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About an independent investigation of the bankruptcy of Atommash OJSC, a large-scale crime in Russia

To the Orders of the President of Russia from 29.06.2010 № Pr-1883, from 21.08.2010 № Pr-2448 and from 19.05.2011 № Pr-1413.

To the General Prosecutor of Russian Federation**Y.Y. CHAIKA**

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ADDENDUM № 1

**to the STATEMENT (out. № 110418-A01 from 18.04.2011)
for a COMPLAINT of YACONTO LLC (out. № 110201-A01 from 01.02.2011)
with Addendum № 1 (out. № 110303-A01 from 03.03.2011)
and Addendum № 2 (out. № 110321-A01 from 21.03.2011)
to the General Prosecutor's Office of Russian Federation
about acts of countering the investigation of a deliberate bankruptcy
of Atommash OJSC, Russia's nuclear engineering flagship
(Volgodonsk, Rostov region)**

Following the Orders of the President of Russian Federation D.A. Medvedev from 29.06.2010 № Pr-1883, from 21.08.2010 № Pr-2448 and from 19.05.2011 № Pr-1413, the Presidential Control Directorate is conducting an investigation of bankruptcy and forced liquidation of Atommash OJSC (Volgodonsk, Rostov region), where the State held 30 % of the shares. In the responses from the Presidential Control Directorate to YACONTO LLC from 08.02.2011 № A8-771-5 and from 19.04.2011 № A8-2669-5 it is reported that the investigation is being led by the General Prosecutor's Office of Russia.

Analyzing the texts of Resolutions of Volgodonsk Internal Affairs, Rostov region, "not to initiate criminal proceedings", issued in different years up to the present time, we can say that the activities of law enforcement officers during the investigation of the bankruptcy fraud of Atommash OJSC are aimed at concealing the illegal actions of members of an organized group of interested officials (OGIO) and an organized criminal group (OCG). Supervisory authorities are also evading thorough investigations of premeditated bankruptcies of Atommash OJSC and a defense enterprise Salut JSC (Volgodonsk, Rostov region), because an inspection of Salut JSC will lead to an investigation of the bankruptcy of Atommash OJSC, as both bankruptcies were performed by same OGIO and OCG members.

The indictment Complaint of YACONTO LLC to the General Prosecutor's Office of Russia (out. № 110201-A01 from 01.02.2011), as well as Addendum № 1 (out. № 110303-A01 from 03.03.2011), Addendum № 2 (out. № 110321-A01 from 21.03.2011) and the Statement of YACONTO LLC (out. № 110418-A01 from 18.04.2011) to the said Complaint provide facts which are fully sufficient for a thorough investigation of anti-state activities of the OGIO and OCG participants. If we think about it, who if not the State itself is supposed to be interested in investigating the bankruptcy of Atomash OJSC, where the State itself held 30 % of the shares ? But the reality is different. Corrupt officials on federal and regional level do everything to prevent an independent investigation of the bankruptcy of Atomash OJSC. They influence, direct and control the inspections carried out by law enforcement agencies of Rostov region and the city of Volgograd. This can be proved by testing certain officials from law enforcement authorities and beyond, involved in the verification of the bankruptcy of Atomash OJSC, on a "polygraph" (lie detector). It is necessary to also investigate an intentional bankruptcy case of the defense enterprise Salut JSC, which will undoubtedly lead to an investigation of the bankruptcy of Atomash OJSC. The proof of this can be found in the documented facts below.

A cynical, careless and evasive formal reply № 38-936-2000 from 04.08.2000 to a pivotal Statement of Concern YACONTO JSC and Firm YACONTO LLC to the General Prosecutor's Office of Russia (out. № 18-7-JKY from 18.07.2000), signed by the First Deputy General Prosecutor of Russia Y.S. Biryukov is a specific example of a negative activity of a high officer. The appeals from YACONTO LLC described events that took place one year prior to the elimination of Salut JSC as a bankrupt, which it actually had not been, as has been proved by a variety of documented evidence. The following is a very interesting fact. On **19.07.2000** enterprises of YACONTO submitted to the General Prosecutor's Office of Russia the said Statement of a protest against illegal judicial acts of the Arbitration Court of the Rostov region (**AC RR**) on the case № A53-801/98-S2-12 about declaring Salut JSC bankrupt. This Statement with 5 volumes (1217 pages) of documents has been prepared by General Poymanov I.G., a highly professional and principled investigator, Chief of one of the Departments of the General Prosecutor's Office of USSR (now retired). At the meeting on **26.07.2000**, zonal Prosecutor of the General Prosecutor's Office of Russia A.A. Lugovsky told me that they have received a case number A53-801/98-S2-12 from the Arbitration Court of Rostov region consisting of 17 volumes (though in fact it was twice as many), and examining the case plus the 5 volumes of documents attached to our Statement required at least 2 months of painstaking work to make a decision. Because A.A. Lugovsky was about to leave on vacation on **01.08.2000**, the case was handed over to A.A. Kirdeev, another officer of the General Prosecutor's Office of Russia. But already on **04.08.2000** the First Deputy General Prosecutor of Russia Y.S. Biryukov has signed a non committal reply to YACONTO enterprises № 38-

936-2000. Three (3) days are not even theoretically enough to familiarize oneself with the materials of this case; hence, to get rid of materials exposing the criminal activities of OGIO and OCG, those materials were returned to YACONTO.

Page 7 of Addendum № 2 (out. № 110321-A01 from 21.03.2011) to the Complaint of YACONTO LLC describes an explicitly criminal action, this time committed by M.K. Yukov, the First Deputy Chairman of the Supreme Arbitration Court of Russia, who claims to have familiarized himself with 30 volumes of the bankruptcy case of defense enterprise Salut JSC during the May holidays of 2001 “in the interest of country’s defense”. M.K. Yukov, as well as Y.S. Biryukov, has signed a cynical formal reply of 7 (seven) lines “cooked” by his “crafty” specialists (out. № 157/00 from 14.05.2001), to the Complaint of YACONTO LLC (out. № 1-10425 from 25.04.2001) and a Statement of YACONTO LLC (out. № 2-10427 from 27.04.2001) to the Supreme Arbitration Court of Russia. In China he and “exemplars” like him would have ended up on a dock and, eventually, sentenced to capital punishment.

The main case in the proceeding in the AC RR was the presence of the consumer goods production equipment on the territory of Salut JSC, which was transferred by Firm YACONTO LLP on the lease contract № 1-2-DFYA dated 01.02.1995 to **“Volgodonsk plant of radio-electronic Equipment” OJSC (VZRTA OJSC), renamed to Salut JSC in 1996**. S.V. Chesskiy, the illegally appointed external manager of Salut JSC, stated in AC RR that there is no equipment transferred under a lease contract № 1-2-DFYA dated 01.02.1995 on the territory of Salut JSC, and hence, there is no debt to YACONTO under this contract. Illegal verdicts signed by senior officials Y.S. Biryukov and M.K. Yukov eventually led to issuance by AC RR of an illegal Definition dated 15.06.2001 on the completion of bankruptcy proceedings and forced liquidation of Salut JSC. But just 4 (four) days after the issuance of the said Definition of AC RR, large quantities of manufacturing equipment, allegedly unowned, were found on the territories of the already liquidated Salut JSC ! More information about that can be found on pages 7 - 9 of Addendum № 2 (out. № 110321-A01 from 21.03.2011) to the Complaint of YACONTO LLC. Now, how do we classify “schemers” like Y.S. Biryukov and M.K. Yukov – as OGIO or OCG participants? Hence, they should also be subject to compulsory testing on a “polygraph”.

When YACONTO companies addressed the Federal Arbitration Court of the North Caucasus District (**FAC NCD**) with the Cassation complaint on the case № A53-7314/99-S4-32, Court issued a Resolution on 31.01.2000, which confirmed the lease of property № 1-2-DFYA from 01.02.1995. At the same time, FAC NCD overturned the decision of AC RR from 04.10.1999 and the Resolution of Appeals Chamber of AC RR from 15.12.1999, ordering the Court of original jurisdiction to transfer the case to a new litigation. By the Definition of AC RR from 17.03.2000, judge S.E. Korkh scheduled the litigation on 05.04.2000, and obliged all parties to

the case to attend the trial and provide an explanation and justification of their claims and objections on the merits of the claimed subject, on terms of the Resolution by FAC NCD from 31.01.2000. However, neither T.A. Gramotenko, the head of Rostov regional Federal Office for Insolvency Proceedings (the “special trustee” of the Governor of Rostov region V.F. Chub) nor her representative attended the litigation. Therefore, a person who is “representing the State” grossly violated the Law to disrupt the trial and to prevent the implementation of the Resolution by FAC NCD.

On pages 8 and 9 of the Addendum № 2 (out. № 110321-A01 from 21.03.2011) to the Complaint of YACONTO LLC it is reported about the Definition issued by the FAC NCD on 29.01.2002 to return 54 units of machines (equipment), “magically” found on the territory of the illegally created **VZRTA JSC** only after Salut JSC was liquidated, to YACONTO LLC. Based on the Statement of YACONTO LLC to the Volgodonsk Internal Affairs (out. № 1-20714 from 14.07.2002), a Resolution from 01.08.2002 and a Notification from 06.08.2002 ref. № 8/9153, were issued, under which an audit of financial activities of Salut JSC was appointed. In the Addendum from YACONTO LLC (out. № 2-21021 from 21.10.2002) to the previously mentioned Statement, YACONTO LLC proposed to the Chief of the Volgodonsk Internal Affairs, Colonel Tokarev A.D. to initiate an inventory check of all property owned by YACONTO LLC on the territory of **VZRTA JSC**, together with bailiffs of Volgodonsk, notified by the Statement of YACONTO LLC (out. № 1-21021 from 21.10.2002), as well as the representatives of the Federal Service for Financial Recovery and of YACONTO LLC to prepare a Report on the availability and actual (physical) state of technological equipment seized from YACONTO LLC and to identify the officials responsible for the seizure of the said assets and the bankruptcy of Salut JSC. But the law-enforcement authorities did not conduct the inventory check of **VZRTA JSC** that YACONTO LLC insisted on. OGIO and OCG members understood that the inventory check results would have proved the statements made by YACONTO LLC and undoubtedly led to a full-scale investigation, but this time in a form of a criminal proceeding for the bankruptcy of the defense enterprise Salut JSC, and then, eventually, of the nuclear engineering flagship Atom mash JSC.

In its appeals to the General Prosecutor’s Office of Russia, YACONTO LLC reported several times that the Governor of the Rostov region V.F. Chub was directly involved in the bankruptcy and liquidation of Atom mash OJSC. This “exemplar” was one of the key figurants among OGIO and OCG members who inflicted colossal material damage to the State and other shareholders of Atom mash OJSC. A meticulous analysis of the of the Governor V.F. Chub’s message to the Chief Director of the Federal Office for Insolvency Proceedings (Bankruptcy) P.P. Mostovoy, (out. № 1/6049 from 19.09.1996) and a comparison with the events that took place at Atom mash OJSC in fact, makes it apparent that this bankruptcy was conducted in the interests of OGIO and OCG members. By testing

V.F. Chub, Y.S. Biryukov, M.K. Yukov and other “figurants” mentioned in the appeals of YACONTO LLC to the General Prosecutor’s Office of Russia on a lie detector, you can be sure that the Treasury will be generously replenished through expropriation of colossal amounts of property illegally acquired by the corrupt officials.

In his response to the Deputy of the State Duma A.I. Lisitsyn from 30.05.2011 № 69/1-349-2011, Deputy General Prosecutor of Russia V.Y. Grin reports, in particular, that as of 01.10.1995 accounts payable by Atom mash OJSC amounted to 27.3 billion rubles to the State budget, and 844.4 thousand rubles to the extrabudgetary funds. At the same time, in pt.4 of his message to his accomplice P.P. Mostovoy № 1/6049 from 19.09.1996, V.F Chub, in particular, asks to allow, through reducing the capital surplus, to “write off” fixed assets and allegedly “under construction” sites of Atom mash OJSC (according to the list) worth 878267 million rubles. And that’s while the value of those objects has already been repeatedly discounted and later “sold for a song” in the interests of OGIO and OCG members. For the correct perception of the information provided, figures must be standardized to either thousands, or millions, or billions of rubles. No less interesting is the fact that after the bankruptcy fraud and compulsory liquidation of Atom mash OJSC, the OGIO and OCG members received enormous loans against its property, which was to be marked down and sold. At the same time, the law enforcement and even supervisory authorities themselves constantly avoid investigating the validity of write-offs of the assets of Atom mash OJSC and selling it for next to nothing performed by the OGIO and OCG members. Instead, formal replies of the said authorities contain same numbers that they copy from one another over and over again, which only confirms their reluctance to conduct a thorough investigation of the Atom mash OJSC bankruptcy fraud.

By what Law, and by who, the Governor of Rostov Region V.F. Chub was granted the rights to address federal authorities and control departments with a proposal to write-off and markdown assets of Atom mash OJSC ? By what Law, and by who, the Director of the Federal Office for Insolvency Proceedings P.P. Mostovoy was granted the rights to authorize the write-off and markdown of the said OJSC, which was fully owned by shareholders, where the State only controlled 30 % ? Under the guise of reducing the tax burden, series of illegal write-downs of the assets and selling then for a song were carried out. The key role in this illegal activity has been played by A.I. Golovin, the CEO of Atom mash OJSC, whose actions were covered up by T.A. Gramotenko, the head of Rostov regional Federal Office for Insolvency Proceedings, and Governor V.F. Chub. Through deliberate devaluation, write-off and sale of the property, reduction of capitalization and asset value of Atom mash OJSC has been carried out. Fraudulent activities of bankrupting Atom mash OJSC performed by the OGIO and OCG members have inflicted colossal damage to the State and the shareholders, that none of the previously mentioned “figurants” had paid for.

The previously mentioned response from the Deputy General Prosecutor of Russia V.Y. Grin is no different from his reply № 16/2-4315-07 dated 01.02.2010 to the Deputy of the State Duma A.I. Lisitsyn, which provided no results to the investigation of the bankruptcy of Atom mash OJSC. Therefore, it seems that the employees of the General Prosecutor's Office of Russia in general have little interest in fundamental issues of the economy of Russia. How must one disrespect his own country, where he lives in and, moreover, works in the controlling authorities, to ignore what happened to the flagship of Russian nuclear engineering Atom mash OJSC after illegal actions of the "so well known" OGIO and OCG members, who should have found themselves "on the dock" a long time ago, and should have received a full-scale retribution (as they would in China)? It truly does no credit to the employees of our "all-seeing eye"¹, the General Prosecutor's Office of Russia, to stay away from the situation around Atom mash OJSC.

YACONTO LLC received a response on the "refusal to initiate criminal proceedings" from the Prosecutor's Office of Rostov region № 16-136-10 dated 21.04.2011, signed by the Chief of the 2nd section of Department for Supervision of procedural activities of the Internal Affairs, Justice and Federal Drug Control Service, Lawyer 1st Class, S.L. Anapolsky. The text of this response is based on texts of Resolutions of the Volgogradsk Internal Affairs. Together with this response, documents on the Salut JSC case and the program of socio-economic development on 520 pages that were attached to Addendum № 2 (out. № 110321-A01 from 21.03.2011) to the Complaint of YACONTO LLC to the General Prosecutor's Office of Russia (out. № 110201-A01 from 01.02.2011), were returned. So, the employees of the Prosecutor's Office of Rostov region got rid of YACONTO LLC's documents which were exposing anti-state activities of the OGIO and OCG members. The documents returned to YACONTO LLC could have provided a real opportunity to prosecute those involved in the Salut JSC bankruptcy fraud, which is, in turn, one of the key elements to the investigation of the premeditated bankruptcy of Atom mash OJSC.

During his 19 years of ruling his Rostov patrimony, V.F. Chub managed to establish such an enduring system of "mutual responsibility" of the administrative personnel, that even after the retirement of this "Rostov celestial" it continues to function properly, inflicting enormous damage to the State and the people. Hence, what kind of investigatory activities of the Atom mash case performed by the law enforcement and supervisory authorities of Rostov region and Volgogradsk we're talking about, if the said "exemplar" is not in the Lefortovo prison of Moscow?

It is most expedient to transfer the investigation and prosecution of the bankruptcy of Atom mash OJSC to Moscow at a special order. The reason for this is to restore the legitimate rights and interests of the State, deprived of its property as a result of anti-state activities of the officials at the regional and federal level.

¹ Literally "eye of the sovereign", as the Prosecutor's Office was lovingly nicknamed by Emperor Peter the Great in 1721 - TN

Defending the interests of Russia, YACONTO LLC does not have adequate support in its fight against criminals who encroached on the interests of the State itself, which remains amorphous and impotent in this struggle. The only reason for that is because many people, who are supposed to be serving the interests of Russia by their duty, prefer to betray the country, pursuing only personal interests. Looking at how “diligently” the law-enforcement agencies of Rostov region conceal the activities of OGIO and OCG and its participants, it is plain to see that hard times are awaiting Russia.

Once again I respectfully ask you to instruct the central office of the General Prosecutor’s Office of Russia to conduct a thorough investigation of the Atomash OJSC bankruptcy fraud and protect legal interests of the State and other shareholders. **I also ask you** to report the progress and outcome of the investigation of the bankruptcy of Atomash OJSC to the President of Russia D.A. Medvedev and inform Prime Minister V.V. Putin, so that a political decision on restoring the status quo of Atomash OJSC can be made in the interests of thousands of shareholders, of which the State is the core one.

(Information on the activities of YACONTO LLC and the crimes committed by the OGIO and OCG members is published on WWW.YACONTO.RU)

(The Russian text of this letter is an original.)

Attachments: documents on 130 (one hundred and thirty) pages.

Respectfully yours,

President of YACONTO LLC



Sergei P. Yakunin