

Reference

As commissioned by the State Duma of the Federal Assembly of the Russian Federation on 20 October 2000 (Protocol #97), the State Duma Anti-Corruption Committee has checked the information, according to which the Russian Federation Minister of Atomic Energy, E. Adamov, owns a social security number and accounts in U.S. banks and a U.S. company has been registered as having a representative office in Mr. Adamov's apartment. The Committee has also studied other facts related to Mr. Adamov's activities.

The investigation has uncovered the following.

Evgeny Olegovitch Adamov, born in Moscow in 1939, graduated from the Moscow Aviation Institute in 1962. From 1962 till 1986 he worked consecutively as an engineer, senior engineer, team leader, deputy department manager, chief engineer, and Deputy Director of the Kurchatov Institute of Atomic Energy (IAE). In 1986-1998 – as Director of the Scientific, Research and Design Institute of Energotechnics (SRDIET) of the Ministry of Atomic Energy (Minatom). Since March 1998, Adamov has worked as Minister of Atomic Energy of the Russian Federation. He is married (wife – O. Pinchuk, born 1953) and has two daughters (by his first wife – Irina Adamova, born in 1962, psychologist in a high school in the town of Pechora of the Pskov Region; by his second wife – Irina Adamova, born in 1975, student of the Bern University, Switzerland). Till 15 January 1997 together with O.Pinchuk, Mr. Adamov had his permanent address at 123242 Moscow, Kudrinskaya ploshchad' 1/165. On 15 January 1997 he changed his address and has lived since then in the Moscow Region, the village of Malakhovka, ulitsa Stalskogo 14.

1. Business activities of Mr. Adamov.

Mr. Adamov does not deny that he has been involved in certain business activities and he has a social security number and several bank accounts in the U.S. For example, on 23 April 1999 at a 'Governmental Hour' in the State Duma discussing state budget funding of Russian federal nuclear centers, he said, 'I am proud of knowing not only the industrial structure of the Soviet Union. I am also proud that I know how business works in a civilized country.' And more, 'Since March 4 [1998] I have not been engaged in any business... No money has come to my account since my appointment as Minister [of Atomic Energy].'

In fact, working from 15 November 1986 till 4 March 1998 as the Director of a restricted institute of Minatom (SRDIET), i.e. an institution so secret that its address is limited to the number of its post office box even in official papers, Mr. Adamov, despite the obligations he had assumed under his contract with Minatom (including organizing the work of SRDIET in the specified area and reaching the goals as specified in the SRDIET Charter; ensuring efficient use of manpower, confidentiality of economic, scientific and technical, and commercial information; and etc.), has created, both in Moscow and abroad, various commercial companies on the basis of the Institute involving its personnel, and been involved in active business activities up to the present time.

In particular, according to the papers the Committee has:

On December 6, 1990, the Executive Committee of International Non-Governmental Organization 'Forum of Scientists and Experts for the S.U. – U.S. Dialogue' adopted Resolution #25 (based on Resolution #594 of the Government of the Soviet Union, dated July 28, 1989) that envisaged establishment of the Forum's branch in Moscow, **Energopool**, for the purpose of developing and extending the dialogue of Soviet and American scientists and specialists, as well as other international dialogues, aimed at ensuring the safety of humankind and development of an environment-wise strategy of the world's energy production development. E. Adamov was appointed General Director of the Branch:

- **on 28 December 1990 the Forum's Branch Energopool was registered at the SRDIET address (Moscow, ulitsa Malaya Krasnoselskaya 2/8);** Mr. E. Adamov was the Head of this new Branch;
- on 14 January 1993 in Monroville, Pennsylvania, USA, a company named 'Energo Pool Inc.' was registered (Federal registration #98-0131745, Executive Director – E.Adamov, Secretary – a U.S. citizen, Mark Kaushansky, Treasurer – E.Adamov). According to the papers the Committee has, the company was self-liquidated on March 26, 1993;
- on 29 April 1993, SRDIET officers – Assistant Director of the Institute for general issues A. Gukov, Deputy Director for construction matters M. Sergienko together with a research assistant of Russian Scientific Center 'Kurchatov Institute', M. Radchenko (Gukov's son-in-law), - founded and registered closed JSC 'Transpool' at the SRDIET address (Moscow, ulitsa Malaya Krasnoselskaya 2/8). In fact the organization was located in SRDIET's principle production facility (at Moscow, 2-nd Irtyshsky proezd 5) and, according to the papers, was a **construction company** (Gukov was the head of the company; at present he is Director of the Exploitation Service of SRDIET);

- on 1 June 1993, at the SRDIET address (Moscow, ulitsa Malaya Krasnoselskaya 2/8) legal entities – the Juridical Trans National Center, public ‘Association of Russian Law Enforcement Officers’, JSC Transpool and SRDIET – and physical persons - Deputy Director for construction matters M. Sergienko together with a research assistant of Russian Scientific Center ‘Kurchatov Institute’, M. Radchenko, - and other people (O. Pinchuk, S. Kramarenko, N. Mikhailov, L. Novikova, A. Pavlovsky, E. Chernyshov, E. Shugaeva) founded and registered a closed JSC ‘Energo Terminal Service’ (actually located in a storage depot of OMTS SRDIET at Prospekt Serebryakova 10) that, according to the official papers, was a warehouse and transportation company (Director – M. Radchenko);
- on 13 October 1993 SRDIET Director Adamov issued order #121 under which on the basis of the OMTS storage depot (Moscow Prospekt Serebryakova 10) an independent company, HRB Base, was registered and headed by Deputy Director for general issues of the Institute A. Gukov.

According to a staff report of SRDIET Chief Engineer A. Grigoriev sent to Mr. Adamov on 6 April 1994 concerning the Institute’s logistics, commercial use of the storage facilities of the Institute and transfer of technical maintenance functions to the Logistics Service paralyzed the work of the Institute. Direct and indirect losses the Institute suffered mounted to 66 million rubles while the profit made was only about 20 million.

Despite this, Adamov issued Order #111 dated September 30, 1994 that ‘for feasibility reasons’ suspended Order #121 of 13 October 1993. Operational functions of the HRB Base, maintenance of the storage depot and all items stored there were transferred to **JSC EnergoTerminal Service**:

HRB Base officers (33 people) and security service personnel (20 people) were transferred to JSC Energo Terminal Service. Directors of Engineering and Production Center (EPC) ‘Promentech’, Endurance Center (EC), High-Temperature Equipment Center (HTEC), Complex Automation Systems Department (CASD), and heads of the Construction Department (CD) and Repair and Maintenance Service (RMS) of SRDIET were ordered to sign contracts with JSC Energo Terminal Service for storage and reprocessing of their supplies in the Service’s storage depot. SRDIET Deputy Director Gukov was appointed Supervisor of the storage facility.

On 30 November 1994, the Executive Director of JSC Energo Terminal Service, Y. Kalikin, submitted to the SRDIET Deputy Director, A. Gukov, staff report #500-16/4599 that said that EPC Promentech owed 37,374,173 rubles for February – September 1994 and closed JSC Energo Terminal Service – 4,506,966 rubles for October 1994 to JSC Energo Terminal Service. Gukov recommended to the Director of EPC Promentech, A. Grigoriev, to pay off all the debts to the storage depot including all appropriate fines for delayed payment and define the deadlines for vacating the premises on the fourth and sixth floors of the building. Later on all these recommendations were executed and Adamov personally participated in these activities.

- on 25 August 1994 a corporation **Omeka, Ltd.** was registered in Monroville, Pennsylvania, USA, at the address of Mark Kaushansky (registration # 002596188, President – E. Adamov, Secretary – M. Kaushansky, Treasurer – Lyuba Kaushansky). According to the company’s constituent documents, it rendered consultative and managerial services, as well as carried on investment activities.

The representative office of the U.S. Corporation (according to the registration papers, Mark Kaushansky was its President and O. Pinchuk – Head of the Representative office) was accredited in Moscow (registered in the Consolidated State Register) by the State Registration Chamber of the Ministry of Justice of the Russian Federation on 12 May 1997 with the address: 123242 Moscow, Kudrinskaya ploshchad’, 1/165 (permanent address of Adamov’s wife, O. Pinchuk).

According to the Minutes of a meeting of the so-called Board of Directors of Omeka, Ltd., signed by the Secretary of the Corporation, Mark Kaushansky, on 22 August 1997 the Board of Directors accepted the resignation of E. Adamov who left the position of the Corporation’s President and was replaced with Mark Kaushansky (it contradicts the information in the above registration papers submitted to the Registration Chamber to register the representative office of the Corporation in Moscow).

- on 25 October 1994 SRDIET Chief Engineer A. Grigoriev submitted a staff report to SRDIET Director Adamov and was granted permission to use vacant premises under the cafeteria of the production facility in Kaloshino (a restricted area in 2nd Irtyshsky proezd 5) for temporary storage of foodstuffs delivered under a clearing contract between the Kursk nuclear power plant and SRDIET. However, already on November 29, 1994, Mr. Adamov cancelled his permission and issued Order #24 dated 3 March 1995, in compliance with which and under the agreement with Karella Ltd. (this agreement entitled Karella Ltd. to use some of the cafeteria premises to produce meat products) he made Karella Ltd. a department of the cafeteria of the Kaloshino production facility meeting all the routine internal requirements. The account department was

ordered to ascribe all depreciation charges for the premises assigned to Karella Ltd., and equipment of SRDIET, as well as electricity payments, to total expenditure of SRDIET. SRDIET Deputy Director Gukov was to supervise the execution of this order and all obligations under the signed agreements.

- on 24 November 1995 in Moscow at the address of SRDIET (ulitsa Malaya Krasnoselskaya, 2/8) and on the basis of the Institute, physical persons – Deputy Directors M. Sergienko and A. Gukov, together with a part-time officer from the SRDIET Social and Cultural Development Group, T. Savina, senior research assistant of Kurchatov Institute M. Radchenko and other people who had nothing to do with SRDIET – O. Pinchuk (Adamov's third wife), A. Krikunov and S. Solovyov, founded and registered a real estate company, Logic-Realty (Director of the company was A. Krikunov).
- the Executive Committee of International Non-Governmental Organization 'Forum of Scientists and Experts for the S.U. – U.S. Dialogue' adopted Resolution #35 dated 15 May 1996 that envisaged establishment of an independent non-profit organization, **Energopool**, for the purpose of developing and extending the dialogue of Soviet and American scientists and specialists, as well as other international dialogues, aimed at ensuring the safety of humankind and development of an environment-wise strategy of the world's energy production development. E. Adamov was appointed General Director of the new organization.
- on 16 July 1996 in Moscow at the address of SRDIET (ulitsa Malaya Krasnoselskaya, 2/8) an independent non-profit organization, Energopool, was registered; the new organization was to carry on scientific research in the field of environment-friendly development of power industry (Mr. Adamov was appointed Head of the organization);
- in 1997 in the off-shore zone of the State of Delaware, USA, E. Adamov established and registered a new company **Energopool**;
- on 14 November 1998 in Moscow at the address of ZSK Dalny (Moscow, Anadyrsky Prospekt 61, office of ZSK Dalny), physical persons – Head of the Department of Nuclear Facilities Construction of the Russian Federation Ministry of Atomic Energy M. Sergiyenko, Director of State Unitary Company 'SRDIET Information and Analysis Center' M. Radchenko, O. Pinchuk, D. Bibikov, and V. Kukava, founded and registered an intermediary company, Alumincotrade (the company was in fact located in one of the buildings of SRDIET at the address: ulitsa Malaya Krasnoselskaya 2/8, Director – D. Bibikov);
- on 6 March 1998 a non-profit organization, Rinse Ltd., was registered in Monroville, USA, (Secretary – Mark Kaushansky) at the home address of Mark Kaushansky and in Russia in restricted SRDIET (Moscow, ulitsa Malaya Krasnoselskaya 2/8);
- on 16 September 1991 a company, **Nec Continental Corp**, was created in the USA (President – Yuri Englin, Executive Director – Naum Alper, Accountant – Mark Kaushansky). In the summer of 2000 an affiliate of Nec Continental Corp was created on the basis of JSC Atompromcomplex (Rostov-upon-Don), one of the logistics bases of the Atomic Energy Ministry (Minatom) included into the list of strategically important Russian companies.

As it was found out, in 1996 the U.S. Omeka Ltd. (President – Adamov, Secretary – Mark Kaushansky) operating, according to its constituent documents, as consultative, management and investment company, supplied \$34,000 worth carpeting and glue to SRDIET. Up to now the company has delivered to SRDIET \$50,000 worth office equipment every year.

In 1996 E. Adamov applying for a 'Diner Club' member card (Citicorp Diner Club Inc., Denver, Colorado, USA), declared that his annual income from Omeka Ltd. exceeded 40,000 USD and that his annual income from other sources, tax-exempt in the U.S., exceeded 80,000USD.

By the late 1999 Omeka Ltd had \$5,080,000, of which \$3,150,000 belonged to Mr. Adamov, \$1,500,000 – to Adamov's wife, O. Pinchuk, and \$410,000 – to Mark Kaushansky. In the United States, the company owns stocks in a house maintenance company (Pennsylvania) and a medical diagnostic center (Michigan); it owns controlling stocks of several companies in the CIS, that include a real estate agency, a Moscow based software company, a construction company in Ukraine, and certain production facilities in Kyrgyzstan. The company has invested into the capital stocks of the following organizations: \$200,000 – Babylon (Moscow); \$300,000 – Anna-G (Lvov), \$200,000 – Vitus (Lvov), and \$250,000 – Orion.

In Switzerland, where Adamov's daughter by his second wife studies, Omeka Ltd. has given \$250,000 to opening account #235 523108.40F in a UBS branch and purchased a house.

The Corporation also paid for Adamov's private house in Pitsburg (\$200,000). Besides that Adamov opened account #00-0302-9757 and account #CO 10274278 in the PNC Bank, Pennsylvania, with over \$100,000 each.

Today Omeka Ltd has contracts with Minatom's International Relations Department (#MA-109-24 signed on 15 June 1999) and Monatom's JSC Techsnabexport (#T-109-26 signed on 15 September 1999). Under these contracts Omeka Ltd. renders consultative services and the two organizations pay a monthly \$7,500 each.

Besides that, **Omela Ltd** has signed contracts with **SRDIET** and some other Moscow-based companies, among which **Logic-Realty** occupies the leading place by the movement of financial resources.

In May 1998, all bank assets of the first Energo Pool company were transferred to the accounts of the new company (PNC ABA 031100089 #5602106067 in the Pennsylvania based PNC Bank) with the same name but founded in 1997 in the off-shore zone of the State of Delaware, USA. As of 22 August 2000, the Energo Pool account in this bank contained \$1,724,894 and, both directly and through Omeka Ltd., was used for money transfers of Logic-Realty, as well as for transfers and cash payments (ranging from \$10,000 to \$100,000) to executives of Russian Minatom and SRDIET. In particular, annual payments of \$30,000 to Mr. Adamov as Chairman (President) of Energo Pool's Board of Directors went to his account #668-9630 in the Monroville branch of Mellon Bank (4210 Willam Perm Hwy, Monroville, PA, 15146-2704).

Financial operations of **Omeka Ltd.** and some other companies were executed by **Agloski International Ltd.** registered in Nice (France) via its account #594779-00003 in Banque Pashie Monaco. The above account was regularly used for money transfers of up to \$250,000 to personal accounts of unidentified individuals in other foreign banks.

As it was also found out, E. Adamov has regularly received money from **Omeka Ltd.** for his personal needs (the money comes through **Agloski International Ltd.**). For instance, on 12 October 1998 the Head of the restricted Troitsk Institute of Innovative and Thermonuclear Research (**TRINITI**) of Minatom, V. Pismenny, withdrew from this account \$124,980 for Mr. Adamov and on 21 August 2000 Mr. Adamov himself received \$50,000 of \$200,000 he was to receive. Several times this account was used for money transfers for Adamov's wife, O. Pinchuk.

Besides all of the above, the Anti-Corruption Committee has checked the information according to which Mr. Adamov working as Director of the Scientific, Research and Design Institute of EnergoTechnics (SRDIET), ignored the existing negotiation procedures and entered into negotiations with Iran concerning construction of a research reactor in Iran. This information has proved to be true. As it was found out, in 1996 SRDIET signed a contract with the Nuclear Energy Organization of Iran on expert assessment of a project of construction of a plant to produce heavy water. In December 2000, the Prosecutor General's Office of the Russian Federation launched an investigation in compliance with Article 189 of the Criminal Code of the Russian Federation (illegal export of technologies, scientific and technical information and services, raw materials and equipment used in production of weapons of mass destruction, arms and combat equipment and vehicles).

The Committee has found it true that the representative office of American Omeka Ltd. in Moscow (Head of the Representative Office – O. Pinchuk) is registered at Mr. Adamov's actual address (123242 Moscow, Kudrinskaya Ploshchad' 1/165), although Mr. Adamov would not agree to that. Although according to official papers, he changed his address on 15 January 1997 and the representative office was registered there on 12 May 1997, the truth of this assumption can be supported, first, by the fact that this is the permanent address of Adamov's wife, O. Pinchuk, and that their marriage was officially registered; and, second, by the fact that on 11 May 1999 Mr. Adamov filed a lawsuit to protect his reputation to the Basmanny Municipal People's Court of Moscow and declared this address as his permanent address (in compliance with Article 126 of the State Code of Legal Practice of the Russian Federation). Yet another evidence in favor of this assumption is that Mr. Adamov tried to conceal any affiliation with the company at the time of its registration in Moscow by deliberately declaring false information in the registration papers. In particular, the papers say that a U.S. citizen, Mark Kaushansky, is allegedly the President of Omeka Ltd. (the representative office was accredited in Moscow on 12 May 1997), though, according to the minutes of a meeting of the Omeka Ltd. Board of Directors used by Mr. Adamov as a proof of his leaving business and signed by Mark Kaushansky, the latter replaced Adamov in this position only on 22 August 1997.

So, the information in the mass media and letters and appeals of members of the State Duma to the Russian Federation Government, according to which Director of the Scientific, Research and Design Institute of Energo Technics (SRDIET) and Russian Federation Minister of Atomic Energy Adamov carried on business, is true.

2. Personnel Policies of Mr. Adamov.

Russian Federation Minister of Atomic Energy Adamov's personnel policy and the structural changes he has introduced can be characterized by considerable violations of the existing legislation regulating hazardous nuclear

production, declining level of professionalism of the industry's executives due to regular and deliberate replacement of highly qualified experts with people that had nothing to do with the industry but were connected with Mr. Adamov through his business activities. Adamov's personnel policy was in fact aimed at commercializing the Atomic Energy Ministry and using its structural departments in Adamov's vested interests.

The following can serve as a basis for this statement.

- in compliance with Presidential Order #1055 of 7 September 1992, the Russian Federation Ministry of Atomic Energy created an organization, Russian State Concern for Production of Electric and Heat Energy At Nuclear Power Plants (Rosenergoatom), exploiting 8 of 9 Russian active nuclear power plants. An analysis of the Concern's operation before 1998 uncovered that indicators of stable operation and radiation safety of nuclear power plants in Russia had been constantly improving and that a lot had been done to make NPPs even safer. Despite all this, Adamov demanded that the then General Director of Rosenergoatom, E. Ignatenko, should resign from the post and after the resignation Adamov issued order #666 of 12 October 1998 and severely violating experience requirements replaced the highly qualified expert with L. Melamed (born in 1961) who had never worked in nuclear energy industry or at a hazardous nuclear production. (in 1987 Melamed graduated from the Novosibirsk Electrotechnical Institute, NETI; in 1987-1991 he worked as a junior research assistant of the NETI Scientific and Research Lab and Design Bureau; in 1991-1992 – Assistant President of the NETI for commercial issues; in 1992-1993 – Deputy Director of MI 'LIM'; in 1993-1998 – Director of JSC Limbrok, **Executive Director of Soyuz Energoservice and Deputy Chairman of the Board of Directors of JSC Novosibirskenergo**). Rosenergoatom is a very sophisticated complex in terms of technology and management and it deals with designing, construction and maintenance of nuclear power plants, as well as supervises treatment of nuclear materials and radioactive substances. Under Russian laws, the Director of Rosenergoatom supervises the operation of Rosenergoatom and is personally responsible for ensuring safe exploitation of power producing units of nuclear power plants.

To justify what he had done, Mr. Adamov submitted a written explanation note to Vice Prime Minister of the Russian Federation V. Bulgak (dated 21 November 1998 #01-4661 11) where he pointed out that this replacement was one of the series of improvements in the Rosenergoatom management structure. In fact, no amendments were introduced to the Bylaws of the Concern, the management structure was in no way changed and no redistribution of duties of the Concern executive happened at that time.

The Russian Federation Nuclear Energy Supervising Committee (Gosatomnadzor) sent a letter to Prime Minister Primakov (dated 23 December 1998 # 7-06/1095), which said that since October 1998 personnel replacements had continued in Rosenergoatom with no regard to ensuring safe operation of nuclear power plants. All of the recent lay-offs and appointments in the Ministry (often with violation of legislation regulating the use of nuclear energy) not only fail to ensure safe and stable operation of nuclear power plants, but also obstruct establishing duties and responsibility of concern executives and destroy the decision-making system in the Concern especially in regard to safety of nuclear power plants.

After Melamed was appointed Director of Rosenergoatom, the Russian Government received lots of letters and appeals, including those from Chairpersons of both Chambers of Parliament, and the Russian Federation Prosecutor General's Office demonstrated its interest to these events, Adamov ordered to amend the Bylaws of Rosenergoatom (violating Russian laws again). The management of the Concern was divided between the Executive Directorate that retained all control over the organization including finances and personnel (Melamed), and the Technical Directorate that was responsible for safety matters but had no access to resources. After these reforms, safe operation of nuclear power plants became a secondary task and stable operation indicators dropped.

After Melamed was appointed First Deputy Chairman of the Board of RAO 'EES Russia, Adamov gave the chair of the Rosenergoatom Executive Director to Y. Yakovlev, born in 1951 (contract #132k of March 13, 2000; in 1973 he graduated from the Moscow Engineering and Economic Institute as engineer-economist; in 1973-1976 he worked as an engineer in the Central Scientific and Research Institute of Information and Technological Research dealing with nuclear science and technology; in 1976-1989 he worked consecutively as senior engineer, master engineer, chief economist, Planning Department Assistant Manager, and Summary Department Assistant Manager for the Ministry of Medium Engineering Industry of the Soviet Union; in 1989-1993 he was Investment Department Manager and Deputy Chairman of the Board of JSC 'Commercial Bank of Conversion' (ConverseBank); in 1993-2000 – First General Director Assistant and General Director of JSC 'Moscow Joint Stock Insurance Company' (MAKS).

- by Resolution #919 of 13 August 1999 the Russian Federation Government appointed E. Fyodorov, who had never worked in the industry or at a hazardous nuclear production facility, Deputy Minister of Atomic Energy of the Russian Federation (he was born in 1963; in 1985 he graduated from the Higher Military Construction

College in Leningrad majoring in heat power equipment; his profession was military power engineer; in 1985-1987 he served in the 40th Army as a power officer of power facility department; in 1987-1988 – chief power engineer of UIR and leader of UOS group of GVSU of the Soviet Union Defense Ministry; in 1988-1990 – Exploitation Department Manager of the Scientific and Research Institute of the Soviet Union Ministry of Defense; in 1990-1993 – member of the Leningrad region Council of People’s Deputies; in 1993-1996 – member of the State Duma of the Federal Assembly of the Russian Federation, member of the Safety Committee of the State Duma; in 1996-1997 – assistant manager of the Insurance Supervision Department of the Russian Federation Ministry of Finance; in 1997-1998 – deputy head of the Administration of the Russian Federation Defense Council; in 1998-1999 – in the Army Reserve).

- in 1998 M. Sergiyenko, born in 1951, was appointed Head of one of the key departments (nuclear facility construction) of the Atomic Energy Ministry (Minatom) (in 1974 he graduated from the Khar’kov Institute of Civil Construction Engineers; in 1974-1983 he worked consecutively as a construction engineer, senior construction engineer, assistant manager of the Design Department of the Physics and Energy Institute in the town of Obninsk; in 1983-1987 – assistant manager and manager of the Project and Design Department of Kurchatov’s Institute of Atomic Energy; in 1987-1998 – Deputy Director of SRDIET for construction issues). Sergiyenko never had enough qualification and working experience in this field. However, as it was found out, he was connected with Mr. Adamov through his business activities (he participated in foundation of SRDIET’s JSC Transpool and Energo Terminal Service, as well as Logic-Realty and Alumincotrade).
- In February 1999 Adamov replaced General Director of GSC Technsabexport (principle exporting agency of Minatom) Shishkin with R. Fraishtut, born in 1934 (contract signed on 12 February 1999; in 1958 he graduated from the Moscow Machine-Tool Institute majoring in equipment and pressure technological treatment of metals; in 1958-1961 he worked consecutively as a foreman, chief foreman of the thermo-press shop, engineer and senior engineer of the Chief Technologist of Ordzhonikidze’s engineering plant in the city of Podolsk; in 1961-1993 – lab engineer, team leader, shop superintendent assistant, chief technologist, chief engineer, Deputy Director, Director of an experimental facility of the Podolsk Scientific and Research Technological Institute; in 1993-1995 – General Director of JSC ‘Luch Experimental Plant’; in 1995-1999 – Chairman of the Supervising Council of JSC ‘Luch Experimental Plant’). He had never dealt with nuclear materials export before.

In compliance with Order #753 of the Minister of Atomic Energy of the Russian Federation (Adamov) dated December 6, 1999, enterprises of nuclear industry should export nuclear fuel produced in the industry and, in fact, in the country only through JSC Technsabexport. For this purpose top managers of JSC TVEL (Kononov) was ordered to give JSC Technsabexport all contracts for delivery of nuclear fuel (fuel assembly), its components and related services to nuclear power plants in Bulgaria, Hungary, Slovakia, Czech Republic and Finland for further execution till 31 December 1999. The order was based on the fact that it would be much more cost-efficient to export uranium through single national supplier and that it is necessary to prevent internal competition and uncoordinated work of other nuclear industry enterprises in world market.

The ministerial order of March 27, 2000, stated that all effective contracts with the above nuclear power plants, as well as with power plants in China, Lithuania, Ukraine and the Siemens company were not passed to JSC Technsabexport. That’s why the Board of Directors was scheduled to consider the liability of the top management of JSC Technsabexport for failure to execute Order #753 of December 6, 1999, and discuss possible measures aimed at improving national discipline of JSC TVEL.

According to a verdict of the Prosecutor General’s Office of the Russian Federation (of April 7, 2000, #19-29-00), these orders signed by Mr. Adamov contradict the existing Russian legislation that does not entitle federal executive power agencies to issue orders to industrial enterprises in regard to signing and execution of contracts and agreements. Under Article 421 of PS RF, legal entities are free to sign any contracts. Federal law ‘On State Regulation of Foreign Trade Activities’ makes it one of the basic principles of the state regulation of foreign trade that all its participants are equal and cannot be subject to any kind of discrimination. The whole procedure of nuclear materials export has been described in a Provision, adopted by Order #574 of the Russian Federation Government on 8 May 1996, according to which any industrial enterprises regardless of the type of their ownership and operating within Russian jurisdiction are entitled to carry on such licensed export operations. Besides Article 7 of Federal law ‘On Competition and Restriction of Monopolistic Activity In Commodity Markets’ directly forbids federal agencies to issue orders or carry on any activities that may limit independence of industrial enterprises and create discriminative or favorable conditions for their operation if such orders or activities result or may result in limiting competition or affect interests of industrial enterprises. That’s why these orders of Minatom may not be executed because violating the existing legislation these orders were aimed at limiting competition among the enterprises of nuclear industry and creating favorable conditions for only one company – JSC Technsabexport – and making all others, including not only JSC TVEL but also JSC Mashinostroitelny Zavod (in the town of Elektrostal), abandon all independent export operations.

At the same time Adamov's business partner, the Director of Minatom's Troitsk Institute of Innovative and Thermonuclear Research (TRINITI), V. Pismenny, was appointed Chairman of the Board of Directors of an affiliate of JSC Technosnabexport, the principle operator in the BOY-HOY deal – a Swiss GNSS (Globe Nuclear Services and Supply). (after a preliminary investigation into misappropriation of \$3,000,000 the State Duma Anti-Corruption Committee initiated legal proceedings against Mr. Pismenny and forwarded all the materials to the Prosecutor General's Office of the Russian Federation).

- on February 2, 2000, Monatom issued order #60, allegedly for tolling operations with Armenia and other former Soviet republics (in fact, it was export of fuel assemblies) that established a state unitary enterprise, Sredmashenergo, and gave it a status of operator (it was responsible for nuclear and radiation safety of operations with nuclear fuel). S. Dyaminov, born in 1970, was appointed Director of this new organization (in 1989-1990 S. Dyaminov worked for cooperative society 'Zarya'; in 1990-1991 he worked as Marketing Director in 'Kharkovtractorzapchast' (Kharkov Tractor Spare Parts Suppliers); in 1991-1994 – Chairman of the Board of Directors of JSC Stank). According to the information the Committee has, working for JSC Stank Dyaminov dealt with payments of Ukrainian nuclear power plants for Russian nuclear fuel. All this resulted in that JSC Stank owed about 12 million USD to Russian nuclear fuel suppliers (at that time they united in Concern TVEL). Dyaminov moved from Ukraine and sent all of his family abroad. Ukrainian association of nuclear power plants 'Energoatom' took all the debts upon itself. In 1998 in the town of Kurchatov (Kursk nuclear power plant), Dyaminov founded 'Energoimpex'.

Already as the Director of Sredmashenergo, Dyaminov through Energoimpex sign agreement #539 of 1 June 2000 with Leningrad NPP for delivery of nuclear fuel for the power plant in exchange for one-name papers on 360 million rubles changed for this purpose on bills of JSC Mashinostroitelny Zavod. The contractual obligations were never fulfilled and nuclear fuel was never delivered. Through quite a bit of trouble the Leningrad NPP got its money back. The Committee has uncovered that the Ukrainian Ministry of Interior has launched an investigation and filed a lawsuit (#6/111) against Dyaminov who together with executives of a couple of other large Ukrainian companies in 1994-1996 transferred to accounts of different commercial companies in foreign banks money made in sales of electricity and export of aluminum alloys, and then turned it all to his advantage. After Russian mass media made it public that Ukrainian authorities had launched legal proceedings against Dyaminov, he was fired 'on his own volition'.

- JSC TVEL was established by Resolution #677 of the Russian Federation Government on 11 June 1996 issued in execution of Presidential Order #166 of February 8, 1996 'On Improvement of Control Over Enterprises of Nuclear Fuel Production Complex', giving 100% of its stock to the Government. At the general meeting of stakeholders that took place on 11 September 1996 V. Konovalov was elected President of the Society (Konovalov was born in 1932; in 1956 he graduated from Urals Polytechnic Institute as industrial engineer; in 1956-1975 he worked consecutively as foreman, shiftman, chief foreman of the Ulbinsk metallurgic works; in 1975-1979 – as Director of the Chepetsk Machine Tool Plant; in 1979-1986 – as Director of the Machine Tool Plant in the town of Elektrostal; in 1986-1988 – as the Head of the third department of the Ministry of Medium Engineering Industry of the USSR; in 1988-1989 – Deputy Minister of Medium Engineering Industry of the USSR; in 1989-1991 – as Minister of Atomic Energy and Industry of the USSR; in 1992-1996 – as first deputy Minister of Atomic Energy of the Russian Federation; in 1996-2000 – President of JSC TVEL of the Ministry of Atomic Energy of the Russian Federation (Minatom). On 14 October 1996 the Board of Directors signed a contract with him to manage the company for 5 years. Section 9.3 of the Company's Bylaws says that the right to draw decisions on firing the president of the company belongs solely to the meeting of stakeholders. Under Article 1 of Federal Law 'On Introduction of Amendments and Additions into Federal Law 'On Privatization of State Property and On the Basic Principles of Privatization of Municipal Property in the Russian Federation'', when 100% of the stock of a joint stock company is reserved to the State the functions of the supreme management body of the company – the Meeting of stakeholders – are fulfilled on behalf of the owner by a special agency administrating state property. In this case this agency is the Russian Federation Ministry of Property Relations. Upon a suggestion of Minatom accommodated with the Russian Federation Government, on 2 June 2000 the extraordinary meeting of stakeholders of JSC TVEL in the person of the Russian Property Ministry drew a decision about early suspension of the authority of President Konovalov. At the same time, the Prosecutor General's Office determined that the contract could have been suspended only by the Board of Directors because under the Bylaws the Board is the only body entitled to draw such decisions.

Later on without any explanation Adamov pressed through the Board of Directors of JSC TVEL a decision to establish the position of the First Vice President of the Company and on 3 July 2000 acting President Lavrenuk signed order #1-02/324 and in violation of existing regulations appointed A. Karklin to this position (Karklin was born in 1966; in 1993 he graduated from the Moscow State Institute of International Relations majoring in law; in 1993-1995 he worked as a security officer of JSC 'Company Aluminproduct'; in 1995-1996 – as a security officer of JSC Medoks; in 1996-1997 – as General Director of JSC Medoks and JSC 'Company Aluminproduct'; in 1997-1998 – Director and then legal councilor in JSC Aluminproduct; in 1998-1999 – Deputy General Director and then

Director of the Law Department of JSC 'Group Siberian Aluminum'; in 1999-2000 – General Director of JSC Aviakor – Aviation Plant in Samara; from 24 February till 30 June 2000 – advisor to the Minister working for the Secretariat of the Russian Federation Ministry of Atomic Energy), who had never worked in the nuclear industry. In compliance with the Procedure of issuing a license to run an enterprise of the nuclear energy production complex approved by Order #169 of Minatom dated 29 March 2000 in execution of Presidential Order #1207 of September 10, 1999, the President (General Director) of a Joint Stock Company must have a license to run an enterprise of the nuclear energy production complex. The same license should be issued to other people who due to their position in the company might serve as acting President while the latter is absent if such a thing is envisaged in the Bylaws of this joint stock company. According to the Bylaws of JSC TVEL and the contract signed with Karklin, he was supposed to serve as acting President. The Procedure also says that such a license can be issued to people who have worked in equal position for at least five years or in any enterprise of nuclear industry for at least 10 years. Karklin had not worked in the industry that long so he was not entitled to get such a license. The conclusion is that giving Karklin this position, the heads of JSC TVEL violated Federal Law 'On Licensing Certain Types of Activity'.

At the same time it was found out that Karklin was involved in active business activities and **is the founder and owner** (having 100% of the controlling stock) of JSC 'Private Security Company 'Alert'' (Moscow, ulitsa Matveevskaya 6 office) and JSC 'Private Security Company 'Alert+' (Moscow ulitsa Bolshaya Pirogovskaya 5), both registered on 8 December 1994, **trading company Diopolis** (Moscow, ulitsa Mytnaya 28 bld.3) registered on 9 March 1999, **head of JSC First Investor** (Moscow, 2nd Kolobovskiy pereulok 9/2) registered on 18 February 1998; **trading companies East-Modern and Tichin** (Moscow, B. Tolmachevskiy per. 3 bld.1-8) registered on 4 November 1998; **JSC Moloks** (Moscow, 5th ulitsa Yamskogo polya 23-25 bld. 3); **investment JSC Greshem, JSC Nashi Investitsii, affiliate of Nesh Investments Ltd.** (all located: Moscow Kutuzovskiy per 5/3); JSC 'Company Aluminproduct' (Moscow ulitsa Moshkova 11 bld. 2). He owned a Mercedes-Benz, BMW 520, BMW 318, two Grand Cherokee Jeeps, two apartments: a 190 m² apartment in Moscow (ulitsa Ostozhenka 7 apt.93-94) bought in March 1997 and a 38 m² apartment (ulitsa Biryulyovskaya 45 bld. 1 apt. 114) bought in 1993.

- due to the growth of basic production indexes of the Ministry and increasing volumes of shipments, as well as due to appearance of new approaches to finding ways to cope with existing challenges and failure of the Transportation Department of Minatom to organize this activity in the appropriate way, and to make transportation and logistics service of the Ministry more efficient (in fact there were no reasons for such reforms), on 5 May 2000 Minatom issued Order #258 and created state unitary company Atomspectrans replacing the Transportation Department. On 19 June 2000 Adamov signed contract # 140 and appointed M. Radchenko Director of the new company (Radchenko was born in 1960; in 1983 he graduated from Bauman's Moscow State Technical University majoring in energy installations and equipment; in 1983-1998 he worked consecutively as an engineer, junior research assistant and senior research assistant of Russian Scientific Center 'Kurchatov Institute' – Kurchatov's Institute of Atomic Energy; in 1998-2000 – Director of state unitary company 'SRDIET Information and Analytical Center'). He had never dealt with transportation of nuclear substances but was connected with Mr. Adamov through his business activities (participated in organization of JSC Transpool and EnergoTerminal Service, as well as Logic-Realty and Alumincotrade).

Atomspectrans was supposed to fulfill the functions of an authorized operator of all types of transportation of nuclear substances, radioactive materials and their products as well as functions of operational supervision. All the transportation enterprises of the industry were to accommodate their delivery contracts with Atomspectrans (including cargo insurance and customs procedures).

- **JSC Konstantinov's Kirovo-Chepetsky Chemical Plant (KCCP)** is one of Europe's largest chemical enterprises. It is incorporated into the Ministry of Atomic Energy and produces strategically important products. The controlling stock of the company (38%) is equally divided between the Property Ministry of the Russian Federation and the Kirov Region. In 1998 B. Drozhdin was elected Director of the plant. At that time the situation at the plant was critical because salaries were very low and the workers had not received their paychecks for 5 months. The plant could not pay taxes and fees to budgets of all levels. Drozhdin managed to improve the situation: he started financial rehabilitation of the plant, the output grew; he started solving social problems. They also developed a program of modernization of the production facilities. The price of the stocks grew twofold in two years, payments to the budgets of all levels increased dramatically. The salary was among the highest in the region and the plant became one of the 100 best Russian enterprises.

Starting in May 2000 in violation of Agreement 'On Division of Authority Between Executive Power Agencies of the Russian Federation and Executive Power Agencies of the Kirov Region' signed by the Russian Federation President and the Governor of the Kirov Region on 30 October 1997, Minatom (Adamov), using the Russian Federation Property Ministry (F. Gazizulin) under the pretext of current structural reforms in the industry, was trying to incorporate the Kirovo-Chepetsky Chemical Plant into JSC Rosatomprom the Ministry was planning to establish within its system. First of all, Minatom and commercial companies – affiliates of foreign companies, - initiated an extraordinary meeting of stakeholders and launched a campaign aimed at making General Director

Drozhdin resign. Drozhdin, as Governor of the Kirov Region claimed, had always worked for the benefit of the staff of the plant, the region and the country. Adamov used his old trick (the one he used to fire President of JSC TVEL Konovalov and General Director of Rosenergoatom Ignatenko): organizing checks that were to find exactly what he needed, disseminating false information about financial state of the plant, constantly trying to press through the Board of Directors and meeting of stakeholders a decision to suspend the authority of the General Director and creating conditions unfavorable for the latter's reputation. All this was aimed at selling the 38% of the controlling stock of the plant at an auction. In support of their position and the necessity of the Administration of the Kirov Region selling its 19% of the plant, Minatom (that is in charge of the state owned stock of the plant) cites Order #679 of the Russian Federation Government dated 4 July 1997 'On Selling the State Owned Stocks of Joint Stock Company 'Kirovo-Chepetsky Chemical Plant' that excluded the plant from the list of joint stock companies of strategic importance. Minatom also claims that after the state owned 19% of the plant's controlling stock get incorporated into the authorized capital stock of JSC Rosatomprom, which was envisaged in the draft constituent papers of Minatom, the controlling stock of the plant would allegedly remain state owned.

But creating a new component of Minatom (JSC Rosatomprom), the initiators are planning to exclude radioactive waste storage facilities from the system of the plant, i.e. the storage facilities will remain state owned and the profit making plant will become a private company.

- according to the information from the State Nuclear Energy Supervising Committee (Gosatomnadzor) of the Russian Federation (submitted in the late 2000 to the Russian Federation Security Council and the Russian Federation Government), after Adamov became Minister of Atomic Energy he started spreading legal nihilism all through the Ministry, which was reflected in ignoring the necessity to abide by the requirements of Federal Law 'On the Use of Nuclear Energy' and trying to change the law in personal vested interests contradicting with those of society. As its main field of activity, Minatom chose destruction of legally established division of authority between the bodies of state control over the use of nuclear energy (Minatom's duty) and the bodies of state control over the safety of the nuclear energy use (Gosatomnadzor). In such a way Minatom obstructed Gosatomnadzor's developing the procedure of issuing licenses to work in the field of nuclear energy production to nuclear energy facilities, abandoned the previously accommodated procedure and mechanism of attestation and license issuing. The Ministry also offered an illegal plan to form attestation commissions and prepared several appeals to the Russian Federation Government suggesting that the licensing and safety assessment functions be transferred to the bodies of state control over the use of nuclear energy.

For example in 1999 Minatom turned to the Russian Federation Government with suggestions (implemented by Governmental resolutions #1007 of 4 September 1999 and #471 of 20 June 2000) to transfer to Minatom the authority to license not only development, production, testing, exploitation and utilization of nuclear weapons and military nuclear energy producing units (not covered with Federal Law 'On the Use of Nuclear Energy') but also all use of nuclear energy for defense purposes thus violating the above law because Minatom does not belong to the bodies of state control over safety of the use of nuclear energy.

In such a way Adamov has not only created a precedent of combining functions of state control over the use of nuclear energy and state regulation of safety issues in the use of nuclear energy and violated the existing legislation, but also demonstrated his desire to monopolize this industry in his vested interests.

3. Financial policy of Adamov.

The appointment of Adamov as Minister of Atomic Energy of the Russian Federation took place under a slogan of creating a consolidated budget and uniting all financial flows in the corporate ConverseBank where the Ministry transferred all export operation passports (each year Minatom's export operations bring almost 2 billion USD) and all companies of nuclear industry opened their accounts in this bank.

ConverseBank, as a corporate bank of the nuclear industry in the system of Minatom, was created in 1989 by nuclear production facilities. Branches of this bank were opened in the areas where largest enterprises of nuclear industry operated. The bank survived in the 1998 financial crisis but already in 1999 the situation required that an emission be carried out and the stocks with state unitary companies and joint stock companies with majority of their stocks owned by the state, be increased up to 78 – 80%. During the emission President of JSC TVEL Konovalov agreed to become head of the Supervising Council of ConverseBank. But even before the Supervising Council was actually created, Adamov demanded of Konovalov to transfer a considerable part of the stocks of ConverseBank to a group of seven companies owned by American companies 'TKST', 'Techsi' (Executive Director – V. Pismenny) and Nitrom. However Konovalov refused. Later Adamov demanded that each of the members of the Supervising Council sell 30% of the stock of ConverseBank but most of them said no. Only people close to Adamov agreed to that, among them was Director of TRINITI Pismenny (the Prosecutor General's Office has initiated criminal proceedings against him for abuse of power in commercial and other companies in compliance with Article 201 of the Russian Federation Criminal Code) and General Director of JSC Techsnabexport R. Fraishtut appointed to this

position by Adamov in February 1999. All this was followed by certain changes in the staff. General Director of the Urals Electromechanical Plant (Ekaterinburg) L. Kuznrtsov was suspended from office; N. Pisemsky had to step down from the post of Chairman of the Board of Directors of ConverseBank. At the same time Adamov ordered to transfer the passport of the \$12 billion BOY-HOY contract (production of nuclear fuel from weapons plutonium (a misprint – uranium)) from ConverseBank to MDM-Bank (Mamut-Abramovitch). At the present time the stocks of ConverseBank continue to be sold for the benefit of MDM-Bank.

Claiming that it intended to create a single system of insurance for nuclear energy and production enterprises, on 10 February 1999 Minatom and the Moscow Joint Stock Insurance Company, MAKS, signed cooperation agreement #KD 10/99-021 that besides the principle field of activity envisaged that MAKS would render consultative assistance to Minatom in insurance and financial issues, assistance in funding conversion, scientific and technical and production programs of enterprises and organizations of nuclear industry, development and funding of a joint complex program of preventive measures giving the Ministry all information about the fixed assets of the preventive measures foundation, use of off-budget financial resources to cope with issues related to safe operation of nuclear power plants and other nuclear and hazardous radioactive facilities and so on.

Based on this Agreement on 8 May 1999 Minatom issued order #344 'On Cooperation of the Ministry of Atomic Energy of the Russian Federation and the Moscow Joint Stock Insurance Company, MAKS' under which for the purpose of consolidation of insurance reserves to fund preventive measures aimed at safer operation of the most hazardous facilities of nuclear industry the executives of nuclear industry complex were recommended to insure operation of their companies in insurance company MAKS. In such a way it limited competition among insurance companies working with enterprises and organizations of the Ministry as well as freedom of industrial facilities of the Ministry in selecting insurance companies through tenders, which contradicts provisions of Articles 2-8 of Russian Federation Law 'On Competition and Restriction of Monopolistic Activity in Commodity Markets'.

At present the Russian Federation Accounting Chamber has finished checking the activities of the Atomic Energy Ministry in regard to its foreign trade contracts, agreements and use of sources of raw materials. The Chamber will submit an appropriate report to the Chairman of the State Duma of the Russian Federation approximately in February – March 2001.

Given all of the above, the Anti-Corruption Committee of the State Duma considers it necessary and appropriate to inform Russian Federation President Putin, Prime Minister Kasyanov about the illegal activities of the Minister of Atomic Energy of the Russian Federation, E. Adamov, and submit all the materials to the Russian Federation Security Council, Federal Security Service of the Russian Federation, as well as to the Prosecutor General's Office to launch an investigation.

The Anti-Corruption Committee of the State Duma.