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Chair

Mr. Scott Reid

Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development

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● (1310)

[*Translation*]

The Chair (Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC)): Welcome to the 23rd meeting of the Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development. Today is April 29, 2014.

[*English*]

Notwithstanding my threats to Mr. Simms that he had to leave the room immediately or face the wrath of the Speaker, we are actually doing the in camera stuff at the end of this meeting, not at the beginning. I offer my apologies in absentia to Scott Simms.

We have today with us William Browder, who is the CEO of Hermitage Capital Management. He is giving us an update on the situation relating to Sergei Magnitsky. You will all recall, of course, from a previous hearing of some time ago, the story of Sergei Magnitsky, which I will not repeat, and the reaction of the Russian government to attempts to seek out justice for Mr. Magnitsky. We're now getting an update on that situation. Anybody who has interest in it can speak to our analyst through our clerk and get the minutes of those earlier proceedings in order to gain any additional contextual information.

That being said, I turn the floor over to you, Mr. Browder. Normally we have a 10-minute opening statement, more or less, but you can do it more quickly or less quickly. In the end, it just affects how much time is available for the questions and answers that will take place in the remaining available time.

Please begin.

Mr. William Browder (Chief Executive Officer, Hermitage Capital Management, As an Individual): Ladies and gentlemen of the committee and Mr. Chairman, thank you very much for giving me this opportunity today to tell you the story of Sergei Magnitsky in Russia. Thank you for your continued vigilance on the story. This is my third opportunity to address Parliament here in Canada.

There are a lot of terrible things that happen in the world, and I'm very grateful to you for giving me and Sergei's family the opportunity to tell the story. Most of you have heard it, so I'm not going to tell the whole story again. I'll just summarize it in 30 seconds and then tell you what's happened since I was last here explaining the story.

As most of you will remember, Sergei Magnitsky was my lawyer. I was a large investment fund manager in Russia. When I was there, I discovered corruption in the companies that I invested in. I exposed the corruption, and in response, the Russian government expelled me from Russia and declared me a threat to national security. I evacuated all my staff and took all of my firm's assets out of the country, and then the authorities raided my offices after that and seized all of our documents.

I hired this young lawyer, Sergei Magnitsky, to investigate what they were going to do with the seized documents. He discovered that the documents were used to perpetuate a $230-million tax rebate fraud—a fraud against the Russian government, not against me. Sergei, who was both a good lawyer and a good patriot, exposed the theft of the money and the people involved. He was then arrested by some of the same people he testified against, put in pretrial detention, tortured for 358 days in pretrial detention, and ultimately killed on November 16, 2009, at the age of 37.

On November 17, 2009, when I got the news of his murder, it pretty much changed my life forever. I put aside my activities as a businessman, and I became a full-time campaigner for justice for Sergei Magnitsky and for other people who are suffering the same fate in Russia. I've spent the last four years travelling around the world looking for justice. In that time I've come across a number of different ideas that I'll tell you about today. I wouldn't call them real justice, but they have allowed us to prick the bubble of impunity that exists in Russia today.

After Sergei was killed, we tried in every way possible to get the people who killed him to be prosecuted in Russia. The Russian authorities completely circled the wagons and exonerated every single person who was involved in Sergei Magnitsky's death. But they not only exonerated them, they promoted a number of the key people, and they even gave special national state honours to some of the people who were most complicit in the whole Magnitsky story.

It became obvious to me, in the midst of this whole situation, that if we wanted to get justice we were going to have to go outside of Russia. We then asked ourselves what kind of justice we could get outside of Russia. The answer was that the people who killed Sergei Magnitsky didn't kill him for ideological reasons and they didn't kill him for religious reasons: they killed him for money. They killed him because he discovered the theft of $230 million from his own government and he testified against the people involved, and they wanted to silence the witness.

The one thing we felt was that if they killed him for money, then the people who got this money would generally like to spend it in the west and save it in the west. They wouldn't actually feel comfortable keeping their money in Russia, because as easily as they stole it from the government, it could be stolen from them by other people. So we came up with this idea of imposing visa sanctions and asset freezes on the people who killed Sergei Magnitsky.

● (1315)

I originally took the idea to the U.S. Congress. I presented it to a number of senators and members of House of Representatives. I phrased the question very simply: how would you like to support a piece of legislation to ban Russian torturers and murderers from coming into America? The answer was pretty straightforward. There's nobody who would be against that.

Slowly but surely, the Sergei Magnitsky Rule of Law Accountability Act worked its way through the U.S. Congress. On November of 2012 it was passed into law.

The Sergei Magnitsky Rule of Law Accountability Act sanctions those people who killed Sergei Magnitsky, but more importantly, it sanctions all other gross human rights abusers in Russia. I would describe this as the new technology for dealing with human rights abuses. This is it. In the old world 35 or 40 years ago when people committed human rights abuses in Russia, they didn't have assets in the west. They didn't travel to New York, Toronto, Saint-Tropez, and London, but now they do.

The Russians' reaction to the Magnitsky Act was furious. They were absolutely furious. Putin was furious, and he was furious because it touched him exactly in his Achilles heel. This is the one place where we have leverage and they have vulnerability.

My mission now is to take this concept and expand it, so that not just the United States bans the people who killed Magnitsky and the people who commit other gross human rights abuses, but so the Canadian government does, the European Union does, and the member states of the European Union do. I was here two years ago asking for the same thing to happen in Canada. Irwin Cotler has proposed a private member's bill basically proposing the same legislation here in Canada.

Two years ago, there was some reluctance in Canada. It's not just Canada where there's reluctance. There was reluctance in America. There was reluctance in Europe. But we're now living in a different world, whereas the thought two years ago was that we don't want to upset Russia, that it's a delicate strategic relationship.

Well, Russia is now in a state of mind where they don't seem to mind upsetting the rest of the world. They're aggressively acquiring territory that doesn't belong to them. They're openly lying about it to the world leaders.

Sanctions are no longer Bill Browder's crazy idea. This is the basic concept that has now been employed about the people involved in invading Crimea and Ukraine. My hope is that this will be a concept that can be expanded beyond just the geostrategic discussions about invading Ukraine to deal with the human rights abuses that exist in Russia.

I should point out that all of the world's attention right now is on Donetsk, Sloviansk, Kharkiv, and various other places where the Russian agents or troops, or pro-Russian separatists, if you want to use that term, are all gathered. But while this is all going on, the Russians continue to tighten the screws in every possible way on their own people. If you're an anti-corruption activist, a human rights activist, or a journalist, or if you're involved in any type of non-conventional religion or a member of the LGBT community, you're being persecuted in Russia.

● (1320)

Those people have absolutely no recourse right now unless something like a Magnitsky Act is imposed, so I've come here today to suggest, to implore, and to ask you to consider again the proposal by Irwin Cotler—and to perhaps make it a proposal by the entire committee—for implementing a Magnitsky Act in Canada, so that Russian torturers and murderers aren't allowed to come here and keep their money here.

The Chair: Does that conclude your comments?

Mr. William Browder: Yes.

The Chair: Thank you.

Before we go to anything else, I would like to note that, given the time, we're going to have six minutes available for each round of questions and answers. That will allow us to wrap things up and to vote. I think we'll only need a couple of minutes to do the in camera item that has come up, because I think we're merely acting on a consensus. Am I correct? Okay.

I have a couple of preliminary points before we go to our first questioner.

I received a book—I think it's by one of your colleagues—called *Why Europe Needs a Magnitsky Law*. I'm simply drawing it to people's attention. I'm assuming that it got sent to other members of the committee. If it did not, I have a copy. Our clerk cannot distribute it because it's in one official language only, but you're welcome to come to my office and see it.

Second, before we go on, I want to be clear about this. You made a reference to what has recently been going on in Ukraine, but to be clear, Sergei Magnitsky was a Russian citizen—I assume he was a patriotic Russian citizen—acting out of a desire to make his country a better place for other Russian citizens. This in no way overlapped in any respect with current Russian foreign policy, just to be clear.

Mr. William Browder: The only overlap between the Magnitsky case and what's going on right now is that the Magnitsky case was an emblematic example of how Russia defies laws and goes about covering up crimes and publicly lying. Sergei Magnitsky was a Russian citizen exposing a crime against his own country and was murdered by his own government. That was then covered up by his own government, going right up to Vladimir Putin.

The mindset of what happened to Sergei Magnitsky is the same mindset that allows Russia to invade Ukraine and to do various other things, but there's no overlap in terms of the facts of the case.

The Chair: Thank you very much.

Ms. Grewal, would you like to begin the questioning?

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Thank you, Chair.

Thank you, Mr. Browder, for presenting to our committee today. You have shed light on an extremely important human rights issue. What happened to Sergei Magnitsky is a truly shocking and very heinous violation of human rights. It is an unfortunate example of what many more freedom-loving Russians continue to experience within Russia.

To your knowledge, to what extent has the Russian government deteriorated in terms of Russian citizens who are interested in the democratic process and how they are treated?

Mr. William Browder: Vladimir Putin is running a system under which any time anybody presents any possible alternative to his rule, he eliminates those people.

For example, a very popular young politician-activist-blogger named Alexei Navalny started to complain about government corruption and exposed huge government corruption in his country. This young man ended up becoming so popular that he had the potential, if there were a real democratic process, to become president of Russia.

What Putin did was to trump up a number of absolutely objectively ludicrous criminal charges against him, prosecute him on the basis of charges that anybody would say were completely unjust, and then convict him. When he was convicted, 10,000 people went onto the streets of Moscow and protested, and Putin realized that if he actually put him in jail, that could potentially cause an uprising. He was then put under house arrest and refused any access to any technology, so he's effectively neutered.

There's another fellow named Udaltsov, who is a member of the opposition. Again, he was convicted of various crimes and put under house arrest.

This is what they do. They don't register your party, or they convict you of a crime, or they attack you and in some cases murder you, to make sure that nobody wants to become a member of the opposition in Russia.

Putin is like an athlete who's cheating. He can't tolerate any competition, so he eliminates anybody who might potentially be his competition. He's now also eliminating any possible journalists' organization that says anything bad about him. Any journalists' organization that has been in any way supportive of the opposition is now being shut down in Russia.

● (1325)

Mrs. Nina Grewal: In your opinion, how should democratic countries like Canada, the United States, and those within the European Union work together and respond to Russia's human rights violations, bearing in mind that Russia is a nuclear power?

Mr. William Browder: Well, the historic response to that question—and not just in Canada but in every other country in the world—says, “Let's just not do anything about it.” That has been the historic response: let's just not do anything. As a result of that, Putin has enjoyed absolute impunity, and it has actually emboldened him to invade neighbouring countries.

Because Putin is a kleptocrat—it's now widely acknowledged that he's a kleptocrat—and he doesn't keep his money in Russia, the one thing we can do is sanction him. In other words, we can sanction his money and freeze his assets so his money is no longer safe. I don't think Putin will start a nuclear war over his money being frozen, because he can't really acknowledge that he has any money. This is their Achilles heel. This is the main way we can get to them in the west. There's no reciprocal way in which they can go about doing anything about this.

Mrs. Nina Grewal: Thank you.

Chair, do I have some more time left?

The Chair: You have one minute.

Mrs. Nina Grewal: I will pass my time over to Mr. Sweet.

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Thank you very much.

I have a quick question for the people who are watching. How is it that someone like Sergei could uncover the fact that people were stealing from the government and then government officials actually would make sure that he was incarcerated and then later killed? Why would those people who did that be given state honours afterwards if they were stealing money from that very government?

Mr. William Browder: We have the same question. There's an assumption you're making in that question, which is that the people who are running the country are acting in the national interest.

If you change that assumption just slightly and say that the people who are running the country are kleptocrats and are benefiting from this particular scam or many scams like it, that changes the assumption you make about the answer to the question. Let's just say that there are senior ministers in the government who are benefiting from this and who also have the ability to award state honours and also the ability to arrest a young man who exposed the crime. Then it's entirely logical. If they are the crooks who are doing the crime, they then have every power to cover up the crime and to do that.

What the Sergei Magnitsky story did, probably better than any other story in Russia because the details are so clear, is put the bare face of Russia out there for everybody to see, not just for this case, but for every case. Because this is just the tip of an iceberg. It just happens to be a well-documented iceberg, and I have the opportunity to come and speak to you about it.

But this is going on everywhere on a grand scale, and not just in Russia. It went on in Ukraine. That's why the president of Ukraine was run out of the country: because people couldn't tolerate it anymore. It completely ruins the lives of average Russians, because the money doesn't go to build hospitals and schools. The money goes to villas, yachts, and foreign bank accounts, and to fancy prep schools for their children, and that's where the whole problem is.

● (1330)

The Chair: That used the one minute that was available. We'll go now to Mr. Marston.

In all fairness, because I do want to get to the end, in situations like this if we run over, I'll just subtract it from the next time, so we'll have five minutes when we get back to you.

Mr. Marston.

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): I think that's very fair, Mr. Chair.

I'm of the generation, Mr. Browder, of MAD: mutual assured destruction. That was a two-edged sword, because everybody thought it would prevent nuclear war, and due to the fact that everybody thought so, then Russia was free to do a lot of things without really believing that anybody would take them up on the challenge, because of the risk factor. I tend to agree with your analysis that Mr. Putin is not prepared to die for his money, but I wouldn't want to be proven wrong in that.

There's one thing I'd like to ask you about. Our researchers have brought this next question to us, and I think it's very pertinent considering the motion Mr. Cotler had before us. Before I ask you the question, though, are you aware of any interactions with government members seeking support on that bill and what kind of reaction they've been getting?

Mr. William Browder: We arrived in Ottawa just this morning, so I'm going to be meeting with the government tomorrow about this. All I can say from a predictive standpoint is that we're now in a completely different world, where nobody is trying to make nice with the Russians. Sanctions have already been imposed, so as for the idea of a leap of faith to impose sanctions and a leap of faith that we're worried about upsetting Russia, neither of them are big leaps of faith now.

I was sort of in the wilderness for the last four years. A lot of people were saying that maybe this Magnitsky case was just some obscure case, an extreme example. Now, all of a sudden, every government is interested in my opinions about who to sanction, and every news station is interested about whether the sanction policies are appropriate or should be strengthened.

I'm now in the mainstream as far as my thoughts about sanctions go, so I'm hoping that since the world has changed, we can actually use this tool properly. As I've said, this is sort of the iPad technology. We used to be on typewriters, but now we have an iPad as far as fighting human rights abuse goes.

As for the idea of going after these people's money, we're not just talking about going after heads of state or senior government officials. In the case of Magnitsky, we're talking about mid-level people who won't be able to travel, who can't use their Visa card anymore. Then the question is, do they take the order to do something bad if they know they're going to be held personally accountable and they won't be able to travel and use their money, and their government can't protect them from that?

Mr. Wayne Marston: Well, the very impunity that they've lived under for so long.... North America is quite aware of the gangster problem in Russia, and you seem to have some really direct information linking certain people, which you've attested to before and which would put you in a rather unique position compared to all of the things that are happening.

The reason I started this line of thought, though, is that my understanding is that there's Canadian law that already addresses the provision to prevent individuals or criminal organizations from entering Canada if they're suspected of committing the more serious types of crimes. It sounds to me like you have the kind of evidence that could be used against at least a number of these people. Do you believe that if we took the existing law and applied it, that would be good enough to address this particular situation?

● (1335)

Mr. William Browder: The law prevents people from entering Canada, but it doesn't oblige the government.... First of all, it allows the government to prevent them if it chooses to. It doesn't oblige them to. It doesn't freeze their assets and it doesn't name their names.

There are three things about the Magnitsky Act that are unique and useful and that go beyond what exists under current legislation in Canada. The U.S. version went beyond current legislation in the United States. That's the first thing. It requires the government to name the names publicly on a federal register, which is extremely important. The second is that it obliges them to ban their visas, and then it freezes their assets. That doesn't exist under current legislation.

I can tell you one thing, and it's hard to appreciate it if you're not a specialist on sanctions; I've become a specialist on sanctions through this exercise. However, if a person's name is on an international sanctions list, that's pretty much the end of their financial life. If you're on a sanctions list, whether it's a Canadian sanctions list, a U. S. sanctions list, or a European sanctions list—even on one and not all three—every bank in the world runs a database of who is on the sanctions list—every bank.

If someone is on a Canadian sanctions list and no other sanctions list, they won't be able to open an account at RBS in London. Most companies won't want to do business with them when they do their due diligence on that person. Even if they have no assets in Canada, naming and shaming them and putting them in that position has a very material, very direct, and very negative impact on their lives.

The existing legislation doesn't do that.

Mr. Wayne Marston: How much time do I have, Mr. Chair?

The Chair: You have five, four, three, two...one second.

Mr. Wayne Marston: I think it's over.

The Chair: It's over.

Mr. Wayne Marston: Well, we tried.

Thank you, sir.

The Chair: We go next to Mr. Schellenberger.

Mr. Gary Schellenberger (Perth—Wellington, CPC): Thank you.

Thank you again, Mr. Browder, for coming back. I was new on the committee when you were here previously. I found the story to be horrendous, and it has never left me, even through the Ukraine situation. The former president and the former government were really Putin cronies. They were put in place and they looked after themselves first.

It is my understanding that Putin's wealth—I heard this somewhere—was in the neighbourhood of $160 billion. I don't think that as the president of Russia your paycheques would get you to that particular spot, to anyone who knows, but if the regular Russian people don't know that, if the media can't put that out and if it's not out there, they would wonder why they themselves average about $12,000 a year. It would take a long time to get to $160 billion.

Everything you told us when you were here the last time, I more than believe wholeheartedly, especially since what has happened in Crimea, in Ukraine, and I was a little different on it from even what our government did at the very beginning, or the European government or the United States. When this first happened, when the Ukrainian president left and went back to Russia, I would have put sanctions on everyone, all the oligarchs, everyone in Ukraine and in Russia.

One of my staffers was in Europe this past Christmas. I don't know exactly which resort area it was, but over half the houses, the big mansions and everything, were owned by Russians. Most of the Russian and Ukrainian top people live outside; they just take the money from there and then out.

So I do believe in sanctions, and I know that you've explained sanctions, but do you think enough have been put in place already?

● (1340)

Mr. William Browder: The answer is absolutely not. There is a lot of negotiating among ourselves that's going on here in the west in relation to Russia.

In relation to Ukraine, I believe that the best way of dealing with the situation would be the sanctioning of all of the cabinet ministers, all of them, sanctioning Putin, and then sanctioning a wide swath of what I call "oligarch trustees".

Just to explain that to you, the way that kleptocracy works is that most government officials don't keep the money in their own names. They keep the money in the names of people they trust. These are the trustees. As you look at these rich lists of Russians, oftentimes they're not as rich as they look on the list, because they're holding assets on behalf of Vladimir Putin and other senior government ministers. I believe the closest anyone has come to sort of half-satisfactory lists are the U.S. sanctions lists that have come out, because they've actually gone after businessmen, and some very well-known businessmen, but not nearly enough businessmen.

The Canadian list that just came out today had two businessmen on it, which is better than no businessmen. The European list had no businessmen on it. The businessmen are the guys who hold the money for Putin and his colleagues, and those are the people who need to be sanctioned as far as Putin's Ukrainian military adventure is concerned.

With regard to these human rights abuses, nobody has been sanctioned. Nobody has been sanctioned in Canada for the Magnitsky murder. We have all the evidence. They have been sanctioned in America. I don't understand why Canada couldn't just take the American list and adopt it or some version of it. I could come here and spend a week with the immigration minister's staff and share with him the evidence.

I don't know why they are not sanctioned. They should be.

Mr. Gary Schellenberger: I think what—

The Chair: You have one minute.

Mr. Gary Schellenberger: One minute?

I think what's happened is that Putin and the Russians have lulled everyone to sleep a little wee bit—"trust me, trust me"—and you can see what's happened in Syria. They brokered that deal, or supposedly brokered that deal, which still hasn't been completed. If you see the countries that they're friends of, it's terrible.

Again, I say thank you to you for all the work you have done to try to straighten out some of the wrongs that are being done and have been done in Russia. We'll see if we can't support some of your issues.

Mr. William Browder: Thank you very much.

The Chair: Thank you.

We go now to Mr. Scarpaleggia.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you, Mr. Chair.

This is an extremely fascinating presentation.

In terms of the judiciary in Russia, I understand how you can have corrupt government officials and basically gangsters on the loose working with the police to arrest someone like Mr. Magnitsky on false pretenses, but in our system the judiciary is the backstop. It prevents these abuses. Is the judiciary in Russia totally complicit with the corruption? Are judges being bought off or are they simply scared of reprisals? What's the role of the judiciary in all of this?

Mr. William Browder: You're absolutely right when you say that in normal countries the judiciary is the check and balance, the backstop, the way of keeping everything working. Your suspicion is also correct that the judiciary in Russia completely does not function as a normal, independent, law-applying body.

The judiciary in Russia, at every level of the judiciary, from the lowest level right up to their Supreme Court, is corrupt. It's corrupt both on a financial basis and on a political basis. Sometimes people pay money for decisions. At other times, people make phone calls for decisions.

I think that probably the most poignant example of the judicial corruption is again in the Magnitsky case. I'm not just being myopic or self-centred when I say this. In July of last year, a senior judge in Moscow held a trial that ran for about two months in which Sergei Magnitsky was the defendant three years after he died.

● (1345)

Mr. Francis Scarpaleggia: It's unbelievable.

Mr. William Browder: The first ever trial against a dead man in the history of Russia was held in Moscow last summer.

Mr. Francis Scarpaleggia: It's unbelievable. That brings me to another question about the mechanics of your initiative and how your bill is carried out.

How do you gather evidence? We're dealing with people who are operating in another country, a country that is corrupt, whose police records can't be trusted, and whose judiciary, as you've just mentioned, is corrupt, so how do you get evidence to decide to seize this person's assets? Assets are seized under the act, yes? How do you get evidence to do that and how do you know the evidence is valid?

Mr. William Browder: The way the evidence was gathered is that the authorities in Russia have a strange way of thinking that nobody from the outside is ever going to look at what they've done, so they document everything. When Sergei Magnitsky was beaten on the last night of his life, there was a protocol written and signed by the people who were involved in the beating, just to confirm to their boss that they did their job properly. In Sergei's case file, there is every piece of paper showing that he was requesting medical attention and showing the judges rejecting his requests for medical attention.

Mr. Francis Scarpaleggia: How did you get your hands on this evidence?

Mr. William Browder: Well, the one thing about Russia that is interesting is that it's a totally unjust system, but they're absolutely wedded to their procedure. You go to court, they present their case file in court, and you have an opportunity to look at their case file. They've pretty much damned themselves in their own defence. Maybe they didn't get into trouble in their own courts, where the courts ruled obtusely in the wrong way on every single thing that ever happened, but the evidence is there, the evidence they created.

Mr. Francis Scarpaleggia: You have the Magnitsky Act in the U. S. Are there other countries that have similar legislation or does the U.S. stand alone?

Mr. William Browder: The U.S. has the legislation.

The European Parliament recently did something that's very unusual for the European Parliament. They passed a resolution in which they attached their own sanctions list of 32 people involved in the Magnitsky case. The European Parliament has never in their history put together a sanctions list.

The reason they put a sanctions list together was that they've passed four resolutions in the past four years calling on the European Union to impose sanctions, and the European Union as an executive body has ignored the Parliament. So they decided to come up with their own sanctions list, which they're then going to distribute to all the European embassies in Russia so that the consular officers at least have the names.

Mr. Francis Scarpaleggia: But the individual countries aren't empowered yet to take the same kinds of actions?

Mr. William Browder: There has been no executive decision taken by any of the European countries.

The British government, strangely, has been sort of lying by omission. They've stated on the record that the people who killed Magnitsky aren't allowed into the country. They then were asked again, on the record, whether the people are not allowed into country, and they've said that they can't say who's allowed into the country, that they don't talk about who's not allowed.

So the answer is, very simply, that only the United States has an explicit Magnitsky Act. It's my job and my mission to change that.

● (1350)

Mr. Francis Scarpaleggia: One last question, Mr. Chair?

The Chair: I'm afraid you're out of time. In fact, you're over time. I apologize for that.

Mr. Francis Scarpaleggia: Okay. Thanks.

The Chair: Mr. Sweet, please.

Mr. David Sweet: Thank you very much, Mr. Chair.

Mr. Browder, I think every lawyer in the world would want to have you as their friend, or someone like you, if he or she ever got into a circumstance like this. I'm not trying to make light of it; this is an absolute tragedy that has happened to Sergei Magnitsky. But your dedication is exemplary for what anybody could ever hope for from anybody, a best friend or whatever, so I want to commend you on that.

Last July it wasn't only a dead man who was on trial. It seems that your efforts must be at least a little effective, because they tried you *in absentia* as well. Do you want to tell us a bit about that?

Mr. William Browder: Yes. Just to complete the story, there were two defendants in July, Sergei Magnitsky, who is dead, and me, alive but not in Russia. It was the first posthumous trial in Russian history and the second trial against a westerner *in absentia*.

In the court, they have a cage for defendants. In this particular case, there was an empty cage. We didn't—neither Sergei's family nor myself—participate in the trial because it was completely trumped up. Two state-appointed lawyers showed up unwillingly. They were asked to show up, they showed up at the court, and then they asked to be excused. Their supposed clients didn't want to have any contact with them.

The government demanded that they participate; otherwise, they would have been disbarred. They basically went on with the show trial—and it was a show trial in every possible sense of the word—and convicted Sergei and me. They sentenced me to nine years in prison *in absentia*.

The Russians went to Interpol to try to have me put on the Interpol most wanted list. Thankfully, Interpol rejected them, because the case was, in their words, politically motivated and illegitimate. They've gone to a number of countries, including the U.K., asking them to hand me over. The U.K. has rejected this. A number of other countries have openly said that if I ever were to go there, nothing would happen.

But this is what the Russians do when they get mad at you. They open a criminal case. There's a famous saying: “Show me the man and I'll find you the crime.” It's a Stalin quote, or maybe it's Dzerzhinsky's; I can't remember which one. That's what they do.

I clearly upset them profoundly, and it wasn't just because of the Magnitsky Act. We've also been able to trace the money that was stolen and to get different law enforcement agencies around the world to seize that money. The United States, Switzerland, Lithuania, Estonia, Latvia, Cyprus, Moldova, and various other countries have opened criminal cases. What this also has done is expose what I call the money-laundering pipe that's used by the entire criminal organization of the government.

So I'm an extremely dangerous character for them, because I've taken their dirty laundry and put it out there for the whole world to see.

Mr. David Sweet: Going back to the time when you actually began business in Russia, this obviously was how the government operated, etc. This was obviously a huge surprise to you.

Obviously your communications are strained now with any sources there, but I would think you may have some. While you were there, what was the awareness in the average individual? You must have had a lot of interactions with Russian citizens. Are they totally oblivious to this? Are they stymied by fear of the government? Have they just dealt with this for so long that it's everyday practice?

Mr. William Browder: The Russians are a very fatalistic people. They're highly aware of everything that goes on. They don't know the details, necessarily, but they know the general.... They can see it for themselves. They were supposed to have gotten a billion dollars to build a road, and there's no road. The hospital that was supposed to buy new machines doesn't have any machines.

Everybody knows this is going on, and they're infuriated by it. Any person who would ever run on any ticket to change the corruption, to stop it, would win in a landslide, if they were allowed to run. The Russian government does what it did to Sergei Magnitsky, though maybe not quite as extremely, but in a lot of different ways and to a lot of different people. Everybody is afraid to speak up about it. Everybody is afraid to do anything about it, so they're subjected to it.

That's what a corrupt authoritarian regime does. It scares its people. It steals, and then it scares its people away from saying anything.

● (1355)

Mr. David Sweet: How many cases, other than that of Sergei Magnitsky, are you trying to raise awareness of in the international community with regard to human rights violations in Russia?

Mr. William Browder: There are a lot of cases that are directly connected to the Magnitsky case. There was a case involving a young man named Fedor Mikheev, who was arrested by the very same police officers who arrested Sergei Magnitsky. They arrested him and then handed him over to some kidnappers, who demanded a $20-million ransom for him from his boss. His wife got involved and somehow found out where he was and got him freed by the police. He was then rearrested and sentenced to 11 years in prison. When we were making movies about our case, we included the Mikheev case.

We've discovered that Sergei discovered multiple crimes involving the same types of tax-rebate fraud, going up to one billion dollars, and we've exposed those as well. I'm actually going to be in Washington next week and introducing the young ladies from Pussy Riot to various senators there, to try to get some of the people who were involved in their persecution added to the Magnitsky list. It's a growing movement of people.

The problem in Russia is everybody's problem, so the more that this stuff overlaps with us, the more we want to get everyone else involved. Certainly we're never going to bring Sergei back, but if we can create consequences and save lives for others through his sacrifice, that would be a meaningful legacy for him.

The Chair: Thank you, Mr. Sweet.

With the permission of the committee, might I ask one question? Thank you.

Your mention of Pussy Riot raises something that has been mysterious to me, and perhaps you can provide the answer to it. It is not difficult to understand the financial motivation that leads to someone like Sergei Magnitsky being crushed by the system, but I am mystified by the desire of the Russian regime to crush its LGBT community. That just seems totally unconnected. I can't figure out what the motivator behind it is.

I wonder if you have any idea what the bee in their bonnet is.

Mr. William Browder: It's very simple. If you are Vladimir Putin, if you are a kleptocrat and are running a kleptocratic state in which everybody is furious and fuming just below the surface, and in which basically 1,000 people have benefited from everything—from all the stealing—and 140 million people haven't, yours is an unsustainable regime. You have to come up with something to create a distraction. Putin has been testing out different ideas.

One of his first ideas, which came out about a year ago, was this idea of cracking down on the LGBT community. The thought there was that if he could somehow create this sort of conservatism, it might distract people. It didn't. He tried it out and no one was paying any attention, so he moved on to plan B and plan C and plan D. I don't know exactly where Crimea fits into the lettering of these plans, but he was looking for something to create a distraction.

The attack on the LGBT community, by the way, has not stopped. It is going on. It's just that nobody is paying attention to it right now, as people are looking at Donetsk today. But many people from that community are feeling very vulnerable. People are leaving the country, and people who aren't leaving it are feeling totally at risk. They are having to hide their lifestyles in hopes that they don't end up being persecuted and losing their jobs or possibly experiencing something worse.

The Chair: Thank you very much. That was very helpful.

Colleagues, we're going to have to suspend for a moment to go in camera.

I'm sorry, was there someone else?

Oh, Mr. Benskin, my goodness. I owe you an apology. I would not have asked that question. I completely forgot.

With my apologies, you have six minutes.

● (1400)

Mr. Tyrone Benskin (Jeanne-Le Ber, NDP): Thank you. It's not a problem.

I'm new to the committee, so I'm new to the existence of this story. There is so much happening in the world on a daily basis, and you can only read so much news. Could you elaborate a bit on the key points of the Magnitsky Act? What are the key claws or teeth in this act?

Mr. William Browder: The Magnitsky Act is a piece of U.S. legislation at the moment, which has three basic features: it publicly names the names of the people who are involved in human rights abuses; it bans them from entering, in the U.S. case, America; and it freezes the assets and disallows any financial institution or U.S. business to do business with the people who are on that list.

The Magnitsky Act applies in America to the people who were involved in the Magnitsky case, and it applies to people involved in other gross human rights abuses as recognized by the U.S. government.

Mr. Tyrone Benskin: What is the burden of proof for being able to enact those asset freezes?

Mr. William Browder: The burden of proof is very high. The U. S. government is the ultimate arbiter of who is put on that list and who isn't. A person put on the list has the opportunity to challenge it in federal court. The government will only put a person on that list when they can defend doing so to a criminal standard based on evidence, so it is not according to a civil but to a criminal standard that they are placed on that list.

Mr. Tyrone Benskin: In the case of what is happening now in Crimea with Russia and so forth, would there be wiggle room, taking the Magnitsky Act as a base, to use the same type of thought process on a political level by applying the same process to members of the Russian parliament or other leaders within the Russian government?

Mr. William Browder: This is exactly what has happened. The United States has taken the exact concept of the Magnitsky Act and applied it. At this point, I think there are something like 54 names of people who have been put on the federal OFAC sanctions list and have their visas banned and their assets frozen on the basis of a criminal standard.

The only thing that may be different between the current sanctions and the Magnitsky sanctions is that I'm not sure whether the people under the Ukrainian sanctions have the ability to go to U.S. court to challenge the designation. I haven't researched the current sanctions enough to know that. But everything else is exactly the same, effectively, sanction for sanction, word for word, and consequence for consequence.

Mr. Tyrone Benskin: Thank you.

I will yield my time in the interests of us doing what we need to do.

The Chair: Thank you, Mr. Benskin. I do apologize again for overlooking the fact that it was your turn.

Colleagues, we're going to suspend for a moment.

On behalf of everyone, I will offer our thanks to Mr. Browder.

You were as informative as you always are, sir, and this is a really important issue.

Let's suspend and reconvene in camera.

[*Proceedings continue in camera*]