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THE CYPRUS PAPERS

A BALANCING ACT

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Ⓒ THE CYPRUS PAPERS



Al Jazeera published a leak of some 2,400 Cyprus Citizenship investors who applied under the Cyprus Investment Programme (CIP) between 2017 to 2019.

Almost 100 profiles were flagged as being high-risk or politically exposed persons and several investors profiles were published in a redacted form. But did they all merit the 'bad press?'

CIVITAS POST explored Al Jazeera's list to assess which of these case files both PEPs and non-PEPS had actual convictions / sanctions or criminal ties reported.

“ 54 of AlJazeera's Cyprus Paper cases have no reported criminal records or convictions- this equates to over half (55.7%) of those listed

There has been pressure on all the Investment Migration Programmes, predominantly in Europe, to enhance due diligence screening. This is a welcome trend supported by industry players, stakeholders and governments who want to continue to attract Foreign Direct Investment, especially during these critical times.

The Cyprus Papers have highlighted the importance of thorough screening and cohesive collaboration between the government, police (national, EUROPOL and INTERPOL), banking institutions and regulators. It is imperative to raise the bar in terms of full transparency and compliance with AML directives and regulations.

Ⓒ THE ALJAZEERA CYPRUS PAPERS CASES WHICH HAD NO REPORTED CONVICTIONS EQUATE TO 54 CASES - MORE THAN HALF THE LIST

26

PEPS with NO reported Sanctions / Convictions/ Investigations who were eligible to apply as PEPs were not barred from the CIP at the time

28

Redacted Profiles (including PEPs) who were listed by AlJazeera which have NOT been convicted of any crimes

8

PEPS with Sanctions / Convictions/ Investigations pre/post approval for citizenship

6

NONPEPS with ties to those under criminal investigations / sanctions / who have had their assets seized

29

NONPEPS with Sanctions / Convictions/ Investigations pre/post approval for citizenship

Ⓒ THE CIP LAW : A TIMELINE

2013 The applicant invests EUR 5M into bank deposits/other in Cyprus to obtain a passport. They must have a **clean** criminal record. The applicant must not have had assets in the EU frozen because of sanctions.

2016 The minimum investment is **reduced** to EUR 2M in real estate/other approved asset classes.

2018 The minimum holding period for the investment is increased from 3 to 5 years and due diligence controls are enhanced.

2019 (July) Applicants facing criminal investigation, defendants or those investigated by Interpol/Europol are barred. Those convicted for **serious** offences 5+ years prison (equivalent) are barred. UN, EU, Russia, Ukraine, US sanctioned individuals are barred. PEPS (who held position within 5 years of application) are **now ineligible**.

2020 (July) Revocation laws are brought in. PEPS who have held position less than 12 months ago are now **barred**.



Whether PEPs should have been barred on moral, security or ethical grounds - the fact remains that the majority of these approved investors did fall under the scope of the law

WERE THESE POLITICALLY EXPOSED PERSONS (PEPS) LEGALLY ALLOWED TO APPLY FOR THE CIP AT THE TIME THEY WERE APPROVED?

YES PRIOR TO JULY 2019 THEY WERE

- 1. Mir Rahman Rahmani-Afghanistan 07.03.2017**
- 2. Chen Anlin - China 03.07.2018**
- 3. Yang Huiyan - China 23.10.2018**
- 4. Fu Zhengjun - China 08.11.2017**
- 5. Zhao Zhenpeng - China 12.02.2019**
- 6. Lu Wenbin - China 24.07.2019**

LISTED PEPS WHO RECEIVED PASSPORT PRIOR TO THE CHANGE IN LAW BARRING PEPS

7. Rishat Safin - Russia 27.09.2017
8. Igor Reva - Russia 03.07.2018
9. Andrey Oskolkov - Russia 23.10.2018
10. Vadim Moshkovich - Russia 15.02.2017
11. Andrey Molchanov - Russia 04.10.2017
12. Alexander Lavlentsev - Russia 08.02.2019
13. Vladimir Khristenko - Russia 25.05.2015
14. Timur Khayrutdinov - Russia 10.06.2019
15. Vitaly Evdokimenko - Russia 19.03.2018
16. Evgeniy Dod - Russia 28.09.2016
17. Galina Antipina - Russia 13.04.2018
18. Apurv Bagri - India 16.01.2018
19. Adilbek Sarsenov - Kazakhstan 07.05.2019
20. Taha Mikati - Lebanon 03.07.2018
21. Mohammed A H Jameel - Saudi Arabia 07.05.2018
22. Khalid Ahmed Al Juffali - Saudi Arabia 18.09.2018
23. Hussain Alnowais - UAE 07.05.2019
24. Anatoly Yakovynets - Ukraine 07.03.2017
25. Volodymyr Zubyk - Ukrain 09.10.2018
26. Phạm Phú Quốc - Vietnam 12.12.2018

**SCHEME FOR NATURALISATION OF INVESTORS IN
CYPRUS BY EXCEPTION ON THE BASIS OF
SUBSECTION (2) OF SECTION 111A OF THE CIVIL
REGISTRY LAWS OF 2002-2020**



26

All of these Twenty Six (26) PEPS listed by ALJAZEERA received their Cyprus passports in accordance with the **law at the time they were granted. No other claims are made by ALJAZEERA on these individuals criminal record except that they are PEPs, up until July 2019 PEPs were eligible to apply for the Cyprus passport.**

Ⓒ LISTED PEPS WITH TIES TO SANCTIONED ENTITIES, ARE IMPROSONED OR UNDER INVESTIGATION



8

- Alexei Ananiev - Russia 07.03.2017
- Mikhail Yurevich - Russia 13.09.2016
- Victoria Vanurina - Russia 22.05.2018
- Alexei Yakovitsky - Russia 22.05.2018
- Vitaly Buzoverya - Russia 22.05.2018
- Liudmila Lebedeva - Ukraine 31.01.2018
- Mykola Zlochevsky - Ukraine 01.12.2017
- Phạm Nhật Vũ - Vietnam 06.05.2019



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8 named Politically Exposed Persons (PEPs) which ALJAZEERA listed had criminal or sanctioned entity links.

What about the other 63 listed in the Cyprus Papers?



“There were some deficiencies or loopholes in the programme. And that’s why we have adopted so many steps ... to introduce more effective control mechanisms,”

President of Cyprus, Nicos Anastasiades

There is an argument that the CIP causes more harm than good, yet it is undeniable that after the 2013 'haircut' financial crisis in Cyprus the EUR 8 billion of foreign funds have supported the local economy in trying times such as those faced now during the pandemic.

Whether accurate or not - Al Jazeera's 'leak' has raised many questions and caused irreparable reputational damage to Cyprus. Although, just recently new laws were passed bolstering the CIP, the question remains. Is this all, too little too late?

Ⓒ NON PEPS WITH TIES TO SANCTIONED ENTITIES, IMPRISONED OR UNDER INVESTIGATION (BOTH BEFORE /AFTER BEING APPROVED CITIZENSHIP)

1. Leonardo González Dellán - Venezuela 04.01.2019 (Sanctioned by the US 4 days after passport was approved)
2. Natalia Vasylyuk - Ukraine 25.05.2018 Sanctioned VAB Bank ties, placed on wanted List 22.11.2019 - Embezzlement
3. Oleg Bakhmatyuk - Ukraine 25.05.2018 Placed on wanted list 22.11.2019 - Embezzlement
4. Vadim Shulman - Ukraine 11.07.2019 Placed on wanted list 2 weeks after approval - Money laundering
5. Ali Beglov - Russia 19.12.2018 Served a two-year prison sentence for extortion (1990-1992)
6. Andrey Zhupanov - Russia 19.12.2018 Promsvyazbank filed lawsuit 2 weeks after approval
7. Oleg Tinkov - Russia 24.04.2018 Indicted by US investigating false tax returns in March 2020

G NON PEPS WITH TIES TO SANCTIONED ENTITIES, IMPRISONED OR UNDER INVESTIGATION (BOTH BEFORE/AFTER BEING APPROVED CITIZENSHIP)

8. Alexey Soldatov - Russia 07.05.2019 Fraud investigation under house arrest as of Dec 2019
9. Andrey Puchkov - Russia 23.07.2018 Accused for defrauding investors (abuse of power) 2019
10. Maxim Poletaev - Russia 26.04.2017 Linked to Sberbank sanctioned by US since 2014
11. Yury Obodovsky - Russia 07.05.2019 Under Investigation for bribes on Russian Railway when approved for citizenship
12. Damir Muginov - Russia 27.12.2018 Prosecuted one month after being approved - Land Fraud
13. Andrey Mityukov - Russia 25.05.2018 Director of Severstal sanctioned by Ukraine since 2014
14. Sergei Lomakin - Russia 31.03.2018 On Russia's wanted list - Embezzlement since 2016
15. Gati Saadi Al-Jebouri - Bulgaria 03.07.2018 Tied to Lukoil sanctioned by US since 2014
16. Zhang Keqiang - China 14.02.2018 Arrested for Fraud and served sentence 2011-2015

Ⓒ NON PEPS WITH TIES TO SANCTIONED ENTITIES, IMPRISONED OR UNDER INVESTIGATION (BOTH BEFORE/AFTER BEING APPROVED CITIZENSHIP)

17. Li Jiadong - China 06.11.2018 - Sanctioned by US in 2018 - Cyberattacks/Cryptotheft

18. Chinese Businessman - China 04.03.2019 On Chinese Supreme Court's list of "discredited" people or entities, which usually targets people who refuse to repay debt. They reportedly owe another Chinese company \$44m.

19. Chinese Businessman - China 18.04.2019 Chinese media has *reported* the applicant was involved in two cases of bribery and abuse of power.

20. Chinese Businessperson - 28.05.2019 The pharmaceutical investment individual's spouse was arrested in 2015 on suspicion of corruption. They have not been charged.

21. Maleksabet Ebrahimi - Iran Wanted by Iran for misappropriation, breach of trust, money laundering, fraud, forgery and counterfeiting leading an organised criminal group 06.11.2018

Ⓒ NON PEPS WITH TIES TO SANCTIONED ENTITIES, IMPRISONED OR UNDER INVESTIGATION (BOTH BEFORE/AFTER BEING APPROVED CITIZENSHIP)

- 22. Nikolay Gornovskiy - Russia - Former Gazprom executive, wanted by Russia on abuse of power charges. Fled to the UK, Russia failed to extradite 10.06.2019
- 23. Aleksei Kordichev - Russia, Arrested 2019 after being granted citizenship 23.10.2018
- 24. Russian Individual -property developer and associate of Russian oligarch Oleg Deripaska. One development under law suits by investors and counterparts 30.07.2018
- 25. Russian Individual - US Treasury's 2018 list of oligarchs: close to Putin 27.07.2018
- 26. Russian Banker - US Treasury's 2018 list of oligarchs: close to Putin 04.03.2019
- 27. Russian Oligarch - US Treasury's 2018 list of oligarchs: close to Putin 27.07.2018
- 28. Alexey Kulichenko - Russia 25.05.2018 Director of Severstal sanctioned by Ukraine 2014
- 29. Bin Laden Family Member - Saudi Arabia 01.08.2019 - Under Crackdown - seizure of assets

NON PEPS WITH TIES TO SANCTIONED ENTITIES, IMPRISONED OR UNDER INVESTIGATION (BOTH BEFORE AND AFTER BEING APPROVED CITIZENSHIP)



29



6

NON PEPS WHO HAVE HAD ASSETS SEIZED OR BEEN IN LEGAL DISPUTES (SOME WITH POLITICAL IMPACT/TIES)



NON PEPS WHO HAVE HAD ASSETS SEIZED OR BEEN IN LEGAL DISPUTES (SOME WITH POLITICAL IMPACT OR TIES)

- 1. Syrian Individual - Assets seized following criticism of the Syrian government, accused of financing the Muslim Brotherhood in Syria 19.12.2018**
- 2. US Individual - Party to a dispute that ran up an estimated \$250m of legal costs. Also is a relative of someone who financed a political campaign against Biden in 2019 27.07.2018**
- 3. Saudi Individual - Relative of Saudi billionaire imprisoned at the Ritz Carlton in a supposed clampdown on corruption in November 2017. Assets were stripped for release. 07.05.2019**
- 4. Palestinian Individual - Relative of a leading Palestinian Authority figure 22.08.2018**
- 5. Russian spouse of sanctioned billionaire named on United States Treasury's "Oligarchs List" of persons who are close to President Vladimir Putin. 24.08.2018**
- 6. Spouse of Egyptian Legislator - accused in Arab media of being among organisers of the "Camel Battle" against demonstrators in Cairo's Tahrir Square in January 2011. 24.04.2018**



6

35 out of 63 named Non PEPs which ALJAZEERA listed had criminal or sanctioned entity ties or were under investigation.

What are the claims against or crimes of the other 28 individuals including redacted profiles?





WE'VE EXPLORED WHICH NON PEPS HAVE BEEN INVESTIGATED, PROSECUTED, HAD ASSETS SEIZED OR SANCTIONED BOTH BEFORE RECEIVING THEIR CYPRIOT CITIZENSHIP AND AFTER.

BUT WHICH OTHER CASES (BOTH PEP AND NON) LISTED BY ALJAZEERA IN THE CYPRUS PAPERS HAVE NOT BEEN CONVICTED OF ANY CRIMES ?

Ⓒ REDACTED PROFILES (PEPS/NONPEPS) WHO WERE LISTED BY ALJAZEERA WHICH HAD NO REPORTED CRIMINAL CONVICTIONS

1. Afghan Business man - flagged for being the wealthiest Afghan - Banker & Business man 24.08.2018

2. Chinese Businessman - flagged for being owner and director of several Cyprus Companies 09.10.2018

3. Chinese Businessman - flagged for heading an investment securities company and having a client that was accused of fraud 05.07.2019

4. Chinese individual worth US\$ 30 M and 'accused' of being a member of the CCP

5. Chinese Businessman - 'accused' of giving donations to the Australian Liberal Party 31.01.2018

6. Chinese Individual - flagged for being member of the National Committee of the Chinese People's Political Consultative Conference (CCPPC), a political organisation that advises the Chinese government. 15.03.2019

REDACTED PROFILES (PEPS/NONPEPS) WHO WERE LISTED BY ALJAZEERA WHICH HAD NO REPORTED CRIMINAL CONVICTIONS



28

7. Chinese Individual Partner in a Global 200 tech company. Sold stake in company for US\$3.8bn. 11.07.2019
8. Chinese Businessman - flagged for being owner of Singapore properties in Singapore valued at \$87.5m. 11.07.2019
9. Four Chinese Individuals (4) - flagged for having a relative secretly abducted from Hong Kong by Chinese security agents 08.02.2019, 31.01.2018
10. Spouse of Kazakhstan individual - politically connected person who spent a decade of the board of a state owned company 05.04.2019
11. Deal Broker for Saudi Foreign Investment - 29.06.2019



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Entrepreneurs and philanthropists are listed in AL JAZEERA's CYPRUS PAPERS even though they have no convictions



OUR VIEW

Accusations have been thrown on both parts as to whether this report was a targeted attack on Cyprus, considering the UK, Portugal, Greece, Spain, Malta, Bulgaria etc... all have varying programmes for residency /citizenship and considering geopolitical tensions in the region.

WHILST INVESTIGATIVE JOURNALISM IS OF PARAMOUNT IMPORTANCE IN THE FIGHT AGAINST CORRUPTION - A BALANCED APPROACH TO JOURNALISM IS QUINTESSENTIAL.

In our view, whether politically motivated or not the Cyprus Papers highlighted inherent vulnerabilities in the CIP's process, hopefully a catalyst for evermore change to the programme.

What Al Jazeera was most successful at was spinning the rhetoric that the CIP draws in thousands of fugitives and criminals - which unfortunately, is a far cry from reality. As with most investment programmes that attract the affluent - risks exist. It should be the top priority of the industry to mitigate that risk, enhance due diligence and protect the reputation of investment migration as a powerful FDI mechanism.

REDACTED PROFILES (PEPS/NONPEPS) WHO WERE LISTED BY ALJAZEERA WHICH HAD NO REPORTED CRIMINAL CONVICTIONS

- 12 French Philanthropist - flagged for being a family member of royalty 10.01.2018**
- 13. German Businessman - flagged for owning an island in the Seychelles 24.08.2018**
- 14. UK Entrepreneurs - Dubai residents made fortune with family tourism company 19.12.2018**
- 15. South African Entrepreneur - Food Retailer 06.12.2018**
- 16. Serbian Entrepreneur - Founder of a leading cosmetics manufacturer 12.11.2018**
- 17. Serbian Children of an agribusiness founder with an fortune of more than \$500m.**
- 18. Indian Individuals - Owners of several Australian businesses including one of the world's largest fertiliser producers 04.04.2018**
- 19. Well known Saudi Family received citizenship 15.03.2019**
- 20. Indian Businesspeople with Maltese companies and hold Grenada passports 06.11.2018**
- 21. Indonesian Businessman president of an Indonesian agribusiness who also holds St. Kitts and Nevis passport 27.07.2018**

Ⓒ REDACTED PROFILES (PEPS/NONPEPS) WHO WERE LISTED BY ALJAZEERA WHICH HAD NO REPORTED CRIMINAL CONVICTIONS

22. Israeli Businessman - Made fortune in hospitality with more than 221 hotels in 19 countries 13.04.2018

23. Lebanese Professional - Financial consultant who has worked for the wealthy and corrupt family of Angola's former President Jose Eduardo dos Santos 15.03.2018

24. Lebanese Entrepreneurs - Both own offshore companies 02.01.2019

25. Nigerian Entrepreneur - One of Africa's richest people who made their fortune from telecommunications. 19.12.2018

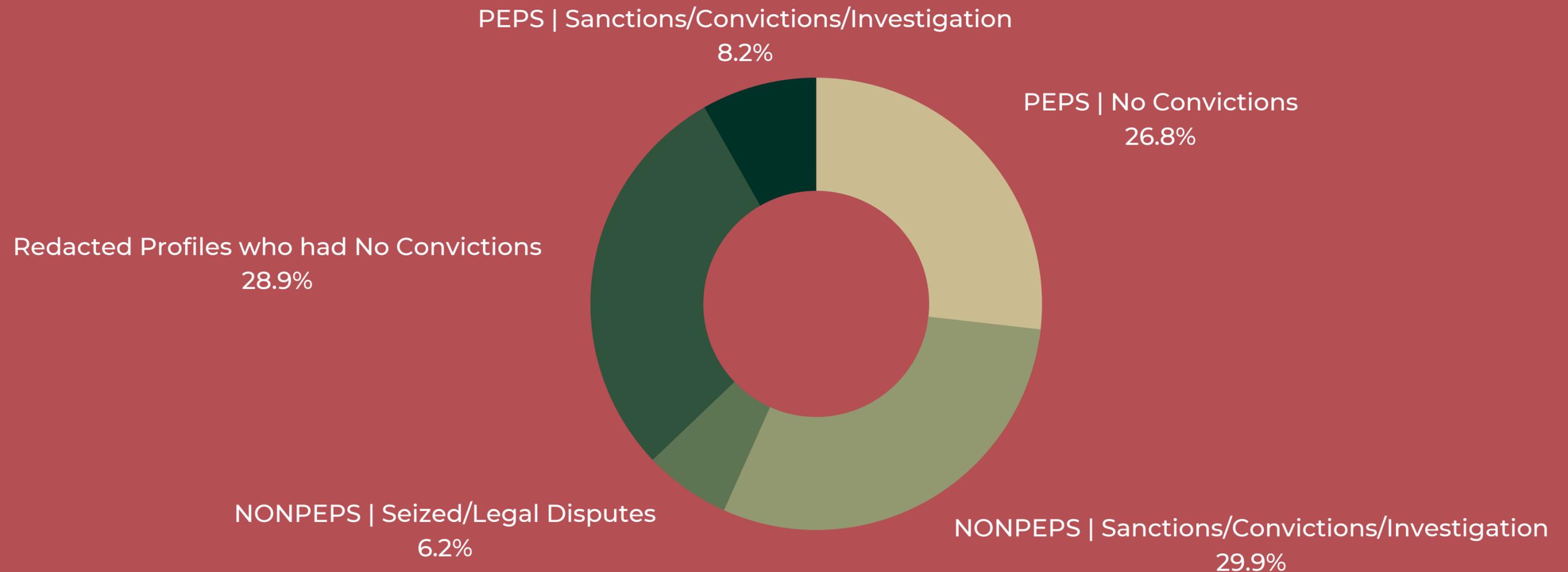
26. Pakistani Individual - Chairman and CEO of the Chinese arm of a multinational food and drink processing company.

27. Russian Entrepreneur - Businessperson and hotelier. 18.06.2019

28. Russian Entrepreneur - Made their fortune in rail freight and shipping. 18.06.2019



THE ALJAZEERA CYPRUS PAPERS CASES WHICH HAD NO REPORTED CONVICTIONS EQUATE TO 54 CASES - MORE THAN HALF THE LIST





WHAT LIES AHEAD FOR THE CYPRUS INVESTMENT PROGRAMME? A FEW CONTENTIOUS QUESTIONS WHICH WE'LL ADDRESS IN OUR SERIES ON THE CYPRUS PAPERS THIS WEEK

1. Will the EU demand that citizenship only be granted based on EU-wide guidelines moving forward, instead of each sovereign state deciding how it grants citizenship?
2. What implication would that have on other investment migration programmes in the EU?
3. Will the recent changes of the Cyprus Investment Programme appease the EU's AML and KYC concerns or will additional amendments to the law be needed?
4. How many more citizenships will be revoked now, in light of the #cypruspapers?