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Briefing on Russian attempts to appropriate British gold

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This briefing note has a total of 5 pages.

Background:

Our committee has undertaken an initial review on the situation of the gold mining industry in Ukraine and has uncovered troubling circumstances in reference to a plot by an Russia aligned group of interests attempting to seize the only gold producing strategic resource in Ukraine that is in fact owned by British interests.

The resource concerned is the company Zakarpatpolimetal LLC (thereafter enterprise) that went bankrupt with the fall of the USSR and which during the last decade of the 20th century was fully financed and restored into a producing resource by British investors who poured substantial capital into the business.

Initial failed attempts:

Over the period of 2007 till 2011 a group of officials led by member of parliament Mykola Martynenko (thereafter Martynenko) and Andriy Portnov (thereafter Portnov) forced the enterprise illegally into bankruptcy and organised a series of raids to seize the assets of the business, which were ultimately unsuccessful, and in 2011 all the property and assets were returned to the ownership of the enterprise.

This was done by way of creating various problems at the enterprise, enumerating attempts to illegally change the management or otherwise remove creditors and investors from control over the situation at the enterprise.

Such problems were created by corrupt officials to force the enterprise into bankruptcy, and thereafter shell companies would buy the assets at symbolical prices. The Ukrainian media extensively covered how such shell companies were a front for Martynenko and Vitaliy Zakharchenko (thereafter Zakharchenko) who would later assume the post of minister of internal affairs.

The successful attempt:

Over the period of 2012 till 2014, Zakharchenko assumed high roles in government and became part of the administration at the highest levels during the presidential term of the disgraced and exiled former president Viktor Yanukovich (thereafter Yanukovich), and together with Martynenko and Portnov, they created the

Carpathian Mining Company which is the root of the corrupt corporate structure where the beneficial owners are officials of the Yanukovych administration aligned with Russia.

Assisted by corrupt judges Victor Tatkov (currently in hiding in Austria) and his deputy Arthur Emelyanov at the Supreme Economic Court of Ukraine, Zakharchenko and Martynenko successfully seized the enterprise by way of illegal decisions to change the management of the enterprise, and proceeded to illegally sell its assets for profit, including theft of ore and most of the assets of the enterprise as well as destruction of property, whereas they were substantially assisted also by Oleg Tatarov (thereafter Tatarov).

Tatarov, deputy to Zakharchenko, created fake criminal cases to remove Mikhail Zhelyazo as general director of CJSC GAK Ukrainian Polymetals and Tatiana Petik as the liquidator of the enterprise, to replace them with Andrey Kravchuk (fraudster) and Alexey Gromchakov (convicted terrorist) as they clearly prevented Zakharchenko and Martynenko to carry out their crimes (Tatiana Petik won the court case in 2011 that return all the assets and property to the enterprise).

They also obtained an illegally mining permit, by implementing an illegal fraud scheme and pressure on local government. All these actions were based on unlawful court decisions, which were issued by courts of various levels, and appeal by the creditors and investors of the enterprise did not yield any results.

Such appeals were launched by Dmitry Zaitsev (thereafter Zaitsev), the lawyer who represented and represents to this day the legitimate investors and creditors of the enterprise, a lawyer who survived multiple and obvious attempts at harassment by law enforcement for his involvement in resisting the unlawful seizure of the enterprise.

Nikolay Gozhik (thereafter Gozhik) was and is a director in the Carpathian Mining Company, nominated by Valery Bredikhin (thereafter Bredikhin) who has direct links to Zakharchenko (very well covered by the media in Ukraine) and was jointly convicted with Alexey Gromchakov. Gozhik would have been convicted as well if not for corruption (materials that exist simply not passed to the courts).

Fleeing to Russia:

In 2014, Yanukovych, Portnov and Zakharchenko fled to Russia.

In 2015, Martynenko resigned from parliament amid a corruption scandal.

This led to the ability to temporarily somewhat improve the situation by recognizing both the sale of property and the transfer of assets as illegal, however in 2016, people who had previously collaborated with and loyal to Zakharchenko and Yanukovych returned to power and this process was suspended.

Russian interference:

In 2016, the fake investor and Cypriot based company appeared, Avellana Gold, that acquired the Carpathian Mining Company and continued the unlawful activities and fraud scheme initiated by Zakharchenko, including seizure of property and deposits, destruction and theft of production assets, theft of land, unlawful processing of ore and even the removal and modification of the processing plant to ensure its return be impossible.

All of this was primarily financed by Martynenko and politically orchestrated by Zakharchenko from Russia, as well as supported by people in the judiciary loyal to Portnov, and who collectively had access to corrupt and loyal to them people in the government of Ukraine.

The fake investor, Avellana Gold, was led by Brian Savage (thereafter Savage), an individual involved in numerous scandals, including organising illegal drug production on the territory of the enterprise on the instructions of Martynenko. Savage and Andrii Smolin, both representatives of Avellana Gold, have direct links to Zakharchenko and Martynenko.

Also of note is that Savage bought from Bredikhin the Carpathian Mining Company, Bredikhin was already a convicted person with an issued search warrant in his name, and therefore to make the deal look legitimate

(although it isn't), the deal took place in the separatist and Russian occupied territories of Ukraine, where Valery Bredikhin is hiding, making this a terrorism related activity and acquisition.

British recovery:

In 2018, the investors received a landmark decision that proved the unlawfulness of the actions of the Carpathian Mining Company and Avellana Gold, and prove that the manager of the enterprise was unlawfully appointed and courts accepted the connections with Zakharchenko.

In 2019, the investors and creditors approached Gofer Mining plc, who assumed their claim and proceeded to announce and execute a substantial investment plan into the enterprise of 250 million sterling to restore it out of bankruptcy and return the resource into production, as well as resolving the litigation, settling any debts, preserving the minor government stake, and major investment into local infrastructure including a hospital.

The British investor immediately encountered many problems, whereas such problems were not related to anything technical or legal but rather issues related to unlawful actions of corrupt officials, and their unwillingness to move away from corruption and fraud schemes. Notwithstanding those issues, the investment plan was approved by the Ministry of Economy of Ukraine, and Gofer Mining plc over 2019 was successful in initiating the sanation process of the enterprise and assuming control over the enterprise albeit in a distressed state, without its land, without licensing and a number of further issues.

Successful seizure:

In 2020 after appointment of Tatarov and Andriy Yermak (thereafter Yermak) to the administration of president Zelensky, both individuals loyal to Zakharchenko and Martynenko as well as Portnov, who proceeded to cause serious trouble for the enterprise and the British investor, and continued the unlawful activities started by Zakharchenko and related to him convicted individuals like Valery Bredikhin.

Yermak an individual well connected in the courts, directly linked to the Russian paramilitary organization Wagner Group and deported from Belarus Mikhail Podoliak, and a suspected figure in the constitutional crisis of Ukraine, created sharp opposition in the courts, which ultimately led to the abolition of the sanation.

Despite the clearly illegal nature of the actions of the Carpathian Mining Company, Savage and Avellana Gold received obvious support at all levels of government, clearly related to corruption, with the help of Tatarov who was an official at the time of Zakharchenko, and who as part of the administration has a certain amount of influence over law enforcement agencies, which enabled the full seizure of the enterprise.

Martynenko, Yermak and Tatarov provided wide support in government to enable the continuation of unlawful activities related to the enterprise and substantially contributed to exercise pressure and harassment on anyone who was trying to prevent such activities taking place.

Furthermore, Savage who at that point was under criminal investigation and in close contact with Zakharchenko who at that point was under sanctions, contacted the US Embassy and other authorities with unsuccessful attempts to try to discredit the British investors, and moreover over 2020, with financing from Martynenko, launched a serious media campaign to discredit Gofer Mining plc with multiple false accusations, doing substantial damage to the reputation of Ukraine as a democratic country and discrediting British business in Ukraine, and the United Kingdom as a whole, including the shareholders of Gofer Mining plc.

Harassment of the investor:

Gofer Mining plc has a Ukrainian based director, Oleksandr Mashtepa (thereafter Mashtepa), who is also the president of British Ukraine, and Martynenko have went as far as trying to pin their own crimes they did in consort with Zakharchenko, onto people like Mashtepa and Zaitsev – an action that is beyond belief considering that either have no reason to steal from themselves.

Specifically, they are attempting to pin their cooperation and promotion of unlawful decisions with corrupt judges Victor Tatkov and his deputy Arthur Emelyanov at the Supreme Economic Court of Ukraine, which led to theft of state property and other property as well as coordinating such actions.

The State Bureau of Investigation even conducted searches in the homes of Mashtepa and Zaitsev whereas in the search warrant indicated that they are participants in the seizure of property of the enterprise during the years 2011 till 2013, while in actual fact both of the individuals represent the British investors and went to great lengths to prevent such seizure, often being encountered with corrupt court decisions, prevention of access to courts and other illegal actions on behalf of government officials in Ukraine.

Both Mashtepa and Zaitsev have been declaring such actions over the past decade to law enforcement, with their declarations being ignored.

It is clear the purpose of the searches was harassment and violation of human rights, and that the search was conducted on fake grounds, to pressure the representatives of British investors who are trying to reinstate the property of the enterprise and prevent the operations of the unlawful Carpathian Mining Company.

During the search personal property was confiscated from Mashtepa and Zaitsev. A court in 2022 confirmed that the search was illegal and unlawful and ordered the return of all confiscated property.

Current situation:

3 years on, British investors suffer substantial losses as the implementation of the investment plan continues to be hampered in every possible way by individuals in power that put pressure on courts and regulatory bodies to act unlawfully, such persons associated with Zakharchenko and Martynenko, whereas under their auspices illegal actions continue which don't encounter any opposition from Ukrainian law enforcement agencies, but rather the opposite, use their support, for instance in unlawful allocation of land, or continuing illegal processing of already mined ore and so forth, where such receipt of income is from stolen property.

Individual related to the British investor are also being constantly pressured and harassed, whereas this is obviously done to prevent and sabotage the process of return of stolen assets to the enterprise, process of return of land owned by the enterprise and the ore it contains. Gofer Mining plc is fighting to restore its legitimate rights and investment, whereas its reputation was damaged by fraudulent activities of people connected to the Carpathian Mining Company, who continue various illegal activities including money laundering, illegal production of gold and drug production on the property of the enterprise.

It is also clear that the people in government who abuse their power and who coordinate the actions of the Carpathian Mining Company, the courts and law enforcement, and individuals who promote corruption and fraud, are Yermak and Tatarov, both part of the administration at the highest level and defending the interests of Zakharchenko and other unlawful Russian actors – the media in Ukraine covered extensively their connection to official from the presidential term of Yanukovich.

It is of note that such bodies like the State Bureau of Investigation used to harass the British investor is under the direct control of the administration, and has been noticed in other strange actions like the unlawful persecution of former president Petro Poroshenko or constitutional court judge Oleksandr Tupitsky.

Recommendations:

Urgent steps need to be taken to remove dangerous actors in the government of Ukraine, and this committee specifically recommends that Tatarov and Yermak are removed from office.

Courts should be allowed to without interference to return the lawful assets to the enterprise. All the fake cases created to harass the judiciary by Yermak should be closed.

Launch of an independent investigation into the Carpathian Mining Company and Avellana Gold, its activities on the land of the enterprise and the withdrawal of its unlawfully obtained license.

There are criminal cases that are active but stalled from 2014 in reference to individuals related to Zakharchenko, and such cases include one with charges against Savage, Portnov and Martynenko, and such should be brought into continuation and proceed to the courts.

Relevant criminal proceedings should also be launched in reference to the seizures of property of the enterprise and bringing to justice all the individuals involved in this process.

Furthermore, this committee recommends that sanctions be leveled against the Carpathian Mining Company and Avellana Gold.

As a final point we would like to encourage other authorities and law enforcement to support Gofer Mining plc in all respects.

P.S. This is just an initial briefing and further investigation is to follow.

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