering,⁵ alleging that she had received more than \$865 million in bribes from a variety of international companies which enabled them to enter and continue operating in the Uzbek telecommunications market.⁶ As of December 2022, she remains in prison in Uzbekistan.

¹ <https://www.bbc.co.uk/news/uk-politics-33684098>, accessed 12 October 2022.

² https://www.transparency.org.uk/sites/default/files/pdf/publications/TIUK_AtYourService_WEB.pdf, accessed 18 October 2022.

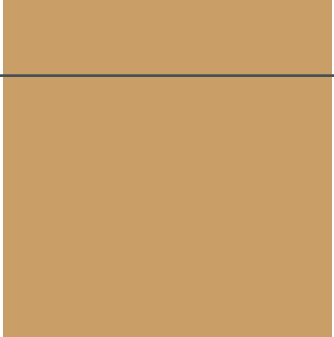
³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945411/NRA_2020_v1.2_FOR_PUBLICATION.pdf, Para 9.30, accessed 12 October 2022.

⁴ <https://www.rferl.org/a/jailed-gulnara-karimova-offers-686-million-frozen-in-swiss-bank-for-freedom/30455680.html>, accessed 12 October 2022.

⁵ <https://www.justice.gov/opa/press-release/file/1141641/download>, accessed 12 October 2022.

⁶ The amount Karimova received in bribes was estimated by US authorities at \$800 million in 2016 (<http://www.justice.gov/opa/file/826636/download>, p50), then at \$865 million in 2019 (<https://www.justice.gov/opa/pr/mobile-telesystems-pjsc-and-its-uzbek-subsiary-enter-resolutions-850-million-department>), accessed 12 October 2022. This is only the amount identified by the U.S. authorities. It is likely that the figure of corrupt payments to Karimova in total was over \$1 billion.

⁷ <http://statecrime.org/data/2017/08/Full-Report-with-Executive-Summary.pdf>, accessed 12 October 2022.



Much has been written about this case, based on filings released by the DoJ and other investigative bodies. In 2017, the State Crime Initiative released *A Dance with the Cobra*, the most comprehensive report to date on how Karimova amassed her fortune through a variety of bribery and extortion schemes.⁷ Less scrutiny has been placed on where some of Karimova's money ended up, specifically in luxury real estate in various countries around the world, whose total value is conservatively estimated by Freedom for Eurasia at approximately \$240 million, including \$57.8 million held in the UK. This report examines what is known about the professional enablers who assisted her, unknowingly or otherwise, in her business affairs and property transactions.

The report takes an in-depth examination of the five property purchases that took place in the UK. Karimova hid her ownership of these properties by using several companies registered in the British Virgin Islands (BVI) that were registered in the name of her then boyfriend (and former husband), Rustam Madumarov. Karimova sold two of these properties in 2013, making a profit of £1.54 million.

Although she had not yet been arrested by the Uzbek authorities, there was information in the public domain not only linking her to the early stages of the telecoms investigation that ultimately led to her indictment in the U.S. but also detailing how Madumarov was her boyfriend and business associate. If this was known by any of the professionals involved in the transactions it should have alerted them to suspicious financial activity, which by law needs to be reported to the UK authorities. The UK's Serious Fraud Office froze Karimova's three other properties in 2017, although there are questions as to why it took them so long to act, especially given that other countries had by then frozen properties under their jurisdiction.

Our research suggests that – despite being incarcerated in Uzbekistan and involved in one of the largest bribery and corruption cases of all time – Karimova and/or her associates (using professional enablers) managed to sell several properties, one in Hong Kong in 2016 and two in Russia in 2019, indicating that she may continue to be profiting from her criminal schemes while behind bars.

This report also examines the actions prior to her indictment and imprisonment of a London-based accountancy firm, SH Landes, that helped Madumarov (and thus Karimova) acquire a private jet. The same firm also acted as the accountants for a UK company controlled by Karimova, which featured one of her associates as a company director, when there was information in the public domain that tied this person, and potentially the company itself, to Karimova's criminal schemes.

This investigation raises questions about the supervision of the accountancy, legal and real estate sectors for money laundering and asks whether the new legislation will be enough to tackle the problem of dirty money from kleptocracies. It also raises questions over the enforcement of existing laws within the UK, the seeming lack of enthusiasm of UK authorities to pursue investigations involving political figures from abroad and their enablers, and the limited amount of information available from UK authorities when such investigations are launched.

FINDINGS & RECOMMENDATIONS

KEY FINDINGS

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- I.** From 2003 to 2012, Gulnara Karimova, the daughter of the first president of Uzbekistan, purchased at least \$240 million of real estate worldwide. Using property and land registry records, Freedom for Eurasia has confirmed that she owned at least 14 properties in various countries, including the UK, Switzerland, France, and Hong Kong.
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- II.** Some of these properties were bought using the \$865 million she had acquired in bribes and other corrupt payments from telecoms companies, a scheme which led to her indictment in the United States in 2019.
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- III.** The United Kingdom was a key spoke in Karimova's criminal empire. Not only was she using companies registered in the UK and its overseas territories to transfer monies, she also owned five properties in and around London now worth £50 million.
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- IV.** Karimova managed to sell two of her London properties in 2013 for a £1.54 million profit, despite the fact that information was then in the public domain: (a) regarding her involvement in the telecoms bribery scheme, and (b) indicating that her boyfriend was Rustam Madumarov. This individual was used as her proxy in many of the property deals.
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- V.** Even while in prison in Uzbekistan, Karimova or someone close to her managed to sell a penthouse apartment in Hong Kong, and retain – and subsequently sell – two properties in Moscow by hiding her ownership from public scrutiny using companies registered in the British Virgin Islands.
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- VI.** The UK's response to Karimova's criminal activity has been slow. The Serious Fraud Office froze several of her London properties in 2017, years after other countries had launched investigations, issued fines and criminal proceedings, and seized other real estate.
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- VII.** No known investigation has taken place of any of the professionals located in the UK or its overseas territories who provided services to Karimova's proxies.
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- VIII.** One company in particular, London based accountancy firm SH Landes LLP, continued to provide services to Rustam Madumarov, despite various red flags appearing during its work. It also submitted financial statements for a UK company some ten months after international media had reported that the company's ultimate owner, Takilant Ltd, had links to Karimova and was being investigated for money laundering in Switzerland and Sweden.
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RECOMMENDATIONS

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- Law enforcement authorities and disciplinary bodies governing regulated businesses should examine the information in this report to ensure that all relevant laws and regulations were followed regarding Karimova's business dealings in the relevant countries.
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- Existing laws should be implemented and enforced. This is especially true in the United Kingdom which has a very poor record in prosecuting the enablers of grand corruption.
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- European countries should strengthen their bribery laws so that they cover all financial or other advantages given to another individual in exchange for improperly performing a relevant activity. The UK Bribery Act provides a good model in this regard. However, the UK law does not cover the UK's Overseas Territories: these jurisdictions should adopt similar legislation as soon as possible.
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- Repatriation of money to corrupt jurisdictions should conform to the Global Forum on Asset Recovery's Principles for Distribution and Transfer of Confiscated Stolen Assets in Corruption Cases ('GFAR Principles'). Although these principles include provisions for involvement of civil society, special care should be taken to ensure that it is actively and freely involved, and that repatriated money is used for the benefit of the country's people.
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- In 2022, the UK created the Register of Overseas Entities which requires offshore companies that own property in the UK to disclose their owners. Other countries should adopt similar legislation to stop anonymous ownership of real estate.
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- As with all legislation designed to curb corruption and criminal activity, enforcement of the regulations of the Register of Overseas Entities is key to ensure that the submitted information is accurate and that those who submit false or no information receive penalties.
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- The UK should examine ways in which more information can be released to the public regarding high profile corruption investigations featuring overseas government officials or their relatives. It is in the public interest for there to be transparency regarding these investigations.
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- Currently, solicitors and other regulated professionals only have to retain records of financial transactions, including the buying and selling of real estate, for five years after the deal has been concluded, and no longer than ten years. As many recent investigations in the UK involving the attempted seizure of property owned by overseas political figures feature property bought more than five years ago, this period should be increased to ten years, and no longer than fifteen years, to prevent the deletion of what could be critical information.
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- The upcoming Economic Crime & Corporate Transparency Bill provides the UK with a good opportunity to improve its legislation to counter kleptocracy, and to improve the regulation of businesses that can enable corruption.
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CHAPTER I

GULNARA KARIMOVA'S CRIMINAL EMPIRE AND INCREDIBLE WEALTH



After it gained independence in 1992, the Central Asian nation of Uzbekistan became one of the most corrupt and repressive places on earth under its autocratic president, Islam Karimov.⁸ By the mid-2000s, the country showed signs of being a ‘kleptocracy’, where the ruling elite controls the profitable businesses and natural resources at the expense of the people.

A key figure in this kleptocracy was the president’s daughter, Gulnara Islamovna Karimova (b. 1972), whose glamorous lifestyle attracted headlines. She owned a jewellery business, hosted fashion shows, embarked on a singing career under the stage name GooGoosha, and acted literally with impunity via the diplomatic immunity she enjoyed through postings to New York, Moscow, Geneva and Madrid. But behind the glamour came a darker side – allegations that she was expropriating businesses in Uzbekistan and involved in widespread fraud.⁹ One former Uzbek official said that she “monopolised entire sectors of the economy” and sucked so many resources from the Uzbek state that “she single-handedly created a budget deficit.”¹⁰ Her criminal activities were later estimated to have cost her home country more than \$2.3 billion.¹¹

Karimova was already rich following a divorce from her first husband, Mansur Maqsudi, in 2003,¹² but this was nothing compared to the wealth that she later accrued through criminal and corrupt means. For example, Maqsudi had controlled the local Coca-Cola bottlers’ plant in Uzbekistan, but following their divorce, this company was liquidated, losing its majority stake in the business worth approximately \$150 million.¹³ Karimova became a beneficial owner of a Swiss company called Zeromax GmbH,¹⁴ which was then used to formalize her control over the Coca-Cola bottlers’ plant and other companies.¹⁵ Karimova had become, as the then-U.S. Ambassador to Uzbekistan wrote in 2005, “a robber baron [...] a greedy, power hungry individual who uses her father to crush business people or anyone else who stands in her way.”¹⁶



Gulnara Karimova in 2009
Credit: World Economic Forum / Nader Daoud³⁷⁰



⁸ In the last year of Karimov’s rule (2016), Uzbekistan was given 1 out of 100 by Freedom House in relation to its civil liberties and political rights. It was classed as ‘not free’ and a ‘consolidated authoritarian regime’. See <https://freedomhouse.org/country/uzbekistan/nations-transit/2016>, accessed 12 October 2022.

⁹ As documented in *A Dance with The Cobra*, <http://statecrime.org/data/2017/08/Full-Report-with-Executive-Summary.pdf>, accessed 12 October 2022.

¹⁰ <http://www.bbc.co.uk/news/magazine-25742130>, accessed 12 October 2022.

¹¹ <https://www.occrp.org/en/daily/13114-switzerland-to-return-to-uzbekistan-131m-from-karimova-accounts>, accessed 12 October 2022.

¹² <https://eurasianet.org/divorce-case-opens-windows-on-karimov-family-wealth>, accessed 12 October 2022; *A Dance with The Cobra*, p32.

¹³ *Cobra*, p36.

¹⁴ Karimova’s Geneva-based lawyer, Grégoire Mangeat, said in 2022 that Karimova denied any link to Zeromax GmbH. See <https://www.theglobeandmail.com/world/article-hong-kong-the-arch-penthouse-kleptocracy>, accessed 12 October 2022. However, Karimova’s control of Zeromax GmbH is evidenced by, amongst other information: a) Swiss anti money laundering investigations that indicate that Zeromax GmbH helped to pay for, amongst other items, millions of dollars’ worth of jewellery belonging to Karimova uncovered in Swiss bank vaults, and the Chateau de Groussay in France, a property since confirmed as being owned by Karimova by the French authorities and seized by them (see chapter 3), b) testimony from a former senior manager of Zeromax GmbH who indicated that Zeromax GmbH paid large sums of money into Karimova’s personal bank accounts in Latvia, c) the telecoms bribery case which indicated that TeliaSonera paid a \$15 million debt incurred by Zeromax GmbH in return for Karimova’s assistance in obtaining 4G licences in Uzbekistan. See also *A Dance with the Cobra*, p38. When Freedom for Eurasia sent Mangeat this evidence, he gave no comment, replying that he “did not intend to cooperate” with our work (see p13).

¹⁵ *Cobra*, p38.

¹⁶ https://wikileaks.org/plusd/cables/05TASHKENT2473_a.html, accessed 12 October 2022.



Bekzod Akhmedov



Gayane Avakyan



Rustam Madumarov

The schemes that Karimova used to take over businesses were highlighted in *A Dance with the Cobra*, which described her as the head of “a powerful organised crime syndicate that was embedded within the Uzbek state.”¹⁷ For example, a local tea importer, Interspan Distribution Corporation, was one company that appears to have been targeted by Karimova. In February 2006, hooded men with machine guns stopped the vehicle of one of Interspan’s managers, and the wife of another was abducted a few days later. A crisis response organisation employed by Interspan alleged that: “Gulnara Karimova and the government agents that she directed, utilised torture, and threats of torture, to coerce false statements from witnesses to support the charges against [Interspan’s manager] and Interspan”.¹⁸ According to Interspan, their assets “ultimately were taken over by companies reported to be controlled by Gulnara Karimova and her business associates.”¹⁹

There were other embezzlements and extortions. According to the U.S. authorities, in December 2001, 20 percent of Uzdunrobita, a mobile phone company that was performing

well in Uzbekistan, was transferred to an offshore company controlled by Karimova after she had threatened to cause great problems for Uzdunrobita if it did not comply.²⁰ As outlined in *A Dance with the Cobra*: “Once she controlled the company, she began directing marketing and consulting contracts to herself. Through these sham contracts, where no services were actually provided, she stole millions of dollars and deposited this money into her personal account.”²¹ As described below in this report, a few years later, she turned her attention to other telecoms companies that had gained a foothold in Uzbekistan – demanding bribes in schemes that would ultimately lead to her downfall.

Karimova likely amassed billions of dollars while her father was president, and her rapacious nature was evident in what she had acquired. She owned millions of dollars’ worth of jewellery, expensive automobiles, a \$48 million private jet, and held in her residences and banks hundreds of valuable artworks, antiquities, and items such as gold bars.²² Swiss investigators even discovered over \$3.7 million in cash in a safe stuffed into cans of candy.²³

In May 2020, Karimova’s son, Islam, published on his sister’s Instagram page a list of his mother’s assets that had been confiscated by the Uzbek security services. Islam’s point was that certain assets had been taken away without an official court decision, and that the Uzbek state was not acknowledging that it had recouped over \$1 billion of assets from his mother. While these are valid points, it also speaks to the mind-boggling capture of Uzbek private business by Karimova: the list indicates she owned or controlled medical centres, restaurants, cinemas, sports and spa clubs, duty free retail outlets and other shops, livestock farms and agricultural lands, and a host of local companies.²⁴

Karimova’s schemes caused untold damage to the economy of Uzbekistan and elsewhere: when Zeromax – which in its heyday accounted for almost 10 percent of Uzbekistan’s gross domestic product – collapsed in 2010, it left debts of over 5 billion Swiss francs (£4.4 billion), creating one of the largest bankruptcies in Swiss history.²⁵

¹⁷ *Cobra*, p7.

¹⁸ *Cobra*, p42.

¹⁹ *Ibid*.

²⁰ <https://www.justice.gov/usao-sdny/press-release/file/1141751/download>, p7, accessed 12 October 2022.

²¹ *Cobra*, p47.

²² <https://ztb.kz/fotografii/dom-na-rublevke-i-apartamenty-v-evropejskih-stolicah-cem-vladela-gulnara-karimova>, accessed 12 October 2022.

²³ <https://epaper.handelszeitung.ch/html5/handelszeitung/aEf70IszTTa10/article/f118c10be15d45328c87bb6dcf3972bb>, accessed 25 October 2022.

²⁴ The full list was the Perfectum mobile phone operator; Uzbekistan Pochtasi (Uzbekistan Post); 98 apartments in Tashkent; a medical centre; two private clinics; five restaurants; four cinemas; two sports and spa clubs duty free retail outlets at Tashkent airport; a network of distribution stores for Levi’s, Mango, Benetton and other global brands; more than 20 construction sites; over 20 retail spaces at the centre of the capital; real estate companies; livestock farms and agricultural lands; shares in the Korzinka supermarket chain; companies that own the Gabus, Paynet and UCell brands; and the local Coca-Cola bottling plant. See <https://www.intellinews.com/gulnara-karimova-s-son-publishes-list-of-assets-confiscated-from-her-in-uzbekistan-183204>, accessed 12 October 2022.

²⁵ <https://www.cityam.com/ey-hit-with-1bn-claim-for-one-of-the-largest-bankruptcies-in-swiss-history>, accessed 12 October 2022.

THE DOWNFALL OF THE UZBEK 'PRINCESS'

Karimova's fall from grace was dramatic. The tide started to turn against her in 2012, with reports of an investigation into her shady dealings with international telecoms companies. A Swiss bank, Lombard Odier, had its suspicions raised when a woman called Gayane Avakyan attempted to withdraw money from an account held by a Gibraltar company, Takilant Ltd, in June 2012.²⁶ The bank then contacted police when it learnt that the person who opened the account at the bank, an Uzbek man called Bekzod Akhmedov, was on Interpol's wanted list, accused of fraud in Uzbekistan.²⁷ When Swiss police arrested Akhmedov they saw that he was accompanied by bodyguards and was being driven around in an armoured SUV.²⁸ The resulting criminal investigation involved up to 19 countries, including the United States, Sweden, and Switzerland.²⁹ It established that the money in the Lombard Odier account belonged to Gulnara Karimova, and that Akhmedov and Avakyan were acting on her instructions. It also found

that this account received most of the corrupt payments from the telecoms companies.³⁰

Around May 2013, Karimova was stripped of her diplomatic posts, then was arrested in Uzbekistan in February 2014 and placed under unofficial house arrest along with her then-16-year-old daughter.³¹ The following month the Uzbek prosecutor general announced that Karimova was being held in connection with an investigation into an organised criminal group that allegedly stole assets in Uzbekistan worth about £40 million.³² It was a dramatic change of affairs for someone who, just over a year before, was tweeting about her new music video starring Gérard Depardieu from her palatial European residences.³³

Worse was to come for Karimova: in February 2016 the U.S. Department of Justice (DoJ) issued a press release which revealed that from about 2004 to 2013, Karimova (dubbed in first filings as "an Uzbek government official"³⁴)

received hundreds of millions of dollars from a variety of international companies in order to enable them to enter the Uzbek telecoms business.³⁵ The head of the DoJ's criminal division said that the case was "one of the largest forfeiture actions... ever brought [by the DoJ] to recover bribe proceeds from a corrupt government official."³⁶

In September 2016, Islam Karimov – Gulnara's father and the first president of Uzbekistan – died and was succeeded by Shavkat Mirziyoev, who had served as prime minister under him.

²⁶ <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/following-gulnaras-money>, accessed 12 October 2022.

²⁷ <https://www.ft.com/content/e73db090-85b7-11e2-9ee3-00144feabdc0>, <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/following-gulnaras-money>, accessed 12 October 2022.

²⁸ <https://epaper.handelszeitung.ch/html5/handelszeitung/aEf70IszTTa10/article/f118c10be15d45328c87bb6dcf3972bb>, accessed 25 October 2022.

²⁹ <http://www.bbc.co.uk/news/magazine-26713383> indicates a dozen countries were involved, whereas <https://epaper.handelszeitung.ch/html5/handelszeitung/aEf70IszTTa10/article/f118c10be15d45328c87bb6dcf3972bb>, both accessed 25 October 2022, suggests "follow-up investigations in 19 countries".

³⁰ <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/following-gulnaras-money>, accessed 12 October 2022.

³¹ <https://www.thelocal.se/20130714/49040/>, <https://www.theguardian.com/world/2014/sep/08/uzbekistan-gulnara-karimova-faces-corruption-charges>, accessed 12 October 2022.

³² <http://www.theguardian.com/world/2014/sep/08/uzbekistan-gulnara-karimova-faces-corruption-charges>, accessed 12 October 2022.

³³ Karimova's twitter account has since been suspended, but you can see a reference to the original tweet in a reply to it here: <https://twitter.com/GulnaraKarimova/status/288345533934862336>, accessed 12 October 2022.

³⁴ Karimova was originally dubbed 'an Uzbek government official' in initial filings. Yet a letter related to the case concerning asset forfeiture, dated 11 January 2016, and signed by a U.S. District Court judge, states that a notice for forfeiture of funds and other documents were sent to "last known addresses and/or legal representatives for Gulnara Karimova." See USA v Any and All Assets Held in Account Numbers etc, Partial Default Judgment and Order of Forfeiture, January 11, 2016. Karimova was also identified as the official in question in articles concerning the case by reputable media outlets such as *The Guardian* (See <http://www.theguardian.com/world/2015/jul/03/uzbek-karimov-dynasty-figure-sued-us-300m-lawsuit>) and *The New York Times* (See <http://www.nytimes.com/2016/02/17/business/wanted-by-the-us-the-stolen-millions-of-despots-and-crooked-elites.html> and http://www.nytimes.com/interactive/2016/02/16/business/millions-stolen-diplomats-presidents.html?_r=0), all websites accessed 12 October 2022.

³⁵ <http://www.justice.gov/opa/file/826636/download>, p50, accessed 12 October 2022.

³⁶ <http://www.justice.gov/opa/pr/vimpelcom-limited-and-unitel-llc-enter-global-foreign-bribery-resolution-more-795-million>, accessed 12 October 2022.

In March 2019, the DoJ filed criminal charges against Karimova and her associate Bekzod Akhmedov in relation to the telecoms bribery scheme, where it was revealed that she allegedly amassed more than \$865 million in bribes and corrupt payments from three telecommunications companies.³⁷ Akhmedov told the *Guardian* he “categorically denies soliciting or facilitating any corrupt bribe payments from [Swedish company] Telia or any other telecom firm”.³⁸

Another associate, Rustam Madumarov, was not charged, but featured heavily in the U.S. authorities’ attempts to freeze the money as an individual involved in the illicit financial transactions. According to the DoJ, Madumarov was at times Karimova’s boyfriend.³⁹ In actuality, Madumarov and Karimova started their relationship in 2002 and were briefly married from November to December 2008, before divorcing. According to Swiss investigators, this brief marriage was used to make Madumarov’s payments to Karimova more plausible and helped to legitimise these transfers.⁴⁰

Madumarov was found guilty in Uzbekistan in May 2014 on charges related to his involvement in Karimova’s illegal business and sentenced for 6.5 years; it is unknown whether he has since been released or charged with further crimes.⁴¹ Madumarov is particularly important to this story because he posed as the owner of the BVI companies that purchased the London properties.

It is debatable whether Karimova will ever stand trial in person in the United States. She is currently serving a prison sentence in Uzbekistan, having been originally sentenced on embezzlement and tax evasion charges to five years’ “restricted freedom” in August 2015, and an additional ten years in 2017, later reduced to five years’ house arrest.⁴² In 2019 she was returned to prison after apparently violating the terms of her house arrest.⁴³ A third trial commenced in early 2020, with the authorities alleging that Karimova had embezzled public funds and entered into a conspiracy with other parties to purchase shares of two cement

companies at reduced prices.⁴⁴ This prompted Karimova to write in February 2020 to her father’s successor, President Mirziyoev, saying that she would give up a claim to \$686 million frozen in Switzerland in exchange for the closure of the case.⁴⁵

The plea fell on deaf ears – she was sentenced to thirteen years and four months in March 2020, to be served concurrently with earlier sentences.⁴⁶

Karimova’s legal team has highlighted that the cases against her have not met international legal standards. Most recently in July 2022, Karimova’s Geneva-based lawyer Grégoire Mangeat refuted claims made against her in her home country, commenting that the “Uzbek authorities do not respect basic human and procedural rights.”⁴⁷ Additionally, Karimova’s daughter said that the original ‘trial’ in 2015 had taken place in the kitchen of the dwelling where they were being held under house arrest,⁴⁸ and that there continue to be concerns for

³⁷ <https://www.justice.gov/usao-sdny/pr/former-uzbek-government-official-and-uzbek-telecommunications-executive-charged-bribery>, accessed 12 October 2022.

³⁸ <https://www.theguardian.com/news/2021/oct/04/major-tory-donor-advised-on-uzbekistan-deal-later-found-to-be-bribe-mohamed-amersi>, accessed 9 January 2023.

³⁹ <https://www.justice.gov/opa/file/826636/download>, accessed 12 October 2022.

⁴⁰ Ordonnance pénale Art. 352 CPP, Ministère public de la Confédération, 22 May 2018; <https://epaper.handelszeitung.ch/html5/handelszeitung/aEf70IzTTa10/article/f118c10be15d45328c87bb6dcf3972bb>, accessed 25 October 2022.

⁴¹ <https://www.rferl.org/a/karimova-avakian-uzbekistan-madumarov-trial-sentence-reportedly/25455961.html>, http://rapsinews.com/judicial_news/20140714/271718582.html, accessed 12 October 2022. The SFO’s skeleton argument implies he was still in prison as of June 2020, the time of the hearing.

⁴² The original webpage from the Uzbek prosecutor’s office is no longer available but an archived version can be accessed here <https://web.archive.org/web/20170805124241/http://www.prokuratura.uz/ru/pages/news/iujfjvbjkhol89684353/#/>, <https://en.fergana.news/news/114021>, both accessed 3 November 2022.

⁴³ <https://www.rferl.org/a/gulnara-karimova-sentenced-again-for-corruption-financial-crimes/30495071.html>, accessed 12 October 2022.

⁴⁴ <https://www.uzbekforum.org/valuable-artefacts-seized-from-gulnara-karimovas-homes>, accessed 12 October 2022.

⁴⁵ <https://www.rferl.org/a/jailed-gulnara-karimova-offers-686-million-frozen-in-swiss-bank-for-freedom/30455680.html>, accessed 12 October 2022.

⁴⁶ <https://www.rferl.org/a/gulnara-karimova-sentenced-again-for-corruption-financial-crimes/30495071.html>, <https://eurasianet.org/uzbekistan-karimova-gets-fresh-13-year-sentence>, both accessed 3 November 2022.

⁴⁷ <https://www.theglobeandmail.com/world/article-hong-kong-the-arch-penthouse-kleptocracy>, accessed 12 October 2022.

⁴⁸ <https://www.theguardian.com/world/2019/mar/12/gulnara-karimova-new-details-emerge-in-story-of-uzbekistans-first-daughter>, accessed 12 October 2022.

Karimova's well-being:⁴⁹ while under house arrest, Karimova smuggled messages out, saying that she had been beaten by her guards.⁵⁰ In 2019, Karimova's daughter said that one of Karimova's aides who was being held with them had committed suicide a year earlier by drinking industrial vinegar.⁵¹

In response to a series of statements detailing the allegations against Karimova sent by Freedom for Eurasia, Karimova's lawyer Grégoire Mangeat, responded: "I do not intend to cooperate with your work, since it seems to be motivated by political considerations rather than by the search for truth, given the wording of your questions. At this stage, only the Swiss and Swedish courts have taken a full legal look at the facts, and they have reached conclusions that are quite different from the accusations made by the Uzbek or American authorities, for example."⁵² It is unclear what political considerations Mangeat is referring to: Freedom for Eurasia is a non-governmental non-political organisation.

How did the telecoms bribe schemes work?

According to the DoJ, three international telecoms companies – TeliaSonera (now the Telia Company), Vimpelcom (now VEON) and MTS – paid bribes to Karimova in three main ways: 1) buying shares at an inflated price in local telecom companies from entities owned by Karimova, 2) paying money to Karimova's companies in a series of sham consulting or services agreements, 3) paying money to her companies for the use of certain frequencies, despite the fact that under Uzbek law, telecoms companies could obtain frequencies from the Uzbek government without paying any upfront fees.⁵³

For example, MTS entered the Uzbek market in 2004 by paying \$100 million to a company called Swisdorn Ltd for 33 percent of Uzbek mobile phone operator Uzdunrobita. This was despite the fact MTS had acquired a 41 percent of Uzdunrobita from an American company for just \$21 million. Around June 2007, MTS paid Swisdorn a further \$250 million to acquire Swisdorn's remaining 26 percent interest in Uzdunrobita.⁵⁴ Karimova's partner, Rustam Madumarov, was Swisdorn's

sole shareholder and director and had signatory authority for accounts held by it⁵⁵ but Karimova was its beneficial owner.⁵⁶ The DoJ characterised these payments as "for the corrupt purpose of obtaining [Karimova's] influence, including... her ability to influence other Uzbek government officials, to assist MTS in entering and operating in the Uzbekistan telecommunications market".⁵⁷

Similarly, in 2010 TeliaSonera paid another of Karimova's companies, Takilant Ltd, \$220 million to repurchase a 20 percent ownership interest in a local telecoms company, less than three years after it had initially acquired 26 percent of it for just \$50 million. According to a shareholders agreement executed in 2007, TeliaSonera was only obligated to pay \$112.5 million to repurchase this stake.⁵⁸

After Karimova received these payments she used an office in Tashkent, Uzbekistan's capital city, to launder the payments through a network of other companies. A team of 45 to 50 employees helped to structure these schemes, and to explain away any concerns from bankers and other professionals.⁵⁹

⁴⁹ <https://www.rferl.org/a/lawyer-for-gulnara-karimova-says-he-was-not-allowed-to-see-his-client-amid-concerns-for-her-welfare/30064571.html>, accessed 12 October 2022.

⁵⁰ <http://www.bbc.co.uk/news/magazine-26713383>, accessed 12 October 2022.

⁵¹ <https://www.theguardian.com/world/2019/mar/12/gulnara-karimova-new-details-emerge-in-story-of-uzbekistans-first-daughter>, accessed 12 October 2022.

⁵² Correspondence between Freedom for Eurasia and Grégoire Mangeat, 29 September 2022.

⁵³ <https://www.justice.gov/opa/file/826636/download>, accessed 13 October 2022.

⁵⁴ <https://www.justice.gov/opa/file/826636/download>, p16, accessed 13 October 2022.

⁵⁵ <https://www.justice.gov/opa/file/826636/download>, p11, accessed 13 October 2022.

⁵⁶ <https://www.justice.gov/opa/file/826636/download>, p14, accessed 13 October 2022.

⁵⁷ <https://www.justice.gov/opa/file/826636/download>, p15, accessed 13 October 2022.

⁵⁸ <https://www.justice.gov/opa/file/826636/download>, p45-46, accessed 13 October 2022.

⁵⁹ <https://epaper.handelszeitung.ch/html5/handelszeitung/aEf70lszTTa10/article/f118c10be15d45328c87bb6dcf3972bb>, accessed 25 October 2022.

TIMELINE¹

2007

● June 2007

Telecoms company MTS pays a Karimova-controlled company \$250 million to acquire an interest in Uzdunrobita

2008

● February 2008

Karimova becomes Uzbekistan's Deputy Foreign Minister for international cooperation in cultural and humanitarian affairs²

● August 2008

MTS agrees to pay Karimova's Takilant Ltd \$30 million

● September 2008

Karimova becomes Permanent Representative of Uzbekistan to the UN in Geneva³

● September 2008

Karimova's Zeromax GmbH buys an apartment in Hong Kong for US\$26.54 million

● November 2008

Karimova marries Rustam Madumarov, they divorce a month later

2009

● January 2009

Karimova buys a property in Geneva for \$16.6 million

● February 2009

Karimova transfers the Hong Kong apartment to Rudolph Alliance for US\$14.2 million

● September 2009

Takilant receives \$57.5 million from telecoms company Vimplecom

● September 2009

Karimova buys an apartment in Paris for €31 million

2010

● January 2010

Karimova becomes the Uzbek Ambassador to Spain⁴

● February 2010

TeliaSonera pays Takilant \$220 million to repurchase a stake in its Uzbek subsidiary⁵

● February 2010

Karimova buys Château de Groussay in France for €28 million

● May 2010

Karimova buys a villa in St Tropez for €2.5 million

● September 2010

Karimova buys a private jet for \$48.8 million

● October 2010

Karimova's new jet is spotted in Geneva⁶

● 28 October 2010

Karimova's Zeromax GmbH declares bankruptcy

● 16 December 2010

TeliaSonera pays Takilant \$55 million to use frequencies in Uzbekistan⁷

● 22/23 December 2010

Karimova buys three apartments in Chesham Place, London

KEY

- Money transfer
- Property transaction
- Karimova life event
- Jet sighting
- Media report
- Investigation or judicial ruling or event
- Repatriation of funds

¹ Unless otherwise given, references for the timeline can be found in the relevant sections of the main text.

² https://wikileaks.org/plusd/cables/08TASHKENT153_a.html, accessed 12 December 2022.

³ https://www.rferl.org/a/Uzbek_Princess_Becomes_Ambassador_In_Geneva/1201362.html, accessed 13 December 2022.

⁴ http://www.rferl.org/content/Uzbek_Presidents_Daughter_Appointed_Ambassador_to_Spain/1939482.html, accessed 12 December 2022.

⁵ <http://www.justice.gov/opa/file/826636/download>, p45, accessed 12 December 2022.

⁶ <https://www.planespotters.net/photo/150666/oe-irm-amira-air-bombardier-bd-700-1a10-global-express>, accessed 12 December 2022.

⁷ <http://www.justice.gov/opa/file/826636/download>, p48, accessed 12 December 2022.

⁸ RFE/RL reported on the fact that Karimova had been removed from the Uzbek Foreign Ministry's official list of ambassadors in April 2013 (<http://www.rferl.org/content/gulnara-karimova-ambassadorship-/24968755.html>, accessed 12 December 2022). The following month a Swedish news programme (Uppdrag Granskning, SVT, May 22, 2012) indicated she may have been stripped of her posts (<http://www.rferl.org/content/sweden-TeliaSonera-uzbekistan-karimova/24993135.html>, accessed 12 December 2022).

2011

- **March 2011**
Karimova's jet is spotted in Farnborough airport, UK
- **August 2011**
Karimova buys Gorse Hill Manor in the UK for £18.1 million
- **September 2011**
Karimova's jet is spotted in Luton airport, UK

2012

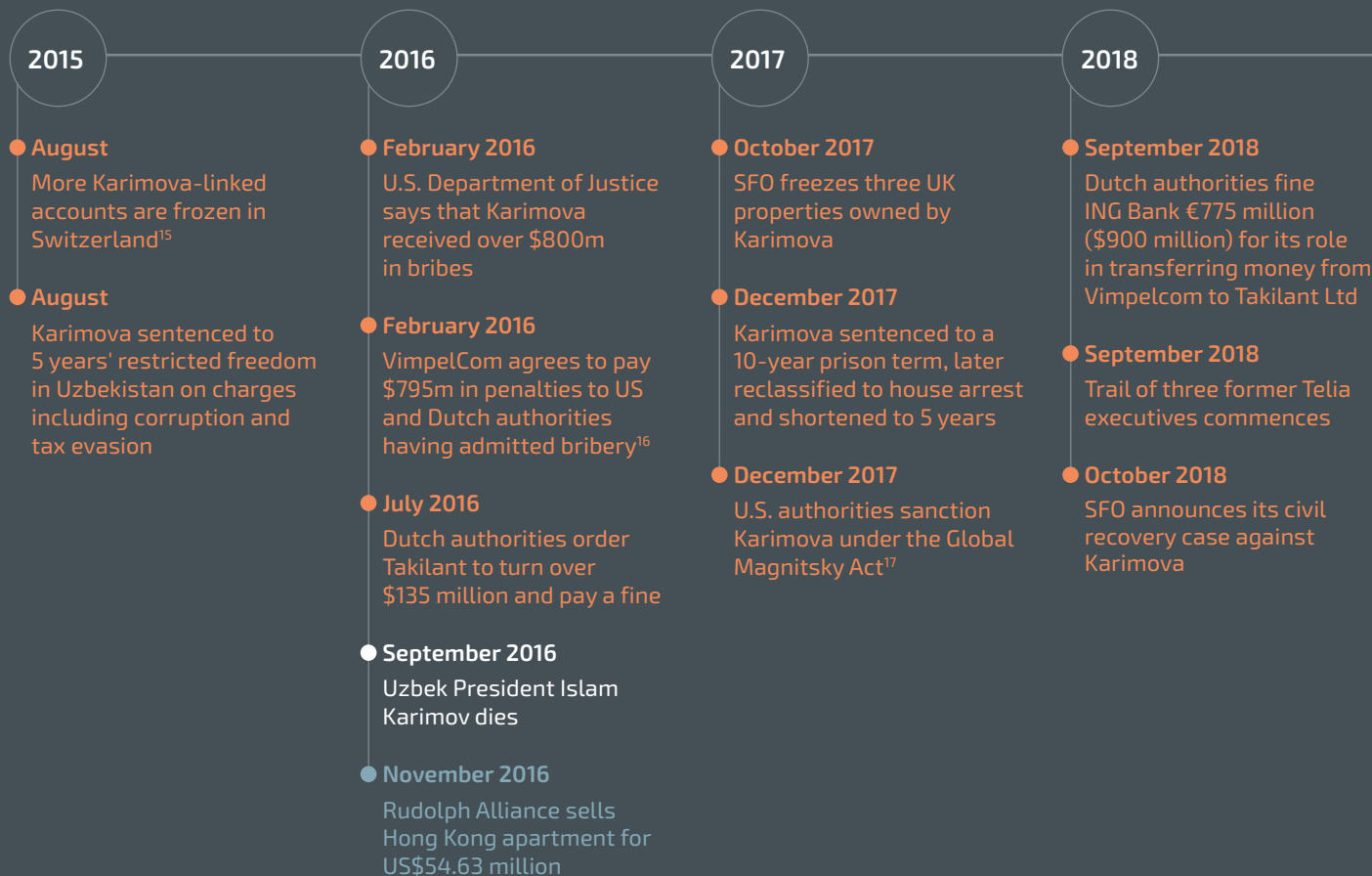
- **February 2012**
Karimova buys a small house in Mayfair, London for £3.68 million
- **March 2012**
Karimova's jet is spotted in Luton
- **April 2012**
Blog posts published linking Madumarov to Karimova
- **June 2012**
Karimova's assistant Gayane Avakyan attempts to withdraw money from Takilant's Swiss account
- **June 2012**
A warrant is issued in Uzbekistan for Karimova's associate Bekzod Akhmedov
- **July 2012**
Swiss authorities launch a criminal investigation into Takilant Ltd
- **July 2012**
Karimova's associates Ergashev, Akhmedov and Sabirov arrested in Geneva
- **October 2012**
Sweden freezes US\$30 million held in accounts owned by Takilant Ltd
- **November 2012**
Articles appear in international media linking Karimova to telecoms probe
- **December 2012**
Swedish TV programme details suspicious payments to Takilant

2013

- **January 2013**
Sweden freezes a further US\$275 million
- **April 2013**
Karimova (via Madumarov) sells top floor of Chesham Place for £13.25 million, making a £912,000 profit
- **May 2013**
Swedish TV reports again on TeliaSonera bribery scandal
- **May 2013**
First reports that Karimova has been stripped of her posts⁸
- **May 2013**
Karimova flips two Moscow properties to BVI companies
- **June 2013**
French authorities raid Karimova's three properties⁹
- **4 July 2013**
Karimova's proxy registers Allstar Properties in the UK
- **8 July 2013**
Karimova's jet is spotted leaving Luton airport, UK¹⁰
- **9 July 2013**
Confirmation that Karimova has been stripped of her diplomatic posts
- **August 2013**
Swiss authorities search Karimova's villa in Geneva
- **Autumn 2013**
Swiss publicly name Karimova as a suspect in bribery case¹¹
- **September 2013**
Karimova sells rear basement flat in Chesham Place, making a £630,000 profit
- **30 September**
Karimova's Panally Ltd files accounts at Companies House
- **December 2013**
Reports emerge of Gulnara's international real estate portfolio

2014

- **February 2014**
Uzbek authorities raid Karimova's Tashkent apartment. Karimova, Madumarov, Avakyan and Yeketarina Klyueva arrested by Uzbek authorities¹²
- **March 2014**
Karimova named in Swedish investigation¹³
- **March 2014**
Swiss say investigation has led to the sequestering of \$832 million
- **March 2014**
Uzbek prosecutor says Karimova is being held in connection with an investigation into an organised criminal group
- **May 2014**
Madumarov and Avakyan found guilty in Uzbekistan of extortion and other crimes
- **September 2014**
French authorities seize the Paris apartment and the Château de Groussay
- **October 2014**
Karimova's jet transferred to Malta company¹⁴



⁹ <https://www.occrp.org/en/daily/2038-french-property-raided-in-teliasonera-case>, <https://www.admin.ch/gov/fr/start/dokumentation/medienmitteilungen.msg-id-52278.html>, both accessed 13 October 2022.

¹⁰ <https://abpic.co.uk/pictures/registration/OE-IRM>, accessed 13 December 2022.

¹¹ <http://www.rferl.org/content/karimova-gulnara-bribery-sweden-uzbekistan-arrest/25308978.html>, accessed 12 December 2022.

¹² <https://azh.kz/en/news/view/3355>, accessed 12 December 2022.

¹³ <http://www.rferl.org/content/karimova-gulnara-bribery-sweden-uzbekistan-arrest/25308978.html>, accessed 12 December 2022.

¹⁴ <https://www.jetphotos.com/photo/8341977>, accessed 12 December 2022.

¹⁵ https://www.swissinfo.ch/eng/karimova-accounts_uzbekistan-funds-frozen-in-swiss-accounts/41621614, accessed 13 October 2022.

¹⁶ <https://www.reuters.com/article/netherlands-uzbekistan-corruption-idUKL8N19R56P>, accessed 12 December 2022.

¹⁷ <https://home.treasury.gov/news/press-releases/sm0243>, accessed 13 October 2022.

2019

- **March 2019**
Karimova jailed in Tashkent for violating terms of house arrest
- **March 2019**
Karimova and Akhmedov indicted for money laundering in the U.S.
- **May 2019**
Karimova's house in Moscow's Rublyovka district is sold
- **July 2019**
A French court approves confiscation of Karimova property
- **September 2019**
Karimova's apartment in Moscow is sold

2020

- **March**
Karimova receives a further 13 years 4 months in prison in Uzbekistan
- **May**
French authorities return \$10 million to Uzbekistan
- **June 2020**
SFO holds a hearing regarding their case against Karimova
- **December 2020**
A Swiss federal appeal court rules that Karimova – still in jail in Uzbekistan – could attempt to unblock over \$350 million in frozen assets

2021

- **June 2021**
UK High Court rules that the SFO has properly served Karimova with the civil recovery order

2022

- **February**
French authorities return a further \$10 million to Uzbekistan
- **July 2022**
Decision by a Swiss appeals chamber potentially unfreezes up to \$293 million to Karimova



CHAPTER 2

THE UK AS A “CRITICAL SPOKE”
IN KARIMOVA’S CRIMINAL SCHEMES



As *A Dance with the Cobra* explains, the United Kingdom acted as a “critical spoke in the Karimova case”.⁶⁰ This section explores the links that Karimova's schemes have to the United Kingdom, and the actions that UK authorities have taken in response to these allegations, actions that when compared to other nations have been slow and inadequate. It also examines the difficulties and complexities of returning stolen or criminally acquired assets to authoritarian regimes.

Karimova is likely to have travelled to the UK on many occasions, using her diplomatic passport which would have granted her immunity. Not only was her son studying in the UK,⁶¹ Karimova had five properties in the UK (see below), and a private jet owned by Karimova was spotted at least nine times at various UK airports from August 2011 to September 2013.⁶² A huge chunk of money was laundered through European banks, including a British branch of the Netherlands' ING Bank, and international branches of major financial institutions, including the UK's Standard Chartered and Citibank.

For example, in February 2010, Teliasonera sent the largest payment – the \$220 million transaction described above – to an account Karimova's company Takilant Ltd held at a Hong Kong branch of Standard Chartered.⁶³

Meanwhile, Swisdorn Ltd transferred just under \$248 million from a Standard Chartered account in Hong Kong to investment portfolios managed by First Global Investment, a Cayman Island company, in bank accounts held at Citibank UK.⁶⁴

The links between the UK's overseas territories and Karimova's business schemes are very apparent: she had two companies registered in Gibraltar – Swisdorn Ltd and Takilant Ltd – which received the corrupt payments from the telecoms companies. Karimova also had at least eight companies registered in the BVI, three of which she used to purchase property in the UK with the corrupt proceeds of the telecoms deals, and two of which she used to hide her ownership of two flats in Moscow (see chapter 4).⁶⁵

One of Karimova's BVI companies was used to receive corrupted money from Takilant in an onward laundering scheme. This company – Tozian Limited – was registered in the BVI around June 2008, with Karimova's colleague Gayane Avakyan acting as the sole shareholder and director.⁶⁶ Tozian opened an account at Swiss bank, Lombard Ozier, in April 2011. It then received laundered monies from Takilant, including \$200 million sent in April 2011 soon after the account was opened.⁶⁷

⁶² *Cobra*, p74.

⁶¹ <https://www.bbc.co.uk/news/blogs-magazine-monitor-30100542>, accessed 13 October 2022.

⁶² The jet was spotted in Farnborough in March 2011 (<https://abpic.co.uk/pictures/registration/OE-IRM>), Luton in August 2011 (https://www.airteamimages.com/bombardier-global-express_OE-IRM_amira-air_130553.html), Luton twice in March, then April, May, and November 2012 (<https://abpic.co.uk/pictures/registration/OE-IRM>, <https://www.planelogger.com/Aircraft/Registration/OE-IRM/548760>, <https://www.flickr.com/photos/jerseyaviationimages/7307013518>, <https://www.civilianaviation.co.uk/forum/viewtopic.php?t=13587>), Luton again in March 2013 (<https://www.planelogger.com/Aircraft/Registration/OE-IRM/548760>), and Farnborough in September 2014 (<https://www.planelogger.com/Aircraft/Registration/OE-IRM/548760>), all accessed 13 October 2022. Between all of these sightings the jet was spotted in other countries, indicating possible re-entry into the United Kingdom by Karimova, although the sighting of the jet does not necessarily mean that Karimova was on it.

⁶³ <https://www.justice.gov/opa/file/826636/download>, p50, accessed 13 October 2022.

⁶⁴ *Cobra*, p68.

⁶⁵ See below for details. International telecoms company Vimpelcom also used two subsidiary companies registered in the BVI – Aqute Holdings And Investment and Watertrail Industries Limited – to transfer corrupt payments to Karimova. <https://www.justice.gov/opa/file/826636/download>, p23, p31, accessed 13 October 2022.

⁶⁶ <https://www.justice.gov/opa/file/826636/download>, p51, accessed 13 October 2022.

⁶⁷ <https://www.justice.gov/opa/file/826636/download>, p63, accessed 13 October 2022. Two further BVI companies, Rockdale Holdings and Sordex Ventures, were used to handle Karimova's Uzbek businesses, see *Cobra*, p63 and p49, footnote 189.

Karimova's UK companies

Less has been written about the four companies Karimova registered in mainland UK: Odenton Management Ltd, NNB Investments Ltd, Allstar Properties Ltd and Panally Ltd. All of these companies had Karimova associates as directors: Panally Ltd and NNB Investments were directed by Avakyan, Odenton Management by Madumarov, and Allstar Properties by a woman called Ekaterina Klyueva.⁶⁸ According to OCCRP, Klyueva and Avakyan worked together in Karimova's fashion company, House of Style.⁶⁹ Klyueva was also the proxy shareholder of Finex Ltd, another of Karimova's companies registered in Hong Kong.⁷⁰ Although it did not feature in the DOJ case, research by OCCRP reveals that Finex Ltd was also used to receive corrupt payments from telecoms companies.⁷¹ Both Klyueva and Avakyan were arrested by Uzbek authorities in

February 2014,⁷² along with Karimova and Madumarov.⁷³ (According to a knowledgeable source, Klyueva died later that year of cancer.⁷⁴ Madumarov was jailed and Avakyan was given a suspended sentence.⁷⁵)

NNB Investments (registered August 2012) and Allstar (registered July 2013) never filed accounts and were dissolved in 2014 and 2015 respectively. The fact that these companies were registered after Avakyan had attempted to withdraw money from Takilant's Swiss account in June 2012,⁷⁶ triggering an international investigation, suggests that Karimova may have intended to use these vehicles as new avenues to launder money, using a different proxy in the form of Klyueva, as Avakyan had been identified in media reports in November 2012 as an associate of Karimova.⁷⁷ It is of note in this regard that Karimova registered Allstar in early July 2013, a few months after

Karimova had been stripped of her diplomatic posts.⁷⁸ However, Karimova's arrest in Uzbekistan in February 2014 meant that whatever plans she had for Allstar and NNB never materialised.

Odenton Management was registered in the UK in September 2008,⁷⁹ and filed accounts from 2009 to 2012. The 2009 accounts were dormant, indicating no financial activity had taken place. The 2012 accounts declared assets of over \$499,000, but liabilities and debts meant it was \$896,000 in the red, although nowhere in the published accounts does it say what the company actually did, other than a vague reference to "sale of goods".⁸⁰ The 2010 accounts state that Madumarov was the company's beneficial owner.⁸¹ The company was dissolved in January 2015 after it failed to file accounts,⁸² likely because at that point Madumarov was in prison in Uzbekistan.

⁶⁸ <https://find-and-update.company-information.service.gov.uk/company/05193074/officers>, <https://find-and-update.company-information.service.gov.uk/company/08172643/officers>, <https://find-and-update.company-information.service.gov.uk/company/06685391/officers>, <https://find-and-update.company-information.service.gov.uk/company/08596450/officers>, all accessed 13 October 2022. There is a second company called Allstar Properties Ltd (company number NI636570), registered in Northern Ireland which has no link to Karimova nor the schemes described in this report.

⁶⁹ <https://www.occrp.org/en/investigations/1765-swedish-telecom-took-shortcut-in-central-asia>, accessed 13 October 2022.

⁷⁰ <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/presidents-daughter-controlled-telecom-industry>, accessed 13 October 2022.

⁷¹ <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/payoff.html>, accessed 13 October 2022.

⁷² <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/presidents-daughter-controlled-telecom-industry>, accessed 13 October 2022.

⁷³ <https://azh.kz/en/news/view/3355>, <https://www.rferl.org/a/karimova-avakian-uzbekistan-madumarov-trial-sentence-reportedly/25455961.html>, accessed 13 October 2022.

⁷⁴ Information from an individual from the legal sector in Uzbekistan with knowledge of the legal proceedings against Karimova, November 2022.

⁷⁵ <https://eurasianet.org/uzbekistan-karimova-gets-fresh-13-year-sentence>, https://rapsinews.com/judicial_news/20140714/271718582.html, both accessed 3 November 2022.

⁷⁶ <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/following-gulnaras-money>, accessed 20 November 2022.

⁷⁷ <https://www.bbc.com/news/world-asia-20311886>, accessed 13 October 2022.

⁷⁸ Allstar was registered on the 4 July 2013. The Uzbek foreign ministry informed Switzerland on 9 July 2013 that Karimova no longer held diplomatic posts, although she may have actually been stripped of the positions in May 2013. See <https://www.thelocal.se/20130714/49040>, accessed 13 October 2022.

⁷⁹ <https://find-and-update.company-information.service.gov.uk/company/06685391/filing-history>, accessed 13 October 2022.

⁸⁰ <https://find-and-update.company-information.service.gov.uk/company/06685391/filing-history/MzA4MDk5Nzg2OGFkaXF6a2N4/document?format=pdf&download=0>, accessed 13 October 2022.

⁸¹ <https://find-and-update.company-information.service.gov.uk/company/06685391/filing-history/MzA0MjYzODE1NmFkaXF6a2N4/document?format=pdf&download=0>, p5.

⁸² <https://find-and-update.company-information.service.gov.uk/company/06685391/filing-history>, accessed 13 October 2022.

The UK company link to Karimova's bribes

Of greater interest are the filings for Panally Ltd, which was registered in London in July 2004 and filed seven years' worth of accounts from 2006-2012. Panally's bank is given as Latvia's Aizkraukles in the 2006 accounts.⁸³ Takilant Ltd also held an account at the same bank.⁸⁴ The 2006 accounts say that the company was acting as an agent for the supply of sugar, and the holding of the shares in companies in Uzbekistan.⁸⁵ Notably, the 2006 accounts suggest that Panally supplied £3.9 million of sugar during the financial year, charging a 1 percent fee to its "principal" Takilant Ltd, which is given as Panally's immediate holding company.⁸⁶ Takilant Ltd also provided Panally with a \$551,220 loan.⁸⁷ The sugar component appears to have been curtailed from 2007, with the 2008 accounts describing Panally as "a holding and property investment company".⁸⁸

At various points in the company's history, Avakyan and then Takilant Ltd were given as the ultimate controlling party.⁸⁹ We know from the DoJ investigation that Karimova was the actual beneficial owner of Takilant Ltd and thus of Panally Ltd.⁹⁰

This raises the question of why Karimova was using a UK registered company in the first place to administer her Uzbek businesses: neither she nor Avakyan nor the company secretary are British or were permanently resident in the UK, and none of the activity was related to the UK, including the sugar sales, of which the 2006 accounts specifically say that "all of the turnover was attributable to markets outside of the UK."⁹¹ It is likely that Karimova chose the UK in order to create a separation from the actual business in Uzbekistan, the accountants in the UK and its bankers in Latvia. The fact that the UK performed no checks on the identities of those registering companies in the UK was likely a factor. Having a company registered in the

UK with London-based accountants would also create a sense of a positive reputation, which could be utilised when approaching other professionals in the financial services.

The declared money passing through Panally was not on the same scale as Karimova's Gibraltar registered companies, but it was not insubstantial: Panally's final accounts from 2012 declared shareholders' funds of nearly \$2.44 million.⁹² As Panally Ltd was owned by Karimova's Takilant – a company that had received bribes and corrupt payments from the telecoms companies – and had received loans from Takilant, there are reasons to investigate whether Panally Ltd was used by Karimova to launder money and/or extend her criminal schemes. However, no known investigation appears to have taken place into this company in the UK. Chapter 5 of this report deals with the London-based accountant who produced Panally's accounts.

⁸³ <https://find-and-update.company-information.service.gov.uk/company/05193074/filing-history/MTg3MDMwODc1YWRRpcXprY3g/document?format=pdf&download=0>, accessed 13 October 2022.

⁸⁴ <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/payoff.html>, accessed 13 October 2022.

⁸⁵ The accounts also list various Uzbek companies and Panally's interest in them: in 2006, Panally Ltd held 51% of an Uzbek duty free shop called Asia Rianta, 96.9% of an Uzbek clothing manufacture company called OJSC "Acicfru", and 50% in a distributor of pharmaceutical products ("country of incorporation unknown") called FLLC "Asklepiy". <https://find-and-update.company-information.service.gov.uk/company/05193074/filing-history/MTg3MDMwODc1YWRRpcXprY3g/document?format=pdf&download=0>, p2, p5. In 2008, further companies are listed: 74.5% of another Uzbek duty free shop called "Central Asia Megastar" and 91.52% in an Uzbek property ownership and management company "Fast Development" LLC. <https://find-and-update.company-information.service.gov.uk/company/05193074/filing-history/MjAyNzQzMk5NWFFkaXF6a2N4/document?format=pdf&download=0>, p9. All accessed 13 October 2022.

⁸⁶ <https://find-and-update.company-information.service.gov.uk/company/05193074/filing-history/MTg3MDMwODc1YWRRpcXprY3g/document?format=pdf&download=0>, p8, accessed 13 October 2022.

⁸⁷ *Ibid*, p9.

⁸⁸ <https://find-and-update.company-information.service.gov.uk/company/05193074/filing-history/MjAyNzQzMk5NWFFkaXF6a2N4/document?format=pdf&download=0>, p2, accessed 13 October 2022.

⁸⁹ According to the 2006 accounts, Avakyan did not hold any beneficial interest in Panally Ltd as of end of July 2006 (See Panally Ltd Accounts, ending 31 July 2006, p2). She is given as the ultimate controlling party in the 2007 and 2008 accounts "by virtue of her interest in the issued share capital of the parent company", Takilant Ltd (see Panally Ltd Accounts, ending 31 July 2007, p10; Panally Ltd Accounts, ending 31 July 2008, p11). The 2009-2012 accounts give no information about Avakyan's interest, stating only that the ultimate parent company was Takilant Ltd (See Panally Ltd Accounts, ending 31 December 2009, p6; Panally Ltd Accounts, ending 31 December 2010, p7; Panally Ltd Accounts, ending 31 December 2011, p5; Panally Ltd Accounts, ending 31 December 2012, p4).

⁹⁰ <https://www.justice.gov/opa/file/826636/download>, p4, accessed 13 October 2022.

⁹¹ <https://find-and-update.company-information.service.gov.uk/company/05193074/filing-history/MTg3MDMwODc1YWRRpcXprY3g/document?format=pdf&download=0>, p5, accessed 13 October 2022.

⁹² <https://find-and-update.company-information.service.gov.uk/company/05193074/filing-history/MzA4NjUwODQ4NWFFkaXF6a2N4/document?format=pdf&download=0>, p2, accessed 18 October 2022.



THE UK'S SLOW, INADEQUATE RESPONSE TO KARIMOVA

One of the most telling aspects of *A Dance with the Cobra* is that, despite the UK possessing close links to Karimova's criminal schemes through financial and corporate services located in the UK and its overseas territories, no forfeiture action or prosecution had taken place at the time this report was published in August 2017. This was in contrast to many other countries that had links to Karimova's criminal activity through its companies, banks or financial services:



United States

By August 2017, U.S. authorities had issued \$965 million in penalties against Swedish telecoms company Telia, the highest ever settlement under the U.S. Foreign Corrupt Practices Act;⁹³ it had issued orders to seize Karimova assets held in Irish, Luxembourg, and Belgian accounts;⁹⁴ was preparing to sanction Karimova for involvement in corruption (which happened in December 2017⁹⁵); and was building a criminal case against her, leading to her indictment in 2019 for money laundering.⁹⁶



Switzerland

In August 2013, Swiss authorities searched Karimova's villa in Geneva to gather evidence, with Karimova identified as a suspect several months later.⁹⁷ This was followed up in March 2014 by a statement from the Swiss prosecutor's office which said that it had opened its criminal investigation in July 2012, and that the investigation had led to the sequestering of CHF 800 million (\$832 million) held in Switzerland. It added that the Swiss investigation had triggered new investigations abroad, particularly in Sweden and France, and that this provoked several searches in France during the summer of 2013.⁹⁸ More accounts were frozen in Switzerland in August 2015.⁹⁹

⁹³ [https://www.kirkland.com/siteFiles/Publications/Telia_Pays_Nearly_\\$1B_in_Penalties.pdf](https://www.kirkland.com/siteFiles/Publications/Telia_Pays_Nearly_$1B_in_Penalties.pdf), accessed 13 October 2022.

⁹⁴ <https://thediplomat.com/2016/08/us-postpones-seizing-gulnara-karimovas-assets>, accessed 13 October 2022.

⁹⁵ <https://home.treasury.gov/news/press-releases/sm0243>, accessed 13 October 2022.

⁹⁶ <https://www.justice.gov/opa/press-release/file/1141641/download>, accessed 13 October 2022.

⁹⁷ <https://www.rferl.org/a/switzerland-karimova-investigation-uzbekistan-money-laundering/25294326.html>, accessed 13 October 2022.

⁹⁸ <https://www.admin.ch/gov/fr/start/dokumentation/medienmitteilungen.msg-id-52278.html>, accessed 13 October 2022.

⁹⁹ https://www.swissinfo.ch/eng/karimova-accounts_uzbekistan-funds-frozen-in-swiss-accounts/41621614, accessed 13 October 2022.



Sweden

Sweden froze SEK 200 million (\$30 million) held in accounts owned by Takilant Ltd – Karimova’s Gibraltar company that received the majority of the corrupt payments – in October 2012, and a further SEK 1.8 billion (\$270 million) in January 2013.¹⁰⁰ Based on a request for mutual legal assistance from Switzerland, the chief prosecutor of Sweden’s National Anti-Corruption Unit said in March 2014 that Karimova was a suspect, and that it had evidence of money flows from Swedish telecoms company TeliaSonera to companies controlled by Karimova.¹⁰¹ This led to the prosecution of three Telia executives in 2018. The men were found not guilty on a legal technicality as Karimova was not a government official in charge of telecoms at the time of the bribes, a requirement of Swedish bribery law.¹⁰²



Netherlands

In July 2016, the Dutch authorities ordered Takilant Ltd to turn over \$135 million and pay a fine of €1.6 million.¹⁰³ Vimpelcom – a Dutch company (now called VEON) listed on the U.S. Nasdaq stock exchange – agreed to pay \$795 million to settle U.S. and Dutch charges.¹⁰⁴ In total, the U.S. and Dutch authorities issued a combined total of \$2.6 billion in fines and disgorgements against the three telecoms companies which bribed Karimova (TeliaSonera, Vimpelcom and MTS).¹⁰⁵ In 2018, the Dutch authorities also fined ING Bank €775 million (\$900 million) for its role in transferring money from Vimpelcom to Takilant Ltd.



France

In July 2013, authorities raided Karimova’s three French properties, including a historic castle and an apartment in Paris, in cooperation with Swiss police (see chapter 4 for details on these properties).¹⁰⁷ In September 2014, French authorities froze these properties.¹⁰⁸ \$10 million was returned to the Uzbek authorities by May 2020,¹⁰⁹ with a further \$10 million sent in February 2022.¹¹⁰

¹⁰⁰ <https://www.reuters.com/article/teliasonera-takilant-idUKL5E8LF9VH20121015>, <https://sverigesradio.se/artikel/5417308>, accessed 13 October 2022.

¹⁰¹ <http://www.rferl.org/content/karimova-gulnara-bribery-sweden-uzbekistan-arrest/25308978.html>, accessed 13 October 2022.

¹⁰² <https://www.occrp.org/en/daily/13796-sweden-upholds-telia-acquittals-in-karimova-scandal>, accessed 13 October 2022.

¹⁰³ <https://thediplomat.com/2016/08/us-postpones-seizing-gulnara-karimovas-assets/>, <https://www.bloomberg.com/news/articles/2016-07-20/takilant-found-guilty-of-accepting-bribes-from-telia-vimpelcom>, accessed 13 October 2022.

¹⁰⁴ <https://www.ft.com/content/e5f63772-d693-11e5-8887-98e7feb46f27>, accessed 13 October 2022. VimpelCom paid \$230 million to DoJ, \$375 million to the SEC and \$230 million to the Public Prosecution Service of the Netherlands.

¹⁰⁵ <https://www.financeuncovered.org/stories/serious-fraud-office-targets-luxury-surrey-mansion-linked-to-the-robber-baron-of-uzbekistan>, accessed 13 October 2022.

¹⁰⁶ <https://www.ft.com/content/f3e64e3e-b02b-11e8-99ca-68cf89602132>, <https://www.reuters.com/article/us-ing-groep-settlement-money-laundering-idUSKCN1LK0PE>, accessed 13 October 2022.

¹⁰⁷ <https://www.occrp.org/en/daily/37-ccb/2049-raids-against-karimova-confirmed>, accessed 13 October 2022.

¹⁰⁸ <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/following-gulnaras-money>, accessed 13 October 2022.

¹⁰⁹ <https://www.asso-sherpa.org/a-missed-opportunity-frances-return-of-gulnara-karimovas-illegally-acquired-assets>, accessed 13 October 2022.

¹¹⁰ <https://www.rferl.org/a/uzbekistan-10-million-france-karimova/31704780.html>, accessed 13 October 2022.

Why didn't the UK act sooner?

The above information highlights the dedicated and coordinated effort between various national law enforcement authorities, which not only started sequestering money in 2012 but continued to update the general public on the status of the investigations. It throws into contrast the seeming lack of action in the same time period conducted by UK authorities, despite the fact that the links between Karimova and the UK and its overseas territories were apparent even at this point. A simple check on Companies House would have revealed UK companies directed by her associates – Madumarov, Klyueva and Avakyan. Their names and links to Karimova were in the public domain from December 2012, when OCCRP first reported on the bribery scandal developing around Karimova, highlighting not only that Avakyan was the given owner of Takilant Ltd, but that Madumarov and Klyueva were directors of two UK companies, Panally Ltd and Odenton Management Ltd.¹¹¹ All three individuals were reported to have been arrested in Uzbekistan in February 2014,¹¹² with Madumarov and Avakyan found guilty of extortion and other crimes in May 2014.¹¹³

Furthermore, stories had been circulating on the internet concerning properties held by Karimova in the

UK as far back as December 2013.¹¹⁴ Although these lists of apartments and houses were not verified they could have formed the basis of an investigation by UK authorities as they contained partial addresses and the names of some of the offshore companies used to hold the properties – information that has since proved to be accurate.

It is possible that investigations were taking place behind the scenes, but – in contrast to other national law enforcement bodies – there was no mention on any UK state body website that it was looking into Karimova and the links her criminal schemes had to the UK. Finally in October 2018 – some four years after French authorities had seized Karimova's properties in France – the UK's Serious Fraud Office (SFO) announced that it had launched a claim under the Proceeds of Crime Act for civil recovery of three UK properties that "were obtained using the proceeds of corrupt deals in Uzbekistan involving Gulnara Karimova and Rustam Madumarov."¹¹⁵ A December 2019 notice revealed details of the three UK properties held by Karimova/Madumarov that were subject to the freezing order, plus details of the offshore companies that were used to buy them.¹¹⁶ Land registry documents indicate that the freezing order was issued in October 2017,¹¹⁷ a year before the original SFO announcement. It is

unclear why the SFO – a body that investigates corporate crime – is leading this investigation, and not the National Crime Agency, which deals with investigations featuring bribery and corrupt officials from overseas through its International Corruption Unit.

Regardless, the investigation has crawled along at a snail's pace, hindered first by the fact that Karimova was incarcerated in Uzbekistan, and then by the Covid pandemic, both of which made it difficult to issue papers to her. A hearing was finally held in June 2020. According to the SFO's case, Karimova was not the 'legal' owner of any of the properties (in other words, her name was not on any official document), but appeared, in part or all, to be the actual owner – the 'beneficial owner'. It also reiterated the SFO's belief that the properties were bought by proceeds of the telecoms bribery scheme.¹¹⁸ Court filings from the SFO highlight that: "while the SFO does not currently know the nature of any defence(s) which might be raised by Ms Karimova and/or Mr Madumarov, a letter from solicitors representing Mr Karimov asserts that Mangeat (Ms Karimova's Swiss lawyers) formerly received instructions 'that there were numerous legitimate and documented sources of income, far in excess of that required to purchase the properties that are the subject of the SFO proceedings'.

¹¹¹ <https://www.occrp.org/en/investigations/1765-swedish-telecom-took-shortcut-in-central-asia>, accessed 13 October 2022.

¹¹² <https://www.occrp.org/en/daily/2334-uzbekistan-close-associates-of-presidents-daughter-detained>, accessed 13 October 2022.

¹¹³ <https://eurasianet.org/uzbekistan-karimova-gets-fresh-13-year-sentence>, accessed 3 November 2022.

¹¹⁴ http://www.compromat.ru/page_34110.htm, based on original article from a Kazakh news source, <http://www.respublika-kaz.info/news/politics/34569> which is no longer available. This was reported in English several days later, see <https://www.timesca.com/index.php/news/5824-sleaze-wars-in-uzbekistan-snb-another-provocation>. *Tatler* reported that Karimova had several flats on "Chesham Street" (actually Chesham Place) in December 2014. See <https://www.tatler.com/article/a-field-guide-to-lesser-oligarchs>. All accessed 13 October 2022.

¹¹⁵ <https://www.sfo.gov.uk/2018/10/03/sfo-begins-action-to-recover-proceeds-of-alleged-corrupt-telecoms-deals-in-uzbekistan>, accessed 13 October 2022.

¹¹⁶ <https://www.thegazette.co.uk/notice/3449404>, accessed 13 October 2022.

¹¹⁷ See for example, Land Registry document SY665785 for Gorse Hill Manor.

¹¹⁸ Court Monitoring Note prepared by Spotlight on Corruption, February 2022.



Gibraltar
Credit: Adam Cl

This gives the Court an idea of the type of defence which may, in due course, be advanced.”¹¹⁹ Grégore Mangeat refused to engage with Freedom for Eurasia when asked about the civil recovery case (see p.13).

The High Court then ruled in July 2021 that the SFO had properly served Karimova with the civil recovery order. In March 2022 after an enquiry from UK NGO Spotlight on Corruption, the SFO commented that Madumarov was not contesting the proceedings on the condition that any confiscated assets are returned to Uzbekistan, and that “the SFO are taking steps to progress the case.”¹²⁰

A lack of information from the SFO, and no investigation in Gibraltar

In the United Kingdom documents pertaining to criminal or civil cases are not, unlike other countries, published online. The documents are available by applying to the court; however, this process is time-consuming and incurs a fee. The UK should consider publishing statements of claim and skeleton arguments (the position statements of each party) regarding high profile cases that feature corrupt officials from overseas as a matter of course

to aid public dissemination of this information. As of early January 2023, information regarding the Karimova case that was available on the SFO website amounted to just five lines of text published in October 2018.¹²¹ When it was pointed out to the SFO by a Freedom for Eurasia researcher that no new information had been issued in over four years, an update was published, though little that had not been reported elsewhere.^{121b}

Journalists and members of civil society can contact the SFO’s press office to attempt to get comment on particular cases, although no comment was given to a Freedom of Eurasia researcher when it contacted the SFO in 2021. In May 2022, we asked the SFO by email if it had launched the proceedings based on its own investigation, or at the behest of the authorities of another country, either Uzbekistan, or one of the countries looking at the bribery transactions (U.S., Netherlands, Sweden, Switzerland). We received no reply. The same researcher followed up on the report’s near completion in November 2022 to get comment on several issues, including the perceived slow response and lack of available information published by the SFO on

the case. Following a further telephone enquiry in late December 2022, the SFO responded, requesting more time for comment, which it finally sent in mid-January. In this response, the SFO said it had published an update on its website (as described above) on the case, but gave no new information, other than a brief comment regarding Panally Ltd: “the SFO has seen no evidence to date which links Panally Ltd to the UK property we are seeking to recover.”^{121c} This raises the question of why the UK authorities’ investigation to date is narrowly focussed on Karimova’s properties, given that other financial flows have passed through UK registered entities.

In response to whether this case undermines the UK government’s claim that it is serious about tackling overseas grand corruption, the SFO pointed to some of its recent successful work, including “the conviction of GPT Special Projects Management, Petrofac, and Glencore, all for overseas bribery offences” and its securing of Deferred Prosecution Agreements with Amec Foster Wheeler and Airbus among others. It also highlighted fraud convictions related to its Harlequin and Global Forestry Investments cases.^{121c}

¹¹⁹ In The High Court Of Justice Queen’s Bench Division between: Director Of The Serious Fraud Office Claimant -And- (1) Gulnara Karimova (2) Rustam Madumarov (3) Islam Karimov & Others Defendants Claim No. QB-2019-003452 In The High Court Of Justice Queen’s Bench Division between: Director Of The Serious Fraud Office Claimant-And-(1) Porchester Industries Limited (A Company Incorporated In The BVI) (2) Oregon Group Limited (A Company Incorporated In The BVI) (3) Rawtenstall International Limited (A Company Incorporated In The BVI) Defendants, Skeleton Argument On Behalf Of The Claimant For Hearing on 26 June 2020. See <https://freedomeurasia.org/who-enabled-the-uzbek-princess/>

¹²⁰ Correspondence between the SFO and Spotlight on Corruption, March 2022.

¹²¹ <https://www.sfo.gov.uk/2018/10/03/sfo-begins-action-to-recover-proceeds-of-alleged-corrupt-telecoms-deals-in-uzbekistan/>, accessed 3 November 2022.

^{121b} <https://www.sfo.gov.uk/cases/gulnara-karimova-rustam-madumarov/>, accessed 1 February 2023.

^{121c} Correspondence between the SFO and Freedom for Eurasia, January 2023.

Around the same time, it was reported that a Swiss court had green-lighted mutual legal assistance for the SFO's investigation, giving it access to the banking records of an unnamed Gibraltar company (likely Karimova's Takilant Ltd). One article suggested that the UK had applied for mutual legal assistance twice, once in 2017 and then again in 2020^{121d} – it is unclear why permission was seemingly not granted the first time, and for the considerable delay between the requests.

The lack of public comment and information on the Karimova case by the UK authorities is disappointing. Although there is an understandable need for confidentiality when investigations are ongoing, the lack of information in this case stands in contrast to what has been made available by the United States in the form of indictments and other court documents, and in statements from high-ranking officials, such as the head of the DoJ's criminal division. As documented above, law enforcement officials from other countries, including Sweden and Switzerland, have not only commented on the case, but have levelled fines against the companies and firms involved in corruption, and brought prosecutions against company officials involved in the corrupt payments.

One might imagine that Karimova's case would present a good opportunity for the UK to use its relatively new Bribery Act (passed in 2010), which was hailed as a major stride forward in tackling bribery, as it criminalises bribery anywhere in the world when performed not just by a UK citizen or resident, but by anybody with a close connection to the UK, including a body incorporated

in the UK. However, as noted in *A Dance with the Cobra*, the Bribery Act contains a significant loophole, as it excludes bodies incorporated in British Overseas Territories and Crown Dependencies. The report concludes that although a BVI company is alleged to have paid a bribe to a foreign official (Karimova) through a sham service contract, using a Gibraltar based holding company, the UK courts have no jurisdiction over this matter.¹²²

Unsurprisingly – given its reliance on offshore finance and limited investigative capacity – the British Virgin Islands does not appear to have launched any investigation into Karimova's criminal schemes, its links to the BVI, including the companies she registered there, or the bribes made by telecoms companies using other BVI companies. There is no mention of Karimova on the website of the British Virgin Islands Financial Investigation Agency, which did not respond to emailed enquiries from Freedom for Eurasia, about whether an investigation had taken place.

The Gibraltar Financial Intelligence Unit said it did not conduct investigations, and directed Freedom for Eurasia to contact the Gibraltar police – which did not reply to our emailed enquiry.¹²³ A month later, writing separately from Freedom for Eurasia, the Uzbek Asset Return Network received a response on the same matter from Thomas Tunbridge, a detective chief inspector in the New Royal Gibraltar Police's economic crime department: "The RGP [Royal Gibraltar Police] can confirm it does not have an investigation open in this matter [regarding Karimova's Gibraltar companies] and does not intend to do so. The RGP has assisted

other jurisdictions in obtaining evidence from Gibraltar in matters surrounding this issue."¹²⁴ The lack of an investigation is especially surprising not only seeing that Karimova's two Gibraltar companies were conspirators in a range of international bribery offences, but that the owner of the firm providing company services to Takilant Ltd told Freedom for Eurasia that he alerted the Gibraltar Police and its Financial Intelligence Unit when he became aware via a Swedish news report circa 2012 about Takilant's involvement in the telecoms bribery scheme (see p.52)¹²⁵ – so the Gibraltar authorities had the information at an early stage.

It is in the public interest for more information to be disclosed in jurisdictions which have a link to Karimova's bribery scheme. This is especially pertinent to the United Kingdom and the SFO case, as Karimova's scheme not only involves criminal proceeds being brought into the UK and its overseas territories from a noted kleptocracy, but also highlights the administering of those funds, unwittingly or otherwise, by professionals located in the UK.

The case raises questions as to the conduct of these accountants, solicitors and real estate agents in the UK who dealt, knowingly or otherwise, with Karimova's funds. Oversight over these sectors is something that has come under extra scrutiny since Russia's attack on Ukraine. However, as of January 2023, there have been no reports of an investigation into any UK financial services professional involved in Karimova/Madumarov's business, with no known enforcement actions.

^{121d} <https://globalinvestigationsreview.com/article/swiss-court-green-lights-assistance-sfos-karimova-investigation>, accessed 1 February 2023.

¹²² *Cobra*, p63.

¹²³ Emails sent to Royal Gibraltar Police by Freedom for Eurasia, November 2022.

¹²⁴ Email correspondence between the Uzbek Asset Return Network and DCI Thomas Tunbridge, December 2022.

¹²⁵ Email correspondence between Freedom for Eurasia and Form-A-Co (Gibraltar) Ltd, August 2022.



THE DIFFICULTIES OF ASSET RETURN

The process and ethics of returning corrupted monies and stolen assets is complex, and fraught with legal difficulties. To seize funds, authorities must demonstrate that on the balance of probabilities the funds were criminally obtained, which can be difficult when sourcing information from corrupt jurisdictions where the legal system lacks independence. As a result, often only a fraction of the corrupt proceeds gets returned. Europol's Asset Recovery Unit estimated that from 2010 to 2014, only 2.2 percent of the estimated proceeds of crime were provisionally seized or frozen, and even less, 1.1 percent, of the criminal profits finally confiscated at EU level.¹²⁶ This means that even less than this will get returned to compensate the victims of crime and corruption.

Real-life examples show the disparity in numbers: after Tunisia's autocratic leader Ben Ali was removed from power in a popular uprising in 2011, investigators struggled to locate, freeze and repatriate the estimated \$17 billion stolen by Ali and his family.¹²⁷ There are only a few reported success stories: Lebanon and Tunisia returned some assets in 2013.¹²⁸ The Swiss government

returned \$60.5 million in 2016,¹²⁹ and \$1.27 million in 2021.¹³⁰

Uzbekistan's neighbour Kazakhstan provides examples of two different models of repatriations, one broadly successful and the other less so. In 2008, an independent foundation named BOTA was established by the U.S., Swiss and Kazakh governments with support from the World Bank, tasked with repatriating the return of \$115.8 million of money linked to the 'Kazakhgate' scandal which saw the then Kazakh president, Nursultan Nazarbayev, implicated in holding money related to the country's oil deals in a private Swiss bank account that he controlled. After repatriation, these funds were used to help impoverished families and other disadvantaged groups in Kazakhstan, with specific safeguards to prevent the money from going to Kazakh government officials.¹³¹ However, when a second tranche of frozen money linked to Kazakh money laundering totalling \$48.8 million was returned to Kazakhstan in 2012, these safeguards were not in place, and much of the money flowed into lavish propaganda campaigns, including a pro-presidential youth programme

involving officials from the ruling party's youth wing.¹³²

There are thus questions concerning the ethics of sending money back to non-democratic countries where corruption levels are high. Under President Mirziyoyev, Uzbekistan remains a highly autocratic and corrupt nation. In 2012 – the year before Karimova's arrest – Freedom House ranked Uzbekistan as 'not free', and ranked it in the lowest category for political rights and for civil liberties.¹³³ Ten years later in 2022, it was still ranked 'not free', scoring 2 out of 40 for political rights and 9 out of 60 for civil liberties,¹³⁴ making it the 19th least free country in the world, ahead of only of extremely repressive places such as Afghanistan and North Korea, and war-torn countries like South Sudan and Syria.¹³⁵ In 2012, Uzbekistan was ranked 170 out of 176 countries in Transparency International's Corruption Perception Index.¹³⁶ In 2021, it was ranked 140 out of 180¹³⁷ – a definite improvement, but still placing it in the bottom quarter of the most corrupt countries in the world, according to Transparency International's methodology.

¹²⁶ <https://www.europol.europa.eu/media-press/newsroom/news/does-crime-still-pay>, accessed 13 October 2022.

¹²⁷ <https://www.theguardian.com/world/2012/jan/13/tunisia-11bn-hidden-funds-ben-ali>, accessed 13 October 2022.

¹²⁸ <https://cifar.eu/tunisian-job-recover-13-billion-dollars-stolen-ben-ali-family>, accessed 18 October 2022.

¹²⁹ https://www.swissinfo.ch/eng/dictator-s-assets_first_batch_of_ben-ali_funds_returned_to_tunisia/42197748, accessed 13 October 2022.

¹³⁰ <https://www.middleeastmonitor.com/20210311-ben-ali-assets-in-switzerland-transferred-to-tunisia-central-bank>, accessed 18 October 2022.

¹³¹ https://do7qxl1pq8vh6.cloudfront.net/uploads/2018/07/Swiss-Summary-Report-Final_Digital42-copy.pdf, p5, accessed 13 October 2022.

¹³² *Ibid.*, p11.

¹³³ https://freedomhouse.org/sites/default/files/2020-02/Freedom_in_the_World_2012_complete_book.pdf, p732, accessed 13 October 2022. Freedom House's original system attributed a score between 1-7 for every country for political rights and civil liberties, with 7 being the worst. Uzbekistan scored 7 in both categories from 2005 to 2014 (see https://freedomhouse.org/sites/default/files/29.%20NIT14_Uzbekistan_final.pdf). In 2015, the system was changed to rank these categories out of 40 and 60, as well as giving the country an overall 'democracy percentage'. In 2015-2017 it scored 1%, in 2018-2020 it scored 2%, and 4% in 2021-2022. See <https://freedomhouse.org/country/uzbekistan/nations-transit/2022> and <https://freedomhouse.org/country/uzbekistan/freedom-world/2022>

¹³⁴ <https://freedomhouse.org/country/uzbekistan/freedom-world/2022>, accessed 13 October 2022.

¹³⁵ <https://freedomhouse.org/countries/freedom-world/scores>, accessed 13 October 2022.

¹³⁶ <https://www.transparency.org/en/cpi/2012/index/uzb>, accessed 13 October 2022.

¹³⁷ <https://www.transparency.org/en/cpi/2021/index/uzb>, accessed 13 October 2022.

There is therefore a question to be asked about whether the monies returned to Uzbekistan will be used to benefit the Uzbek people, or simply be used for further corrupt purposes and/or to maintain the power of the ruling elite.

To address this general issue, in 2017 the Global Forum on Asset Recovery adopted the Principles for Distribution and Transfer of Confiscated Stolen Assets in Corruption Cases ('GFAR Principles'), which have strengthened standards by which to evaluate asset returns. According to Katherine D. Wilkins, an expert on asset repatriation from Global Initiative, a Swiss NGO that works on transnational organised crime: "The GFAR Principles articulate a transformative shift in the norms for the process but we wait to see how widely they are adopted and how they are practically achieved on the ground."¹³⁸

In relation to the Karimova case, originally CHF 800 million (\$850 million) was frozen in 2012 in connection with criminal proceedings against her. In 2018, the Swiss attorney general confirmed that more than \$555 million from five accounts in two Swiss banks had been seized, and in 2019, stated that \$131 million would be returned to Uzbekistan.¹⁴⁰

In September 2020, the Swiss and Uzbek governments established terms for the return of this \$131 million.¹⁴¹ A further CHF 650 million (\$652 million) remained frozen within the framework of ongoing criminal proceedings in connection with Karimova.¹⁴²

In December 2020, the Swiss federal appeal court ruled that Karimova – still in jail in Uzbekistan – could attempt to unblock over \$350 million in frozen assets,¹⁴³ yet in December 2021 the federal criminal court ordered that around CHF270 million (\$293 million) be confiscated.¹⁴⁴ However, in July 2022 this decision was overturned by an appeals chamber of the Swiss federal criminal court.¹⁴⁵

This means that although \$112 million has been confiscated under the 2018 order, not only can \$67 million – money reportedly linked to Karimova's Zeromax GmbH – be returned to her, but a further \$293 million linked to Takilant Ltd could also be returned. The matter has now been passed back to the lower court. The Swiss attorney general has also filed an appeal against the decision to return the \$67 million.¹⁴⁶

It is troubling that there is a possibility that any money is returned to Karimova, knowing what we do about her widespread criminality and corrupt actions in Uzbekistan and abroad.

Professor Kristian Lasslett, Head of the School of Applied Social and Policy Sciences at the University of Ulster and author of *A Dance with the Cobra*, commented:

Unless intervening action is taken by another state actor, there is a very real prospect that the majority of illicit wealth realised by Karimova through the telecoms bribery scheme will be unfrozen and released back to her. This once unthinkable event is the result of a Swiss Court of Appeal failing to be convinced Karimova situationally exercised a public function in the telecommunications arena, for which she could be bribed. This judicial outcome points to the challenges of evidencing in court shadowy political arrangements that frequently occur in governments gripped by kleptocratic dynamics, as well as the limited capacity of prosecutors in foreign jurisdictions such as Switzerland to effectively investigate and document such dynamics.¹⁴⁷

In a MoU struck between Switzerland and Uzbekistan in 2020, both parties agreed that the funds that have been seized so far should benefit the Uzbek population, with transparency and accountability guaranteed.¹⁴⁸

¹³⁸ Correspondence between Freedom for Eurasia and Katherine D. Wilkins, 31 August 2022.

¹³⁹ <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-80393.html>, accessed 13 October 2022.

¹⁴⁰ <https://www.swissinfo.ch/eng/swiss-court-confiscates-funds-linked-to-uzbek-ex-president-s-daughter/47213406>, accessed 13 October 2022.

¹⁴¹ <https://www.occrp.org/en/daily/13114-switzerland-to-return-to-uzbekistan-131m-from-karimova-accounts>, <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-80393.html>, accessed 13 October 2022.

¹⁴² <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-80393.html>, accessed 13 October 2022.

¹⁴³ <https://www.bloomberg.com/news/articles/2020-12-03/ex-uzbek-boss-s-daughter-gets-chance-to-win-frozen-350-million>, accessed 13 October 2022.

¹⁴⁴ <https://www.swissinfo.ch/eng/swiss-court-confiscates-funds-linked-to-uzbek-ex-president-s-daughter/47213406>, accessed 13 October 2022.

¹⁴⁵ <https://twitter.com/MangeatLLC/status/1550512032612491265>, accessed 1 November 2022.

¹⁴⁶ <https://www.finews.com/news/english-news/49491-swiss-appeal-return-funds-gulnara-karimova>, accessed 1 November 2022.

¹⁴⁷ Email correspondence between Freedom for Eurasia and Prof. Kristian Lasslett, October 2022.

¹⁴⁸ <https://www.news.admin.ch/newsd/message/attachments/65473.pdf>, accessed 13 October 2022.

This was followed up by an agreement signed in 2022 which stated that a UN trust fund would be set up for the benefit of the population of Uzbekistan,¹⁴⁹ with projects implemented by UN agencies participating in the fund.¹⁵⁰

However, the jury is still out on whether this safeguarding will be enough. According to Wilkins:

The Karimova case is one of the most wide-reaching asset returns to date. As such, this is a consequential opportunity to get the process right not only to ensure justice in this case but also to serve as a model for future returns. The announced framework from Switzerland reflects still unresolved issues in asset restitution, particularly around how transparency and accountability is operationalized in the process. The framework makes guarantees in alignment with the GFAR Principles, but it does not provide practical detail on how these guarantees will be met. In particular, the GFAR Principles make provisions for inclusion of civil society both at the design stage and at the oversight stage, but this remains underdeveloped in the Swiss framework.¹⁵¹

The Swiss asset return case is especially important, seeing that the repatriation process of Karimova's monies in France was not handled transparently, according to three NGOs – Transparency International France, Sherpa and the Human Rights Association in Central Asia. When \$10 million was returned to Uzbekistan in May 2020, the NGOs said they were “highly concerned over the opacity of French-Uzbek negotiations in the return of Gulnara Karimova’s illicit assets to Uzbekistan,” including “the lack of transparency in the disbursement and monitoring of returned funds by Uzbekistan.”¹⁵²

According to the press release, the confiscation was decided by a “closed-door negotiation between the French judicial authorities, the legal representative of the three civil real estate companies¹⁵³ that had acquired real estate properties on behalf of G. Karimova, and the Uzbek state” and that “France has not provided any information regarding the restitution process, while the Uzbek authorities have merely indicated that the 10 million dollars returned would be ‘transferred to the Uzbek state budget’.” The press release stated that this represented a missed opportunity to “establish

a transparent and accountable mechanism and ensure that the returned assets would ultimately benefit the Uzbek population”.¹⁵⁴ A second tranche was returned in 2022 with “no information at all from French authorities”, according to Transparency International France.¹⁵⁵

Wilkins commented: “Inclusion of independent civil society with actual power to design and provide oversight to the model of return is essential not only for legitimacy of the process but for achieving these [GFAR] principles. Given the power asymmetries between state and non-state actors, the burden remains on developed democracies, those setting and enforcing the rules, to ensure improvement of the practice of asset return.”¹⁵⁶



¹⁴⁹ Original webpage accessed in August 2022 but is no longer available. An archived version of the page is available here: <https://web.archive.org/web/20220816105354/https://www.news.admin.ch/news/message/attachments/72607.pdf>, accessed 1 November 2022.

¹⁵⁰ <https://www.eda.admin.ch/countries/korea-republic/en/home/news/news.html/content/eda/en/meta/news/2022/8/16/89949>, accessed 13 October 2022.

¹⁵¹ Email correspondence between Freedom to Eurasia and Katherine D. Wilkins, 31 August 2022.

¹⁵² <https://www.asso-sherpa.org/a-missed-opportunity-frances-return-of-gulnara-karimovas-illegally-acquired-assets>, accessed 13 October 2022.

¹⁵³ This is a reference to the three companies Karimova created to own the properties. These are mentioned in Chapter 4.

¹⁵⁴ <https://www.asso-sherpa.org/a-missed-opportunity-frances-return-of-gulnara-karimovas-illegally-acquired-assets>, accessed 13 October 2022.

¹⁵⁵ Email correspondence between Freedom to Eurasia and Sara Brimbeuf (TI France), 13 October 2022.

¹⁵⁶ Email correspondence between Freedom to Eurasia and Katherine D. Wilkins, 31 August 2022.

CHAPTER 3

WHERE DID THE BRIBES GO? GULNARA'S QUARTER-BILLION-DOLLAR PROPERTY EMPIRE



Establishing property ownership is extremely difficult when obscured by offshore companies, and can, short of a criminal investigation, often be established only through leaked documents. The search for Karimova's documents began with such a leak but information about the properties has since been confirmed by law enforcement and civil society investigations, including Freedom for Eurasia's research contained in this report. This section looks at each of Karimova's properties in turn, how and for what price they were bought, and what has happened to them since their purchase.



Civil society organisations and journalists began to search for Karimova's properties in late 2012 when a tranche of documents was leaked to Swedish investigative journalists. This contained a list of properties owned by Karimova in various countries, with notes that appeared to be instructions from Karimova to someone involved in the administration of these properties, outlining the various fees that needed to be paid. These included handwritten annotations likely by Karimova herself.¹⁵⁷

The document, which is in Russian and dated August 2012, states the following:

*FYI - five units of real estate are in the name of RM*¹⁵⁸

1. **An apartment in Moscow**
2. **Chateau-Paris** – Rubis (founder RM and LS, account manager RM)
3. **Apartments (3 units) in London – Oregon** (RM – founder and account manager)
4. **Small house in London – Porchester** (RM - founder and account manager)
5. **Hong Kong apartment – Rudolph** (founder Exp, where RM is 100% owner)

This suggests that the properties are owned by a variety of companies – given in the document in short form as 'Rubis', 'Oregon', 'Porchester', 'Rudolph' and 'Exp'. Further investigations by Freedom for Eurasia have confirmed that companies with longer versions of these names have held properties

owned by Karimova. The information in this list have been corroborated by land registry documents, and details released by the French authorities and the SFO in the UK. Some of these properties are linked directly to the international criminal investigations into Karimova. For example, 'Exp' is a reference to 'Expoline Ltd', a Karimova company registered in Hong Kong which the U.S. investigation characterized as a company accepting or laundering the corrupt payments made by the telecoms companies.¹⁵⁹

By obtaining land registry documents we can start to trace the history of these property purchases. In total, Karimova bought UK property worth £36.45 million, but the 2017 value – when the properties were frozen – is likely to be closer to £50 million. None of the properties were bought with the help of a mortgage or loan, as Karimova had cash readily available from her telecoms dealings and possibly elsewhere.

¹⁵⁷ Swedish Public Service Television, "Uppdrag granskning" – Mission: Investigate, 22 May 2013. In order to show that Karimova was involved, journalists compared known samples of her handwriting with other handwriting on documents relating to the alleged bribery scheme. One expert, who specialises in examining Cyrillic handwriting, concluded with a 75 percent probability that the two samples belonged to the same person.

¹⁵⁸ The original says "MR" and "SL" – it is custom in Russian to put the surname first in writing, including when giving initials. All initials have thus been reversed in English.

¹⁵⁹ *Cobra*, p10. <https://www.justice.gov/opa/file/826636/download>, p11, accessed 13 October 2022.

It is striking how Karimova's London property purchases occurred in the weeks and months after her company Takilant received corrupted funds from the telecoms companies. For example, Telia paid \$220 million to Takilant in February 2010 and then a further \$55 million on 16 December 2010.¹⁶⁰ Just seven days after this – 23 December 2010 – Karimova purchased the three apartments in Chesham Place in London worth £14.67 million, according to land registry documents. 2011 and 2012 saw further property purchases, not least the Surrey mansion (#5 below) and the Mayfair house for her son (#4),

but also a grandiloquent castle and an apartment in France (#7, #6).

In total, it appears that between 2003 and 2012 Karimova purchased at least \$240 million in property in a variety of countries across the world. This does not include other properties – such as six apartments in Moscow reportedly frozen by the Russian authorities¹⁶¹ – about which there is no information concerning their value.

It is also likely that there are more properties owned by Karimova yet to be discovered. For example, it seems

logical that Karimova would have purchased a property in Spain, as she was appointed Uzbek Ambassador to that country in January 2010.¹⁶² Property searches for Spain in the names of Karimova and Madumarov carried out by a Freedom for Eurasia researcher in May 2022 produced no results. However, searches would not return properties beneficially owned by either individual but legally held in the name of a company, nor would it show properties that had previously been owned in Spain by Karimova or Madumarov but sold before May 2022.

Table 1: Karimova's property purchases

Country	Amount in local currency	USD equivalent
United Kingdom	£36.45 million	\$57.84 million
France	€61.5 million	\$84.79 million
Switzerland	CHF 18 million	\$16.6 million
Hong Kong	HK\$206 million	\$26.58 million
Russia	293.945 million rubles	\$4.08 million (2022 est.)
Dubai		\$50 million (reported)
	TOTAL	\$239.89 million

¹⁶⁰ <https://www.justice.gov/opa/file/826636/download>, p50, accessed 13 October 2022.

¹⁶¹ <https://www.rferl.org/a/uzbekistan-asks-russia-freeze-karimova-property-moscow/28694992.html>, accessed 13 October 2022.

¹⁶² <http://www.thelocal.se/20130714/49040>, accessed 13 October 2022.



THE UNITED KINGDOM



1. Leasehold of the Front Basement Flat, 25 Chesham Place, London, SW1X 8HG.

Bought for: £1.112 million (\$1.71 million) on 23 December 2010

Company used: Oregon Group Limited, British Virgin Islands

Status: Frozen by the SFO

The SFO's case against Karimova is that corrupt payments made by the telecoms companies to various offshore companies believed to be owned beneficially by Karimova or her associates were the ultimate source of funding for several properties in the UK. These include the front basement flat located at 25 Chesham Place in London, which is held in the name of Oregon Group Limited, a BVI company.¹⁶³ This provides us with a match to the "Oregon" mentioned in the above list.

One of the defendants in the SFO's case is Rustam Madumarov – corresponding to the "RM" given in the list above. This information, coupled with that from Karimova's own list, suggests that Madumarov was the stated owner of the Oregon Group.

The property was bought at the same time as two other flats in the same building (#2, #3 below).



25 Chesham Place, London

¹⁶³ SFO vs Karimova et al, 26 June 2020. See also <https://www.thegazette.co.uk/notice/3449404>, accessed 13 October 2022.



2. Leasehold of Rear Basement Flat, 25 Chesham Place, London, SW1X 8HG

Bought for: £1.22 million (\$1.88 million) on 22 December 2010

Company used: Oregon Group Limited, British Virgin Islands

Status: Sold for £1.85 million on 25 September 2013

This property was not frozen by the SFO as it had been sold in 2013, but its existence was confirmed by the SFO whose case, presented in a court hearing, was that corrupt payments were the ultimate source of funding in relation to a variety of assets held in England, including a security deposit in relation to the "Rear Basement Flat, 25 Chesham Place" worth £7,512.¹⁶⁴

Land registry records show that the property purchase was completed the day before the front basement flat and was slightly more expensive – £108,000 more. It was then sold for £1.85 million on 25 September 2013 to two individuals, who appear to be a couple from Ireland with no ties to Karimova, for a profit of £630,000 for Karimova/Madumarov via the Oregon Group.¹⁶⁵ The property was later bought by the current owner of the top floor flat, an investment banker originally from Brazil.



3. Leasehold of Top Flat, 25 Chesham Place, London, SW1X 8HG

Bought for: £12.338 million (\$19.01 million) in 23 December 2010

Company used: Oregon Group Limited, British Virgin Islands

Status: Sold for £13.25 million on 24 April 2013

Karimova owned a third much more valuable property in the same building – the top floor apartment. This would tally with Karimova's list which says that Oregon controlled "3 units" in London. The fact that three properties in the same building were being bought at the same time suggests that Madumarov would have indicated to professionals involved in the purchase and management of the property that he was likely to rent some or all of the properties out.

The top floor apartment contains two flats contained under one lease – a "master" flat of four bedrooms, and a separate self-contained two-bedroom flat described by a website marketing the property as a "guest/staff apartment".¹⁶⁶

According to land registry records, on 24 April 2013, the lease of the top floor flat was sold for £13.25 million, resulting in a profit of £912,000 for Karimova/Madumarov via the Oregon Group.¹⁶⁷ There is no suggestion of a link between the purchaser, a Brazilian banker buying the property in his own name, and Karimova. As mentioned above, the same person later bought the rear basement flat.

This property does not feature in the SFO case as it has been sold, and no security deposit was held. We therefore cannot say for certain that the money obtained by Karimova through criminal means was used to buy this property as we do not know the source of funds that was used. However, given the timing of the purchases, as well as the fact that another apartment in the same building was frozen by the SFO, along with the security deposit related to a third, there are grounds to investigate whether the source of funds was the same.

¹⁶⁴ SFO vs Karimova et al, 26 June 2020.

¹⁶⁵ Land registry documents, plus internet searches.

¹⁶⁶ <http://www.gcprive.com/luxury-penthouse-for-sale-chesham-place-london-belgravia-sw1/> An article by *The Telegraph* (see <https://www.telegraph.co.uk/news/2017/12/02/fears-dirty-money-paid-uzbek-singers-london-homes/>) confusingly speaks of Karimova owning "four homes", though this is likely through counting the Chesham Place properties as three, as Karimova does. Her fifth UK property in Virginia Water was not known at this stage, and indeed the article speaks only of homes in "Mayfair and Belgravia".

¹⁶⁷ Historical land registry record for BGL8855, Top Flat, 25 Chesham Place, London SW1X 8HG.



4. Freehold of 8 Market Mews, London W1J 76Z

Bought for: £3.68 million (\$5.8 million)
in February 2012

Company used: Porchester Industries
Limited, British Virgin Islands

Status: Frozen by the SFO

This property was discovered via the documents leaked to Swedish journalists researching the Telia bribery scandal, and matches the information given in Karimova's property list: 8 Market Mews is indeed a "small house" owned, according to land registry documents, by "Porchester" whose full name is Porchester Industries Limited, a company registered in the BVI.

Information from the SFO, which has frozen the property, confirms the address, and the fact that it is held in the name of Porchester Industries Limited.¹⁶⁸ It is believed that Karimova purchased this property for her son, Islam Karimov Jr, who was resident in the UK while studying at Oxford Brookes university.¹⁶⁹



¹⁶⁸ SFO vs Karimova et al, 26 June 2020; <https://www.thegazette.co.uk/notice/3449404>,

¹⁶⁹ <https://www.bbc.co.uk/news/blogs-magazine-monitor-30100542>, both accessed 13 October 2022, plus investigations conducted by Freedom of Eurasia researcher.



5. Freehold of Gorse Hill Manor, Gorse Hill Road, Virginia Water, GU25 4AP

Bought for: £18.1 million (\$29.43 million) on 1 August 2011

Company used: Rawtenstall International Limited, British Virgin Islands

Status: Frozen by the SFO

The SFO investigation has led to the revelation that a fifth – previously unknown – property was also owned by Karimova in the UK. This was first revealed in a 2019 public notice which stated that the property known as Gorse Hill Manor, Gorse Hill Road, Virginia Water, and surrounding land held in the name of Rawtenstall International Limited, had been frozen.¹⁷⁰

According to media articles, Gorse Hill Manor is a manor house built in 1912, surrounded by 17 acres of gardens and a private boating lake, and is in a gated community whose residents over the years have included the Sultan of Brunei, Boris Berezovsky, and Augusto Pinochet.¹⁷¹ The estate – in the exclusive Virginia Water area – is also only a short distance from Farnborough airport, a popular hub for private jets.

¹⁷⁰ <https://www.thegazette.co.uk/notice/3449404>, accessed 13 October 2022.

¹⁷¹ <https://www.financeuncovered.org/investigations/serious-fraud-office-targets-luxury-surrey-mansion-linked-to-the-robber-baron-of-uzbekistan/>, accessed 13 October 2022.

¹⁷² <https://abpic.co.uk/pictures/registration/OE-IRM>, accessed 13 October 2022.

¹⁷³ *Ibid.*



Gorse Hill Manor: view from the grounds and interior



Indeed, a jet owned by Karimova was spotted in Farnborough in March 2011, five months before the purchase,¹⁷² and then in Luton airport, a 45-minute drive from Virginia Water, in September 2011, one month after the purchase.¹⁷³ The property was bought by Karimova/Madumarov for just over £18 million but is now reportedly worth over £30 million.¹⁷⁴

It is interesting to speculate why Karimova did not include this house in the list of properties given above, which was dated August 2012, a year after Gorse Hill was bought. The list states that the above properties “are in the name of RM” (i.e. Madumarov), so it is possible that Gorse Hill was not bought with him posing as the property owner. Another theory is that as the list appears to be to a note to a member of her staff, Karimova was more careful to keep its existence a secret, as Gorse Hill Manor was by far the grandest of her purchases and possibly the one she actually lived in when in the UK, along with possibly the top floor flat at Chesham Place when she was in central London. In an interview with Russian

investigators from 2012, Bekzod Akhmedov said that from around December 2011 Karimova was living in London.¹⁷⁵

The house’s prior owner, according to planning permission documents,¹⁷⁶ was Russian-British oligarch Mikhail ‘Misha’ Watford¹⁷⁷ and his wife, who lived in the same area in an £18 million mansion, until his death in February 2022.¹⁷⁸

The interior design and redevelopment of Gorse Hill Manor was completed by Watford’s company High Life.¹⁷⁹ Planning permission documents date back to 2007,¹⁸⁰ and Gorse Hill Manor featured extensively on High Life’s website from 2017.¹⁸¹

A second company called Natural Elements Design, which is not owned by Watford, was contracted around 2015 to work on Gorse Hill Manor’s extensive gardens.¹⁸²

What has happened to Karimova’s other property outside of the UK?

Lists of properties allegedly owned by Karimova started to appear online in December 2013. One such list gave as many as 17 different properties located in London, Paris, Geneva, Dubai, Hong Kong, Russia and Ukraine.¹⁸³ This suggests she was using real estate as a safe haven to hide the proceeds of her crimes, as well as providing her with places of luxury for her to reside in as she travelled the world. Since then, the Uzbek prosecutor’s office has published on its website a complete list of Gulnara Karimova’s property which it says is subject to confiscation by the verdict of a criminal court.

This section takes the lists that have been published online and attempts to establish which of these are or were owned by Karimova and her network, and which ones are still to be pinned down. It also documents what is known about what has happened to these properties in the nine years since Karimova’s became a suspect in the telecoms bribery case.

¹⁷⁴ <https://www.dailymail.co.uk/news/article-7933421/Robber-baron-daughter-former-Uzbekistan-dictator-set-lose-property-empire.html>, accessed 13 October 2022.

¹⁷⁵ Protocol, Witness Interrogation, Moscow, 10 September 2012. Virginia Water is in northern Surrey just outside what is considered outer London, but it is unclear whether Akhmedov would have known the exact location of Karimova’s UK home.

¹⁷⁶ https://docs.runnymede.gov.uk/PublicAccess_Live/Document/ViewDocument?id=6AD36A15C91311E2A0AD005056B45E6D, https://docs.runnymede.gov.uk/PublicAccess_Live/Document/ViewDocument?id=07EC8BCFC86611E2BD9F005056B45E69, accessed 18 October 2022.

¹⁷⁷ <https://beta.companieshouse.gov.uk/company/07853132/persons-with-significant-control>, accessed 13 October 2022.

¹⁷⁸ <https://www.thetimes.co.uk/article/russian-tycoon-mikhail-watford-selling-pound18m-mansion-in-surrey-xkw6lwwk7kh>, <https://www.theguardian.com/uk-news/2022/mar/03/ukraine-born-oligarch-mikhail-watford-found-dead-at-home-in-surrey>, both accessed 13 October 2022.

¹⁷⁹ https://docs.runnymede.gov.uk/PublicAccess_Live/Document/ViewDocument?id=07EC8BCFC86611E2BD9F005056B45E69, accessed 18 October 2022.

¹⁸⁰ https://docs.runnymede.gov.uk/PublicAccess_Live/Document/ViewDocument?id=6AD36A15C91311E2A0AD005056B45E6D, accessed 18 October 2022.

¹⁸¹ The webpage was active until January 2022 but has since been removed. An archived version of the page is available here, <https://web.archive.org/web/20170302165329/http://www.highlife.uk.com/latest-work/gorse-hill-manor>, accessed 13 October 2022.

¹⁸² <https://web.archive.org/web/20150120081815/http://www.naturalelementsdesign.co.uk/garden-design/country-gardens/gorse-hill-manor/>, accessed 13 October 2022.

¹⁸³ The first reporting of Karimova’s properties was made by *Respublika*, a Kazakh news outlet. *Respublika* was shut down by the Kazakh authorities, but an archived version of the article is available here: <https://web.archive.org/web/20131228040612/http://www.respublika-kaz.info/news/politics/34569>, accessed 13 October 2022.

¹⁸⁴ <https://www.french-property.com/guides/france/sci-societe-civile-immobiliere>, accessed 13 October 2022.



FRANCE

Karimova purchased at least three properties in France, each via a French property management company structure called a *société civile immobilière* (SCI), which allows the ownership of real estate by several people, and brings several tax advantages.¹⁸⁴ It is clear that the second shareholders involved in all three properties were proxies, and that Karimova was in reality the sole beneficial owner.



6. An apartment in the Triplex residential complex, 1 avenue du Maréchal Maunoury, 75016 Paris¹⁸⁵

Bought for: a reported for €31 million (\$42.49 million) around September 2009

Company used: SCI Maunoury 16 (later renamed SCI Invest Service Group), France

Status: Seized by the French authorities, sold for €14 million, money repatriated to Uzbekistan

The first purchase, a Parisian apartment – an 800m² penthouse overlooking the Bois de Boulogne – is located in the exclusive 16th arrondissement in one of the city's most coveted apartment blocks, built in the Art Deco style. The apartment's previous owner was Arthur (Jacques Essebag), a famous French TV presenter and comedian.¹⁸⁶ The SCI company used to hold the property was originally called Maunoury 16. In May 2011, the company was renamed SCI Invest Service Group.¹⁸⁷ Karimova owned 95 percent of this company with a woman called Irina Yemelyanova holding the remaining 5 percent.¹⁸⁸ Yemelyanova is one of Karimova's cleaners, according to Karimova's associate Bekzod Akhmedov when interviewed by Swiss investigators.¹⁸⁹

It is unclear what Yemelyanova knew of her involvement – her signature is on the property's documentation, which is in French, a language she would be unlikely to understand.

The SCI's statute was signed by Alisher Ergashev,¹⁹⁰ reported to be a Coca-Cola Uzbekistan executive,¹⁹¹ who was later arrested along with Akhmedov in Geneva in July 2012 after allegedly trying to access one of Takilant's accounts with suspicious identity documents.¹⁹² In December 2012, Ergashev was replaced in the SCI by a man called Akmal Saidov,¹⁹³ likely because of Ergashev's arrest. Saidov was photographed next to Karimova at an event in October 2012.¹⁹⁴ In 2020, Ergashev was sentenced to 18 years' imprisonment in Uzbekistan in relation to his involvement with Karimova's criminal schemes.¹⁹⁵

According to the notes likely written by Karimova concerning the properties, the Avenue du Maréchal Maunoury apartment accrued over \$70,745 in fees every six months, which included payment for the management company and a \$38,500 parking charge.¹⁹⁶

¹⁸⁵ <https://web.archive.org/web/20131228040612/http://www.respublika-kaz.info/news/politics/34569>, web archive accessed 13 October 2022. <https://www.thefreelibrary.com/France+to+return+money+from+Gulnara+Karimova%27s+property+to+Uzbekistan-a0592755594>, accessed 13 October 2022.

¹⁸⁶ https://www.lepoint.fr/societe/exclusif-l-ancien-appartement-d-arthur-interesse-la-justice-17-10-2013-1744815_23.php, accessed 13 October 2022.

¹⁸⁷ https://www.pappers.fr/entreprise/invest-service-group-514726686#_, Document inconnu 05/05/2011; https://www.lepoint.fr/societe/exclusif-l-ancien-appartement-d-arthur-interesse-la-justice-17-10-2013-1744815_23.php, both accessed 13 October 2022.

¹⁸⁸ https://www.pappers.fr/entreprise/invest-service-group-514726686#_, Document inconnu 10/09/2009, accessed 13 October 2022.

¹⁸⁹ Interrogation of the accused Bekhzod AKHMEDOV, 12 May 2015, based on execution of a request for mutual legal assistance from the [Swiss] Federal Prosecutor's Office on 5 December 2012 and a supplementary request on 24 March 2015 [in Swedish translated from French original].

¹⁹⁰ https://www.pappers.fr/entreprise/invest-service-group-514726686#_, Document inconnu 20/06/2011, accessed 13 October 2022.

¹⁹¹ https://www.lepoint.fr/societe/exclusif-l-ancien-appartement-d-arthur-interesse-la-justice-17-10-2013-1744815_23.php, accessed 13 October 2022.

¹⁹² <https://www.rferl.org/a/whos-who-uzbek-money-laundering-scandal/24993196.html>, accessed 13 October 2022.

¹⁹³ https://www.pappers.fr/entreprise/invest-service-group-514726686#_, Document inconnu 07/12/2012, accessed 13 October 2022.

¹⁹⁴ <https://www.zimbio.com/photos/Gulnara+Karimova/Akmal+Saidov/1uITihLRXhV/Press+Conference+Organizers+Guests+Participants>, accessed 14 October 2022. Saidov should not be confused with an older man of the same name, the head of Uzbekistan's National Center for Human Rights and a former independent presidential candidate.

¹⁹⁵ <https://www.occrp.org/ru/daily/11860-13-5>, accessed 20 November 2022.

¹⁹⁶ Document supplied by Prof. Kris Lasslett, University of Ulster.



7. Château de Groussay, Rue de Versailles, 78490 Montfort l'Amaury¹⁹⁷

Bought for: a reported €28 million (\$38.99 million) around February 2010

Company used: SCI Château de Groussay (later renamed Rubis International), France

Status: Seized by the French authorities and the money repatriated to Uzbekistan

Karimova's French 'jewel in the crown' was Château de Groussay, an historic castle built in 1815 for the Duchesse of Charost, the daughter of the governess of Louis XVI and Marie Antoinette.¹⁹⁸

The SCI company was originally called Château de Groussay, before it was renamed Rubis International in May 2011. The shareholders of this company in a 95 to 5 percent split were Rustam Madumarov and a woman called Larissa Sablina. According to Bekzod Akhmedov when interviewed by Swiss investigators, Sablina was

another of Karimova's cleaners.¹⁹⁹ As with Yemelyanova, it is unclear what Sablina knew of her involvement – her signature is on the property's documentation, which is in French, a language she would be unlikely to understand.

This information matches what is written in Karimova's list which lists a château under the name of 'Rubis' with 'RM' and 'LS' given as the shareholders. The company's original manager was Bekzod Akhmedov,²⁰⁰ another associate of Karimova. In July 2012, Madumarov replaced Akhmedov as the company's manager – after a warrant had been issued by Uzbekistan in June for Akhmedov's arrest which occurred in Geneva the following month.²⁰¹ In March 2019, Akhmedov was charged along with Karimova in the United States in relation to the telecoms bribery scheme.²⁰²

Karimova's notes indicate that the château and the Saint-Tropez villa (#8 below) accrued fees over \$259,460 every six months, including payments for house staff and gardeners.²⁰³

In 2020, the Uzbek government announced that all three of Karimova's French properties had been sold and the money returned to the budget.²⁰⁴ As reported above, three NGOs issued a press release highlighting concerns over the lack of transparency regarding this repatriation.²⁰⁵ The Paris apartment was reportedly sold for €14 million, over two times less than what it was bought for.²⁰⁶ €2 million was retained by French authorities for reimbursement of their costs related to investigation. In total, the Uzbek authorities announced that they had received \$20 million from France,²⁰⁷ in two tranches,²⁰⁸ considerably less than the €61.5 million that Karimova paid for the properties.



8. Villa Gassin, 34 LOT Chenaræ 1, Gassin 83580, Saint-Tropez.²⁰⁹

Bought for: a reported €2.5 million (\$3.32 million)²¹⁰ around May 2010

Company used: SCI Villa Gassin (later renamed SCI Invest Studio), France

Status: Seized by the French authorities and the money repatriated to Uzbekistan

Villa Gassin is a villa located in the fashionable village of Saint-Tropez on the French Riviera, famous for its links to French New Wave cinema and music. The SCI company was originally called Villa Gassin, but was renamed Invest Studio a year later.²¹¹ Karimova and Yemelyanova were the company's shareholders, split 95 percent to 5 percent.²¹² The company's original address was 1 avenue du Maréchal Maunoury, 75016, the address of Karimova's Paris apartment, though this was moved in 2011, likely to create a separation between the properties.²¹³

As with SCI Invest Service Group (#6 above), its original manager was changed from Alisher Ergashev to Akmal Saidov, another Karimova associate, in December 2012.²¹⁴



SWITZERLAND

9. 7 Chemin de la Prévôté, Coligny

Bought for: CHF 18 million (\$16.6 million) in January 2009

Company used: Likely in own name

Status: Frozen by the Swiss authorities

Karimova purchased one property in Switzerland near Lake Geneva. The purchase included 2,473m² of land which included two houses and three facilities, a garage, a greenhouse, and another small building.²¹⁵ It is likely that Karimova bought it in her own name.²¹⁶ At the time of the purchase she was posted in Geneva as the Permanent Representative of Uzbekistan to the United Nations.²¹⁷

In December 2013, a few months after Karimova had been removed from her positions of authority in Uzbekistan, activists broke into this house to find

hundreds of luxury items, including gold and diamond jewellery, a Bentley and a Mercedes, and an 18th-century Koran inlaid with precious stones. The property also included many artworks, including rare paintings by celebrated Uzbek artists. It was believed that the paintings had been illegally removed from Uzbek museums and galleries and smuggled out of Uzbekistan by Karimova.²¹⁸ Uzbek diplomats were reported to have visited to the house the day after the activists broke in, leaving with the two cars.

In January 2020, the Uzbek prosecutor's office, in cooperation with its Swiss counterpart, had seized 70 works of art found during a search of Karimova's home with the intention of returning the works to Uzbekistan.²¹⁹

¹⁹⁷ <https://www.for.kg/news-587302-en.html>, accessed 14 October 2022.

¹⁹⁸ <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/following-gulnaras-money>, accessed 14 October 2022.

¹⁹⁹ Interrogation of Bekhzod AKHMEDOV, by Swiss authorities, 12 May 2015.

²⁰⁰ https://www.pappers.fr/entreprise/rubis-international-520369224#_, Document inconnu 5/5/2011, accessed 18 October 2022.

²⁰¹ The original webpage from the Uzbek prosecutor's office is no longer available but an archived version can be accessed here: https://web.archive.org/web/20131030083919/http://genprok.gov.uz/index.php?option=com_content&view=article&id=353:uzmobile&catid=37:2012-04-16-08-19-14&Itemid=226&lang=ru, accessed October 18 2022.

²⁰² <https://www.justice.gov/usao-sdny/pr/former-uzbek-government-official-and-uzbek-telecommunications-executive-charged-bribery>, accessed 14 October 2022.

²⁰³ Document supplied by Prof. Kris Lasslett, University of Ulster.

²⁰⁴ <https://www.occrp.org/en/daily/12574-uzbekistan-sells-karimova-s-paris-property>, accessed 14 October 2022.

²⁰⁵ <https://www.asso-sherpa.org/a-missed-opportunity-frances-return-of-gulnara-karimovas-illegally-acquired-assets>, accessed 14 October 2022.

²⁰⁶ <https://qazaqtimes.com/en/article/65310l>, accessed 14 October 2022.

²⁰⁷ <https://www.asso-sherpa.org/a-missed-opportunity-frances-return-of-gulnara-karimovas-illegally-acquired-assets>, accessed 14 October 2022.

²⁰⁸ <https://www.reuters.com/article/swiss-uzbekistan-probe-idUSL8N1G873S>, accessed 14 October 2022.

²⁰⁹ <https://ztb.kz/fotografii/dom-na-rublevke-i-apartamenty-v-evropejskih-stolicah-cem-vladela-gulnara-karimova>, accessed 14 October 2022.

²¹⁰ <http://www.timesca.com/index.php/news/5824-sleaze-wars-in-uzbekistan-snb-another-provocation>, accessed 25 October 2022.

²¹¹ https://www.pappers.fr/entreprise/invest-studio-522215573#_, Décision(s) des associés: Nomination(s) de gérant(s) 4/5/2010 and Décision(s) des associés 06/05/2011

²¹² *Ibid.* Décision(s) des associés : Nomination(s) de gérant(s) 4/5/2010

²¹³ *Ibid.* Décision(s) des associés : Nomination(s) de gérant(s) 4/5/2010 and Décision(s) des associés : Modification(s) statutaire(s)17/6/2011

²¹⁴ *Ibid.* Procès-verbal d'assemblée générale ordinaire : Changement(s) de gérant(s) 7/12/2012

²¹⁵ <https://mutabar.org/en/2013/03/21598>, <https://eurasianet.org/uzbek-dissident-claims-gulnaras-geneva-home-holds-national-treasures>, both accessed 20 November 2022.

²¹⁶ <https://ztb.kz/fotografii/dom-na-rublevke-i-apartamenty-v-evropejskih-stolicah-cem-vladela-gulnara-karimova>, accessed 20 November 2022.

²¹⁷ <https://www.reuters.com/article/swiss-uzbekistan-probe-idUSL8N1G873S>, accessed 14 October 2022.

²¹⁸ <https://www.ozodlik.org/a/25212119.html>, <http://www.profi-forex.org/novosti-mira/novosti-sng/uzbekistan/entry1008192607.html#prettyPhoto>, accessed 14 October 2022.

²¹⁹ <https://www.uzbekforum.org/valuable-artefacts-seized-from-gulnara-karimovas-homes>, accessed 14 October 2022.



HONG KONG



10. Flat A on 80th Floor with flat roof of Block 2A (Penthouse), The Arch, No.1 Austin Road West, Kowloon, Hong Kong

Bought for: HK\$206 million (US\$26.54 million) in 2008, transferred in 2009 for HK\$110 million (US\$14.2 million)

Company used: Rudolph Alliance, British Virgin Islands

Status: Sold in 2016 for HK\$423.8 million (US\$54.63 million)

According to Hong Kong property register documents, this penthouse apartment was bought for just over HK\$206 million (US\$26.54 million) by Zeromax GmbH in September 2008, with a declaration that it was to be used as office space. An additional \$2 million was spent on broking and design services.²²⁰

As discussed above, Karimova was the beneficial owner of Zeromax, a Swiss corporation, which she used to expropriate shares in various other companies.²²¹ The solicitor for Zeromax GmbH in this property transaction was Anthony Chi Tat Lam, a partner in M.K. Lam & Co, a firm of solicitors based in Hong Kong.

Just five months later in February 2009 the property was flipped to a company called Rudolph Alliance for only HK\$110 million (US\$14.2 million), just over half of what Zeromax bought it for.²²²

The ownership through Rudolph Alliance tallies with Karimova's list of properties given above which says that a "Hong Kong apartment" is linked to a company called "Rudolph". The sale document of the flat from Zeromax to Rudolph indicates that

the director of Rudolph was Shohrukh Sabirov, another Karimova associate who was arrested in July 2012 in Geneva,²²³ and sentenced to 17 years' imprisonment in Uzbekistan in 2020 on corruption charges related to Karimova's schemes.²²⁴

The solicitor for Rudolph was Anthony Chi Tat Lam – the same man who had represented Zeromax just five months previously.²²⁵ The fact the same solicitor was used for different parties five months apart is further evidence of a link between Karimova, Zeromax and Rudolph. Neither Anthony Chi Tat Lam nor M.K. Lam & Co responded to enquiries sent by Freedom for Eurasia regarding their involvement in these property purchases.

As Zeromax GmbH was a vast Swiss holding company involved in a variety of businesses, it is likely that Karimova sold the property to Rudolph, even though she controlled Zeromax, to place the property more firmly under her ownership, especially seeing that there were growing problems at Zeromax, which declared bankruptcy the following year.²²⁶ She saved US\$12 million in the process – the difference between the price that Zeromax paid and what Rudolph paid five months later. A sudden or unexplained change in ownership or the immediate resale ("flipping") of property at a different value has been identified by UK law enforcement as possible signs that money is being laundered.²²⁷



²²⁰ <https://www.timesca.com/index.php/news/5824-sleaze-wars-in-uzbekistan-snb-another-provocation>, accessed 25 October 2022.

²²¹ See footnote 14.

²²² The [Hong Kong] Land Registry, Land Register, Property Reference Number (Prn): D0156309.

²²³ <https://www.rferl.org/a/uzbekistan-karimova-linked-to-money-laundering/24736143.html>, accessed 16 October 2022.

²²⁴ <https://www.occrp.org/ru/daily/11860-13-5>, accessed 20 November 2022; <https://www.theglobeandmail.com/world/article-hong-kong-the-arch-penthouse-kleptocracy>, accessed 16 October 2022.

²²⁵ Memorial of an instrument to be registered in the [HK] Land Registry, property reference number D0156309 assignment between MTR Corporation Limited and Zeromax GmbH, dated 10 October 2008; Memorial of an

instrument to be registered in the [HK] Land Registry, Memorandum of agreement for sale and purchase between Zeromax GmbH and Rudolph Alliance Inc., property reference numbers D0156309, D0143034, D0143043, D0143055, D0143063, dated 26 February 2009; assignment between Zeromax GmbH and Rudolph Alliance Inc, dated 26 February 2009.

²²⁶ <https://www.cityam.com/ey-hit-with-lbn-claim-for-one-of-the-largest-bankruptcies-in-swiss-history>, accessed 12 October 2022.

²²⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1094248/Estate_agency_and_letting_agency_business_guidance.odt, p76, accessed 16 October 2022.

²²⁸ <https://www.justice.gov/opa/file/826636/download>, p11, accessed 16 October 2022.

²²⁹ *Ibid.*

Karimova's notes indicate that the founder of Rudolph is "Exp, where RM is 100% owner". This is very likely a reference to Expoline Limited, a Hong Kong company directed by Madumarov who also held signatory authority for accounts held by it.²²⁸ In actuality, Karimova was Expoline's beneficial owner, and used the company to receive bribes, according to the DoJ.²²⁹

Hong Kong company records confirm that Madumarov acted as the director and sole shareholder of this company from 2006 to 2017,²³⁰ the last year the company filed an annual report. Expoline was finally dissolved in August 2021.

The Hong Kong property register suggests that there were unpaid fees regarding this property as of January 2015 – likely because by that time Madumarov was in jail – but these were paid by May 2016.²³¹ This begs the question of who was doing this, seeing that at this point both Madumarov and Karimova had been under house arrest or in prison in Uzbekistan since February 2014.

In November 2016 – while both Karimova and Madumarov were still incarcerated in Uzbekistan – Rudolph sold the property to an individual called Lok Hoi Yan for HK\$423.8 million (US\$54.63 million).²³² No links have been found between the buyer and Madumarov/Karimova.

As Rudolph is registered in the British Virgin Islands – a jurisdiction whose register publishes no information regarding company shareholders

or directors – it is unclear whether its owner at this point was still the Hong Kong company Expoline Ltd, and thus Karimova. However, even if the ownership of Rudolph had been shifted from Madumarov/Expoline Ltd, the property – and thus its sale – would still represent possible proceeds of crime as the U.S. Department of Justice had identified Expoline Ltd as a recipient in Karimova's bribe scheme.²³³ Changing the ownership of Rudolph Alliance would also be controversial, as it would in effect change the ownership of the property without declaring it to the Hong Kong authorities and would avoid stamp duty.

Yet two pieces of evidence points to Karimova (or someone close to her) still being the ultimate owner of this flat at its point of sale in 2016: firstly, the firm representing Rudolph in the sale was yet again M.K. Lam & Co – who had first represented Zeromax in the original purchase, and then Rudolph in its purchase from Zeromax. Secondly, the property document indicates that Rudolph's directorship had been moved from Shohrukh Sabirov to a man named Quan Wei.²³⁴ Someone of this name – a resident of China – is given as the director in May 2020 of another Hong Kong company called Epsilon (Asia) Limited.²³⁵ According to a press report from 2019, this company, in a consortium with U.S. registered Epsilon Development Co, is developing five oil and gas blocks in Uzbekistan.²³⁶ Another article describes an American citizen, Harry Eustace Jr, as being the director of Epsilon Development Co, something confirmed by his LinkedIn

page.²³⁷ Eustace and his father are alleged accomplices of Karimova: *A Dance with the Cobra* names Eustace Sr an adviser to Karimova's Zeromax GmbH and Eustace Jr as its vice president for business development.²³⁸ (In 2010, Eustace Jr said that it was misleading to state there was a connection between his father's company FMN Logistics and Gulnara Karimova: "I've never met her, my father's never met her."²³⁹)

This raises an interesting question: as Epsilon – a company which features an alleged former or current Karimova associate in its management – is doing business in Uzbekistan in 2022, long after the Uzbek authorities arrested her and many of her associates, it suggests two possibilities: either Karimova is still managing to conclude deals in her home country using trusted proxies, or that Karimova has been replaced as the beneficial owner of these structures by a person as yet unknown, who has taken over some of Karimova's business structures and associates. If the latter is true, this raises the possibility that Karimova may have been replaced as the beneficial owner of the Hong Kong flat in 2016.

Whoever was the beneficial owner of the flat at the point of sale made a healthy profit, selling it for over \$54.6 million. If Karimova remained the owner of Rudolph at this time, it means that while in jail she made a \$28.1 million profit on the purchase price to Zeromax, or \$40.43 million if we take the amount that Rudolph purchased it from Zeromax.

²³⁰ Hong Kong Company Register AR1 form, 2006, for Expoline Ltd, Company number 990217; Hong Kong Company Register AR1 form, 2015, for Expoline Ltd, Company number 990217.

²³¹ The [Hong Kong] Land Registry, Land Register, Property Reference Number (Prn): D0156309: 14/01/2015 Memorandum of Charge; 14/06/2016 Memorandum Of Discharge.

²³² The [Hong Kong] Land Registry, Land Register, Property Reference Number (Prn): D0156309: 15/11/2016 Agreement for Sale And Purchase Lok Hoi Yan.

²³³ <https://www.justice.gov/opa/file/826636/download>, p11, accessed 16 October 2022.

²³⁴ Agreement made on 8 November 2016 between the vendor [Rudolph Alliance Inc] and purchaser [Lok Hoi Yan], p23.

²³⁵ Hong Kong Company Register Nar1 form, 2020, Epsilon (Asia) Limited, Company number 2240820.

²³⁶ <http://tashkenttimes.uz/economy/4533-epsilon-discovers-field-in-uzbekistan-with-10-million-tons-of-oil-and-7-bcm-gas-reserves>, accessed 16 October 2022.

²³⁷ <https://www.linkedin.com/in/harry-eustace-iii-350ba251>, accessed 16 October 2022.

²³⁸ *Cobra*, p13, p41.

²³⁹ <https://eurasianet.org/ndn-operator-we-have-no-connection-to-gulnara-karimova>, accessed 16 October 2022.



RUSSIA

In February 2022, the Uzbek ministry of justice claimed that Karimova held \$6 million in Russian banks, and owned a penthouse, a mansion and eight apartments in Moscow, and a hotel, a house, and a parcel of land in Crimea, the Ukrainian peninsula occupied by Russia since 2014.²⁴⁰

This was followed by reports in September 2022 that a Russian court had seized six apartments in Moscow that belonged to Karimova, with the Uzbek minister of justice commenting that the proceeds from the sale of the properties would be split evenly between Uzbekistan and Russia, though no monetary value was given on how much was received or estimated to be received, or how the money was to be recovered.²⁴¹ Freedom of Eurasia has also not been able to locate any Russian court record pertaining to the seizure.

Freedom for Eurasia has been able to confirm Karimova's ownership of three properties, using information first released in 2012 that claimed she owned various properties in Russia.²⁴²



11. Apt. 122, No. 32, Residential Complex "Camelot", Komsomolsky Prospect, Khamovniki district, Moscow.

Bought: in 2003 for unknown amount but valued at 187.6 million roubles (\$2.51 million) in 2021

Company used: Own name then from 2013 Congreve International Ltd, British Virgin Islands

Status: Sold in 2019

The first Russian property confirmed by Freedom for Eurasia to have been bought by Karimova is an apartment on Komsomolsky Prospect close to Frunzenskaya metro station, a short walk away from the Moscow River and the Luzhniki stadium in the southwest of Moscow. Russian property records confirm that "Gulnora Islamovna Karimova" owned this apartment from 14 October 2003 to 6 May 2013. It is described on some websites covering Karimova's properties as a "three-level apartment"²⁴³ and the property record confirms the apartment is very large – 334.3m². (The average UK house size is 99m², with flats averaging 43m².) This property was mentioned by the Uzbek ministry of justice in 2020 as having been owned by Karimova.²⁴⁴

The property is valued, as of January 2021, at 187.6 million roubles (\$2.51 million²⁴⁵), though it is unclear what Karimova bought and sold it for. However, the apartment is unlikely to have been one of the properties seized by Russian authorities as Karimova, or someone close to her, sold it in 2016: it currently belongs to TGC, a Russian company which supplies pipes to Gazprom and Transneft.²⁴⁶

²⁴⁰ <https://www.rferl.org/a/uzbekistan-karimova-moscow-apartments-confiscated/32031848.html>, accessed 16 October 2022.

²⁴¹ *Ibid.*

²⁴² <https://ztb.kz/fotografii/dom-na-rublevke-i-apartamenty-v-evropejskih-stolicah-cem-vladela-gulnara-karimova>, accessed 16 October 2022.

²⁴³ <https://web.archive.org/web/20131228040612/http://www.respublika-kaz.info/news/politics/34569>, accessed 16 October 2022.

²⁴⁴ <https://www.currenttime.tv/a/rossiyskiy-sud-konfiskoval-shest-moskovskih-kvartir-karimovoy/32031172.html>, accessed 16 October 2022.

²⁴⁵ <https://www.exchangerates.org.uk/RUB-USD-spot-exchange-rates-history-2021.html>, accessed 16 October 2022.

²⁴⁶ <https://rublevka.proekt.media/person/karmanova-alisa-viktorovna/>, accessed 16 October 2022.



12. No. 7, Trading House ILIN, Gorky-2, Odintsovsky district, Moscow²⁴⁷

Bought: in 2003 for unknown amount but valued at 101 million roubles (\$1.5 million) in 2021

Company used: Own name then from 2013 Eswan Industries Limited, British Virgin Islands

Status: Sold in 2019

Another Karimova property mentioned by the Uzbek ministry of justice in 2020 as having been owned by Karimova,²⁴⁸ is a small house located to the west of Moscow, in Rublyovka, home to some of Russia's most expensive real estate.²⁴⁹

Property records confirm that "Gulnora Islamovna Karimova" owned this property and land from July 2003 to 8 May 2013, this latter date being two days after the above apartment on Komsomolsky Prospect was also transferred out of her name (see below for more details on the transfer). The size and the value of the property is not given in the official document but a webpage about Moscow property says that the land encompasses 23 acres and is worth 101 million roubles (\$1.5 million).²⁵⁰ In Karimova's notes regarding the property, the property cost over \$32,760 a year to maintain which includes costs for cleaning of the forest area and rental of the forest territory.²⁵¹

In April 2013 – a month before Karimova had transferred the two Moscow apartments out of her name – she sold the top floor flat of the Chesham Place block in London, indicating that she may have been cashing out various assets as she lost power in Uzbekistan. However, evidence suggests that she did not sell the Moscow properties, but merely transferred them to offshore companies in order to hide her ownership of them. The property on Komsomolsky Prospect was bought by/transferred to a company called Congreve International Ltd, and the Rublyovka property to another called Eswan Industries Limited.²⁵² Companies of these name are found on the British Virgin Islands register.²⁵³ The BVI register does not give any details on company beneficial owners, shareholders or directors – one of the main reasons BVI companies are so popular with criminals and kleptocrats, as they provide a way of holding assets anonymously. As discussed above, Karimova used three other BVI companies to hold properties in the UK.

However, links between these two companies provides us with evidence that suggests the same person or people stood behind both companies, and thus owned the two apartments.

For example, according to the information that is available from the BVI register, both Congreve and Eswan were registered in the same four-month time period: Congreve in late October 2012 and Eswan in January 2013. Both were registered by the same agent – Jordans Trust Company – and both had the same agent at the time they were struck off – Vistra (BVI) Limited. Eswan was struck from the BVI register for non-payment of annual fees in November 2014²⁵⁴ and Congreve in May 2015²⁵⁵ – Karimova and Madumarov had been arrested in February 2014, so the strike offs roughly fit this timeframe, given that companies would first be issued warnings for non-payment before being struck off. Later, both were restored to the register on exactly the same date – 31 October 2017. Both were finally dissolved in the same three-month period – in April 2020 (Eswan) and June 2020 (Congreve).²⁵⁶

We can go further in our attempts to tie these companies to Karimova by showing links to other BVI companies that have been confirmed to have been controlled by her. The SFO investigation in the UK suggests that Karimova was the beneficial owner of a BVI company called Rawtenstall International Limited, which was registered in

²⁴⁷ The addresses in Russia are: Москва, Хамовники, пр-кт. Комсомольский, д. 32, кв. 122; Одинцовский район, п. Горки-2, Торговый дом "ИЛИН", д. 7.;

²⁴⁸ <https://www.currenttime.tv/a/rossiyskiy-sud-konfiskoval-shest-moskovskih-kvartir-karimovoy/32031172.html>, accessed 16 October 2022.

²⁴⁹ <https://www.businessinsider.com/putin-wealthy-russians-lifestyle-moscow-neighborhood-money-2019-9?r=US&IR=T>, accessed 16 October 2022.

²⁵⁰ <https://rublevka.proekt.media/person/karmanova-alisa-viktorovna/>, accessed 16 October 2022.

²⁵¹ Document supplied by Prof. Kris Lasslett, University of Ulster.

²⁵² Confirmed by Russian property records seen by Freedom for Eurasia.

²⁵³ Confirmed by BVI company search conducted by Freedom for Eurasia, May 2022.

²⁵⁴ <https://eservices.gov.vg/gazette/sites/eservices.gov.vg.gazette/files/governmentandstatutorynotices/G00669.pdf>, accessed 16 October 2022.

²⁵⁵ <https://www.mossackfonseca.com/wp-content/uploads/2019/07/78-15th-October-2015-Part-1.pdf>, accessed 16 October 2022.

²⁵⁶ Information from the BVI company registry following company search request.



13. No 58, 6/1 Sivashskaya Street, Moscow

May 2011 and used by her to buy the mansion in Virginia Water in August 2011.²⁵⁷ Rawtenstall has the same combination of agents as Congreve and Eswan: its first agent was Jordans Trust Company and its last was Vistra (BVI) Limited. Although this is not proof, it is strong evidence that Karimova retained these two Moscow properties. Both of these properties were sold in the same five-month period: the Rublyovka apartment in May 2019 and the Komsomolsky Prospect apartment in September 2019. This suggests someone working for Karimova may have been able to arrange a sale, despite her incarceration.

The Rublyovka apartment was sold to Alisa Karmonova who is reported to be the wife of Alexander Karmanov, a Russian businessman who owns Russian company, TGC, and sponsors President Putin's judo club.²⁵⁸ As discussed above, two days prior to the Rublyovka sale, his company TGC bought the Komsomolsky Prospect apartment from a BVI company likely controlled at that time by Karimova or someone close to her.

Bought: in June 2004 for 5.345 million roubles (\$72,700)

Company used: Held in the name of Irina Vladimirovna Yemelyanova

Status: Still owned by Karimova via Yemelyanova

A third property on Sivashskaya Street, near the Nakhimovsky Prospekt metro in the south of Moscow, is still held – as of October 2022 – by an associate of Karimova. This property is given on some websites as being owned by Madumarov; however, his name has never been on the property record. Instead, a woman called Irina Vladimirovna Yemelyanova has owned it since June 2004. Yemelyanova is one of Karimova's cleaners, according to Karimova's associate Bekzod Akhmedov when interviewed by Swiss investigators.²⁵⁹ Yemelyanova was also used by Karimova as a shareholder in Invest Service Group, the company which owned Karimova's Art Deco apartment on Avenue du Maréchal Maunoury in Paris.²⁶⁰ The Sivashskaya Street flat is small (31.6m²) and worth only 5.345 million roubles (\$72,700).²⁶¹ It is unclear how much Yemelyanova knows about her involvement in this and other property in Russia.

Online lists give a further apartment in Moscow purportedly owned by Karimova, yet records indicate that it has been owned since January 2003 by two women – Anna and Maria Savelyeva – who have no known connection to Karimova. Karimova's own list only mentions two properties in the Russian capital – the two mentioned above: the Camelot apartment on Komsomolsky and the property on Rublyovka.

Information from the Uzbek authorities indicates that they believe she owned these two properties and eight others. As the Sivashskaya Street property was not seized (it is still owned by Yemelyanova), it is unclear where these eight properties are located. The fact that only six were seized suggest that two may have been sold, along with the Rublyovka property and Camelot apartment. As stated above, there is no official information from the Russian authorities about these property seizures.

²⁵⁷ <https://www.thegazette.co.uk/notice/3449404>, accessed 16 October 2022.

²⁵⁸ <https://rublevka.proekt.media/person/karmanova-alisa-viktorovna>, accessed 16 October 2022.

²⁵⁹ Interrogation of Bekhzod AKHMEDOV, by Swiss authorities, 12 May 2015.

²⁶⁰ https://www.pappers.fr/entreprise/invest-service-group-514726686#_, Document inconnu 10/09/2009, accessed 13 October 2022.

²⁶¹ Russian property documents seen by Freedom for Eurasia.



UKRAINE



14. No. 55 Kiparisnaya Street, Beregovoe village, Yalta, Crimea

Bought on: Unknown date, records give value as 164,203 rubles (\$2,000)

Company used: Held in the name of Irina Vladimirovna Yemelyanova

Status: Still owned by Karimova via Yemelyanova

Karimova's property list indicates that she owned "3 units of real estate in Yalta registered to Irina Yemelyanova," Karimova's cleaner, giving them as "sleeping accommodation No. 15; 3 small homes No 55, 54, and 3". Online lists have suggested these properties are on Kiparisnaya Street in Beregovoe village, Yalta, on Crimea, a Ukrainian peninsula currently occupied by Russia.²⁶²

Russia's occupation of Crimea creates difficulties regarding the confirmation of property ownership. However, Russian records obtained in July 2022 by Freedom of Eurasia regarding these specific properties reveal that 55 Kiparisnaya Street is indeed owned by Irina Vladimirovna Yemelyanova, although the entry does not give the date on which it was acquired. The

entry gives the value of the property as just 164,203 rubles (\$2,000), which may not be accurate given its low value. Information was not available for 3 or 54 Kiparisnaya Street. According to Russian records, 15 Kiparisnaya is a toilet, and is not owned by Karimova or a known associate.²⁶³

In 2020, the Uzbek authorities claimed Karimova owned a hotel complex, a residential building and a land plot in Yalta with a total value of more than \$2 million. This information may stem from articles published in 2014 which say that Karimova owned a hotel or spa complex. Freedom for Eurasia has not been able to verify this information.

Photographs of the supposed complex given in online articles suggest it is the Hotel Kastropol, which is located on the same street in Beregovoe as the above property – at 1 Kiparisnaya, building 15.²⁶⁴ However, no current or prior link to Karimova was found by Freedom for Eurasia, based on available property records.

²⁶² <https://web.archive.org/web/20131228040612/http://www.respublika-kaz.info/news/politics/34569>, accessed 16 October 2022.

²⁶³ Russian property records seen by Freedom of Eurasia.

²⁶⁴ <https://ztb.kz/fotografii/dom-na-rublevke-i-apartamenty-v-evropejskih-stolicah-cem-vladela-gulnara-karimova>, accessed 16 October 2022.



DUBAI

Online articles state that Karimova owned eight separate properties and land in Dubai, United Arab Emirates, including some of world's most exclusive penthouses. These are reportedly two apartments in Damac Heights (an apartment block now called the DAMAC Residenza that overlooks the Palm Jumeirah), three properties in the Jumeirah Lakes Towers (penthouses #4001, #4002 and #4003), two apartments in the Zabeel Saray Royal Residence (#31 and #33), on the Palm Jumeirah and some land in the first line of The Palm Jumeirah.²⁶⁵

These reports state that the Zabeel Saray apartments were acquired by Karimova for \$36.9 million, though it is unclear if this is for both apartments or just for one, and that the land in the Palm Jumeirah was bought for \$13.1 million.²⁶⁶ One article suggests that these apartments were held in the name of one of her employees from her Tashkent headquarters,²⁶⁷ if this is accurate it is unclear how much the employee would have known of his involvement.

It has not been possible to verify any of these acquisitions as the Dubai property register is not public. Karimova does not mention any Dubai property in her own list, although not all of her properties were included. The Dubai police did not respond to emailed enquiries from Freedom for Eurasia.

According to the Uzbek prosecutor's office, Uzbekistan was looking to recover Karimova's property in Dubai worth \$67.4 million, although these are described as "hotels",²⁶⁸ perhaps a reference to the fact that some of the apartments are located in hotel complexes.



UZBEKISTAN

Karimova's main residence in Uzbekistan was a luxury villa located around a lake resort 100 kilometres northeast of the country's capital, Tashkent. The property was reported to include 94 acres of land, a winery, a disco hall, a private cinema, an amphitheatre, indoor and outdoor swimming pools, a tennis court and a Japanese winter garden. The lands apparently were festooned with dozens of blue fir trees that officials said cost \$5,000 each.²⁶⁹ In April 2021 it was reported that the house and lands were for sale.²⁷⁰ Karimova was also reported to have a small mansion in the Bostanlyk district of Tashkent.²⁷¹

Uzbek authorities also claimed that in total 985 historical, cultural and artistic objects valued at 12.7 billion Uzbek soum (\$33.5 million) including paintings, suzannis (large decorative handmade embroidered wall panels), ornaments, ceramics, and wooden handicrafts were seized from Karimova's homes.²⁷²

²⁶⁵ *Ibid.*

²⁶⁶ *Ibid.*

²⁶⁷ <https://www.timesca.com/index.php/news/5824-sleaze-wars-in-uzbekistan-snb-another-provocation>, accessed 25 October 2022.

²⁶⁸ <https://timesofmalta.com/articles/view/maltese-registered-plane-embroiled-in-uzbek-probe.654565>, accessed 16 October 2022.

²⁶⁹ <https://www.reuters.com/world/asia-pacific/uzbekistan-seeks-buyer-luxury-villa-ex-leaders-daughter-2021-04-16/>, accessed 16 October 2022.

²⁷⁰ *Ibid.*

²⁷¹ <https://zbt.kz/fotografii/dom-na-rublevke-i-apartamenty-v-evropejskih-stolicah-cem-vladela-gulnara-karimova>, accessed 16 October 2022.

²⁷² <https://www.uzbekforum.org/valuable-artefacts-seized-from-gulnara-karimovas-homes/>, <https://www.rferl.org/a/gulnara-karimova-s-swiss-mansion-being-searched-for-precious-art-objects/30374410.html>, accessed 16 October 2022.

CHAPTER 4

WHO WERE THE ENABLERS
OF THESE DEALS?



This story raises questions about what checks were done on the sources of wealth and the people Karimova used as proxies by the professionals who were involved in the transactions. This section examines what is known about those individuals, and their knowledge or lack thereof of Karimova's involvement, and their responsibilities under current money laundering legislation.

The apparent ease at which Karimova was able to receive hundreds of millions of dollars in bribes and buy luxury properties in numerous countries is concerning. The fact that she appears to have sold some of the properties while she was losing power and even when in prison is more so.

It begs the question how a similar situation could be prevented from happening in the future. Although asset recovery efforts are underway, the process is long and without guarantee of success – as it stands Karimova is set to receive tens if not hundreds of millions of dollars back – so it would be better if we could prevent such corrupted money from coming to our shores in the first place.

Schemes such as those set up by Karimova require the services of a whole range of professionals – trust and company service providers, accountants, tax advisors, wealth managers and bank officials. Likewise,

the purchase of property requires real estate agents and solicitors. In the UK, many of these professions fall within what are dubbed 'regulated industries' meaning that professionals working in these sectors are required to adhere to the UK's anti-money laundering regulations. In essence this means that a regulated industry professional – a lawyer dealing with clients' money, a banker opening an account for an overseas client, a real estate agent representing someone selling a property – must verify their client's identity and establish the source of their funds if they are involved in their transfer. In relation to economic crime, these professionals are often dubbed 'enablers' as their actions can, unwittingly or otherwise, allow money laundering to occur.²⁷³

For all the time her father was president of Uzbekistan, Gulnara Karimova would have been classified as a 'politically exposed person' (PEP) –

that is, a senior political figure or a member of their family. According to money laundering regulations first established in 2007, any financial institution or solicitor in the UK representing or transacting with a PEP needs to conduct further research, known as 'enhanced due diligence', in order to ensure that the PEP's sources of wealth are not criminal in origin.²⁷⁴

By definition, Rustam Madumarov was a politically exposed person by nature of his involvement in business with Karimova (as the regulations say: "any individual who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit of a person referred to in [the regulations]"²⁷⁵). He was also married to Karimova for a short time. However, as discussed below, Madumarov likely did not disclose his relationship to Karimova in order to escape scrutiny.

²⁷³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945411/NRA_2020_v1.2_FOR_PUBLICATION.pdf, Para 9.30, accessed 12 October 2022.

²⁷⁴ <https://www.legislation.gov.uk/uksi/2007/2157/regulation/14/made>, accessed 18 October 2022.

²⁷⁵ <http://www.legislation.gov.uk/uksi/2007/2157/schedule/2/made>, accessed 16 October 2022.

Enhanced due diligence also needs to be performed if certain risk factors are apparent – such as the client being from a country with high levels of corruption, or if the transaction is unusually large or complex. Therefore, even if Madumarov had not disclosed his ties to Karimova, his transactions in the UK should have been designated as high risk, given his country of origin, the high value of the properties he was buying, and the method of acquisition – using companies registered offshore.

If during the course of the due diligence process, the professional forms a suspicion that money is being laundered, then under UK law they must file what is known as a Suspicious Activity Report to the UK's National Crime Agency (NCA). Certain transactions, including those related to property purchases, cannot continue once a SAR has been issued until the NCA grants the professional go ahead – these are special SARs known as Defence Against Money Laundering SARs.

We now know that the capital flowing through Karimova's companies and into three of her UK properties were criminally acquired due to the SFO investigation, a claim which is not being contested by Madumarov. The case therefore poses some interesting questions for those regulated professionals that dealt with her companies. Were these professionals hoodwinked by sophisticated structures that hid the involvement of Karimova and disguised the origin of the funds? Or did they miss vital clues that suggested foul play? Were they unknowingly involved or actively complicit?

The following information has been gathered from the land registry documents, internet searches, and the SFO investigation.

It is of note that several of the companies have Russian speaking senior members of staff.²⁷⁶ This of course could be reflective of the need to cater to the great many wealthy Russians in London. However, it

could also indicate that Karimova's associates, whose first language was Russian, were actively searching out enablers who could speak this language.

This is not a complete list: it is still unknown which solicitors and other professionals acted for Karimova's associates in her purchase of property in Russia, France, Ukraine, Switzerland and elsewhere.

Inclusion in this section does not mean that the professionals and service providers involved: a) knew that Karimova stood behind these structures, b) knowingly committed any illegal acts, and c) were not in compliance with their responsibilities under the relevant laws and anti-money laundering regulations

²⁷⁶ These appear to include Beauchamp Estates, SH Landes, and Quastel Midgen.

TRUST & COMPANY SERVICE PROVIDERS

British Virgin Islands

All five of Karimova's UK properties were bought with three companies registered in the British Virgin Islands. All three companies (Oregon Group, Porchester Industries and Rawtenstall International) were registered by the same BVI trust and company service provider – **Jordans Trust Company (BVI) Limited**.

All have since been struck off the BVI register, after Oregon's agent resigned, and Porchester and Rawtenstall failed to pay an administration fee.²⁷⁷ This produces the curious situation of a company that is now defunct and no longer exists in legal form, but still owns property in the UK. As stated above, at the time the companies were dissolved, the agent of all of them was **Vistra (BVI) Limited**.

The British Virgin Islands. Karimova used companies registered in the British Virgin Islands to hide her property ownership. Credit: Henry aw / WikiCommons

Gibraltar

Karimova registered two Gibraltar companies, Takilant Ltd and Swisdorn Ltd, both of which received bribes from the telecoms companies, according to the DoJ.²⁷⁸ Both companies were late in filing certain documents.²⁷⁹ From 2004-2007, Swisdorn declared over £100 million in assets from 2004 to 2007²⁸⁰ before they dropped to £3 million in 2008.²⁸¹ Despite it having hundreds of millions of dollars flow through its accounts, as shown by the DoJ investigation, Takilant never reported having more than \$14.28 million in assets.²⁸²

Both companies were registered by a company called **Form-A-Co (Gibraltar) Ltd**. Form-A-Co also acted as company secretary for both Takilant and Swisdorn.²⁸³ Takilant's registration document was signed by Form-A-Co's owner, Johnathan Stagnetto.²⁸⁴ Gayane Avakyan was given as a shareholder in Takilant and Madumarov as the sole shareholder of Swisdorn in documents signed off by Form-A-Co from 2005.²⁸⁵

In correspondence with Freedom for Eurasia, Stagnetto commented that these clients had been referred through a professional introducer in Moscow "who had been referring solid business to our firm seamlessly since 1992". He added: "Our firm has always subscribed to the incorporation of its Gibraltar Companies on behalf of its clients. This explains why my signature appears on the Company incorporation documents. There was a time when it was possible to incorporate 'Shelf' companies in Gibraltar, that were then picked-up by prospective clients as empty shells to be populated with Directors and Shareholders of their choice. TAKILANT and SWISDFORN [sic] were 'Shelf' companies that our firm had incorporated at the behest of the Moscow introducer."²⁸⁶

The companies were registered in 2003/04 before the introduction of the UK's Anti-Money Laundering Regulations of 2007 and their Gibraltar equivalent, the Crime (Money Laundering And Proceeds) Act 2007. It was these regulations that mandated extra scrutiny – enhanced due diligence – on 'politically exposed people' or when certain risks were apparent.

As Stagnetto commented: “In 2004, the only specialist compliance tool that we had at our disposal (other than open source material) was the ability to cross-check passports against a global data base which would only throw-up red flags if the individual in question was ‘known’ to it,” adding that the fact that the business was referred from a previously trusted referrer acted as an additional “filter”.²⁸⁷

After the introduction of the regulations of 2007, those providing ongoing services such as acting as nominee company directors or secretaries had to conduct ongoing monitoring of these clients. There was no information in the public domain linking Avakyan and Madumarov to Karimova and alleged criminal activity until 2012. Stagnetto commented that he first learnt about Takilant’s “true function” when a Swedish journalist visited his office in 2012 and told him about the company’s link to suspicious payments coming from Swedish telecoms company, TeliaSonera. Stagnetto commented that he / Form-A-Co: “filed disclosures with all relevant authorities immediately following a report that appeared on Swedish television in 2012 regarding the TeliaSonera scandal.... upon reporting, our firm was instantly bound by ‘tipping-off’ provisions and forbidden from conducting any actions that could alert the perpetrators to the investigation.”²⁸⁸

This is a reference to provisions in Gibraltar’s Proceeds of Crime Act 2015 (POCA) and its predecessor legislation which make it a criminal offence for someone in a regulated industry to inform the client that a suspicious activity report has been made, and that an investigation is being carried out.²⁸⁹ Refusal of service would not necessarily amount to tipping off, but regulated professionals must be careful not to inadvertently alert the client that a filing to the authorities has been made.

According to Stagnetto the tipping off provision explains why Form-A-Co continued to act as company secretary for both companies until it resigned on 26 February 2014.²⁹⁰ On this same date, Stagenetto, on behalf of Form-A-Co, signed a document to say that both Takilant and Swisdorn no longer had the authority to maintain its registered office at Form-A-Co’s address.²⁹¹ A week earlier both Avakyan and Madumarov had been arrested by the Uzbek authorities.²⁹²

Stagnetto continued: “As soon as it became clear that the investigation had been successful in convicting the perpetrators, we felt able to resign our responsibilities for the company – until then we were forced to carry this case around with us like a cancer. Since 2012, all our files on TAKILANT LIMITED (and SWISDORN LIMITED) have been made subject to regular scrutiny

by international Law Enforcement Agencies, the Gibraltar Courts, our Financial Services Regulators, The Royal Gibraltar Police, and The Gibraltar Financial Intelligence Unit amongst others, and we have been actively and tirelessly engaged in defending the good name of our firm and our jurisdiction in this matter throughout.” Stagnetto added that he considered that both he and his firm were “victims, and not perpetrators” and that they “played an important part in bringing the attention of the authorities to these cases, and in supporting them in their pursuit of justice.”²⁹³

Stagnetto told Freedom for Eurasia that the story with Takilant Ltd did not end in 2014. He alleged that in 2018 Swiss law firm Mangeat Attorneys at Law LLC “had apparently been instructed by GULNARA KARIMOVA (who has always been unknown to us) to restore the Company to the Gibraltar Companies Register. When we refused to assist the lawyers with this process and warned them of the reputational consequences of pursuing this action, they became insistent, and we were eventually forced to warn them that they should desist from communicating with our offices again... We then learnt that these Swiss attorneys had managed to progress their instructions through the Gibraltar Courts and secured the appointment of a Court Appointed Receiver in Gibraltar to take forward the reinstatement of

²⁷⁷ BVI registry documents for Oregon Group and Porchester Industries.

²⁷⁸ <https://www.justice.gov/opa/file/826636/download>, p4, accessed 13 October 2022.

²⁷⁹ Takilant filed its equity report for both 2006/07 and 07/08 only in September 2009. The filings for 2008/09 and 09/10 were both filed in May 2011. Swisdorn filed its report for 2007/08, 2008/09 and 2009/10 only in May 2011. For full filings, see documents uploaded to OCCRP website, numbered sequentially, beginning https://cdn.occpr.org/projects/corruptistan/documents/uzbekistan/Takilant_01.pdf and https://cdn.occpr.org/projects/corruptistan/documents/uzbekistan/Swisdorn_01.pdf, both accessed 16 October 2022.

²⁸⁰ https://cdn.occpr.org/projects/corruptistan/documents/uzbekistan/Swisdorn_16.pdf, accessed 16 October 2022.

²⁸¹ https://cdn.occpr.org/projects/corruptistan/documents/uzbekistan/Swisdorn_33.pdf, accessed 16 October 2022.

²⁸² https://cdn.occpr.org/projects/corruptistan/documents/uzbekistan/Takilant_14.pdf, accessed 16 October 2022.

²⁸³ https://cdn.occpr.org/projects/corruptistan/documents/uzbekistan/Takilant_03.pdf, https://cdn.occpr.org/projects/corruptistan/documents/uzbekistan/Swisdorn_03.pdf, accessed 16 October 2022.

²⁸⁴ https://cdn.occpr.org/projects/corruptistan/documents/uzbekistan/Takilant_01.pdf, <https://www.formacogibraltar.com/team/jonathan-stagnetto>, accessed 16 October 2022.

²⁸⁵ https://cdn.occpr.org/projects/corruptistan/documents/uzbekistan/Swisdorn_15.pdf, https://cdn.occpr.org/projects/corruptistan/documents/uzbekistan/Takilant_08.pdf, both accessed 16 October 2022.

²⁸⁶ Email correspondence between Freedom for Eurasia and Jonathan Stagnetto, August 2022.

²⁸⁷ *Ibid.*

²⁸⁸ *Ibid.*

²⁸⁹ https://www.gfiu.gov.gi/uploads/docs/publications/sp0Xk_Guidance_Notes_for_Submission_of_SARs_v1.0.pdf, para 5.5, accessed 16 October 2022.

the Company so that they could pursue their brief in Switzerland on behalf of the Company.”²⁹⁴

A public record indicates that the reinstatement of Takilant eventually became the subject of a Court Order in Gibraltar, and it was restored to the Gibraltar registry on the 30 October 2019. Stagnetto said that his firm played absolutely no role in this and that they have completely disassociated itself from Takilant since 2014.²⁹⁵

The reinstatement of Takilant Ltd to the Gibraltar companies registry is troubling because of the clear link that has been made by various international law enforcement authorities, most notably the U.S., to criminal activity. As noted above, a Swiss court ruled in 2022 that around \$70 million could be returned to Takilant Ltd because it could not be tied to criminal activity, while further frozen funds are being contested in court. However, not only is the decision to unfreeze monies to Karimova being appealed by the Swiss authorities, there are reasons to investigate whether any money held by Karimova is legitimate given Karimova’s widely reported methods of extortion and other potentially criminal conduct. According to a knowledgeable source, Mangeat Attorneys at Law LLC is currently being paid through legal aid.²⁹⁶ It is therefore likely that the firm is working on the basis that they will receive a percentage of any monies recovered.

In response to Freedom for Eurasia, Mangeat Attorneys at Law LLC did not clarify the payment arrangement between itself and Karimova but said: “Our firm is bound by extremely strict rules and there is absolutely nothing to suggest, as your questions imply, that we would have escaped or even tried to escape strict compliance with these rules.”²⁹⁷

Freedom for Eurasia is not suggesting that Mangeat Attorneys at Law LLC is in violation of any law or regulation governing the legal sector in Switzerland.

United Kingdom

Karimova’s UK companies NNB Investments and Allstar Properties were registered by **Quick Access Formations** with a man named Graham Michael Cowan acting as the companies’ first director. It is clear that Cowan has made his living acting as a proxy director and shareholder in companies: Companies House say that his total number of appointments is 1,682, as of October 2022.²⁹⁸ Another company tracker gives a higher number: 2,655, including resigned positions.²⁹⁹

Panally Inc (see p.20) and Odenton Management’s initial directors were Edward and Sarah Petre-Mears. Like Cowan, the Petre-Mears – who appear to be resident in Nevis – work as proxy directors. Sarah Petre-Mears, described by *The Guardian* as a “sham director”, is linked to more

than 1,200 companies across a variety of jurisdictions with Edward listed as a director of at least a further 1,000 international firms.³⁰⁰

Both companies were registered by James Pearson of **Pearson Lowe Solicitors**, a law firm in London. This is not the first time Pearson Lowe Solicitors has been linked to companies involved in suspected dubious activity. Its address has been used for a variety of shell companies featuring Latvian nominee directors involved in a series of financial scandals and alleged frauds. In response, James Pearson said that his company provided legitimate services as a registered office for companies, but he was not aware of any unlawful activities involving any of them.³⁰¹ Pearson did not respond to specific emailed enquiries from Freedom of Eurasia regarding the Karimova case.

²⁹⁰ https://cdn.occrp.org/projects/corruptistan/documents/uzbekistan/Swisdnorn_38.pdf, https://cdn.occrp.org/projects/corruptistan/documents/uzbekistan/Takilant_37.pdf, accessed 16 October 2022.

²⁹¹ https://cdn.occrp.org/projects/corruptistan/documents/uzbekistan/Swisdnorn_39.pdf, https://cdn.occrp.org/projects/corruptistan/documents/uzbekistan/Takilant_38.pdf, accessed 16 October 2022.

²⁹² <https://www.occrp.org/en/daily/2334-uzbekistan-close-associates-of-presidents-daughter-detained>, accessed 16 October 2022.

²⁹³ Email correspondence between Freedom for Eurasia and Jonathan Stagnetto, August 2022.

²⁹⁴ *Ibid.*

²⁹⁵ *Ibid.*

²⁹⁶ Interview with a source knowledgeable about the Karimova Swiss repatriation case, September 2022.

²⁹⁷ Correspondence between Freedom for Eurasia and Grégoire Mangeat, 29 September 2022.

²⁹⁸ <https://find-and-update.company-information.service.gov.uk/officers/aPEH-ag55Ky7TkODitmlswyXA5M/appointments>, accessed 16 October 2022.

²⁹⁹ <https://suite.endole.co.uk/insight/people/13366484-mr-graham-michael-cowan>, accessed 16 October 2022.

³⁰⁰ <https://www.theguardian.com/uk/2012/nov/25/sham-directors-woman-companies-caribbean>, accessed 16 October 2022.

³⁰¹ <https://cpshaw.wordpress.com/tag/pearson-low/>, accessed 16 October 2022.

ACCOUNTANTS



SH Landes' former office was in this building just off New Oxford Street in London

United Kingdom

The accounts of two of Karimova's UK companies – Panally Ltd and Odenton Management Ltd – were prepared by **SH Landes LLP**, an accountancy firm formerly located on New Oxford Street in London. According to its website, its managing partner was Steven Landes and audit partner Filip Lyapov.³⁰²

In late July 2010, SH Landes contacted Isle of Man company service provider HL Fiduciaries.³⁰³ The aim was to register or acquire an Isle of Man company which would be used to purchase a private jet for around \$40 million. Although not leading the negotiations, Steven Landes was copied in for much of the correspondence, and was involved in the discussions with HL Fiduciaries.

SH Landes indicated that the sole beneficial owner of the company was to be Rustam Madumarov. Initially the only reference letter that SH Landes sent was from a Latvian bank, Parex Private Banking, which simply confirmed that Madumarov was a client.

HL Fiduciaries' owner, Lee Penrose, replied to SH Landes to say that "the most important things we need to verify are the sources of funds and source of wealth for Mr. Madumarov," adding that a "professional letter from a lawyer, banker or accountant

(with an internationally recognized qualification) who can could [sic] outline that they have know [sic] Mr Madumarov for some years and how he derived his wealth that would be greatly helpful."³⁰⁴

SH Landes replied first by asking if a letter from Expoline's accountants would be sufficient. In response, HL Fiduciaries asked for an explanation of how the \$40 million was generated. SH Landes said that the Isle of Man company would receive a \$40 million loan from Expoline Ltd, a company involved "in the provision of business consultancy services and property investments," adding, "Please note that Mr R Madumarov is not going to finance the purchase of an aircraft out of his own funds and we believe that the question regarding his personal wealth is not relevant in this situation."³⁰⁵

However, three days later SH Landes sent HL Fiduciaries amongst other documents a copy of Madumarov's passport, and a letter from Rocky Shek & Co – the Hong Kong auditors of Madumarov's company Expoline Ltd – which confirmed that Expoline was to loan the Isle of Man company the money to purchase the aircraft.

SH Landes also sent (on 5 and 6 August 2010) two versions of a statement of Madumarov's sources of wealth. The two statements were essentially the same: the first was unsigned, the

³⁰² <http://shlandes.com/about-steven-landes-filip-lyapov>, accessed 16 October 2022.

³⁰³ Information regarding this proposed transaction was provided to Freedom for Eurasia by a knowledgeable source.

³⁰⁴ Email from Lee Penrose, HL Fiduciaries, to SH Landes LLP, August 2010.

³⁰⁵ Email from SH Landes LLP to Lee Penrose, HL Fiduciaries, August 2010.

second had more detail and was signed by Shohrukh Sabirov in the form of a covering letter: “As a qualified banker in Uzbekistan... who has known Mr Madumarov for over fifteen years, I hereby confirm without providing legal guarantee that Mr Madumarov generated substantial income from the activities listed below and that this income was the source of his capital.”³⁰⁶

According to this statement of wealth, Madumarov’s income derived from: a) music, Madumarov being a member of popular music groups Anor and Dado,³⁰⁷ b) a \$100,000 loan from his brother, since repaid, with which Madumarov founded a company called the Terra Group, c) the Terra Group itself, which started off as a recording studio but grew into “the largest media company in Uzbekistan”, publishing glamour magazines and owning radio stations and a TV channel,³⁰⁸ d) Uzdonrobita, a mobile phone company, in which Madumarov “had an active participation in development of” including “assistance in equipment supply, helping with getting the additional frequencies.”³⁰⁹ Sabirov added that Madumarov’s “reward from this project was the award of a contract for management of the company and rights to share option.”³¹⁰

The statement concludes by saying that any income received from the above activities were reinvested in Expoline Ltd. Expoline’s Hong Kong accountants, Rocky Shek & Co, wrote to SH Landes LLP to confirm that Madumarov was Expoline’s company’s beneficial owner and that it was involved in “providing business consultancy services and property investments.”³¹¹ (Rocky Shek & Co did not respond to requests for comment from Freedom for Eurasia.)

SH Landes then sent a copy of Expoline’s 2008 accounts to HL Fiduciaries, which indicated that this company had subsidiaries in Uzbekistan involved in construction and other investments, and declared a profit of \$37 million on a turnover of over \$46 million.

The statement of wealth says that Terra Group was sold in 2008 and that Madumarov has had no legal involvement in it since that time. This does not appear to be true: the company was acquired by Karimova and was subsequently probed by the Uzbek authorities for bribe taking in February 2014.³¹² Madumarov and Avakyan were reportedly given prison sentences (although Avakyan’s was suspended) in relation to their involvement with Terra Group and two other companies.³¹³

There is no suggestion that SH Landes knew of Madumarov’s continued involvement in Terra Group, nor of Karimova’s involvement in it.

In correspondence with Freedom for Eurasia, HL Fiduciaries’ former owner, Lee Penrose commented: “HLF [HL Fiduciaries] was sold many years ago³¹⁴ and I do not have any access to company data or files... Whilst I recall we may have received an enquiry and had some initial email discussions, with perhaps a stock company being set aside, I do not believe this became a client relationship and that might be because our searches found details of the sort of articles that you mention [concerning Uzdonrobita]. ... Given an inability to access any records of the time (over 9 years ago now) I can only rely on my memory and speculate at this point.”³¹⁵

Records from the Isle of Man’s company register suggest Penrose is correct: the company in question that Madumarov was trying to purchase, Brant Trading Ltd, remained dormant until 2014 and does not appear to have been acquired by anybody. Sabirov is not listed as a director. The company remained ‘on the shelf’ and was dissolved two months after HL Fiduciaries was sold.³¹⁶

³⁰⁶ Statement of wealth of R. Madumarov, signed by Shohrukh Sabirov and sent to SH Landes, August 2010.

³⁰⁷ <http://www.last.fm/ru/music/%D0%94%D0%B0%D0%B4%D0%BE/+wiki>, <https://politnewsuzbek2012.wordpress.com/2012/08/16/rustam-madumarov-from-rags-to-riches>, both accessed 16 October 2022.

³⁰⁸ According to this statement, Terra Group was also one of the founders in 2002 of a bank called Bank Credit Standard but it sold its shares to a foreign investor in 2007. The statement says that Terra Group was sold in 2008 and Madumarov has had no legal involvement in it since that time, although this conflicts later reports published in 2012 – see for example, <https://politnewsuzbek2012.wordpress.com/2012/08/16/rustam-madumarov-from-rags-to-riches>, accessed 16 October 2022.

³⁰⁹ Statement of wealth of R. Madumarov, signed by Shohrukh Sabirov and sent to SH Landes, August 2010.

³¹⁰ *Ibid.*

³¹¹ Letter from Rocky Shek & Co to S H Landes LLP, August 2010.

³¹² <https://www.occrp.org/en/daily/2334-uzbekistan-close-associates-of-presidents-daughter-detained>, <https://www.rferl.org/a/uzbekistan-karimova-media-group-bribe-probe/25161152.html>, both accessed 16 October 2022. See also footnote 303.

³¹³ https://rapsinews.com/judicial_news/20140714/271718582.html, <https://eurasianet.org/uzbekistan-karimova-gets-fresh-13-year-sentence>, both accessed 16 October 2022.

³¹⁴ HL Fiduciaries was acquired by Cayman National Bank and Trust Company in 2013. This was mentioned on the following website, however it is no longer available or archived: <http://www.isleofman.com/news/details/59610/cayman-national-acquires-hl-fiduciaries-limited>, accessed August 2022.

³¹⁵ Correspondence between Freedom for Eurasia and Lee Penrose, August 2022.

³¹⁶ Information from Isle of Man company registry. See <https://services.gov.im/ded/services/companiesregistry/viewcompany>, <https://services.gov.im/ded/services/companiesregistry/viewcompany?iom?Id=bljrphY9TFUsUfcP80XjCA%3d%3d>, accessed 18 October 2022.



Uzbek authorities are looking to seize Karimova's jet, worth \$40 million, pictured here in 2011 in Geneva. Credit: Nick Dean

However, the private jet does appear to have been acquired, suggesting that Madumarov (and thus Karimova) found another company services provider willing to register or sell them a company. It is unclear whether SH Landes continued to assist Madumarov in this acquisition of a jet following the correspondence with HL Fiduciaries. Steven Landes did not respond to emailed enquiries from Freedom for Eurasia requesting comment.

Red flags for SH Landes

The information provided by SH Landes LLP to HL Fiduciaries raises several red flags. Firstly, there was SH Landes' apparent initial unwillingness to provide a statement of wealth for Madumarov. Secondly, SH Landes told HL Fiduciaries that Sabirov was to act as director of the Isle of Man company – which would have meant that Sabirov was in a position of conflicted interest, as he was vouching for Madumarov in the statement of wealth, while possessing a role in the company owned by

Madumarov that was to acquire the jet. Thirdly, and most importantly, the fact that Madumarov's statement of wealth included a reference to Uzdonrobota should have caused SH Landes to ask more questions.

Available online was a *Moscow Times* article in English from July 2004 that reported on how Russian mobile company, MTS, agreed to pay around \$159 million for Uzdonrobota, "a cellphone company owned by the controversial daughter of authoritarian Uzbek President Islam Karimov".³¹⁷ The article goes on to flag corruption concerns, citing a former adviser of Karimova who alleged that Karimova threatened to destroy Uzdonrobota if it did not give her a stake for free, that Uzdonrobota was paying Karimova hundreds of thousands of dollars for ill-defined consulting services, and that "Karimova siphoned some \$20 million out of Uzdonrobota using such fraudulent invoices". The former adviser also accused Karimova of

"racketeering".³¹⁸ In January 2004, *The Independent* featured an interview with Karimova in which she said she held a major share in Uzdonrobota.³¹⁹

At the time of the emails to HL Fiduciaries, Madumarov's links to Karimova were not publicly known, but SH Landes was submitting information to a company services provider that indicated a link between Madumarov and Uzdonrobota, and thus potentially to Karimova. As the transaction involved a high value acquisition (a private jet) on behalf of a citizen of Uzbekistan (a corrupt dictatorship), SH Landes should have been conducting enhanced due diligence on their client, Rustam Madumarov. This due diligence should have uncovered these articles, which should have led them to ask more questions about Madumarov's involvement in Uzdonrobota, whether he had any link to Karimova, and the alleged fraudulent activity Uzdonrobota was involved in using fake invoices to pay Karimova.

³¹⁷ <https://www.themoscowtimes.com/archive/mts-pays-premium-to-uzbek-princess>, accessed 16 October 2022.

³¹⁸ *Ibid.*

³¹⁹ <https://www.independent.co.uk/news/world/asia/she-is-the-jetsetting-daughter-of-uzbekistan-s-notorious-dictator-and-married-into-one-of-the-nation-s-wealthiest-families-but-her-bitter-divorce-could-derail-america-s-war-on-terror-now-she-tells-her-story-for-the-84765.html>, accessed 16 October 2022. Karimova is believed to have sold her stake in Uzdonrobota around June 2007, but retained ties to the company through Bekzod Akhmedov.

However, SH Landes' involvement with Karimova's associates does not end there: SH Landes also submitted the 2012 financial statements for a UK company, Panally Ltd, that were signed off by Gayane Avakyan on 27 September 2013 and filed at Companies House on 30 September 2013.³²⁰

This raises the most serious questions for SH Landes as it was some ten months after international media had started reporting on Karimova, Avakyan and other associates and their involvement in the telecoms scandal. For example, the BBC ran an article in November 2012 entitled: "Uzbekistan's Gulnara Karimova linked to telecoms scandal". The article states that:

The case against TeliaSonera centres on a small company called Takilant, which is registered in Gibraltar and owned by an Uzbek national called Gayane Avakyan. Little is known about Ms Avakyan - and how at the age of 29 she has ended up running a company negotiating mobile phone licences on behalf of the Uzbek government. However, in a photograph taken of her recently at a Paris Fashion show, she is sitting next to Ms Karimova³²¹

In other words, there was information in the public domain not only that Avakyan was an associate of Karimova – a politically exposed person – but that both Avakyan and Panally's owner – Takilant Ltd – were involved in what the

article described as "a high-level multi-million dollar fraud and corruption scandal in Uzbekistan", something later reiterated in the indictment of Karimova in the United States in 2019.

The article goes on to say that TeliaSonera's \$300 million payment to Takilant was being probed by a Swedish investigation, and that Takilant "had also caught the attention of the Money Laundering Reporting Office in Switzerland" and that Swiss prosecutors were investigating Avakyan and Bekzod Akhmedov.³²² This clearly creates the possibility that money flowing through Panally Ltd, a subsidiary company of Takilant, might have been obtained through criminal means. There is also the possibility that Karimova's companies comingled funds of both legal and illegal origin: the Panally accounts state that the company was involved in managing a variety of businesses in Uzbekistan. Yet there are still grounds for suspicion, given these media articles, and given what is known about Karimova's conduct in Uzbekistan. In these circumstances, if SH Landes was aware of such reports, it is clear that a suspicious activity report should have been filed to the National Crime Agency. However, concerns should have been raised as soon as Madumarov disclosed his link to Uzdonrobita, given the reporting in the public domain about the company which was easily findable in English at the time.

Not performing regular google checks on clients could certainly be considered negligent regarding a regulated professional's ongoing duties regarding the money laundering regulations. However, according to one legal expert, negligence does not equate to a failure to disclose suspicions of money laundering.³²³ This creates a possible loophole for regulated professionals – they can profess ignorance on certain aspects of their client's activities to avoid possible legal liability.

Steven Landes did not respond to emailed enquiries sent by Freedom for Eurasia on the above matters. A company called Hawksford acquired SH Landes LLP's corporate services clients in September 2018, with Steven Landes joining the Hawksford Group. He is listed on its website as its director of corporate services as of December 2022.³²⁴ A UK company called Zenith Audit Ltd announced around September 2021 that it had acquired SH Landes LLP in a management buy-out.³²⁵



³²⁰ Panally Ltd, Total exemption small company accounts made up to 31 December 2012, uploaded to Companies House 7 October 2013, 07 Oct 2013, <https://find-and-update.company-information.service.gov.uk/company/05193074/filing-history/MzA4NjUwODQ4NWFKaXF6a2N4/document?format=pdf&download=0>, accessed 20 November 2022.

³²¹ <https://www.bbc.co.uk/news/world-asia-20311886>, accessed 17 October 2022.

³²² *Ibid.*

³²³ <https://corkerbinning.com/failure-to-disclose-does-not-equate-to-negligence>, accessed 16 October 2022.

³²⁴ <https://www.hawksford.com/exceptional-people/united-kingdom/steven-landes>, accessed 7 December 2022.

³²⁵ <https://zenithaudit.co.uk/we-are-proud/>, accessed 7 December 2022. The article is undated but the internet archive suggests the webpage was first archived in September 2022. See <https://web.archive.org/web/20210917010715/https://zenithaudit.co.uk/we-are-proud/>. See also <http://shlandes.com/> which confirms the buy-out.

SOLICITORS

Hong Kong

The solicitor for Zeromax in the original purchase of Karimova's Hong Kong flat in 2008 was **Peter W.K. Lo & Co**, a firm based in Hong Kong. As stated above, the solicitor for Karimova's Rudolph Alliance, who bought the flat from Zeromax in early 2009, was Anthony Lam Chi Tat of **M.K. Lam & Co**, who was Zeromax's solicitor in the original purchase. The flat was then sold in 2016 – with Karimova or someone close to her likely reaping the proceeds – with M.K. Lam & Co again acting as the solicitor, despite the fact that at this point in time it was publicly reported that Madumarov was Karimova's business partner, that he was in jail in Uzbekistan in relation to his involvement in Karimova's criminal schemes, that Karimova was being investigated by the U.S. authorities for involvement in bribery, and that the U.S. authorities believed that Expoline Ltd – involved in the ownership structure of the flat at least in 2009 – was part of this bribery scheme.³²⁶

According to Hong Kong law, it is a statutory obligation for someone to report any suspicion they have that a property "in whole or in part directly or indirectly represents any person's proceeds of ... an indictable offence."³²⁷ Freedom for Eurasia contacted Anthony Lam Chi Tat and M.K. Lam & Co, requesting comment regarding their involvement. They did not reply.

Professor Kristian Lasslett described this transaction as "quite incredible," saying it was an example of assets linked to "arguably the most high-profile kleptocracy case in the world... escaping justice."³²⁸ As summed up by a Canadian journalist based in Hong Kong who reported on this case: "In 2020, authorities in Uzbekistan outlined plans to seize almost \$2-billion worth of Ms. Karimova's assets around the world. Thanks to the 2016 sale, the Hong Kong apartment will not be part of this, and the money its owners received appears to have vanished into a web of offshore companies, perhaps never to be recovered."³²⁹

³²⁶ <https://www.justice.gov/opa/file/826636/download>, p11, accessed 17 October 2022.

³²⁷ Under section 25 of the Organized and Serious Crimes Ordinance (Cap. 455). See <https://www.elegislation.gov.hk/hk/cap455>, accessed 17 October 2022.

³²⁸ <https://www.theglobeandmail.com/world/article-hong-kong-the-arch-penthouse-kleptocracy>, accessed 16 October 2022.

³²⁹ *Ibid.*



Quastels' former office was located in this building in London

United Kingdom Purchase of Chesham Place apartments

The land registry record for the front basement Chesham Place flat states that it is owned by Oregon Group Limited which is described as being “care of Quastel Midgen LLP”, a London law firm, now called **Quastels**, located at the time at 74 Wimpole Street, and since moved to an office in Baker Street.³³⁰ Quastels involvement in these property transactions is confirmed by the SFO investigation.³³¹ Quastels is not named as a defendant in the SFO case, and there is no suggestion of wrongdoing indicated by the SFO in its pursuit of this case.

The SFO investigation indicates that £10.76 million held on deposit at Emirates NBD Bank in various accounts held by Madumarov were also frozen.³³² This financial institution – a Dubai government-owned bank – does not appear in any of the documents related to the DoJ telecoms investigation, so it is likely that the account was used solely or predominantly for Karimova’s UK property purchases.

As the solicitor representing the Oregon Group, Quastels would have been required to perform due diligence on its activities, its owners and sources of funds. As discussed above, it is likely that Madumarov did not reveal his ties to Karimova: his

involvement as a proxy was clearly to hide Karimova’s ultimate control of properties and bank accounts. An example of this is the above proposed transaction regarding the purchase of the private jet through funds from Expoline Ltd – at no point was Karimova mentioned, though diligent professionals should have researched and raised flags over the mention of his involvement in Karimova’s former company Uzdonrobita.

Madumarov (and by extension Karimova) may thus have lied to their solicitors about the ultimate owner of the Oregon Group Ltd and the source of funds. In this event, the transaction could have been completed without Karimova’s apparent involvement, and the estate agent and solicitors may have been none the wiser.

However, the transaction should have been designated as high risk,³³³ which triggers enhanced due diligence, because the transaction posed various risk factors: Madumarov is a citizen of a corrupt jurisdiction, Uzbekistan, and was purchasing three apartments in cash without a mortgage for £14.67 million, likely using a bank account held outside the UK, the account in Dubai. If Madumarov was not physically present in the UK for identification purposes by the solicitor, this would represent another risk that would prompt enhanced due diligence.³³⁵

³³⁰ <https://www.quastels.com>, accessed 16 October 2022. The land registry record gives the same address as the company’s address given formerly on its website. Quastels changed its registered address to 54 Baker Street in December 2020.

³³¹ SFO v Karimova et al, Para 8.3 indicates that Madumarov, Porchester and Oregon (two of the BVI companies holding property for Karimova) held money in a Quastel Midgen LLP Client.

³³² SFO v Karimova et al, Para 8.3; <https://www.thegazette.co.uk/notice/3449404>, accessed 17 October 2022.

³³³ “A relevant person must— (a) determine the extent of customer due diligence measures on a risk-sensitive basis depending on the type of customer, business relationship, product or transaction”, <https://www.legislation.gov.uk/uksi/2007/2157/regulation/7/made>, accessed 20 November 2022.

³³⁴ UK companies house filings state that Madumarov’s citizenship is Tajik. Madumarov is of Tajik ancestry though it is unclear whether he possessed dual Tajik-Uzbek citizenship. The copy of Madumarov’s passport sent to HL Fiduciaries indicates Uzbek citizenship.

³³⁵ “Where the customer has not been physically present for identification purposes, a relevant person must take specific and adequate measures to compensate for the higher risk, for example, by applying one or more [further] measures.” <https://www.legislation.gov.uk/uksi/2007/2157/regulation/14/made>, accessed 20 November 2022.

If Madumarov did indeed present himself to Quastels as a non-PEP and Oregon's sole ultimate owner, the question then becomes whether the due diligence performed by the solicitor (a) could have discovered his ties to Karimova, and (b) should have provoked any suspicion as to the source of funds.

In relation to the first point, time-bound internet searches suggest that there was little publicly available information about Rustam Madumarov at the time of the property purchases in December 2010, and nothing to suggest a link to Karimova and/or nothing to suggest he should have been designated as a PEP. The 2007 regulations state that "for the purpose of deciding whether a person is a known close associate of a person referred to in paragraph (5) (a), a relevant person need only have regard to information which is in his possession or is publicly known."³³⁶ Had Madumarov not disclosed his ties to Karimova to the solicitor, with no information at that time in the public domain, Quastels could therefore not have identified him as a PEP.

Whether Quastels should have raised flags over the source of funds is a difficult question to answer: we do not know what documentation Madumarov presented to back up his claims on the source of funds, and how convincing this documentation was. However, the property purchases occurred in December 2010, just three months after Madumarov, via accountancy firm SH Landes, had presented a statement of wealth to an Isle of Man company services provider which

included a reference to Karimova's former company Uzdonrobita, as detailed above.

If the statement of wealth presented to Quastels also included a reference to Uzdonrobita, or if its research uncovered a link between this company and Madumarov, Quastels should have interrogated this information further, as media articles in the public domain identified Karimova as a shareholder in Uzdonrobita and documented allegations of fraudulent activity.

We do know that the transaction was completed – land registry records indicate that the three apartments in Chesham Place were bought by the Oregon Group – though it is impossible to know whether a suspicious activity report was filed as the filing of such is, and remains, confidential. We now know, because of the SFO freezing order, that the funds used to buy at least two of the flats at Chesham Place were alleged to be criminal in origin, a claim that is not being contested by Madumarov.³³⁷

We do not know who acted as the solicitor for the BVI companies involved in Karimova/Madumarov's purchase of Gorse Hill Manor in Virginia Water in 2011 or the small house in Mayfair in February 2012, but the same points apply as above: these purchases were made before reports of Madumarov's involvement with Karimova started to appear on the internet, and before stories started to emerge of the involvement of Karimova and her associates in the telecoms scandal.

Sale of top floor and rear basement Chesham Place apartments

As stated above, land registry records record the ownership of the Chesham Place apartments at the time of their purchase as the Oregon Group, care of Quastels (then Quastel Midgen). This does not necessarily mean that this firm continued to represent Oregon after the flats were bought. However, it is likely that the relationship continued in some form: the public notice regarding the later SFO investigation states that "the sum of approximately £46,861 and accrued interest held within a Quastel Midgen LLP client account at Coutts & Co Plc"³³⁸ was frozen in relation to the case against Karimova/Madumarov. According to the SFO, Madumarov is the beneficiary of "at least a proportion of the monies" in this client account.³³⁹ This suggests that at the time of the freezing order (October 2017) Madumarov was still formally a client of Quastels, as otherwise the funds would have been returned to their client when they ceased acting.

Given the comparatively small amount of money, and the fact that Madumarov was likely renting out the flats, it is possible that Quastel continued to manage Oregon's payments as a leaseholder – building insurance payments to the freeholder for the basement flat, for example, being necessary year to year. The only other explanation is that these were fees left over from the original property purchases in 2010, seven years before the SFO made its freezing order, which seems unlikely.

³³⁶ <http://www.legislation.gov.uk/uksi/2007/2157/regulation/14/made>, accessed 17 October 2022.

³³⁷ See footnote 119.

³³⁸ <https://www.thegazette.co.uk/notice/3449404>, accessed 17 October 2022.

³³⁹ SFO vs Karimova et al, 26 June 2020, para 24.

For the purchase of the Chesham Place properties, the above section argues that in 2010 there were no publicly known links between Karimova and Madumarov, though Madumarov might have inadvertently revealed a link himself if the statement of wealth or equivalent evidence – which would have been needed for the solicitors to satisfy themselves that the source of the money was legitimate – included a reference to Karimova’s Uzdonrobita phone company. However, by the time the rear basement and top floor property were sold in 2013 the situation was different. The top floor flat was put on the market on 29 March 2012 for £15.95 million. One month later, internet posts in English started to appear which indicated that Madumarov was Karimova’s partner, both personally and in business. For example, a blog post by an Uzbek political commentator published in English in April 2012 said that Madumarov was “[President] Karimov’s future son-in-law.”³⁴⁰ Another, published in August 2012, goes into significant detail about Madumarov and Karimova’s relationship, saying that Madumarov became her “minion” around 2000, that “he is ready to execute Gulnara’s orders with no complains [*sic*]”. It also accuses Madumarov of “raider capture” – expropriating businesses – in Uzbekistan.³⁴¹

While blog posts do not constitute verified information from a reputable media source, it should have been enough for a professional who

was performing due diligence on Madumarov, had they seen such posts, to raise a significant red flag over the sale of the property because of these purported links to Gulnara Karimova, a PEP from a corrupt state.

By the time the property was sold in April 2013, more articles – this time by reputable outlets such as the BBC and OCCRP – were readily accessible in the public domain linking Madumarov to Karimova, and linking Karimova to the telecoms scandal. As highlighted above, the BBC linked Karimova to the telecoms probe³⁴² in November 2012, and then in January 2013, TeliaSonera publicly addressed the issue of their payments to Karimova.

Under the 2007 regulations, Quastels was required to perform ongoing due diligence on their client, including when the client was carrying out “an occasional transaction”, such as a property purchase or sale.³⁴³ This should have entailed a re-examination of Madumarov’s status before the point of sale in April 2013. The flat was sold for £13.25 million, £2.7 million less than the original asking price, but still making Madumarov/Karimova a £912,000 profit.

We do not know when the rear basement flat was put on sale, but it was sold five months after the top floor flat, on 25 September 2013 for £1.85 million, a profit of £630,000. At this point, information had been in the public domain in English for 17 months suggesting that

Madumarov was Karimova’s boyfriend and may have been involved in corrupt, if not criminal, activity. If her status as a PEP and already notorious reputation was not enough, the situation with Karimova and the telecoms probe had also progressed – in May 2013, OCCRP published an article called “Leak shows Telecom Negotiated bribes with Dictator’s Daughter” which reported on how Swedish journalists had evidence to suggest that Telia had created “a protection scheme designed to shield TeliaSonera from customs and tax authorities in return for millions of dollars in kickbacks to [Gulnara] Karimova”.³⁴⁴ In April 2013, Karimova was removed from the Uzbek foreign ministry’s official list of ambassadors, with confirmation that she had lost her diplomatic status coming several months later in July 2013.³⁴⁵

Again, due diligence should have been performed on the Oregon Group before the point of sale. If – as is believed – Madumarov presented himself as Oregon’s ultimate owner, a simple google search at any point in 2013 would have revealed purported links to Gulnara Karimova. This should have caused enough suspicion for – at the very least – a SAR to be filed, especially if Madumarov had concealed from the solicitor his links to Karimova in the purchase of the property. As the filing of SARs is confidential, it is impossible, short of a court order, to find out whether one was filed.

³⁴⁰ <http://thepoliticalforums.com/threads/2856-Karimov%E2%80%99s-future-son-in-law-serves-Kazakh-%E2%80%9CBig-men%E2%80%9D>, accessed 17 October 2022. In fact, Madumarov was President Karimov’s former son-in-law at this point, as he had been briefly married to Gulnara in 2008.

³⁴¹ <https://politnewsuzbek2012.wordpress.com/2012/08/16/rustam-madumarov-from-rags-to-riches>, accessed 17 October 2022.

³⁴² <https://www.bbc.co.uk/news/world-asia-20311886>, accessed 17 October 2022.

³⁴³ “A relevant person must conduct ongoing monitoring of a business relationship. (2) “Ongoing monitoring” of a business relationship means— (a) scrutiny of transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds) to ensure

that the transactions are consistent with the relevant person’s knowledge of the customer, his business and risk profile”, <https://www.legislation.gov.uk/uksi/2007/2157/regulation/8/made>; “a relevant person must verify the identity of the customer (and any beneficial owner) before the establishment of a business relationship or the carrying out of an occasional transaction,” <https://www.legislation.gov.uk/uksi/2007/2157/regulation/9/made>, both accessed 17 October 2022.

³⁴⁴ <https://www.occrp.org/en/investigations/1958-leak-shows-telecom-negotiated-bribes-with-dictators-daughter>, accessed 19 November 2022.

³⁴⁵ <https://www.rferl.org/a/gulnara-karmova-ambassadorship-/24968755.html>, <https://www.thelocal.se/20130714/49040/>, both accessed 20 November 2022.

The public notice suggests that the Oregon Group (and by extension Madumarov) remained a client of Quastels until the freezing order issues in 2017, despite the allegations disseminated by the U.S. Department of Justice in 2016 and in media reports from as early as December 2012. If its client was imprisoned, it may have been difficult for Quastels to bring its client affairs up to date or conclude them.

As noted above, one possible explanation for professional services to not be withdrawn may be in circumstances where a SAR has been filed to avoid 'tipping off' a client that a report has been filed. We do not know if a SAR was filed in this case because the process is confidential. However, the sale of two apartments at Chesham Place was not stopped by the NCA, and no freezing order was made until October 2017. This suggests that either no SAR was filed, or that the NCA did not have enough evidence at this point to step in and stop the transaction.



Quastels threatened to sue Freedom for Eurasia for libel, citing an obscure case featuring Madame Tussauds from 1894 (see next page).

Freedom for Eurasia wrote to Quastels, requesting comment on the above matters. Its response identified a previous project undertaken by a Freedom of Eurasia researcher regarding the identification of complicit and enabling practices of money laundering in banking and real estate by specifying non-compliance with AML rules. Quastels response continued: “As a firm of solicitors, Quastels LLP... and its’ [sic] personnel support such aims and, in all respects, complies with its professional obligations. You will be aware that as solicitors we are bound by our obligations (including that of confidentiality) and so are unable to respond to your enquiries, including whether we act (or have acted) for individuals or entities. This being so, we cannot comment.”³⁴⁶

Solicitors and other regulated professionals are of course under no obligation to answer questions from journalists or civil society representatives. Yet Quastels’ citing of confidentiality here may not apply. The Solicitors Regulation Authority states that: “You will not have a duty of confidence if you are being used by a client to perpetrate a fraud, and, by analogy, any other crime.”³⁴⁷ Seeing that Quastel’s former client, Oregon Group, is involved in a case brought by the Serious Fraud Office, and that the legal owner of the Oregon Group, Rustam Madumarov, is not contesting the case, the duty of confidence would appear to fall away. Similarly, legal professional privilege no longer applies “where a lawyer’s assistance has been sought to further a crime or

fraud” (unwittingly or otherwise)³⁴⁸ in something known to lawyers as the crime/fraud exemption.³⁴⁹ The bar for this exemption is high, but again, an uncontested SFO case against a client is strong evidence that the exemption would be in play.

Quastels’ response to Freedom for Eurasia continued: “We notify you that any suggestion or article or report or broadcast which identifies this firm and/or its personnel, who have not done anything wrong, and which might suggest or imply (even if only by association, which is likely given your own name and/or Freedom for Eurasia’s involvement and status) wrongdoing by this firm will give rise to an action in defamation. Further, or alternatively, any broadcast or article which identifies this firm and/or its personnel, who have not done anything wrong, which seeks by illustration to draw attention to a controversial area will also result in litigation. Indeed, even if coverage may not mean to criticise or stigmatise this firm and/or its personnel, the nature of the broadcast or article or report that you have alluded to makes clear that you will be exposed to a defamatory ‘rogues gallery’ meaning, along the lines of *Monson v Tussauds Ltd [1894]*.”³⁵⁰

Quastels’ response not only refuses to engage with matters that are clearly in the public interest – while citing legal provisions which, it is arguable, may not apply – but actively tries to shut down discussion of such topics by threatening legal action for defamation. Indeed, Quastels’ response, with its threat of

legal action, is loosely in line with what has been termed as a ‘SLAPP’ in the U.S. – a Strategic Lawsuit Against Public Participation. The term specifically refers to lawsuits brought by those looking to curtail free speech regarding issues of public interest, and are used to silence and harass critics by forcing them to spend money to defend these suits – although the persons who bring them are usually disproportionately wealthy and based outside the UK. With the UK’s stringent libel laws, often simply the threat of legal action (as Quastels made in its response to enquiries from Freedom for Eurasia) can have the same effect, as journalists and civil society members censor themselves by omitting material rather than risk the suit going ahead.

In November 2022 – after Quastels responded to Freedom for Eurasia – the Solicitors Regulation Authority (SRA) issued a warning notice regarding solicitors’ and law firms’ pursuit of SLAPPs on behalf of their clients. Matters of concern which the SRA state were “likely to result in regulatory action” included “seeking to threaten or advance meritless claims, including in pre-action correspondence”, “making unduly aggressive and intimidating threats” and “sending correspondence with restrictive labels... that are intimidating but inaccurate” which include labelling correspondence as ‘not for publication’ or ‘strictly private and confidential’.³⁵¹

Quastels’ response to Freedom for Eurasia was marked “not for publication”.³⁵²

³⁴⁶ Correspondence between Freedom for Eurasia and Quastels, 17 October 2022.

³⁴⁷ <https://www.sra.org.uk/solicitors/guidance/confidentiality-client-information/>, accessed 17 October 2022

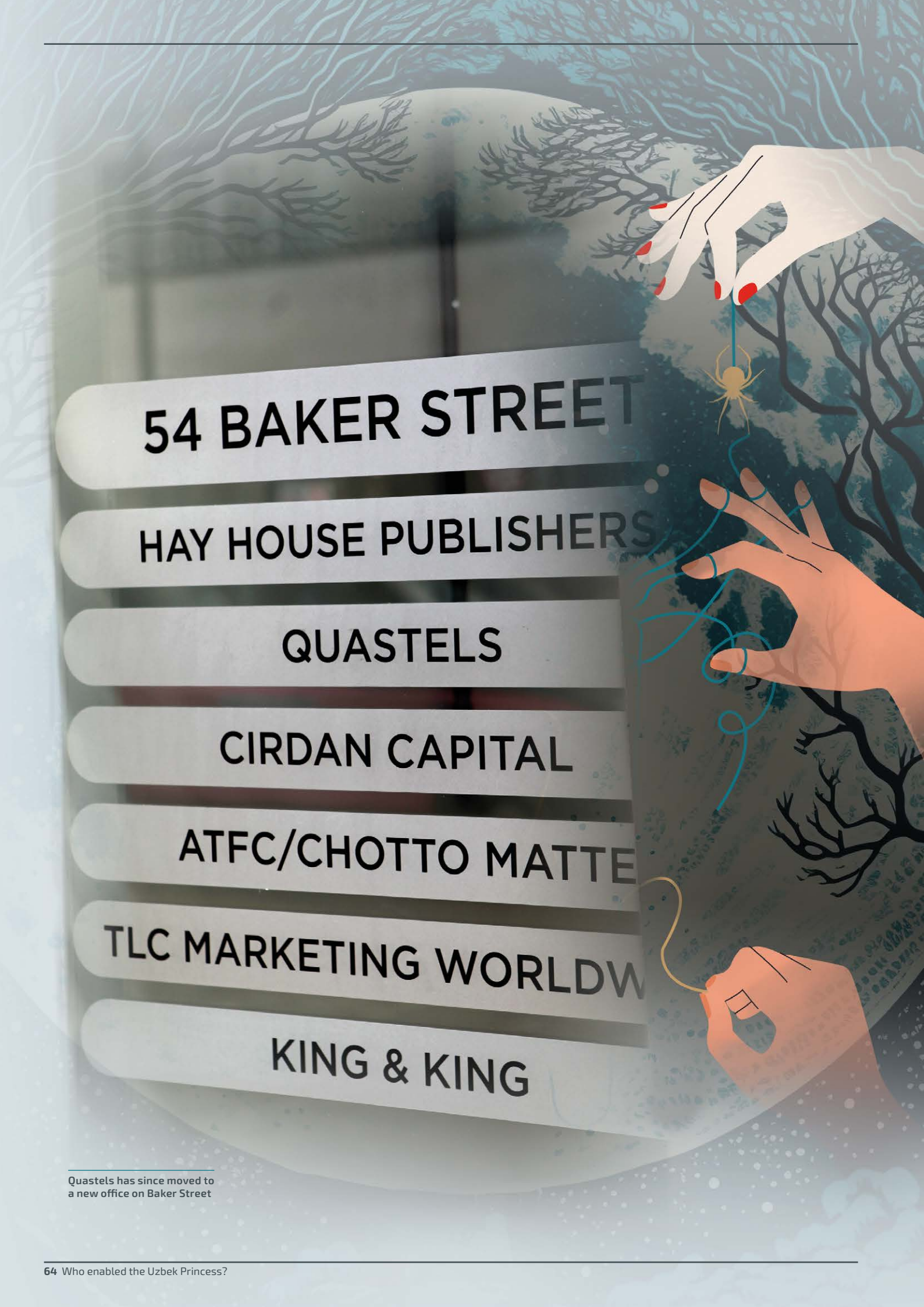
³⁴⁸ <https://www.thefraudlawyersassociation.org.uk/publications/Legal-Professional-Privilege-The-Law-Society-Guidance-on-its-usage.pdf>, accessed 17 October 2022

³⁴⁹ <https://www.lexisnexis.co.uk/legal/guidance/legal-professional-privilege-the-crime-fraud-exception>, accessed 17 October 2022

³⁵⁰ Correspondence between Freedom for Eurasia and Quastels, 17 October 2022.

³⁵¹ <https://www.sra.org.uk/solicitors/guidance/slapps-warning-notice/>, accessed 8 December, 2022.

³⁵² Correspondence between Freedom for Eurasia and Quastels, 17 October 2022.



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Quastels has since moved to a new office on Baker Street

ESTATE AND LETTING AGENTS

It is unclear which estate agent, if any, acted in the sale of the rear basement flat, but the estate agent for the sale of the top floor flat at Chesham Place in March 2012 was **Beauchamp Estates**,³⁵³ described on its website as “exclusive luxury residential specialists”.³⁵⁴ A second company appears to have acted as a kind of real estate ‘middleman’ in the transaction: the flat was listed in 2013³⁵⁵ on the website of **GC Privé** – whose website says it “serves the world’s private clients and family offices”³⁵⁶ and is “dedicated to providing a holistic range of services to ultra-high net worth individuals and their families.”³⁵⁷ This suggests that, with the property unsold on the market for around a year and with mounting problems, Karimova (or a company or representative working for her) hired GC Privé to help sell the apartment. It is unclear whether GC Privé helped Karimova, or her partner Madumarov, with any of their other bespoke services.

The 2007 money laundering regulations required estate agents to perform due diligence on clients selling properties, which in this example, was the Oregon Group and its given owner Madumarov. Beauchamp Estates could argue that at the point on taking on Oregon as a client

and marketing the property (March 2012) such articles linking Madumarov with Karimova were not yet published, but again ongoing research is required: just before the point of sale – which occurred a year after the flat had been listed – is an obvious time.

It is unclear at exactly what point GC Privé listed the flat on its website: the internet archive’s first record of the page dates from May 2013³⁵⁸ (one month after the flat was in fact sold), although this is unlikely to mean that this was the original upload date. If the listing is indeed from 2013, information was available at this time on Madumarov’s relationship with Karimova.

It is unclear which estate agent, if any, acted for Karimova’s companies in the original purchase of the five UK properties, although the point is moot, as the 2007 MLRs did not require estate agents to perform due diligence on individuals or entities purchasing properties.

Finally, the information released as part of the SFO investigation mentions that two further sums of money had also been frozen: (a) £5,400 held by Principia Estate and Asset Management as a

security deposit in relation to the Front Basement Flat of 25 Chesham Place and (b) just under £7,513 held by Principia Estate and Asset Management / Farrar & Co LLP as a security deposit in relation to the Rear Basement Flat of 25 Chesham Place.³⁵⁹

According to its own website, **Principia Estate and Asset Management** was founded around 1980 as Farrar Stead & Glynn, and manages some 250 buildings and developments, predominately in “prime central” London. Real estate company **Farrar & Co LLP** is Principia’s owner. It is thus likely that Karimova/Madumarov may have used Principia as a letting agent for the Chesham Place basement flats. The 2007 regulations did not require letting agents to do due diligence on clients, although banks often demand that letting agents perform it, given that the regulations cover all banking transactions.³⁶²

Beauchamp Estates, GC Privé, Principia Estate and Asset Management, and Farrar & Co LLP all did not respond to emailed enquiries from Freedom for Eurasia requesting comment in August 2022.

³⁵³ <https://www.rightmove.co.uk/property-for-sale/property-37392125.html>, accessed 17 October 2022.

³⁵⁴ <http://www.beauchamp.com/>, accessed 17 October 2022.

³⁵⁵ <https://web.archive.org/web/20130515051322/http://www.gcprive.com/luxury-penthouse-for-sale-chesham-place-london-belgravia-sw1/>, accessed 17 October 2022.

³⁵⁶ <http://www.gcprive.com/>, accessed 17 October 2022.

³⁵⁷ <http://www.gcprive.com/about-us/>, accessed 17 October 2022.

³⁵⁸ <https://web.archive.org/web/20130515051322/http://www.gcprive.com/luxury-penthouse-for-sale-chesham-place-london-belgravia-sw1/>, accessed 17 October 2022.

³⁵⁹ <https://www.thegazette.co.uk/notice/3449404>, accessed 17 October 2022, plus information provided by Spotlight on Corruption.

³⁶⁰ <http://www.principialondon.co.uk/the-company/>, accessed 17 October 2022.

³⁶¹ See <https://www.farrar.co.uk/Contact-Us>, Not to be confused with Farrer & Co, a London law firm, which has no link to Farrar & Co LLP.

³⁶² <https://www.ezytrac.co.uk/why-landlords-and-letting-agents-must-conduct-anti-money-laundering-aml-checks/>, accessed 17 October 2022.

CHAPTER 5

WILL THE NEW LEGISLATION PREVENT DIRTY MONEY FROM ENTERING THE UK PROPERTY MARKET?



In 2015, then UK Prime Minister David Cameron announced a crackdown on foreign officials bringing dirty money into the UK. He highlighted how UK real estate is a prime destination for this kind of “dodgy cash” as a property’s real owner can be hidden from public view by using an offshore company. As of 2019, around 87,000 properties in England and Wales were owned offshore.³⁶³ But how effective will the legislation that was eventually enacted in 2022 be in preventing tainted cash from being invested into UK property?

The registration of overseas entities, as the legislation proposed by Cameron is called, remained mothballed on the legislative shelf for around five years. It took Russia’s attack on Ukraine for the legislation to be rushed through parliament in several weeks as part of the Criminal Finances Act in March 2022. It came into force on 1 August 2022.

This new regulation means that anyone buying a property using an offshore company must place on public record who owns the entity. The legislation covers not only purchases from the time the legislation comes into force, but also existing properties bought since January 1999 in England and Wales, and since December 2014 in Scotland. If the overseas company does not comply with these new obligations, its managing officers can face criminal sanctions, including fines of up to £500 per day or a prison sentence of up to 5 years.³⁶⁴

The legislation is a major step forward in the combatting of dirty money from kleptocracies, yet enforcement is vital. Professional enablers are employed for the very reason they can work around legislation, finding and exploiting loopholes. Although fines will be levied if no information is provided, what will be key is the verification of the information that is provided, with strictly enforced penalties for those that submit false information. A fact sheet provided by the UK government says that the information regarding registrable beneficial owners and managing officers will be verified – although it is unclear what form this verification will take.³⁶⁵

It has already been noted regarding the UK’s beneficial ownership register (known as the PSC or ‘persons of significant control’ register, recording UK companies’ real owners), as the definition of a PSC is someone holding

25 percent or more of a company, that an entity with five equal beneficial owners (or one purporting to have five owners) would not have to disclose any of them. A similar workaround could be performed on the new property register, meaning that no owner will be placed on record. In order to partially address this, the government proposes to collect the name and contact details of an individual involved in the management of the company if the overseas entity declares no registrable beneficial owner.³⁶⁶

³⁶³ <https://www.leaseholdknowledge.com/87000-properties-in-england-and-wales-owned-by-offshore-companies-says-global-witness/>, accessed 17 October 2022.

³⁶⁴ <https://www.gov.uk/government/publications/economic-crime-transparency-and-enforcement-bill-2022-overarching-documents/factsheet-the-register-of-overseas-entities-web-accessible>, accessed 17 October 2022.

³⁶⁵ *Ibid.*

³⁶⁶ *Ibid.* As this report went to press, journalist Oliver Bullough suggested another loophole had been found – high net worth individuals were apparently using proxies to put their names on the land registry, originally to avoid tax, but the same trick could be used to avoid disclosing the real property’s owner. See <https://www.theguardian.com/commentisfree/2023/feb/03/uk-property-ownership-legal-loophole-transparent-identity>, accessed 4 February 2023.

It is worth considering whether it would have made a difference in preventing Karimova and Madumarov from buying UK real estate, had the legislation been in place at the time of their property purchases in 2010/11. In this scenario, although Karimova was providing the funds and was therefore the beneficial owner of the property, Madumarov's name would have been placed on record as the properties' owner, as he was the stated owner of the BVI companies. However, this does not necessarily mean that the property would have been discoverable by journalists and civil society.

This is because in the UK it is not possible for data protection and privacy reasons for a member of the public to perform a search to see if a particular person owns property in the UK. It is possible to purchase the record of any property in order to see who owns it – be it a person or persons, or an offshore company – and it is also possible to search, using data supplied by the UK's land registry, to see whether a particular company owns any property. But for this to be useful the researcher needs to know either the name of the company, or the exact address of the property. The BVI companies that Karimova used were not linked to any of her previous business dealings. Kleptocrats and criminals use newly created offshore companies or buy them 'off the shelf' specifically to purchase property anonymously. It is only because information started leaking out, likely from Uzbekistan, about Karimova's BVI companies and properties owned by them that civil society and journalists were able to research them.

In other words, had Madumarov been forced to put on record that he was the owner of the BVI companies,

a journalist would still have had to have known the address to confirm his ownership of it. UK law enforcement will have the ability to consult the land registry database to match individuals' names against it. This provides an advantage of the new system in that it will allow the UK authorities to crosscheck the register with politically exposed people (PEPs) in order to identify high risk names, including officials alleged to be involved in criminal or corrupt activity, or those placed on the sanctions list. Thus, had the new property database been in place when these properties were bought, once information was published in the world's media concerning Madumarov's relationship with Karimova, UK law enforcement would have been able to locate all properties owned by him, and commence civil recovery proceedings sooner.

However, Karimova did not use particularly sophisticated schemes to hide her ownership – she used proxy beneficial owners such as Madumarov and Avakyan who could be easily tied to her: Madumarov was her boyfriend and ex-husband, and Avakyan had been pictured sitting next to Karimova at fashion shows. A sophisticated criminal is likely to use more complex schemes to hide ownership, using proxies that cannot be easily linked to them.

As described above, after early details of the telecoms probe broke, Karimova changed the managers of two of the French companies (Bekzod Akhmedov and Alisher Ergashev who had been arrested in Geneva) likely to avoid scrutiny from law enforcement. In Russia, evidence suggests she transferred two properties in her name to BVI companies possibly for the same reason. To deal with this, the UK

government has proposed to capture anyone who becomes, or ceases to be, a registrable beneficial owner within the update period, as well as the dates when they became, or ceased to be, registrable beneficial owners.³⁶⁷

The fact that such information must now be placed on record may make criminals and kleptocrats more circumspect about using companies which either they or close associates or relatives own to hold property in the UK. This puts the onus back on the regulated industries to spot and flag suspicious activity, and for UK law enforcement agencies to investigate when such suspicions are flagged. As discussed above, it appeared to take the UK authorities a long time before it made a move against real estate owned by Karimova in the UK, despite information being in the public domain concerning these properties, indicative of a general lack of interest and/or capability of UK law enforcement in launching such investigations.

What other legislation could be considered?

Regulated professionals must report to the UK authorities if during the course of the transaction they form suspicions that money may be being laundered. Clearly, no suspicion is likely to be raised if professionals are negligent in their duties concerning due diligence, although wilful or reckless negligence may result in disciplinary procedures or even criminal sanction. However, this still leaves substantial 'wobble room' for professionals to profess ignorance when it comes to knowledge concerning their clients. In examples cited above, there is evidence to suggest that regulated professionals could have, post November 2012, learnt about alleged criminality on behalf of figures

³⁶⁷ *Ibid.*

like Rustam Madumarov and Gayane Avakyan had they simply googled their names or the names of the businesses they said they were involved in. The fact that google alerts can be set up to provide notifications when a new article appears on the internet that includes their client's name removes the need for active searching. Disciplinary tribunals and law enforcement bodies should look very carefully at instances where regulated professionals claim ignorance about matters which are publicly available via internet searches to examine whether such negligence is wilful or reckless.

Currently, firms only have to retain records of financial transactions – which includes information on the due diligence performed – for five years after the transaction has been concluded, and no longer than ten years. Karimova bought the Chesham Place properties in 2010, yet the SFO only froze them seven years later in October 2017. Similarly, in the only Unexplained Wealth Orders issued to date on property owned by politically exposed people, the orders on four properties were made between nine and eleven years after the properties were purchased.³⁶⁸ This means that vital information collected by those professionals involved in the transactions may be already deleted.

These investigations related to property purchases by politically exposed people from overseas suggest this time frame is not long enough and should be extended to at least ten years.



David Cameron's push for greater transparency over UK property ownership took years to implement
Credit: Tom Evans

³⁶⁸ An Azerbaijani banker, Jahangir Hajiyev and his wife bought one property in 2009. UWOs came into force in January 2018, and an order was issued on this property in February 2018 (a second UWO was issued on another property owned by the Hajiyevs through this had been bought in September 2013, within the five-year period). Three properties bought by the daughter and grandson of the then president of Kazakhstan were issued with orders in May 2019. The properties were bought in April 2008, May 2008 and December 2010. Hajiyeva's unexplained wealth order was upheld by the High court. The orders related to property held by the family of the Kazakh president were dismissed by the High Court. For more information on Unexplained Wealth Orders see <https://ace.globalintegrity.org/wp-content/uploads/2022/03/CriminalityNotwithstanding.pdf>, accessed 17 October 2022.

CONCLUDING REMARKS

The case of Karimova is a rather depressing story of modern times. Not only did she abuse her position as a member of the family of a corrupt president to acquire unfathomable wealth through a series of bribery and extortion schemes, the money was placed with seeming ease into nearly a quarter of a billion dollars' worth of property worldwide. Despite many years of investigations and clear links to criminal behaviour, she retained and sold some of this property, and there remains the possibility that tens – if not hundreds – of millions of dollars will be returned to her.

As highlighted in *A Dance with the Cobra*,³⁶⁹ human rights violations are integral to state-organised crime in Uzbekistan, which underlines the

inextricable link between kleptocracy and human rights abuse. As the United Kingdom and other countries have played host to Karimova's schemes through the provision of financial services, it is beholden on these nations to act to reduce the likelihood that such a massive corruption scheme can take place again in the future.

They can do this by tightening up their legislation – as highlighted in the above recommendations – in order to crack down on bribery, by bringing more transparency to property markets, by enforcing this legislation so that enablers of corruption are held to account, and by repatriating money that has been illicitly earned in a way that benefits the people who live under kleptocratic regimes.



³⁶⁹ *Cobra*, p91.

³⁷⁰ A copy of the licence governing use of the photo on page 9 can be viewed here <https://creativecommons.org/licenses/by-sa/2.0/legalcode>, on page 51 here <https://creativecommons.org/licenses/by-sa/3.0/deed.en>, on page 25 here <https://creativecommons.org/licenses/by-sa/4.0/legalcode>, and on page 69 here <https://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/> (as media which contains public sector information licensed under the Open Government Licence v3.0). The photo on page 9 was cropped for space and editorial reasons.

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About

Freedom for Eurasia is a nonpartisan international human rights organization established in 2021 in Vienna, Austria. Freedom for Eurasia documents and reports on human rights and corruption abuses in Eurasia (the former Soviet Republics of Eastern Europe and Central Asia).