Twitter Thread by Sergey Aleksashenko



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■@FT■ ■■■■■ ■ ■■■, ■■■ ■■■■■ ■■■■■■■■, ■■■■ ■■■■■■ ■■■■■■■■■■ «■■■■■■■■» ■ ■■■■ ■■■■■■■■ ■■■■■■■■■■ ■■■■■■■■■■ ■■■■■■■■■■, ■■■■■■■■ ■■■■■■■■■■ ■■ ■■■■■■■■■■■■■■ ■■■■■■■■■■■■ ■ ■■■■■■. ■■■■■■■■■ ■■■■■■■■■■, ■■■ ■■■■■■■■■ ■■■■■■■■■■ ■■■■■■ ■ ■■■■■■■■■ ■ 50% (■ ■■■ ■■■■■■) ■■■■■■■■■■ ■■■

A Gazprom director profited from a secret scheme linked to the construction of a multibillion-dollar gas pipeline between central Asia and China, according to documents seen by the Financial Times.

The documents indicate that staff and consultants working for Timur Kulibayev designed a scheme for the Kazakh billionaire to receive at least tens of millions of dollars from contracts related to the vast project.

Mr Kulibayev, who has served on the Russian energy giant's board since 2011, is the son-in-law of th former Kazakh president and has wide-ranging business interests, from banking to mining and real estate. As one of the most powerful officials in the country, he oversaw the state companies that awarded contracts to build the pipelines across Kazakhstan.

Emails sent between 2008 and 2014 and leaked by a whistleblower contain detailed descriptions of a set-up that it appears would allow Mr Kulibayev to receive a share of the profits from pipeline contracts granted to ETK, a company owned by Russian businessman Alexander Karmanov.

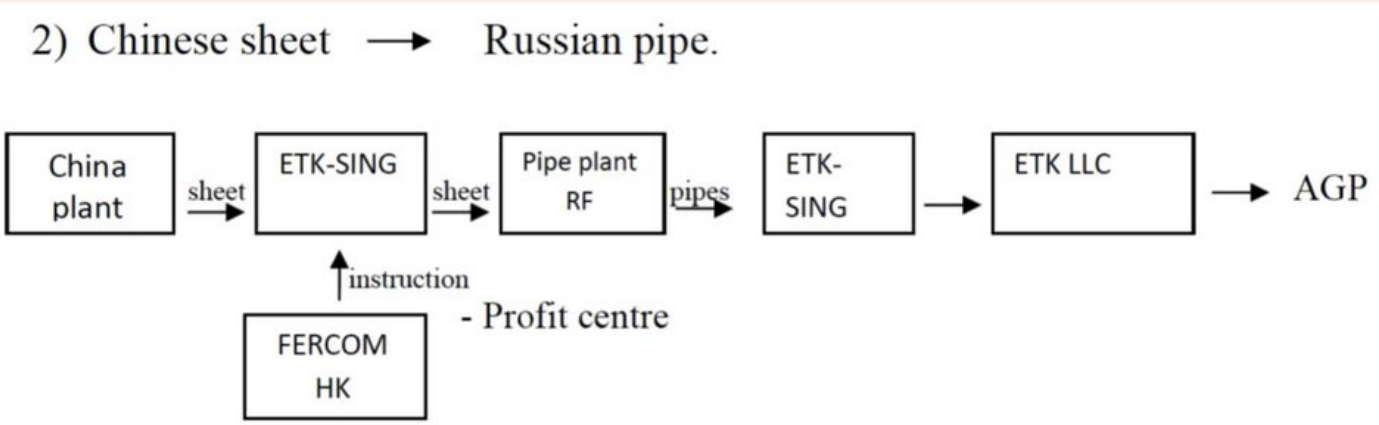
Under the scheme, ETK would buy pipes from plants in Ukraine and Russia. But first it would sell those same plants the steel to make the pipes — at a huge mark-up from the price it had paid for the metal.

Contracts seen by the FT show that an ETK company in Singapore agreed to buy steel produced by Jiangsu Shagang group of China at $935 a tonne and to sell steel to the Russian pipeline manufacturer TMK for $1,500 a tonne. TMK's contract envisages a total outlay of "approximately $200m", which equates to a gross profit of $75m for ETK.

However, the documents seen by the FT suggest that most of that money was not destined for Mr Karmanov's company but for Mr Kulibayev.

They reveal details of a corporate structure designed to channel the profits from the steel mark-up through companies in Singapore and the United Arab Emirates and ultimately to Mr Kulibayev himself. Emails and a PowerPoint presentation indicate Mr Kulibayev was to receive 70 per cent of the profits, a cut that would have made him $53m from this one transaction alone.

[redacted]. 70% [redacted].
@FT [redacted]



What does this indicate?

It is a series of transactions whereby the Singapore unit of ETK ("ETK-Sing") buys steel from a Chinese plant, sells it to a Russian plant that makes it into pipes, buys those pipes back and sells them to ETK's Russian parent company (ETK LLC), which supplies them to the Asia Gas Pipeline project.

What's important here is that a company called "Fercom" (just a place holder name, as in "steel company") is marked as the "profit centre".

By the next day Ms Kim has also received a PowerPoint presentation (**Document 3**) to her Mercury email address. There are more diagrams showing the same structure that explain two more crucial aspects of the scheme. First (again in our translation), this PowerPoint says:

1. FERCOM SINGAPORE gives an order to ETK Sing agent company to purchase sheet from a plant in Russia (China) for $100.
2. FERCOM SINGAPORE gives an order to ETK Sing agent company to sell sheet to Khartsyzsk pipe plant Ukraine or to the Pipe Plant in the Russian Federation with a **maximum margin for $200**. The import of

It's not using actual numbers, just arbitrary figures by way of an example. The point is, the scheme appears designed to generate profits with a huge mark-up between the price at which the Singapore company buys steel and the price at which it sells it on to pipeline plants.

Sure enough, contracts that ETK and Mercury people exchange in emails show just such a mark-up in action. Here's part of a Chinese one (**Document 4**), showing the ETK company in Singapore buying steel made by Jiangsu Shagang in China:

合　同
CONTRACT

合同号:	CONTRACT NO CH-03-CSE-01	2012-07-10
Contract No:	CONTRACT NO CH-03-CSE-01	DATE: July 10,2012

买方:
The Buyer: ETK TRADING PRIVATE LIMITED
9, Temasek Boulevard № 19-02A, Suntec Tower 2, Singapore 038989.