

Seladore Legal LLP: Jailed Russian businessman, Ziyavudin Magomedov files US\$14 billion claim in the English High Court against TPG, DP World, Transneft, Rosatom and others - alleging massive Russian state-led conspiracy

- **Transport and logistics titan Magomedov was arrested in a shock move in 2018**
- **He and his brother subjected to 4 years pre-trial detention in notorious Lefortovo prison and an investigation led by Magnitsky-tainted investigator, Nikolai Budilo**
- **The brothers are appealing a conviction and 19-year custodial sentence following a perverse judicial process relating to alleged financial crimes**
- **Magomedov's High Court conspiracy claim is one of the largest lawsuits ever brought in the English courts as he strives for compensation for the business empire manoeuvred into Russian state hands**
- **His losses include a controlling stake in FESCO, one of Russia's most important strategic port and cargo businesses and owner of the Port of Vladivostok**
- **Defendants include US-based TPG, the major private equity firm, as well as ports and cargo giant DP World, key Russian state companies and other alleged conspirators**
- **Wall Street magnate David Bonderman, TPG's Chairman, is accused of misleading Magomedov at the same time as TPG was unlawfully undermining his right to a controlling stake in FESCO by selling its shares in the business to co-conspirators**
- **Claim spearheaded by litigation specialist firm, Seladore Legal, alongside two leading KCs from Brick Court Chambers**
- **Further litigation into other huge and allegedly unlawful asset-seizures may follow**

London, September 2023: A businessman wrongly jailed in Moscow has launched international legal action to seek redress from companies and individuals that have allegedly colluded in and profited from his legal persecution in Russia.

Texas Pacific Group (TPG), the US private equity giant, ports multinational DP World and a number of Russian state companies are amongst the major corporations facing conspiracy allegations filed at the UK High Court by Ziyavudin Magomedov, who was incarcerated in 2018 on trumped-up embezzlement charges.

Mr Magomedov – whose businesses include high-profile tech investments in the US and Europe – was given a 19-year jail sentence in December 2022, having already spent more than four years in prison awaiting trial. Simultaneously, he is fighting concerted efforts by prosecutors and business rivals to confiscate his estimated multibillion-dollar business empire.

Mr Magomedov co-owned the vital NCSP port in Novorossiysk which handles Russia's oil and grain exports from the Black Sea. Mr Magomedov also owned the two largest grain terminals in Russia and is entitled to a majority and controlling shareholding in the FESCO conglomerate, owner of numerous strategic transport assets in Russia, including the port of Vladivostok. The legal action, filed at the Commercial Court in London, details how the defendants have allegedly worked in concert with powerful interests within the Russian state to systematically deprive Mr Magomedov of both FESCO and NCSP, at the same time as depriving him of his liberty.

The legal claim conservatively estimates the value of the claimants' interest in FESCO at \$8.8 billion, and their interest in NCSP at \$5.0 billion. The combined claim of \$13.8 billion it is the largest ever claim brought in the English High Court outside the collective redress regime.

Beyond that, Mr Magomedov held substantial additional assets, including grain terminals, that were expropriated and are understood to have fallen into the hands of well-connected figures in the Russian establishment. Since the conflict in Ukraine began, these assets have frequently been mentioned for their strategic importance to Russia's war effort. Mr Magomedov reserves the right to pursue additional legal remedies in England (or elsewhere) in relation to these assets. Such a step could see the estimated value of his claims rise to at least \$30 billion.

Further information about Mr Magomedov and the legal claim can be found at www.ziyavudin-magomedov.info.

About the claim

US-based TPG – long term JV partners of Mr Magomedov in FESCO, and led by Mr Magomedov's former partner David Bonderman – are amongst the defendants accused of conspiring in this fraud. The private equity giant was contractually obliged to offer its FESCO shares to Mr Magomedov when it quit the investment in the face of the campaign against him. Instead of fulfilling that contractual obligation, TPG engineered the sale of the stake to one of the alleged chief architects of the conspiracy, businessman Mikhail Rabinovich, whom Mr Magomedov says is a proxy for the Russian state-owned ROSATOM. TPG struck a secret deal with Rabinovich whilst Mr Magomedov was behind bars. An arbitral tribunal in London [has already ruled](#) that TPG's deal with Rabinovich was unlawful and should be reversed.

TPG also allegedly worked with other conspirators to keep Mr Magomedov in the dark and thwart attempts that he might have made to resist the unlawful transaction. The firm did this despite personal reassurances sent by Bonderman to Mr Magomedov when he was in jail. Bonderman sent a personal note to Mr Magomedov in November 2020, falsely asserting that TPG had "not 'colluded' with any other buyers or indeed acted to favour any other buyer in any way."

Rabinovich is accused of acting on behalf of ROSATOM, Russia's state nuclear energy company, and DP World, the UAE-based port and cargo operator. Rabinovich, ROSATOM and DP World are all defendants in the case, having allegedly conspired to benefit from a concerted raid on Mr Magomedov's holdings in FESCO that featured intimidation by state officials, bribery and the misconduct of some FESCO directors.

Pipeline company Transneft, another well-known state enterprise in Russia, is meanwhile accused of playing a key role in seizing NCSP from Mr Magomedov's control. According to the claim, Mr Magomedov was arrested the day after a meeting between Nikolai Tokarev, Transneft's president, and Tokarev's reported friend and former KGB colleague Vladimir Putin. Once Mr Magomedov was detained, Tokarev and his allies allegedly said they would speak to Putin to halt the prosecution if he sold his stake at a knock-down price.

Despite ongoing pressure within Russia, Mr Magomedov's businesses have successfully defended themselves in proceedings in the British Virgin Islands, the London Court of International Arbitration and elsewhere. The latest claim, which seeks damages and equitable compensation from the defendants, represents his principal attempt to fight back against unscrupulous rivals allegedly misusing the coercive power of the Russian state to steal his businesses.

The legal action on behalf of Mr Magomedov and his business interests is led by Seladore Legal LLP partners, Simon Bushell, Gary Milner-Moore, Gareth Keillor and Kevin Kilgour, alongside a Brick Court Chambers team comprising Tim Lord KC, Thomas Plewman KC, Jonathan Scott, Chintan Chandrachud and Jessie Ingle. It has been filed at the Commercial Court of England and Wales, a

subdivision of the King's Bench Division of the High Court of Justice. The case number is CL-2023-000401.

Mr Magomedov remains in Lefortovo, the maximum-security prison whose notoriety once again became the focus of global media interest in April 2023, when it was used to incarcerate Evan Gershkovich, the Wall Street Journal reporter accused by Russia's authorities of spying.

Notes for editors

Attack on Mr Magomedov involving Russian state agencies

Born in 1968 in Makhachkala, Dagestan, Mr Magomedov began his business career selling computers while still a student, and eventually became one of Russia's best-known businessman and philanthropists. In 2012, he was appointed Chairman of the Business Advisory Council at APEC, the 21-country forum promoting free trade in the Asia-Pacific region

Having consistently pursued an independent path in his business career, however, Mr Magomedov fell foul of powerful interests with senior government connections in 2018.

Soon after, Mr Magomedov and his family were told to sell their interest in the NCSP port to Transneft. This was the beginning of the Russian state's persecution and was swiftly followed by Mr Magomedov's arrest and imprisonment in Moscow's notorious Lefortovo jail on confected embezzlement charges.

In prison, his employees were induced or intimidated into making a quick, unauthorized sale of his stake in the port for a knock-down price of \$750 million. Since then, the bank account containing the sale proceeds has been confiscated, and he accuses state prosecutors of acting in concert with alleged corporate raiders to seize his FESCO stake and other assets. Moreover, Mr Magomedov's allies were allegedly threatened with action from the FSB by Russia's Deputy Prime Minister, Yury Trutnev.

Video evidence has come to light demonstrating how much of this multi-pronged attack was planned in advance and politically-motivated. According to the legal claim, the governor of Primorsk, Oleg Kozhemyako, was filmed as early as November 2020 telling FESCO employees that the Russian government had decided that ROSATOM, the state atomic energy company, was to become the owner of FESCO. Numerous local and international media have reported that FESCO's assets are likely to be auctioned to ROSATOM.

The criminal case

The charges levelled against Mr Magomedov related to alleged embezzlement of funds arising from public procurement contracts, including some that related to infrastructure required for the 2018 football World Cup, hosted by Russia. The prosecuting authorities claimed the alleged embezzlement caused 11 billion roubles of damage to the state and third parties (approximately \$110 million at today's exchange rates).

Mr Magomedov strenuously denies all accusations of wrongdoing. Following what his legal team has argued was a show-trial, he was convicted by a Moscow judge whose verdict uncritically parroted much of the prosecution's case. His brother Magomed and other co-accused were also handed lengthy prison sentences. The conviction is being appealed.

The prosecution was brought initially by Lt Col Nikolai Budilo, an individual subject to international sanctions and notorious for his involvement in the proceedings against lawyer Sergei Magnitsky, who

died in custody. In 2019, the prosecution was handed over to the FSB, Russia's security service, further underscoring its political nature.

At the FSB's request, significant parts of Mr Magomedov's trial were heard in private and without media reporting.

During the trial, the Criminal Court granted nearly every application the prosecution made, providing only occasional justifications and ignoring the fact that, in a case consisting of more than 749 volumes of case files, there was no evidence to support the prosecution's claims of embezzlement by Mr Magomedov. On the contrary, the evidence in respect of all of the public procurement contracts cited in the case showed that they had been lawfully obtained and duly fulfilled.

In many instances, there was no evidence in the "real world" of what prosecutors alleged were construction defects. For example, expert reports and parallel judgments in respect of the Kaliningrad Stadium project confirmed both that the contracted work was carried out properly and in full, and that there were no operating issues. Likewise, the Krestovsky Island project was completed and the work of Mr Magomedov's company acknowledged as acceptable by the developer – yet, without explanation, the prosecution insisted that the payment made for this work was "stolen".

Another charge brought by the prosecution was that Mr Magomedov's company Stroynovatsiya had wrongly profited from the Kyzyl-Kyragino railway project. However, the prosecutor and the criminal court ignored the fact that the Russian Federal Rail Transport Agency had already brought a civil claim in Russia in respect of the same project which had been entirely rejected. In fact, the civil court found not only that Stroynovatsiya had properly performed its obligations in relation to the project, but also was owed a further RUB 3.9 billion for its work. Furthermore, this finding in Stroynovatsiya's favour was later upheld at Russia's Supreme Court.

The wresting of Mr Magomedov's assets

As well as being deprived of his liberty, Mr Magomedov has faced an unbridled assault on his business interests, not remotely justified by any evidence nor even by the logic of the criminal prosecution's case. Additionally, in 2018, a Russian court froze a long list of assets with a collective value of several billion dollars – dwarfing the \$150 million damage alleged in the criminal proceedings. In 2022, and without hearing any witness evidence, a separate order was made seizing \$750 million at Sberbank belonging to Mr Magomedov and his family – the proceeds of his forced sale of the NCSP port business to Transneft. These proceeds were later confiscated along with a further \$150 million sum owed by Transneft to one of Mr Magomedov's companies in relation to loans advanced to the NCSP group.

Following Mr Magomedov's conviction in December 2022, the Russian prosecutor successfully applied to confiscate *all* frozen assets in their entirety. This is despite the hugely disproportionate value of those assets when compared to the alleged criminal damage; and the fact that the prosecutor has presented absolutely no evidence to substantiate an allegation that the frozen assets represent the proceeds of the crimes allegedly committed (or any crime).

Moreover, since December, other spurious civil cases have been brought to add to this legal persecution, including additional claims on Mr Magomedov's assets from the Russian prosecutor and from private-sector corporate raiders conspiring with the state. Many of these actions targeted Mr Magomedov and his allies' interests in FESCO and were clearly undertaken with the aim of further diluting his stake in the company.

These claims were all heard under arbitrary conditions where Mr Magomedov's lawyers were either not informed of hearings until the last moment or not given a fair opportunity to argue his case. Conversely, Mr Magomedov's adversaries were not even required to present essential evidence to the court.

In April 2023, following a hearing which lasted a matter of hours, the Moscow Arbitration Court found that Russia's biggest-ever LBO, which governed also Mr Magomedov's right to certain shares in FESCO, was unlawful and had caused damage to FESCO. This was a deal that had been funded by Goldman Sachs, ING, Raiffeisen Bank and other leading banks and advised on by international law firms such as Allen & Overy and White & Case; yet the court peremptorily declared it unlawful, more than ten years later, and awarded damages of over \$1 billion to FESCO.

Ziyavudin Magomedov's legal team

Seladore Legal is one of London's leading law firms for major and complex litigation and arbitration. Founded by former Herbert Smith and Latham & Watkins practice head Simon Bushell in 2019, Seladore's partnership comprises some of London's most senior and knowledgeable litigators, with experience of the biggest civil fraud, white-collar and commercial cases of recent years. Seladore featured in the most recent Legal 500 guide which described the boutique firm as being "of the highest calibre" and possessing "great know-how within a very close-knit group".

The firm has instructed **Tim Lord KC** of Brick Court Chambers to act as lead counsel in these proceedings. He has more than 30 years' experience in commercial disputes and is widely recognised as one of the most accomplished cross-examiners in the London Bar. He was Chambers & Partners' Commercial Litigation Silk of the Year in both 2013 and 2018, and has been described as "one of the top five advocates of his generation".

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