Neutral Citation Number: [2021] EWHC 3141 (QB)

Case No: QB/2021/001210

**IN THE HIGH COURT OF JUSTICE**
**QUEEN'S BENCH DIVISION**
**MEDIA AND COMMUNICATIONS LIST**

Royal Courts of Justice
Strand, London, WC2A 2LL
Date: 24/11/2021

**Before** :

**THE HONOURABLE MRS JUSTICE TIPPLES DBE**

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**Between:**

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| **Public Joint Stock Company Rosneft Oil Company** | **Claimant** |
| **- and –** | |
| **(1) HarperCollins Publishers Limited**<br>**(2) Catherine Belton** | **Defendants** |

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**Desmond Browne CBE QC and Clara Hamer (**instructed by **Carter-Ruck)** for the **Claimant**
**Andrew Caldecott QC and David Hirst** (instructed by **Wiggin LLP**) for the **Defendants**

Hearing date: 29th July 2021

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# Approved Judgment

**Covid-19 Protocol: This judgment was handed down by the judge remotely by circulation to the parties' representatives by email and release to Bailii. The date and time for hand-down is deemed to be 10am on Thursday 24 November 2021.**

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**The Honourable Mrs Justice Tipples DBE:**

## INTRODUCTION

1. This is a second libel action which arises out of the publication of a book with the title 'Putin's People', and the sub-title 'How the KGB Took Back Russia and Then Took on the West' ("**the Book**"). The author is Catherine Belton ("**the author**") and the publisher is William Collins, an imprint of HarperCollins Publishers Limited. The Book was published electronically on 2 April 2020, in audiobook on 11 April 2020 and in hard copy from 16 April 2020. The paperback edition came out on 15 April 2021.

2. On 31 March 2021 the claim form was issued seeking damages, an injunction and related relief in defamation. The defendants are the publisher and the author.

3. This claim is related to *Roman Abramovich v (1) HarperCollins Publishers Ltd; (2) Catherine Belton*, Claim No: QB-2021-001025 ("***Abramovich v HarperCollins***") which also arises out of publication of the Book. There are common issues as to the natural and ordinary meaning of the Book and, on 9 July 2021, Nicklin J gave case management directions in relation to the claim so that the issues on meaning could be determined by the same judge.

4. The claimant, Public Joint Stock Company Rosneft Oil Company ("**the claimant**" or "**Rosneft**"), was directed by 14 July 2021 to send the defendants written notice of its case, identifying the words complained of, and the natural and ordinary meaning that the claimant contends that the words complained of bear. The defendants were directed to serve their response by 19 July 2021. Nicklin J then directed a trial of the following preliminary issues: (i) the natural and ordinary meaning of the words complained of; (ii) whether the words complained of, in the meaning(s) found, are defamatory of the claimant at common law; (iii) whether the respective statements complained of are (or include) a statement of fact or expression of opinion.

5. The trial of the preliminary issues took place on 29 July 2021.

6. This judgment concerns that trial and *only* relates to the meaning of the passages complained of in the Book. The defendants have not yet been required to file a defence and so no substantive defences have been raised. The court is not, at this stage, adjudicating on any issues concerning the Book other than meaning (and the other preliminary issues identified in paragraph 4 above). Specifically, the court is not determining whether allegations made in the Book about the claimant or anyone else are true.

7. The claimant complains that it has been defamed by the publication in the Book of the words identified in 19 specific passages of the Book. The passages are in chapters 7, 9, 11 and 14 of the Book and are set out in Annex to this judgment (and the numbered passages referred to below are to the numbered passages in the Annex). There are four meanings advanced by the claimant: meanings 1 to 4. The defendants take issue with the claimant's case and have identified what they say the passages complained of mean.

8. The parties' rival meanings are set out below, when I consider each of the claimant's four meanings in turn. Further, it is the defendants' case that none of the meanings are defamatory of the claimant at common law. This is because the first meaning is a "low-

level historic allegation" and the passages complained of in relation to the three other meanings do not refer to the claimant in a defamatory sense, but refer to others.

9. I should also mention that in a letter from its solicitors dated 26 July 2021, the claimant confirmed that it is the same legal entity now that it was prior to its listing on the London Stock Exchange on 14 July 2006 and during the earlier events covered in meanings 1 to 3.

10. As I explained in my judgment in *Abramovich v HarperCollins* [2021] EWHC 3154 (QB), I read the whole Book in hard copy in advance of the hearing. I knew that the claimant was complaining about the Book, but I did not know what it was complaining about. I was provided with the documents relating to the claim shortly before the hearing and it was only then, when I had read the whole Book, that I read the passages complained of in the context of this claim. I did so without any reference to the parties' rival contentions or submissions on meaning. That was to capture my initial reaction as a reader, which is the accepted general practice in trials of this nature: see, for example, *Tinkler v Ferguson* [2019] EWCA Civ 819 at [9] and [37].

11. The parties provided the court with detailed skeleton arguments and at the hearing Mr Browne QC, for the claimant, and Mr Caldecott QC, for the defendants, made succinct oral submissions. It is important to remember, and I have kept well in mind, that at a trial on meaning over-elaborate analysis of the various passages relied on by the parties must be avoided, and counsel were mindful to avoid this trap (see, for example, *Sheikh v Associated Newspapers* [2019] EWHC 2947 (QB), Warby J at [25]).

## RELEVANT LEGAL PRINCIPLES

12. The relevant legal principles are set out in *Abramovich v HarperCollins* [2021] EWHC 3154 (QB) at paragraphs 13 to 21, so I do not repeat them here. The law to be applied in determining meaning is set out in *Koutsogiannnis v The Random House Group Ltd* [2020] 4 WLR 25, Nicklin J at [11]-[12] and the repetition rule and *Chase* levels of meaning are also relevant to the issues in this case. These principles apply, albeit in a slightly modified form, where the claim is brought by a company (see, for example, *Triplark Limited v Northwood Hall (Freehold) Ltd* [2019] EWHC 3494 (QB), Warby J ("***Triplark***") at [12]).

13. It is clearly established that a company is entitled to sue in respect of defamatory matters which can be seen as having a tendency to damage it in the way of its business. Examples are those that go to credit such as might deter banks from lending to it, or to the conditions experienced by its employees, which might impede the recruitment of the best qualified workers, or make people reluctant to deal with it: see *Derbyshire County Council v Times Newspapers Ltd* [1993] AC 534, HL ("***Derbyshire***") at 547B-C, per Lord Keith of Kinkel. The editors of *Duncan and Neill on Defamation* (5th Edition; 2020) ("***Duncan & Neill***") explain that "an allegation which impugns the honesty or fairness of the business methods employed by the corporation or company may be actionable, as may allegations which reflect adversely on the financial position or the efficiency of the company" (see para. 10.02).

14. An imputation is now only actionable by a company if it has a tendency to cause a substantial adverse effect on people's attitudes towards the company: *Triplark* at [11] to [13]. The threshold has been set higher by statute which requires a company to prove that

the harm to its reputation has caused or is likely to cause it "serious financial loss": section 1(2) of the Defamation Act 2013.

15. Further, it is also well established that a company cannot bring an action in respect of allegations which reflect solely on its individual officers, and not on the corporation: see *Bognor Regis Urban District Council v Campion* [1972] 2 QB 169, Browne J at 175 (cited with approval in *Derbyshire* at 545E-547A). In cases where the words might be thought to "reflect primarily upon human beings" the court will examine carefully a contention that they are damaging to the company's business reputation: *Multigroup Bulgaria Holding AD v Oxford Analytica Ltd* [2001] EMLR 28 [41], Eady J ("***Multigroup***").

16. The editors of *Duncan & Neill* explain the following in relation to allegations reflecting on the officers or employees of a company at para. 10.05:

> "But allegations about officers of a corporation or company, or even about an individual employee if they relate to their work in their employment, will often reflect on the corporation or company itself, either because the act of the individual or individuals will be identified in the mind of the publishee with the employer, or because the allegations involve some imputation against the methods of selection of staff or their supervision. Similarly, allegations against a corporation or company will often involve by necessary inference imputations against those who are responsible for its direction and control. Such inferences may arise more easily in the case of directors of a small family company than in the case of directors (especially non-executive directors) of a large organisation".

17. In *Undre v Harrow LBC* [2017] EMLR 3 ("***Undre***"), Warby J explained at [21]:

> "Cases where individuals and companies are co-claimants can give rise to difficulties when it comes to reference and meaning. A single set of words can defame both a company director or officer and the company itself, particularly if the individual is so closely associated with the company that those who know them will treat one as an alter ego of the other." (underlining added).

18. The words underlined in *Undre* were relied on by Mr Browne, for the claimant, as one of his examples where a reader identifies the act of an individual with the company. He submitted that, in relation to the association between Mr Igor Sechin and the claimant in the present case, this example is particularly apt.

19. However, as was explained in *Jameel v Times Newspapers Ltd* [2004] EMLR 665, CA at [35] by Sedley LJ:

> "It has to be kept well in mind that a limited liability company is a distinct legal person, not an extension of its proprietor (if I may adopt an imprecise but useful term). To defame the proprietor, even in an article which identifies the business as his, is not to defame the company unless the article also suggests that the company is itself implicated in the wrongdoing or suspicion of wrongdoing attributed to the individual, or it merits investigation for the same reasons as its proprietor. This article suggests none of those things." (underlining added)

20. Examples of words which reflect solely upon a company's individual officers, and not upon the company itself, were identified by Warby J in *Triplark* at [55]:

> "This could be the case where the allegation is of personal misconduct, such as sexual promiscuity, by an officer of the company… Equally, however, a publication might (at least in principle) impute misconduct by a director, for instance bribery, in the course of business activities on behalf of the company but, on a proper analysis, it might nevertheless defame only the individual and not the company for which he or she worked."

21. Therefore, in Warby J's second example of bribery by a director, the proper analysis referred to is to identify whether the company itself is implicated. If it is not, then it will only be the individual that is defamed, not the company for which he or she worked.

22. In any event, whether a company can maintain a claim for defamation turns on two fundamental requirements: the words must refer to the corporate claimant, and they must convey a defamatory meaning about the corporate claimant (see *Undre* at [23]; and *Triplark* at [55] in which Warby J identified this as the "first principle" derived from the following cases: *Multigroup, Elite model Management Corporation v BBC* (25 May 2001, unrep.), Eady J ("***Elite***"); *Al Rajhi Banking & Investment Corporation v The Wall Street Journal Europe SPRL* [2003] EWHC 1358 (QB), Eady J ("***Al Rajhi***")).

23. I should mention here that both parties made submissions in relation to *Multipark, Elite* and *Al Rajhi*. Those authorities were considered by Warby J in *Triplark*, and I do not see any reason to depart from the three principles Warby J derived from them: see *Triplark* at [55]-[57].

24. The real dispute between the parties in relation to meaning 2 is whether, in the context of the words complained of, an individual's relationship with the claimant is so close that the reader treats him "as an alter ego of the company". Mr Browne relied on the words underlined in *Undre* in support of this submission that Mr Sechin is the alter ego of the claimant and, as a result, the claimant is implicated in the wrongdoing alleged. Mr Caldecott, for the defendants, disagreed with this approach, particularly in the context of a state-owned oil company, which is what the claimant was at the time of the allegations in the passages complained of in meaning 2. The claimant's business activities were related to managing its activities in the oil sector of the economy, and the ordinary reader would expect such a company to have a board of management for that purpose. This, he submitted, required the court to identify, amongst other things, whether any allegation in the publication would reasonably be understood to be directed at the company's board of management, and where the allegation is historic, whether it reflects adversely on the company at the time of publication and satisfies the threshold of seriousness.

25. In the present context, the reader knows that the claimant is a state-owned oil company. The reader will also know that it is not an insubstantial organisation. Rather, it is described as a "state-owned oil giant" (passage (1); p.227). That means that is unlikely that a reader will understand that Igor Sechin is the claimant's alter ego. In any event, even if the words complained of identify the claimant's business as that of Mr Sechin, the claimant will not be defamed unless the words complained of "also suggest that the company is itself implicated in the wrongdoing or suspicion of wrongdoing attributed to the individual, or it merits investigation for the same reasons as its proprietor" (see *Jameel* at [35], per Sedley LJ).

26. It is these considerations that I have in mind in relation to the meanings advanced by the claimant and, in particular, meaning 2 to which these principles are the most relevant.

27. The final point I should make in relation to corporate libel claims is that, even if viable on its face, a corporate libel claim might represent an abuse of the court's process, if the reality is that the company has been "put up" by individuals who are seeking to use it indirectly to vindicate their personal reputations or obtain compensation (see *Triplark* at [12] and [57], where Warby J identified this as the "third principle" derived from *Multigroup*, *Elite* and *Al Rajhi*). Nevertheless, this is a "more complex issue" which might be the case if, for example, there is material before the court which demonstrates that the company is being used "as some kind of "front" for an individual, seeking to clear his or her name indirectly" (*Triplark* at [57]). In this case, Mr Caldecott sought to persuade me that the claimant has been "put up" by President Putin or Mr Sechin to vindicate their personal reputations. This was a trial of preliminary issues on meaning and fact/opinion and, on the material before me, I am unable to make any determination at this stage on this basis, and do not do so.

## THE BOOK: BROAD IMPRESSION

28. This is set out in *Abramovich v HarperCollins* [2021] EWHC 3154 (QB) at paragraphs 23 to 31, so I do not repeat it again here. Likewise, the findings I have made in relation to context at paragraphs 32 to 37 of that judgment are also relevant, and I do not repeat them here.

## MEANING

29. Both parties rely upon the whole of the Book, including the footnotes and index, for the full context and meaning of the words complained of.

30. The specific passages complained of are as follows:

    a. **Meaning 1**: pp. 227-228 of the Book. This concerns the purchase price paid by the claimant for Severnaya Neft.

    b. **Meaning 2**: pp. 281-304 of the Book. This concerns the acquisition of Yukos by the claimant.

    c. **Meaning 3**: pp. 357-359 of the Book. The concerns the initial public offering of the claimant's shares on the London Stock Exchange.

    d. **Meaning 4**: p. 436 of the Book. This concerns the proposed deal to fund Liga Nord.

31. I will take each meaning in turn. In doing so, I have set out each parties' case as to what they contend, in their proper context, the passages complained of mean, and would be understood to mean. I then deal with the parties' submissions, my conclusion and decision on each of the four meanings.

32. In doing so I have set out my initial view or impression in each case. This was the view I noted down before the hearing when having read the Book, I read the words complained of

in the particulars of claim, the claimant's meanings and the defendants' meanings, but before I had read the skeleton arguments, or heard any oral argument from Counsel.

33. The words complained of are contained in a total of 19 passages. I have to determine the impression that would have been conveyed to the ordinary reasonable reader reading those passages once.

## Meaning 1: The purchase price paid by the claimant for Severnaya Neft

*The parties' meanings (passages (1) and (2))*

34. Claimant's case: There was strong reason to suspect that Rosneft had paid an inflated price for Severnaya Neft, namely twice the accepted valuation of $300 million, with the intention that the overpayment of $300 million should be corruptly paid to President Putin and his associates in the KGB.

35. Defendants' case: There were in 2003 grounds to investigate why Rosneft, the then Russian state-owned oil giant, had recently paid twice the accepted valuation for Severnaya Neft, an oil company with huge reserves, and, in particular, whether it had done so to trump competitive bids from privately owned oil companies (who had been eying the company for months) or with a view to Putin's men or state officials taking the excess for themselves.

*The parties' submissions*

36. The real dispute here was whether the words complained of contained a meaning "framed as between *Chase* level 2 and *Chase* level 1, strong reason for suspicion rather than actual guilt" on the claimant's part or, as the defendants contended, a *Chase* level 3 allegation.

37. Mr Browne, for the claimant, submitted that there is strong reason for suspicion, rather than actual guilt, on the part of the claimant of making a corrupt payment or "kickback" of $300 million. This is consistent with the statement that "if Putin's KGB men had pocketed a $300 million kickback", they had been able to enrich themselves. The strength of the suspicion is emphasised by the factual statement that the deal had been "structured through one of the initial owners of Severnaya Neft, Andrei Vavilov, a former deputy finance minister" (passage (2); p. 228) and that "one person familiar with the deal", described as "a person formerly close to Putin" (footnote 51; p. 545) said that "Vavilov had kicked the money back to Putin through Rosneft's President, Sergei Bogdanchikov". There is then a formulaic denial of kickbacks or irregularity, but the effect of the repetition rule is that the statement of the "person formerly close to Putin" is to be treated as a straightforward statement that the kickback to Putin of $300 million had been instigated on behalf of Rosneft by its President.

38. Mr Caldecott, for the defendants, submitted that the author's report of Mr Khodorkovsky's televised presentation on state corruption to President Putin and Russia's oligarchs is included in the narrative because it marked the beginning of the end for Mr Khodorkovsky and his Yukos oil empire. The immediate context is that the reader has been told that Mr Khodorkovsky was seeking to expand his business empire but, behind the scenes, President Putin and his former KGB associates wanted to re-establish control of the oil companies.

Severnaya Neft was an oil company that "sat on huge reserves in Russia's far north" and the reader is told that "the privately owned oil companies had been eyeing it for months, but Rosneft had trumped them by paying twice the accepted valuation". The claimant had paid $600 million to purchase Severnaya Neft. In his presentation Mr Khodorkovsky suggested the question "where did the $300 million overpayment go?" and then told the President "an investigation should be mounted … to pin down the reason for the overpayment" (underlining added by Mr Caldecott). Mr Caldecott argued that this was a request for an investigation as to whether there was corruption, the author then sets out the rival views and, at the time, there was a "whole web of political and commercial agendas in conflict". In that context it is a *Chase* level 3 allegation.

*Conclusion*

39. My initial impression was that the passages complained of contained a strong reason for suspicion on the claimant's part in respect of the matters alleged, although not in quite the terms advanced by Mr Browne.

40. The passages complained of appear in chapter 7, entitled "Operation Energy". The Russian oil sector was substantially privatised during the Yeltsin era and a large part of this chapter focusses on how President Putin and his inner KGB circle, the *siloviki*, set out about bringing the privatised oil companies back under state control. The most difficult company to deal with was Yukos on account of its vast size and integration in Western markets. Further, its owner, Mr Khodorkovsky, was Russia's richest man. He wanted to develop his oil business in accordance with Western standards and, in addition to his enormous fortune, had political ambitions as well. This put him on a collision course with President Putin and the *siloviki*. Mr Khodorkovsky was seen as a threat to President Putin.

41. The immediate context of the slide presentation is set out on p. 226. Mr Khodorkovsky knew in early 2003 that there was "a group of people in the Kremlin who want to take my company". However, he still hoped that President Putin had a "liberal" side to his personality. Mr Khodorkovsky had warned that Russia stood at a crossroads. The country could either go down the road of state bureaucracy or could take the path of Western economies, of increasing productivity and post-industrial societies. The reader is then told that, when the regular meeting between the Russian oligarchs and President Putin took place in February 2003, Mr Khodorkovsky "decided to frame the question of he gradually increasing state participation in the economy more starkly still". This was because he had decided to make a power point presentation about state corruption. He made general points about corruption and "then he raised the issue more pointedly still" (p227; passage (1)). The issue was the acquisition of Severnaya Neft by Rosneft, and what had happened to the $300 million overpayment. Mr Khodorkovsky raised this in the context that "Whispers had been circulating for weeks that the difference was a kickback pocketed by officials". The reader will understand that, at the very least, Mr Khodorkovsky suspected corruption with this overpayment, made by a state company, and he wanted an investigation to expose this. The presentation was, after all, about state corruption in Russia. I do not therefore accept Mr Caldecott's submission about the nature of the investigation sought by Mr Khodorkovsky.

42. The reader is then told that Mr Kondaurov, Mr Khodorkovsky's chief of analysis (and a former KGB General), told the author that "Putin's men had taken the $300 million for

themselves" (p. 227; passage (2)). The author's second source, a person "familiar with the deal", said that "Vavilov [an initial owner of Severnaya Neft] had kicked the money back to Putin through Rosneft's president, Sergei Bogdanchikov" (p.228; passage (2)). The author then records that Mr Vavilov denied any kickbacks; the Kremlin hotly denied any irregularity. There is no other information provided to the reader as to where the $300 million overpayment went. I agree with Mr Browne that these denials do not provide any antidote to the information provided by Mr Kondaurov or the anonymous source.

*Decision: meaning 1*

43. Applying the principles I have identified, my conclusion is that the natural and ordinary meaning of the words complained of, read in their proper context as they affect the claimant is:

> There is strong reason to suspect that Rosneft, then a state-owned Russian oil giant, paid $600 million to purchase Severnaya Neft, being twice the accepted valuation, so that the overpayment of $300 million would be paid to President Putin or his associates in the KGB for their own use.

44. This allegation relates to events 18 years ago. However, it was a payment of $300 million, a very substantial amount of money, which there are strong grounds for suspecting ended up in the hands of President Putin or his "KGB men". The claimant was then state-owned, but it is the same corporate entity today as it was then. This imputation is, in my view, actionable as it has a tendency to cause a substantial adverse effect on people's attitudes to the company. It is, of course, another matter as to whether the claimant can prove "serious financial loss" or its likelihood in respect of matters which happened a long time ago. That, however, is not an issue before me.

45. Accordingly the meaning I have identified is defamatory of the claimant at common law. The statements complained of are statements of fact.

**Meaning 2: The acquisition of Yukos by the claimant**

*The parties' meanings (passages (3) to (17))*

46. Claimant's case: In a strategy engineered by Rosneft amounting to organised theft, the Russian Government:

    a. with the connivance of several judges subjected to improper pressure, illicitly expropriated assets formerly held by OAO Yukos Oil Company ("**Yukos**") and its ultimate owners – Mr Khodorkovsky and his associates, and

    b. combined with Rosneft to allow the latter to purchase the Yukos assets at an unfair price in a farcically rigged auction.

47. Defendants' case:

a. The Kremlin and Mr Sechin with 'one of [Mr Sechin's] deputies' wrongfully interfered with the Russian Courts in his capacity as Mr Putin's 'closest associate' and 'deputy chief of staff' in relation to Mr Khodorkovsky's trial, and that Mr Sechin's personal pursuit of power drove many of these events concerned with the bankruptcy of Yukos, confiscation of its assets and imprisonment of Mr Khodorkovsky, and Mr Sechin acted in league with 'Putin and his men' in negotiating with Yukos (implicitly in bad faith) and personally oversaw these various outcomes in his own interest, and in the interest of the Kremlin (there being no suggestion of any material input from the rest of Rosneft's board).

b. The Russian government used tax claims to undermine Yukos and that the low opening sale price of Yukos' assets was fixed by the justice ministry in an example of 'government-organised theft' and the chief orchestrators of the legal campaign to bring down Yukos' [*sic*] were the *siloviki* representing President Putin's inner circle of trusted advisors, being for the most part members or former members of the Russian Security Services.

*The parties' submissions*

48. Mr Browne, for the claimant, submitted that the strategy whereby the claimant became the owner of Yukos had two essential elements. First, the illicit expropriation of Yukos' assets with the connivance of judges subjected to improper pressure on behalf of the claimant. Second, the participation of the claimant in acquiring those assets at an unfairly low price in a rigged auction. This, the claimant contends, is the strategy it is alleged to have engineered amounting to organised theft, which it combined with the Russian government in giving effect to.

49. As to the first element, Mr Browne pointed to the references in the Book showing the control that Mr Sechin had over the court process (eg pp. 281 and 299; passages (3) and (14)) and the pressure he put on the judges in Mr Khordorkovsky's trial and on the appeal (pp. 301, 302; passages (15) and (16)). Mr Browne submitted that the reader is left in no doubt that Mr Sechin, in behaving as he is alleged to have done, was acting as "chairman of Rosneft" (p. 284; passage (5)). In his oral submissions Mr Browne explained that it is because the claimant and Mr Sechin are "inextricably intertwined", they are "alter egos" and, as Mr Sechin is the claimant's controlling and directing mind, what he does affects the claimant. Further, once Mr Sechin became the claimant's chairman in July 2004, there is no suggestion anywhere in the Book that he was "on a frolic of his own" in relation to the attack on Yukos.

50. As to the second element, Mr Browne pointed to the low sale price of the Yugansk plant at $8.65 billion, which is described as "government-organised theft" (p.287; passage (7)); that Baikal Finance Group ("**Baikal**") was the only bidder when Yugansk was sold at auction, and was a device used by the claimant to acquire Yugansk: "Overnight, Rosneft grew from being a minnow worth no more than $6 billion to an oil giant of global stature with assets worth nearly $30 billion, strengthening Sechin's hand along the way" (p. 292; passage (11)); and that the claimant's active participation in the strategy used to acquire Yukos' assets is further underlined by the mention of the bankruptcy auctions in 2007 when "though the Western banks had filed the bankruptcy petition, it was Rosneft – and the Kremlin – that was in the driving seat" (p. 297; passage (13)).

51. Mr Caldecott, for the defendants, submitted that the passages selected for complaint, both taken alone and in their wider context, do not refer to the claimant as engineering any of the matters involving the attack on Yukos. Rather, the passages complained of are very specifically targeted at the Russian government/Kremlin and Mr Sechin in his capacity as Mr Putin's "closest associate" and "deputy chief of staff" (ie as agent for the Kremlin, not as chairman of the claimant) (see, for example, pp. 275, 279, 281 (passage (3), 292 (passage 11)). Further, Mr Caldecott submitted that the *siloviki's* plan to seize Yukos for the Russian state started well before Mr Sechin became the chairman of the claimant and, in the context of the Book, it was an "astonishing" proposition to argue that the passages complained of meant that this was a plan which had been "engineered" by the claimant who was then telling the Russian government what to do.

*Conclusion*

52. The passages complained of are in chapter 9, which is entitled "Appetite Comes During Eating". This chapter tells the story of how Mr Khodorkovsky was jailed in 2005, and how his Yukos empire was sold off, with the extremely valuable Yugansk plant ending up in the hands of the claimant. My initial impression was that these events were masterminded by the *siloviki* and, in particular, Mr Sechin as part of President Putin's inner circle. I did not form the impression that it was the consequence of any strategy devised or pursued by the claimant, in conjunction with the Russian government.

53. By the time the reader gets to chapter 9 he or she knows that, by dint of Mr Khodorkovsky's fabulous wealth and perceived political ambitions, he is seen as a potential threat to President Putin. The reader also knows that it is Mr Sechin who is behind the plan to bring down Mr Khodorkovsky and was instrumental in persuading President Putin to take on Yukos, and that Mr Sechin is the person who is closest to President Putin.

54. Mr Sechin is the first person the reader is introduced to in the dramatis personae (p. xi). He is part of Putin's inner circle, the *siloviki*, and is described as "Putin's trusted gatekeeper, a former KGB operative from St Petersburg who rose in power as deputy head of Putin's Kremlin to lead the state takeover of the Russian oil sector. Later [he] became known as 'Russia's Darth Vader' for his ruthless propensity for plots". The reader knows that Mr Sechin is the closest person to President Putin from the memorable description provided of him, and his relationship with President Putin, in chapter 6 (pp. 184-186). The impression on the reader is that Mr Sechin is President Putin's gatekeeper, and that he has a very close and long-standing relationship with him. That impression will not have been lost by the time the reader gets to chapter 9 and the story of Mr Khodorkovsky's trial and the break-up of Yukos.

55. The reader is told in chapter 9 how the downfall of Mr Khodorkovsky and Yukos was brought about, with the consequence that the Kremlin secured control over the Russian economy and the court system. This was all rooted in demands for retrospective tax against Yukos, running to many billions of dollars, together with charges of fraud and tax evasion against Mr Khodorkovsky. The size of the tax bills meant that Yukos was threatened with bankruptcy and then further demands, again running to billions of dollars, were made by Russian prosecutors. It was these demands for tax that triggered the break-up of Yukos. The jewel in Yukos' crown was its Yugansk plant, which produced vast quantities of oil.

Two state-owned purchasers were lined up, Gazprom and Rosneft. However, Gazprom was ruled out as a purchaser as a result of Yukos filing for bankruptcy in a Houston court. This was because Gazprom owned assets outside Russia, and these assets were at risk of being seized if it purchased Yugansk in breach of an order of the American court. When the Yugansk plant was auctioned, there was only one purchaser, Baikal, which no one had heard of. The price paid was much less than the plant had been valued at and, within days, it was in the ownership of the claimant. The reader is provided with a vivid description of Mr Khordorkovsky's trial, and his subsequent appeal. Further, the reader is left in no doubt that it is Mr Sechin who was responsible for putting pressure on the judges to reach a verdict against Mr Khodorkovsky at trial and to dismiss his appeal.

56. The campaign which resulted in the break-up of Yukos and the jailing of Mr Khodorkovsky was one that was orchestrated by the Kremlin or, more particularly, the *siloviki* with Mr Sechin at the heart of it. That is what the reasonable reader would understand. It was not a strategy "engineered" by the claimant and it is fanciful to suggest that a reasonable reader would understand it was. The claimant was, of course, a beneficiary of what happened, but that was a consequence of the plan driven by others. The reference to the claimant being in the "driving seat" (p. 297) is to a much later point in time, namely 2007, by which time Mr Khodorkovsky had been in jail for 2 years, and the Yugansk plant had already been sold off and that is what the ordinary reasonable reader would understand.

*Decision: meaning 2*

57. Applying the principles I have identified, my conclusion is that the natural and ordinary meaning of the words complained of, read in their proper context as they affect the claimant is:

> The campaign to bring down Mr Khodorkovsky and Yukos was driven by the Kremlin and, in particular, Mr Sechin and the *siloviki* (President Putin's inner circle). That campaign resulted in the imprisonment of Mr Khodorkovsky and the break-up of Yukos, with the extremely valuable Yugansk plant ending up in the ownership of the claimant. The Kremlin, through Mr Sechin and one of his deputies, wrongly interfered with the Russian court which heard Mr Khodorkovsky's trial, and subsequent appeal, to ensure that Mr Khodorkovsky could not win and would remain in prison.

58. The claimant became the owner of the Yugansk plant. There is, however, no suggestion in the words complained of that the claimant was "implicated in the wrongdoing or suspicion of wrongdoing attributed to" Mr Sechin or the *siloviki* or that the claimant "merits investigation" for the same reasons as Mr Sechin. In these circumstances, and in the light of the principles I have set out at paragraphs 13 to 27 above, I agree with the submissions of Mr Caldecott that the meaning I have identified is not defamatory of the claimant at common law. The statements complained of are statements of fact.

**Meaning 3: IPO of the claimant's shares on the London Stock Exchange**

*The parties' meanings (passage (18))*

59. Claimant's case: In an exercise amounting to major extortion Rosneft conducted an Initial Public Offering ("**IPO**") which in reality was not an IPO at all, since it was based on an

inflated valuation of the company, and the overpriced shares were only sold as a result of KGB operatives on behalf of Rosneft putting illicit pressure on potential investors.

60. Defendants' case: The Rosneft IPO in 2006 had less resembled a normal initial public offering than an overpriced private placement based on coerced participation of investors in order to satisfy the KGB men and Kremlin financial interests that lay behind and shaped it for the following reasons:

    a. Foreign or state-controlled international oil majors keen to curry favour with the Kremlin had bought up almost half of the shares whilst US companies (and impliedly funds and retail investors) generally stayed away;

    b. KGB-connected Gazprombank bought $2.5 billion worth of shares;

    c. The Kremlin pressed Russian tycoons like Roman Abramovich to make very substantial purchases of shares;

    d. Contrary to what might have been expected, there were no contemporary investor concerns that the funds raised by the IPO would bypass the Russian budget, going instead towards paying down the $7 billion loan that a state special-purpose vehicle called Rosneftegaz had taken on from international banks when the state increased its stake in Gazprom the previous year.

61. It is the defendants' case that the underlining in their meaning indicates where the meanings comprise a statement of opinion, otherwise the meaning comprises statements of fact.

*The parties' submissions*

62. Mr Browne, for the claimant, submitted that it was the claimant who, in the summer of 2006, launched the $10.4 billion IPO of its shares on the London Stock Exchange (pp. 296, 356). The reasonable reader will understand that it was the claimant who was responsible for the share sale and, when the Book alleges that the IPO had "in fact not really been an IPO at all. Instead it was more like a private placement" (p. 358; passage (18)), the reader will understand that to be a statement of fact that the claimant "dressed up" a private placement as an IPO, when the IPO was nothing of the sort. Further, the sale is described to the reader as "a typical KGB operation", which one fund manager described as being "a major extortion exercise". The fund manager also said that "they leant on investors in true KGB fashion to make sure the offering was successful" (p. 359; passage (18)) which Mr Browne submitted that the reasonable reader would understand to be a reference to the claimant and the KGB operatives (said to be acting on the company's behalf) leaning on investors to purchase shares in the IPO.

63. Mr Caldecott, for the defendants, submitted that the claimant's meaning contrives to identify the claimant as the party sponsoring and controlling the IPO when the text makes it clear that the Russian government is responsible for the IPO strategy (pp. 357, 358). Then, on reaching the opinion that "… the IPO had in fact not really been an IPO at all" but was "more like a private placement", which is central to the claimant's meaning, the reasonable reader will be well aware that the claimant is not presented in the Book as the party "calling the shots" for the IPO. Further, the claimant's increased valuation is not the

result of any wrongdoing on the part of the claimant and it was the Kremlin, and not the claimant, who was responsible for leaning on investors to purchase shares. The criticism of the KGB cohort and the Kremlin is not a criticism of the claimant and is not defamatory of the claimant. In this context, Mr Caldecott referred to *Sharif v Associated Newspapers Ltd* [2021] EWHC 343 (QB) in which Nicklin J emphasised that, given the inter-relationship with truth defences, the meaning identified must focus on the conduct of the claimant and not third parties (see para. [33]).

*Conclusion*

64. The reader knows that the claimant is a state-owned oil company which has benefitted from the break-up of Yukos and has acquired the extremely valuable Yugansk plant. The passages complained of appear in chapter 11, which is entitled "Londongrad" and the reader has been told that Russian money is flooding into London and Russian companies wanted to be listed on the London Stock Exchange. The story then turns to how this happened in the case of the claimant, and the claimant's shares were floated on the London Stock Exchange.

65. The reasonable reader will understand from the context on pp. 356-358 that an initial public offering, or IPO, is a sale of the claimant's shares on the London stock exchange. The information in footnote 57 on page 358 tells the reader that it was a "$10 Billion Flotation", by reference to an article in the *Financial Times* on 17 July 2016 (which repeats the information on p. 296 that it is "a $10.4 billion initial public offering of [the claimant's] shares"). The reader also knows, and I agree with Mr Browne to this extent, that the IPO is conducted by the claimant. The reader is told of the vast scale of the IPO as it was "the third-biggest in the world that year" (p.357); there had been opposition to the IPO and the threat of lawsuits (pp. 357-8); that the sale nevertheless went ahead; and the sale was "presented as a triumph for Putin" (p. 358). The reader is then told that, at the time of the IPO, the claimant was valued at $80 billion, which was "an enormous transformation" since it had acquired the Yugansk plant for $9.4 billion, and was worth no more than $6 billion. This "vaulting valuation" is described as "testimony to the power of Putin's KGB cohort, and the knowledge that their backing for Rosneft was a guarantee of its future expansion" – the Kremlin's support for the claimant meant it would be able to buy up the rest of Yukos' assets cheaply in the future.

66. The author then goes on to explain why the IPO had succeeded. It is in that context that the reader is told that it was not really an IPO at all, but more like a private placement. That is, a private placement of shares, rather than an initial public offering of shares. The reader is then provided with the information on p. 358 of the narrative which explains why this is so.

67. Pausing there, the claimant's complaint in relation to this meaning is focussed on the sentence in the middle of p. 358 which says "But the IPO had in fact not really been an IPO at all. Instead, it was more like a private placement". This sentence struck me as a statement of opinion when I first read it in the immediate context of the description provided of the claimant's IPO in the narrative. That view was not changed by Mr Browne's submissions. This is because this statement is a deduction or inference by the author as to what actually happened in relation to the events surrounding the claimant's IPO and it is based on those events that the author has concluded that "it was more like a

private placement". Further, my initial impression on reading the text was that responsibility for this, and the success of the IPO, lay with the Kremlin, as the reader is told that it is the Kremlin that "couldn't allow the sale to fail" and had "pressed tycoons like Abramovich to take part in it" (p. 358). I did not read the narrative as meaning that the KGB or the Kremlin were acting on behalf of the claimant.

68. The claimant maintains that the words complained of mean that "in an exercise amounting to major extortion Rosneft conducted an [IPO] which in reality was not an IPO at all…", which is an allegation levelled directly against it as a result of its inflated valuation, and KGB operatives acting on its behalf to put illicit pressure on potential investors to buy overpriced shares. I do not agree that this is what the words complained of mean. That was not my impression when I first read them, and my initial impression was not changed by Mr Browne's eloquent submissions.

69. There are a number of reasons for this. First, the reader is told about the very substantial increase in the claimant's value to $80 billion and that this was "testimony to the power of Putin's KGB cohort". The reader is told that one fund manager said the sale was "way over-priced", but other investors were prepared to pay the price asked. The reader is not told that the claimant was responsible for inflating its value, rather the reader is told why it is that the valuation of the company had "vaulted" to $80 billion. Second, the reader is told that "foreign oil majors", such as BP, bought shares as they saw it as good for their business in Russia and they were "anxious to curry favour with the Kremlin". There is no suggestion that these investors considered the shares to be overpriced or that they had been pressed by the Kremlin to buy shares. Third, the reader is told that the Kremlin could not allow the sale to fail, and had pressed tycoons, such as Mr Abramovich, to take part. There is no suggestion that this was done on behalf of the claimant. Fourth, it was investors who did not participate in the share sale who complained that it was "a typical KGB operation" with one fund manager describing it as "a major extortion exercise". Further, the reader would understand that it was the KGB, and not the claimant, who were said to have leant on investors "in true KGB fashion to make sure the offering was successful". Fifth, the reference to the share sale being "more like a private placement" is because, rather than a large number of investors participating, the shares were purchased by a small number of investors, some of whom had been pressed by the Kremlin or KGB to participate or, in the case of Gazprombank, was connected with the KGB.

*Decision: meaning 3*

70. Applying the principles I have identified, my conclusion is that the natural and ordinary meaning of the words complained of, read in their proper context as they affect the claimant is:

> The claimant conducted an initial public offering ("**the IPO**") of shares on the London Stock Exchange which went ahead in the summer of 2006. <u>The IPO was, in reality, not an initial public offering of the claimant's shares at all</u>. It was successful because of the involvement of the Kremlin or the KGB, <u>which meant the IPO was more like a private placement of the claimant's shares</u> for the following reasons:

i. Half the shares on offer were bought by foreign oil majors including BP, Petronas (Malaysia's state oil company) and China National Petroleum Corporation, who were anxious to find favour with the Kremlin. BP said it was a good strategic investment for its position in Russia and its relationship with the Russian oil industry.

ii. Gazprombank, which was connected to the KGB, bought $2.5 billion in shares.

iii. The Kremlin pressed tycoons, like Mr Abramovich, to purchase shares, and he bought as much as $300 million worth of shares. The Kremlin did so as it could not allow the sale to fail.

iv. US investors and oil companies did not participate out of fear over legal risks. Other investors did not participate because they complained that the sale was a typical KGB operation, which was a major extortion exercise, with the sale of shares being very overpriced, with the KGB leaning on investors to make sure the offering was successful.

71. I agree with Mr Caldecott that any criticism in relation to the IPO is directed at the Kremlin or the KGB, and not at the claimant. The meaning I have identified is not defamatory of the claimant at common law. The statements complained of are statements of fact, save for the statements which are underlined that are statements of opinion.

**Meaning 4: Proposed deal to fund Liga Nord**

*The parties' meanings (passage (19))*

72. Claimant's case: Rosneft was willing to discuss participation in a corrupt proposal whereby tens of millions of Euros (at least $65m) would be channelled to the Liga Nord in Italy by selling the company's oil at an artificially discounted price to an intermediary who would pay the difference between the discounted price and its true value to the Liga Nord.

73. Defendants' case: In 2014 Mr Savoini, an aide to the head of the Italian far-right Liga Nord party, proposed to the Russian government and/or Russian intelligence representatives a possible deal, which did not go ahead, as part of building relationships within the international right movement, whereby about $65 million could be channeled to the Liga Nord party via oil sales from Rosneft (which was not or at least was not said to have been party to the negotiations), to an intermediary at a discounted price (so enabling the intermediary to funnel the difference to Liga Nord).

*The parties' submissions*

74. Mr Browne, for the claimant, submitted that the immediate context for this passage is the allegation that, notwithstanding the imposition of sanctions by the US and Europe in March 2014, Russia "accelerated and intensified its efforts to split the West" and "alliances were deepened in Italy" (p. 435). The reader would naturally, and inevitably, infer that an Italian politician, like Mr Savoini, would not suggest channelling funds to Liga Nord through oil

sales from the claimant, unless he had good reason to suppose that the claimant would be willing to participate in such a dishonest or improper deal, using a method which was comparable to that employed in relation to Severnaya Neft. Mr Browne also submitted that, although the proposed deal did not go ahead, it is significant that the reader is not told why. The reader is not, for example, told that it was because the claimant was unwilling to participate in such impropriety.

75. Mr Caldecott, for the defendants, submitted that the reference to the claimant in chapter 14 is "fleeting" and there is no basis for the meaning alleged. The immediate context is Russia's influence operations abroad directed by the Russian state (p. 428) and the activities of Mr Malofeyev and his associates. The passage complained of is no more than a third party, Mr Savoini, putting the claimant's name forward to an associate of Mr Malofeyev (and not the claimant) as a possible way to siphon funds to a political party in Italy. There is no suggestion that the deal went ahead, and Mr Salvini denies that it did.

*Conclusion*

76. The passages complained of are in chapter 14, which is entitled "Soft power in an Iron Fist – 'I call them the Orthodox Taliban'". This is the penultimate chapter in the Book and, at this stage, the reader has been told about how the KGB have siphoned billions and billions of dollars out of Russia and created vast slush funds abroad, to be used to influence and destabilise Western democracies. This chapter tells the reader about Russia's influence operations in the West, including funding the war in Ukraine, making payments to far-right political parties in Italy, France, Greece and Hungary, and it is suggested that Russia had a hand in funding the Leave campaign in Britain. The reader is told that one of the people at the heart of this is an oligarch called Konstantin Malofeyev, who has direct links with Putin and his inner circle of KGB men, and was promoter of Russian Orthodoxy through a charity called the Foundation of Saint Vasily the Great.

77. The reader is told that in 2014 another Malofeyev associate worked closely with Gianluca Savoini, the top aide to the head of Italy's far-right Liga Nord Party, Matteo Salvini, to create the Lombardy Russia Cultural Association, which began promoting "Kremlin-friendly right-wing views". Footnote 79 (p. 583) explains that the Malofeyev associate is Alexei Komov "Russia's representative to the US 'pro-family' conservative movement, the World Congress of Families, and Malofeyev's right-hand man in his Vasily the Great charitable foundation".

78. The reader is told that "along the way" Mr Savoini explored "Kremlin-linked oil deals to fund Liga Nord's election campaign" (p. 435). It is implicit, and the reader will understand, that Mr Savoini was exploring these Kremlin-linked oil deals with the Malofeyev associate, namely Mr Komov. These exploratory discussions related to, first, "sales via a little-known oil company, Avangard" and, second, "a deal to channel tens of millions of euros to the party through oil sales from Rosneft, via an intermediary to Italy's Eni" (p. 436). Footnote 82 (p. 583) tells the reader that Mr Savoini's conversation was tape recorded and was published by BuzzFeed in October 2018.

79. When I first read this passage I did not form any impression that the claimant was willing to participate in negotiations in relation to the deals Mr Savioni was exploring with the Malofeyev associate or was in any way involved in these discussions.

80. The text then explains that these deals were to be structured in the same way as the KGB-led Communist Party foreign financing deals of old, and BuzzFeed reported that the oil was going to be sold through a middleman at a discounted price, allowing the intermediary to keep the difference and funnel the proceeds (about $65 million over the course of a year) to Liga Nord. It is then denied, by Mr Salvini, that the deal ever went ahead.

81. The ordinary reasonable reader would understand that in these discussions it was Mr Savoini who was exploring Kremlin-linked oil deals with the Malofeyev associate, Mr Komov. It is not suggested that the claimant was willing to participate in any such deal. Further, it is not suggested that the claimant was involved in any of these discussions or had given Mr Komov any authority to enter into any such exploratory discussions with Mr Savoini. Further, the ordinary reasonable reader would understand that it was Mr Savoini who proposed structuring a deal through oil sales from the claimant as a means of raising funds for Liga Nord's election campaign, and therefore put the claimant's name forward. The reader is not told of any connection between Mr Savoini, or indeed Mr Komov, and the claimant.

82. In these circumstances, I do not accept Mr Browne's submission that the reader would infer that Mr Savoini had good reason to suppose that the claimant would be willing to participate in such a deal. The reader is not provided with any information in the immediate context to lead to such an inference from the text. Such an inference would be entirely speculation, and not one that a reasonable reader would reach. Further, in these circumstances the fact the reader is not told why the deal did not go ahead is neither here nor there.

83. I also disagree with Mr Browne that the passage complained of contains an echo back to the Severnaya Neft deal, which the reader was told about some 200 pages earlier in the Book. This, in my view, is entirely unrealistic. I do not consider there is any basis on which the reasonable reader would make any connection between the proposed deals set out here in the context of funding Liga Nord, and what he or she was told on pp. 227-228 in relation to Severnaya Neft.

*Decision: meaning 4*

84. Applying the principles I have identified, my conclusion is that the natural and ordinary meanings of the passage complained of, read in their proper context as it affects the claimant is:

> In 2014 Mr Savoini, an aide to the head of the Italian far-right Liga Nord party, proposed to Mr Komov, an associate of Mr Malofeyev a possible deal, which did not go ahead, whereby about $65 million would be channelled to the Liga Nord party via oil sales from Rosneft (which was not or at least was not said to have been party to the negotiations), to an intermediary at a discounted price (so enabling the intermediary to funnel the different to Liga Nord).

85. I therefore agree with Mr Caldecott that the words complained of do not mention or imply any discussion to which the claimant was a party. The meaning I have identified is not defamatory of the claimant at common law. The statements complained of are statements of fact.

# ANNEX

The specific passages of the Book of which the Claimant complains are set out below.

## Meaning 1

The passages complained of are as follows:

***Part Two, Chapter 7: 'Operation Energy'***

(1) "Then he [Mr Khodorkovsky] raised the issue more pointedly still, turning his attention to a deal in which the state-owned oil giant Rosneft had made its first big acquisition of recent years, paying $600 million to acquire an oil company, Severnaya Neft, which sat on huge reserves in Russia's far north. The privately-owned oil companies had been eyeing it for months, but Rosneft had trumped them, paying twice the accepted valuation. The question was, Khodorkovsky suggested, where did the $300 million in overpayment go? An investigation should be mounted, he told the president, to pin down the reason for the overpayment.[48] Whispers had been circulating for weeks that the difference was a kickback pocketed by officials." [Page 227]

(2) "'When I saw this on TV I realised this was the end for us,' said Khodorkovsky's chief of analysis, former KGB general Alexei Kondaurov. 'We hadn't discussed it before. When he came out after the meeting, I said, "Mikhail Borisovich, why couldn't you give the corruption presentation to someone else?" He said, "How could I give this to someone else? There are so few fighters among us." And so we began to have problems. I knew he [Putin] would never forgive him for this. Putin's men had taken $300 million for themselves'.[50]

If Putin's KGB men had pocketed a $300 million kickback, it was the first major deal since he took the presidency in which they'd been able to enrich themselves. The deal had been structured through one of the initial owners of Severnaya Neft, Andrei Vavilov, a former deputy finance minister, who conceded he did not own all of it. (On paper, Severnaya Neft was owned by six obscure companies.) According to one person familiar with the deal, Vavilov had kicked the money back to Putin through Rosneft's president, Sergei Bogdanchikov.[51] When we spoke, Vavilov denied that any kickbacks were involved,[52] and the Kremlin hotly denied any irregularity too." [Pages 227-228]

## Meaning 2

The passages complained of are as follows:

***Part Two, Chapter 9: 'Appetite Comes During Eating'***

(3) "He didn't mention, of course, that everything that happened in the courts was by then directly under the control of his closest associate, Igor Sechin, his deputy chief of staff, who had overseen and propelled the legal attack on Khodorkovsky since its start." [Page 281]

(4) "With the Yukos case, Sechin had an opportunity to expand his power base and create a fiefdom of his own. 'He understood that it was a chance for him to kill two birds with

one stone,' said Alexander Temerko, one of Yukos's former [print editions: significant] [audiobook edition: main] shareholders. 'To take the asset and to use the case to take control of law enforcement.'" [Page 282]

(5) "Just days after the announcement, Sechin, who was coordinating the attack behind the scenes, tipped his hand. He'd been appointed chairman of the state-owned oil company, Rosneft,[31] and rumours that Rosneft was pursuing Yukos's assets for itself suddenly gained weight.

With each coordinated blow against Yukos, Sechin had been growing in power." [Page 284]

(6) "A leaked report said Dresdner Bank had valued the production unit at between $15.7 billion and $17.3 billion, which seemed in line with what the market believed was a fair price,[39] and led Yukos's Western managers to believe that there would be cash available to keep the rest of the company together after the sale of Yugansk. But at the end of November that year, any hope of that was irretrievably dashed when the justice ministry not only announced an opening price for the government auction of Yugansk of $8.65 billion, well below the Dresdner range, but also presented Yukos with two more enormous tax claims for 2002 and 2003.[40]" [Page 287]

(7) "The low sale price announced by the government for Yugansk, he said, represented 'government-organised theft to settle a political score'.[43]" [Page 287]

(8) "For Alexander Temerko too, it was finally apparent that the negotiations had been a road to nowhere, that Sechin, Putin and his men had been using them as cover for the takeover, as they'd needed to lull the market and foreign leaders into a belief that due process was being observed." [Page 288]

(9) "It had the backing of the more liberal-leaning technocrats in Putin's government, led by Alexei Kudrin, the finance minister, who were keen to ensure that the power of Sechin, as chairman of Rosneft and their biggest rival and the leading and most hawkish member of the security bloc, increased no further." [Page 289]

(10) "But the last-minute bankruptcy filing in the Houston court meant the sale ended in farce." [Page 290]

(11) "Putin's KGB allies had finally taken revenge on Khodorkovsky for squeezing them out of VNK … They seem to have hastily cobbled together Baikal Finance Group as a front company to minimise transparency over its participation in the sale and avoid legal consequences from the US court order. Within four days of the sale, Baikal Finance Group sold Yugansk on to Sechin's Rosneft.[59]

Overnight, Rosneft grew from being a minnow worth no more than $6 billion to an oil giant of global stature with assets worth nearly $30 billion, strengthening Sechin's hand along the way. Instead of bringing a halt to the sell-off, Yukos's bankruptcy suit had resulted in creating a new powerhouse for the silovik who'd orchestrated much of the legal campaign to bring down Yukos." [Page 292]

(12) "For transparency – and for the Russian budget – it was undoubtedly a further loss. The sale that was to be financed by Western banks ended up being paid for through a murky deal that involved funding from the Russian budget. Although the Yugansk sale

had ostensibly been forced through to pay off billions of dollars in back taxes to the Russian budget, central bank data showed that the federal treasury ended up transferring $5.3 billion through the state-owned Vneshekonombank to Rosneft to help pay for the purchase.[61] One of the biggest scandals of the loans-for-shares sales of the nineties was the widespread belief that the oligarchs had dipped into federal treasury funds held in accounts in their banks to finance them. Now it appeared that Rosneft had done almost exactly the same. But this time there was barely the whiff of a scandal. Only one newspaper, the business daily Vedomosti, reported the scheme, and only one state official raised his voice. The funds were only paid back to the treasury in 2005, when Rosneft and Vneshekonombank clinched an emergency funding deal for $6 billion from Chinese banks as part of an oil-supply deal whose terms were never disclosed.[62]

The sole official within the Kremlin to protest against the sale, which he described as 'daylight robbery',[63] was Andrei Illarionov …" [Page 293]

(13) "When the rest of Yukos went under the hammer in a series of bankruptcy auctions in 2007, Western oil majors and financial institutions facilitated the process. In fact, they provided convenient cover for Putin's men. First, a consortium of Western banks led by France's Société Générale – and not the Russian state – filed a petition for bankruptcy on Yukos in 2006, over $482 million in outstanding loans.[73] Though the Western banks had filed the bankruptcy petition, it was Rosneft – and the Kremlin – that was in the driving seat. The London lawyer representing the interests of the beleaguered Menatep Group, Tim Osborne, said he believed the Western banks were acting at Rosneft's behest.[74] Sure enough, three days after they filed the suit, Rosneft bought out the Western banks' outstanding debt.[75]" [Page 297]

(14) "But though the trio of judges appeared to listen intently, scribbling down notes as he spoke,[83] their verdict had already been determined. An eyewitness account has emerged that details for the first time how Sechin and one of his deputies had tightly controlled the process every step of the way.[84] To remove any doubt about how the judges would rule, the Kremlin had arranged for them to be put up in a sanatorium fifty kilometres outside Moscow, all expenses paid, while they wrote their verdict. In those days, the Kremlin could still not be completely sure of the judges' loyalty, but this was the moment when the Russian court system fell under the Kremlin's sway. The Kremlin had been anxious to ensure that Khodorkovsky's business partners could not bribe the judges to rule in his favour. And at the sanatorium, security service agents could keep a close eye on them." [Page 299-300]

(15) "Sechin had piled the pressure on Yegorova to rush through the appeal, as the Kremlin was worried that the statute of limitations on the remaining fraud charge related to the privatisation of the Apatit research institute, which carried a maximum sentence of seven years, was about to run out. The other charges related to tax fraud carried sentences of only four, three, and one and a half years, and although there was one more fraud charge, with a seven-year sentence, related to the use of promissory notes in one of the tax schemes, the Kremlin – which in those days still worried about the appearance of due process – was concerned that it was far from solid.[92] The case against Khodorkovsky had to look legitimate, to strengthen Rosneft's takeover of Yugansk …

Once the appeal trial started, Sechin called Yegorova to his Kremlin office every day – she went there so often the guards knew her by sight.[93]" [Page 301]

(16) "A furious Sechin called her in to the Kremlin and ordered her to begin the trial without the defence." [Page 302]

(17) "The pressure Sechin had brought to bear on the judges, the speed of the appeal process, the lack of substance to the charges, had brought the court system irrevocably under the siloviki. If, previously, the judges' pitifully low wages had left them open to bribery by powerful oligarchs, now the Kremlin was taking over." [Pages 303-304]

**Meaning 3**

The passages complained of are as follows:

***Part Three, Chapter 11: Londongrad***

(18) "For those who'd watched in horror as Putin's KGB men had subverted the legal process to seize control of Yugansk just over a year before, the listing raised deep moral and ethical questions …

For other defenders of Yukos, it seemed that a successful IPO would be seen by the Kremlin as a seal of market approval. 'Western leaders must take a realistic and long-term view of the implications of appeasing the Russians on such issues of fundamental human rights and the rule of law,' wrote Robert Amsterdam, an attorney for Khodorkovsky, by then well into his first year in prison camp in Russia's far east. 'If not, those presently in power in Russia will take Western double-standards as a licence for impunity. To deny, dismiss or discount the gravity of the consequences is to turn a blind eye to the lessons of history.'[54]…

Despite all the protests and the threat of lawsuits, the IPO went ahead, presented as a triumph for Putin as he played host to the G8 group of developed nations in St Petersburg that summer. Rosneft was valued at $80 billion,[56] an enormous transformation since before its acquisition of Yugansk for a mere $9.4 billion, when Rosneft was estimated to be worth no more than $6 billion. The vaulting valuation was testimony to the power of Putin's KGB cohort, and the knowledge that their backing for Rosneft was a guarantee of its future expansion: the Kremlin's support meant it was certain to pick up the rest of Yukos's assets for a song in bankruptcy auctions to come.

But the IPO had in fact not really been an IPO at all. Instead, it was more like a private placement. Foreign oil majors including BP, Malaysia's state oil company Petronas, and China National Petroleum Corporation, anxious to curry favour with the Kremlin, had bought up almost half the total offering, while KGB-connected Gazprombank bought $2.5 billion in shares.[57] It was widely reported that the Kremlin, which couldn't allow the sale to fail, had pressed tycoons like Abramovich to take part in it. Abramovich was reported to have bought as much as $300 million worth of shares, a further indication that he was operating at the Kremlin's behest.[58]…

But other investors complained that the sale was a typical KGB operation, while US investors and oil companies stayed away out of fear over the legal risks. 'This was a major extortion exercise,' said one fund manager, claiming that the sale was way overpriced. 'They leant on investors in true KGB fashion to make sure the offering was successful.'[60]

But it seemed to matter little to investors that they were legitimising the state takeover by Putin's KGB men. Nor did they appear concerned that the funds raised would bypass the Russian budget, going instead towards paying down the $7 billion loan a murky state

special-purpose vehicle called Rosneftegaz had taken on from international banks when the state increased its stake in Gazprom the previous year." [Pages 357-359]

## Meaning 4

The passage complained of is as follows:

***Part Three, Chapter 14: Soft Power in an Iron Fist – 'I call them the Orthodox Taliban'***

(19) "Savoini then discussed a deal to channel tens of millions of euros to the party through oil sales from Rosneft, via an intermediary, to Italy's Eni.[82] These deals were to be structured in the same way as the KGB-led Communist Party foreign financing deals of old. The oil was to be sold through a middleman at a discounted price, allowing the intermediary to keep the difference and funnel the proceeds (about $65 million over the course of a year) into the coffers of Liga Nord, BuzzFeed reported." [Page 436]

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