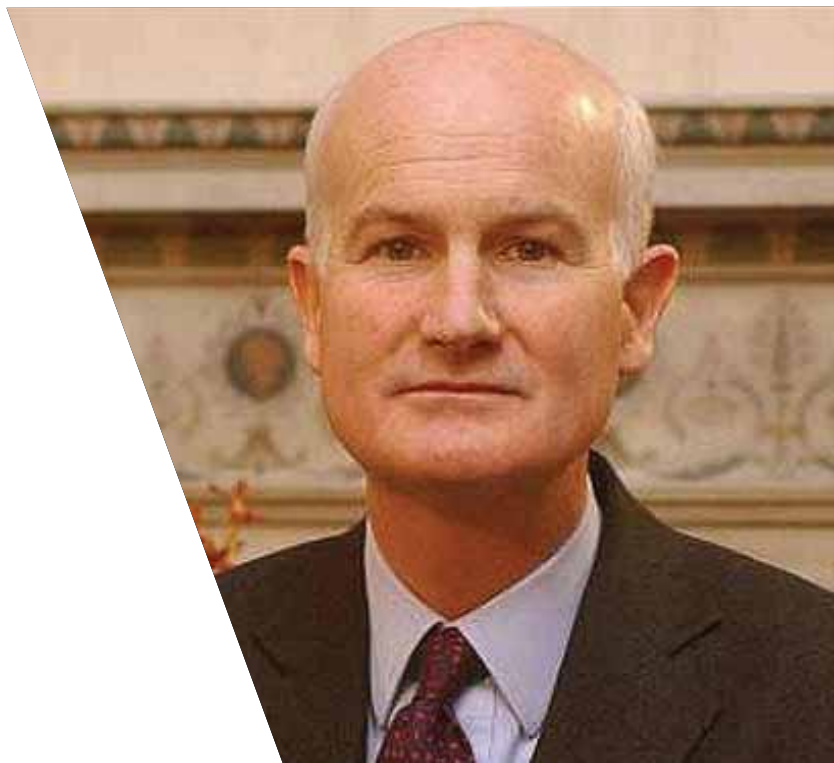


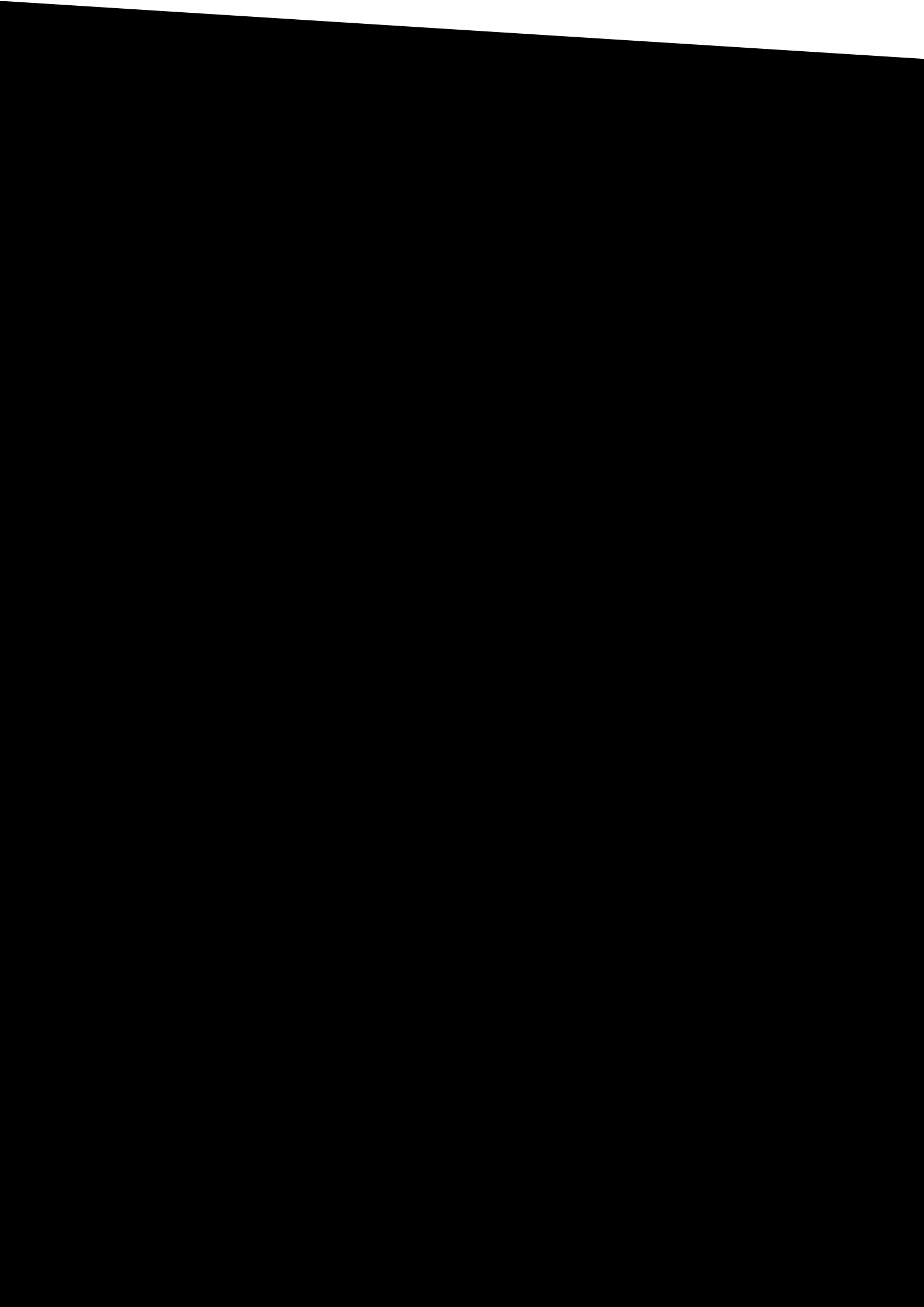
# THE QUEEN'S BOOKKEEPER AND THE OLIGARCHS:

**EXAMINING SIR MICHAEL PEAT'S INVOLVEMENT  
WITH ROMAN ABRAMOVICH AND EUGENE SHVIDLER**

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BY MICHAEL WEISS





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[www.henryjacksonsociety.org](http://www.henryjacksonsociety.org)

This paper is written in the author's personal capacity and the views expressed are his alone.

## ABOUT THE AUTHOR

Michael Weiss is the Research Director at the HJS and Co-Chair of the Russia Studies Centre. A widely published journalist, Weiss has expertise in the Syrian uprising, contemporary Russian politics and human rights in the Middle East. He is the author of the influential reports “Intervention in Syria? An Assessment of Legality, Logistics and Hazards,” which was repurposed and endorsed by the Syrian National Council, “The Case Against Non-Intervention in Syria,” and the co-author of “Revolution in Danger: A Critical Appraisal of the Syrian National Council,” and “Age of Impunity: Russia After Communism and Under Putin.” Weiss has been published in Slate, The Wall Street Journal, The Weekly Standard, The Daily Telegraph, The New Criterion, The Guardian, Foreign Policy, Prospect, Standpoint, World Affairs, The American Interest and The New Republic. Michael is a columnist for the Beirut-based NOW Lebanon.

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**SHOULDN'T IT  
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KREMLIN**

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# Executive summary

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- The involvement of Russian billionaire oligarchs in the British financial and political establishments has prompted concerns from oppositionists and regulatory bodies about the sources of money coming into the UK.
- Roman Abramovich and Eugene Shvidler, two prominent UK-based oligarchs, are long-time friends and business partners, with Shvidler commonly referred to as Abramovich's "representative on earth."
- In 2006, Abramovich "gifted" to Shvidler *Le Grand Bleu*, a luxury yacht equipped with a helicopter, speedboat and indoor aquarium.
- In the last year, Sir Michael Peat, the former treasurer to the Queen of England and an active financial advisor to the Prince of Wales, was appointed to the board and Audit Committee of Evraz, Abramovich and Shvidler's publicly-traded steel and mining company. Sir Michael's annual compensation for this role is £250,000.
- On 3 January 2012, Shvidler was appointed to the board of MC Peat & Co LLP, an investment brokerage run by Charlie Peat, Sir Michael's son.
- One of MC Peat & Co LLP's purposes, according to its website, is to "[establish] distribution contracts in Russia, the CIS and the Middle East." It was recently named an "appointed representative" of Linear Investments Limited, a member of the London Stock Exchange.
- On 5 January 2012, MC Peat and Co LLP took out a loan in the amount of £2.73 million from an Aruba-registered company called Horizon Investments AVV.
- Horizon Investments AVV has the same three directors, and the same registered address, as another Aruba-registered company called Crocus Corporation AVV.
- According to a 2008 British High Court judgment, Crocus Corporation AVV owns "Mr Abramovich's two planes, with his personal livery."
- According to the Department of Civil Aviation in Aruba, Horizon Investments was the registered owner, between November 2002 and May 2004, of "P4-LGB," an EC-135 model Eurocopter. That aircraft was re-registered as "P4-XTC" in May 2004, and the Department lists its base of operations as "United Kingdom - Embarked on the Motor Yacht '*Le Grand Bleu*.'"
- Charlie Peat has denied that MC Peat & Co LLP has any relationship with Abramovich, but will not confirm or deny that the company took out the £2.73 million loan from Shvidler.
- According to Evraz's 2011 annual report, the company's board considered "an arm's length business arrangement between one of the non-independent directors and the son of Sir Michael Peat...and satisfied itself that this arrangement has no impact on Sir Michael Peat's independence."
- Shouldn't it raise concerns that the former accountant for the British monarch – and an active financial advisor to the heir to the throne – has worked for two Russian oligarchs closely connected to the Kremlin, and that he's arranged for his son's start-up to receive a major loan from one of those oligarchs?

**Since the dissolution of the Soviet Union, Russian money has poured into London at a speed and scale that British financial enforcement laws have proved ill-equipped to handle. For Britain's business establishment, the rush of billions from the East means never having to ask where the money came from or what the newly-arrived oligarch had to do to get it. In a recent comment piece for The Times of London, anti-corruption activist and Russian opposition leader Alexey Navalny summed up the problem nicely: "Local banks apply meagre 'know your client' procedures to vet applicants: a passport copy and a utility bill are all that is needed to open an account at any London-based private bank. Then, as if by magic, funds pour into the UK as clean capital, free from any taxation or further scrutiny."<sup>1</sup>**

More worrying has been the appearance of Kremlin-affiliated oligarchs in circumstances where they appear to have potential political influence.

Former EU Trade Commissioner Peter Mandelson and then-Shadow Chancellor (now Chancellor) George Osborne held a meeting in Corfu aboard the *Queen K* "superyacht" belonging to the Kremlin-friendly billionaire and aluminium magnate Oleg Deripaska.<sup>2</sup> Allegations abounded that Osborne sought a healthy donation to the Conservative Party from Deripaska while *The Sunday Times* revealed that Mandelson had been billeted on the Queen K.<sup>3</sup> Mandelson has rejected the widely reported allegation that he lowered E.U. aluminum tariffs in 2005 at the prompting of Deripaska, who would have profited

from cheaper import costs of aluminum from Europe.<sup>4</sup>

Several months ago, I disclosed on my blog at the *Daily Telegraph* that the owner of the ship the Professor Katsman— which Western diplomats believed responsible for transporting weapons from Russia to the Assad regime in Syria just as the Houla massacre was getting underway— was Vladimir Lisin.<sup>5</sup> Estimated to be the second-richest man in Russia with a net worth of over \$15 billion, Lisin owns a shipping company called Universal Cargo Logistics (UCL), which owns the Professor Katsman through a series of offshore subsidiary companies based in the Netherlands, Cyprus and Malta. (As this recent *Guardian* exclusive demonstrates, billionaires from the former Soviet empire often prefer to control their assets through a Matryoshka doll-like series of subsidiaries, mostly registered abroad.)<sup>6</sup>

Lisin has extensive property holdings in Britain and was also the vice president of Russia's Olympic Committee during the London 2012 Games, giving him temporary diplomatic status in the UK. After I reported the Professor Katsman's owner, UCL Holdings issued a press release stating: "At the moment we don't have any prove [sic] that Profesor [sic] Katsman had delivered to Syria anything of a military nature that can be used against civilians."<sup>7</sup> Lisin also threatened to sue the *Telegraph* using Britain's notoriously plaintiff-friendly

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1. Navalny, Alexey, "It matters where Russian money comes from", 4 July 2012, *The Times*, available at <http://www.thetimes.co.uk/tto/opinion/columnists/article3465040.ece>

2. Prince, Rosa, "Mandelson 'did discuss trade with Deripaska'", 9 November 2008, *The Telegraph*, available at <http://www.telegraph.co.uk/news/politics/3412039/Mandelson-did-discuss-trade-with-Deripaska.html>

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4. Merrick, Jane, "A final favour? How Mandelson's last act in Brussels boosted Russian oligarch", 26 October 2008, *The Independent*, available at <http://www.independent.co.uk/news/uk/politics/a-final-favour-how-mandelsons-last-act-in-brussels-boosted-russian-oligarch-973813.html>

5. Weiss, Michael, "Russian oligarch who owns priciest property in Britain owns the ship that allegedly sent weapons to Bashar al-Assad last week", 1 June 2012, *The Telegraph*, available at <http://blogs.telegraph.co.uk/news/michaelweiss/100162208/russian-oligarch-who-owns-priciest-property-in-britain-owns-the-ship-that-allegedly-sent-weapons-t>

6. "Russians profit from Britain's offshore secrecy" by David Leigh, Harold Frayman and James Ball, 27 November 2012, *The Guardian*, available at <http://www.guardian.co.uk/uk/2012/nov/27/russians-profit-britain-offshore-secrecy>

7. Press release by UCL Holding, 16 June 2012, available at: <http://www.uclholding.ru/en/press/pressrelease/603.phtml>

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## HAVING A KNIGHTED BOOKKEEPER OF THE ROYAL FAMILY ON THE PAYROLL CERTAINLY BOLSTERS EVRAZ'S INTERNATIONAL REPUTATION AND GIVES PEAT A COMFORTABLE ENTREE IN THE WORLD OF JET-SET FINANCIERS.

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libel laws if it mentioned the incident again. The Syrian opposition tried to petition the European Union to investigate the matter, citing their jurisdiction over the subsidiaries, to no avail.

Perhaps no Russian oligarch in Britain has generated more press interest – or raised more eyebrows among muckraking Fleet Street hacks – than Roman Abramovich, the flamboyant Chelsea Football Club owner and former governor of Chukotka. Abramovich has just won a record-breaking \$6 billion-dollar civil court case in London against his former business partner turned arch-nemesis Boris Berezovsky, who remains the rosetta stone of feverish Kremlin conspiracy theories about Pussy Riot and the Russian opposition.

According to a famous State Department cable published by [Wikileaks](#), some US diplomats gave some credit to the rumour that Abramovich acts as the foreign-based vehicle through which Vladimir Putin maintains his own fortune, speculatively estimated at approximately \$40 billion, and held mainly through energy and trading firms.<sup>8</sup> Abramovich has always strenuously denied the accusation. (His relationship with Putin – from whom it is again alleged he may have sought permission to buy the Chelsea team or even divorce his own wife – is surveyed in *Londograd: From Russia with Cash*;

*The Inside Story of the Oligarchs*).<sup>9</sup> But it's Abramovich's affiliations with UK-based elites that have been more publicised, if not thoroughly scrutinised.

For instance, last October it was reported that Sir Michael Peat, the former Keeper of the Privy Purse and Treasurer to Queen Elizabeth, was joining the board of Evraz plc, Roman Abramovich's steel and mining group, which is publicly traded on the London Stock Exchange.<sup>10</sup> According to the Evraz website, Peat is both an independent board member and a member of the company's Audit Committee.<sup>11</sup> He also apparently acts in a capacity as a "chartered accountant" for the business, according to this Change of Particulars. For his services, Evraz pays Peat an annual salary of £250,000 (\$400,000).<sup>12</sup>

Having a knighted bookkeeper of the royal family on the payroll certainly bolsters Evraz's international reputation and gives Peat a comfortable entree in the world of jet-set financiers. Peat, who is the great-grandson of the founder of KPMG, spent 18 years in the employ of the House of

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8. "EUR DAS KRAMER'S MEETING WITH RUSSIAN OPPOSITION FIGURE VLADIMIR RYZHKOV", WikiLeakes cable, available at <http://www.cabledrum.net/diff/07STATE164120>

9. Hollingsworth, Mark and Lansley, Stewart, *Londograd: From Russia with Cash; The Inside Story of the Oligarchs*, Fourth Estate 2010

10. English, Rebecca, "Charles's aide lands job with Abramovich after telling friends he wanted to 'make big money in the City'", 19 October 2011, *Daily Mail*, available at <http://www.dailymail.co.uk/news/article-2050728/Prince-Charless-aide-Sir-Michael-Peat-lands-job-Roman-Abramovich.html>

11. Evraz Board Committees, available at [http://www.evraz.com/investor/evraz\\_plc\\_governance/board\\_committees.php](http://www.evraz.com/investor/evraz_plc_governance/board_committees.php)

12. English, Rebecca, "Charles's aide lands job with Abramovich after telling friends he wanted to 'make big money in the City'", 19 October 2011, *Daily Mail*, available at <http://www.dailymail.co.uk/news/article-2050728/Prince-Charless-aide-Sir-Michael-Peat-lands-job-Roman-Abramovich.html>



Windsor, most recently as the Principal Private Secretary to the Prince of Wales and the Duchess of Cornwall from 2005 to 2011, a position that followed Peat's work for the Queen. He was apparently the man who prevailed upon Her Majesty to pay taxes like everyone else, and to finance the refurbishment of Windsor Castle by opening up Buckingham Palace to public viewings. When Peat departed Clarence House, Prince Charles' official residence, friends quoted in the *Daily Mail* disclosed that his new mission in life to was make "big money in the City."<sup>13</sup> But he's kept up with his old employers too, continuing to work on "investment and financial projects" for the Prince of Wales, and even acts as his part-time unpaid advisor.

Peat further strengthened his ties to Abramovich in the last year. Right after the start of 2012, his son Charlie Peat's startup stockbrokerage MC Peat & Co LLP, of which Sir Michael is listed as an unpaid "advisor," made a high-profile board appointment of its own: Eugene Shvidler.<sup>14</sup>

Shvidler is Abramovich's close friend and long-time business partner – nicknamed his "representative on earth." He's also a major shareholder in Evraz, as well as a non-independent board member. Shvidler started out working for Deloitte & Touche in New York, where he attained American citizenship, before returning to Russia and meeting Abramovich. He has a well-known taste for French vineyards, private jets and leather floor-lined mansions in Belgravia.<sup>15</sup>

In "Berezovsky v Abramovich," Shvidler

testified that for the last ten years he has managed all of Abramovich's business interests, including – and most especially for followers of the High Court case – the oil company Sibneft, which was created for the express purpose of privatisation in the mid-1990s (part of Berezovsky's suit against Abramovich was over the actual ownership structure of Sibneft). Indeed, so strong is the two oligarchs' bond that in 2006 Abramovich "gifted" Shvidler a luxury yacht called *Le Grand Bleu*.<sup>16</sup> It came complete with a helicopter, speedboat and indoor aquarium.

One of MC Peat & Co's purposes, according to its website, is to "[establish] distribution contracts in Russia, the CIS and the Middle East." It was recently named an "appointed representative" of Linear Investments Limited, a member of the London Stock Exchange.<sup>17</sup> According to MC Peat & Co's corporate documents, Shvidler was appointed a member of the company on 3 January, 2012.<sup>18</sup> What wasn't reported, however, was that two days later, on 5 January, the firm took out a loan in the amount of £2.73 million (\$4.36 million) from an Aruba-based entity called Horizon Investments AVV.<sup>19</sup>

With the help of a representatives of the Department of Civil Aviation in Aruba, I was able to establish that Horizon Investments was the registered owner, between November 2002 and May 2004, of "P4-

13. Ibid.

14. Walker, Tim, "The Queen's man Sir Michael Peat strengthens his ties to Roman Abramovich", 13 March 2012, *The Telegraph*, available at <http://www.telegraph.co.uk/news/uknews/theroyalfamily/9138812/The-Queens-man-Sir-Michael-Peat-strengthens-his-ties-to-Roman-Abramovich.html>

15. Day, Elizabeth, "Eugene Shvidler, Russian billionaire, on his French vineyard", 11 October 2009, *The Observer*, available at <http://www.guardian.co.uk/lifeandstyle/2009/oct/11/french-wine-chateau-thenac>

16. Day, Elizabeth, "Eugene Shvidler, Russian billionaire, on his French vineyard", 11 October 2009, *The Observer*, available at <http://www.guardian.co.uk/lifeandstyle/2009/oct/11/french-wine-chateau-thenac>

17. Linear Investment Limited website, available at [http://linearinvestments.co.uk/index.php?option=com\\_content&view=article&id=72&Itemid=146](http://linearinvestments.co.uk/index.php?option=com_content&view=article&id=72&Itemid=146)

18. "Appointment of a member of a Limited Liability Partnership", MC Peat & Co LLP, hosted at the Henry Jackson Society website, available at: <http://henryjacksonsociety.org/wp-content/uploads/2012/12/ShvidlerJoinsBoard.pdf>

19. Loan agreement between Horizon Investments AVV and MC Peat & Co LLP, hosted at the Henry Jackson Society website, available at <http://henryjacksonsociety.org/wp-content/uploads/2012/07/HorizonMCPLoan.pdf>

LGB," an EC-135 model Eurocopter.<sup>20</sup> That aircraft was re-registered as "P4-XTC" in May 2004, and the Department lists its base of operations as "United Kingdom - Embarked on the Motor Yacht 'Le Grand Bleu.'"<sup>21</sup> In 2004, Abramovich still owned *Le Grand Bleu*, but that same year he decided to purchase an even bigger yacht called *Ecstasea*, which may account for the re-christening of his old helicopter (from "LGB" for *Le Grand Bleu* to "XTC"). He sold *Ecstasea* in 2009 for a reported \$120 million but, as discussed, he gave his representative on earth *Le Grand Bleu* in 2006.

According to the Aruba Chamber of Commerce, Horizon Investment's three directors are AMTR Management NV, a trust service provider, and two Cypriot nationals: Panagiota K Nikou, and Maria Damianou.<sup>22</sup> The company's registered address is Belgiestraat 36, Oranjestad West, which is AMTR Management NV's address. That same address, and those three same directors, are also listed for another Aruba-based entity called Crocus Corporation AVV. According to this 2008 British High Court judgment, "Mr Abramovich's two planes, with his personal livery, are owned by Crocus Corporation AVV, a company incorporated in Aruba, whose directors are Maria Elia and Panagiotis Nikou, who are Meritservus personnel."<sup>23</sup>

Meritservus is the Cyprus-based professional services company formed

and formerly owned by Deloitte, Cyprus.<sup>24</sup> It acts as a nominee for corporations seeking offshore registration, for which many Russian businesses and businessmen find Cyprus an especially convenient, no-questions-asked location. So infamous is Cyprus as a world capital for money-laundering and shell company registration that the German foreign intelligence agency, the BND, recently drafted a report suggesting that Russian oligarchs would be the prime beneficiaries of any EU bailout of the island nation: collectively, they've deposited \$26 billion in Cyprus, an amount greater than the country's GDP.<sup>25</sup>

I telephoned Meritservus and spoke briefly to Maria Damianou. She wouldn't disclose whether or not Horizon Investments or Crocus Corporation were Abramovich's companies. In fact, the minute I mentioned Abramovich's name, Damianou said she would not discuss anything to do with him and instructed me to contact the managing director. I phoned again and asked to speak to Demetris Ioannides, Meritservus' chairman and CEO, but was immediately transferred back to Damianou who informed me that she had spoken with Ioannides and that I was to address all questions to Meritservus' main email address.

Ioannides' reluctance to speak to me may be related to the fact that he, too, is cited in that 2008 High Court judgment as a registered owner of many of Abramovich's offshore holdings:

"[T]here appears to be a web of companies, largely in the [British Virgin Islands] and Cyprus, which hold various interests, personal and business, some very sizeable

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20. Department of Civil Aviation in Aruba, Bill of Sale of EC-135 model Eurocopter by Air Harrods Ltd to Horizon Investments AVV, hosted at the Henry Jackson Society, available at <http://henryjacksonsociety.org/wp-content/uploads/2012/07/BillofSaleEC145.pdf>

21. Department of Civil Aviation in Aruba, Horizon Investments AVV owner registration, hosted at the Henry Jackson Society, available at <http://henryjacksonsociety.org/wp-content/uploads/2012/07/AIRCRAFT-INFORMATION-.pdf>

22. Aruba Chamber of Commerce & Industry, available at [http://www.kvk.aw/templates/kvk/view\\_extract.php?k=30450](http://www.kvk.aw/templates/kvk/view_extract.php?k=30450)

23. OJSC Oil Company Yugraneft v Abramovich & Ors, England and Wales High Court (Commercial Court), 29 October 2008, available at <http://www.bailii.org/cgi-bin/markup.cgi?doc=ew/cases/EWHC/Comm/2008/2613.html&query=Crocus+Corporation+AVV&method=all>

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24. Meritservus website, available at <http://www.meritservus.com/home/>

25. "Aid to Cyprus Could Benefit Russian Oligarchs" by German Intelligence Agency, 11 May 2012, *Der Spiegel*, available at <http://www.spiegel.de/international/europe/german-spy-agency-says-cyprus-bailout-would-help-russian-oligarchs-a-865291.html>

[sic], of which Mr Abramovich is, or would appear to be, the ultimate owner. The Cypriot companies are ultimately owned, so far as the legal title is concerned, by Deloitte's or Mr Demetris Ioannides, who was a director of Meritservus Ltd and Meritservus (Trustees) Ltd, two Deloitte Cypriot service companies, or by other Meritservus personnel."<sup>26</sup>

Ioannides is also director of Lanebrook Ltd, the Cyprus-registered company that is listed as "The Major Shareholder" of Evraz. According to Evraz's website, Abramovich and Shvidler control their shares in the British steel giant through Lanebrook.

On 14 October 2011, Peat was appointed as an independent board member and Audit Committee member of Evraz, which, as a public company, is accountable to all its shareholders. Abramovich and Shvidler are entrepreneurial soul-mates and major shareholders of Evraz; Shvidler is also a board member. On 3 January, 2012, Shvidler was appointed to the partnership of Peat's infant capital markets and advisory firm. Two days later, the firm took out a sizable loan – £2.73 million – from an offshore company that has in the not-too-distant past owned Abramovich's helicopters and whose directors are clearly tied to his ownership of Evraz.

Charlie Peat, Sir Michael's son and the managing partner of MC Peat and Co, denied in an email to me that Abramovich has anything to do with his company (if you try to call or email Sir Michael via the MC Peat and Co website, it's Charlie who responds). But since Abramovich gave *Le Grand Bleu* to Shvidler, perhaps he also donated one of his helicopters and thus the offshore entity that owned it? Charlie Peat wrote back: "If you would like to

know about Eugene Shvidler's business I suggest you get in touch with his office." I tried to reach Shvidler through Evraz's press liaison; no one returned my call or email.

Evraz's 2011 annual report contains a strangely worded statement, which appears to suggest that Shvidler was indeed the one who lent the money to MC Peat and Co: "For completeness, the Board did consider an arm's length business arrangement between one of the non-independent directors and the son of Sir Michael Peat, the senior independent director of the Company, and satisfied itself that this arrangement has no impact on Sir Michael Peat's independence."<sup>27</sup>

"Arm's length business arrangement" is a coy way of describing a \$4 million loan made from an Aruba shell company to a new investment brokerage that does business in Russia and the former Soviet republics. Yet if this loan has no impact on Peat's independence, why was it made from an offshore holding company, and why won't anyone involved in the deal confirm that it was indeed made by Shvidler? Furthermore, shouldn't it raise concerns that the former accountant for the British monarch – and an active financial advisor to the heir to the throne – has worked for two Russian oligarchs closely connected to the Kremlin, and that he's arranged for his son's startup to take a major loan from one of them?

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26. OJSC Oil Company Yugraneft v Abramovich & Ors, England and Wales High Court (Commercial Court), 29 October 2008, available at <http://www.bailii.org/cgi-bin/markup.cgi?doc=/ew/cases/EWHC/Comm/2008/2613.html&query=Crocus+Corporation+AVV&method=all>

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27. Evraz Annual Report 2011, available at <http://www.evraz.com/upload/iblock/d68/d68ab4ff5a28de150ca5fc4783058e8a.pdf>



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The Henry Jackson Society

8th Floor, Parker Tower, 43-49 Parker Street, London, WC2B 5PS

Tel: 020 7340 4520

**[www.henryjacksonsociety.org](http://www.henryjacksonsociety.org)**

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