

First Suit Under Magnitsky Act Filed in New York

By [The Moscow Times](#)

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Lower Manhattan

NEW YORK — U.S. authorities have announced that they are seeking forfeiture of pricey Manhattan real estate linked to a fraud they say was uncovered by a whistleblowing Russian lawyer before he died behind bars.

A civil forfeiture complaint filed Tuesday against the assets of a Cyprus-based real estate corporation and other holding companies alleges that some of the proceeds from the \$230 million tax fraud in Russia were laundered through the purchase of four luxury condominiums located in a Wall Street doorman building and two commercial spaces in prime locations in midtown and Chelsea.

"Today's forfeiture action is a significant step toward uncovering and unwinding a complex money-laundering scheme arising from a notorious foreign fraud," U.S. Attorney Preet Bharara said in a statement. "While New York is a world financial capital, it is not a safe haven

for criminals seeking to hide their loot, no matter how and where their fraud took place."

The whistleblower, Sergei Magnitsky, was a lawyer for U.S.-born British investor William Browder. He alleged in 2008 that organized criminals colluded with corrupt Russian Interior Ministry officials to claim a fraudulent \$230 million tax rebate after illegally seizing subsidiaries of Browder's Hermitage Capital investment company.

He subsequently was arrested on tax evasion charges and died in prison in November 2009 of untreated pancreatitis at age 37. His death prompted widespread criticism from human rights activists, and the Russian presidential human rights council found in 2011 that he had been beaten and deliberately denied medical treatment.

Browder, who has campaigned to bring those responsible for Magnitsky's death to justice, has claimed that one of the corrupt tax officials bought luxury real estate in Moscow, Dubai and Montenegro and wired money through her husband's bank accounts totaling \$39 million.

"This is a dramatic escalation in the fight to hold accountable the people who killed Sergei Magnitsky," Browder said Tuesday in response to the U.S. forfeiture action. "Since the Russian government has tried to cover up Sergei Magnitsky's murder, the only chance for justice has been outside of Russia."

The U.S. announced in April that under a 2012 law named after Magnitsky, it was imposing sanctions against 18 Russians accused of human rights violations. The Magnitsky Act infuriated the Kremlin, and the Russian parliament quickly passed a retaliatory measure that banned Americans from adopting Russian children.

Apartments in the luxury 35-story Manhattan high-rise can sell for more than \$3 million, according to real estate websites. Amenities include a gym, a pool and rooftop deck.

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