

Swiss proceedings in the 1990s and 2000s

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Swiss prosecutors and courts became involved in the affairs of the East early on. In 1998 and 1999, the Geneva prosecutor investigated the Lugano-based construction company Mabetex, which had renovated the Kremlin, over allegations that it had paid bribes to officials in the entourage of President Boris Yeltsin.¹ The investigation ended in 2002 with no more than a fine for money laundering imposed in Geneva on Pavel Borodin, the Kremlin's former property manager, but it made Swiss prosecutors known in Russia as actors who could reach into Russian politics. In 2004, Swiss authorities froze assets connected with the oil company Yukos at the request of Russian prosecutors. Most of the assets were released a few months later. The remainder followed in August 2007, after the Swiss Federal Supreme Court held that the Russian proceedings against the Yukos owners were politically motivated.²

The case of Sergei Magnitsky, the lawyer who died in Russian custody in 2009 after exposing a tax fraud, led to proceedings in Switzerland as well. The Swiss Office of the Attorney General investigated the laundering of part of the proceeds of the fraud through Swiss banks. When it closed the proceedings in 2021 and ordered the confiscation of part of the frozen funds, the decision was criticised by the relatives of Magnitsky and by the investor Bill Browder, who had brought the case.³ These cases showed that the financial ties between Switzerland and the East had a criminal dimension that the Swiss authorities pursued, with varying success and under constant political pressure from several sides.

1 Notes

1. swissinfo.ch, "Borodin found guilty of money laundering", 6 March 2002: a Geneva judge fined Pavel Borodin, Yeltsin's former Kremlin property manager, CHF 300,000 for money laundering after the investigation of Geneva prosecutor Bernard Bertossa; Mabetex and

Mercata had won Kremlin contracts worth CHF 486 million and paid Borodin CHF 38 million; Wikipedia, "Behgjet Pacolli": search of the Mabetex offices in Lugano on 22 January 1999. ↩

2. Swissinfo.ch, "Court rules against Russia over Yukos affair", 23 August 2007: about CHF 6 billion blocked in March 2004 at Russia's request, most of it unfrozen in June 2004; the Federal Supreme Court refused legal assistance because the proceedings had a "political and discriminatory character"; the Office of the Attorney General then released the remaining CHF 200–300 million and closed the case. See also swissinfo.ch, "Yukos: Bundesgericht legt Veto ein", 6 February 2006 (CHF 6.2 billion blocked in March 2004). The underlying judgment appears to be 1A.7/2007 (search result on entscheide.weblaw.ch, text no longer available). ↩
3. JURIST, "Switzerland AG drops decade-old Russia money laundering investigation", July 2021, [jurist.org](https://www.jurist.org): proceedings opened in March 2011, CHF 18 million seized, CHF 4 million forfeited to the Confederation; Browder called the decision a "stain on Switzerland"; swissinfo.ch, "Sergei Magnitsky case: How Switzerland failed to investigate Russian millions": the remaining CHF 14 million returned to three Russian citizens and the ruling widely criticised. ↩

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