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Who in this country is protecting Putin's 'KGB cell' at the Adria?

An in-depth analysis of the connections between the huge capital of the Russian oligarchs, the financiers of Putin's war machine, and the people behind a relatively small hotel company on the island of Lošinj. And of what they have to do with the controversial sale of Fortenova's shares

(Text with photo: There is no photo where Krešimir Filipović (left) is looking at the camera. Standing behind him is Aleksej Miler, the chief of Gazprom)

The mysterious Sanction's Council, under the direct control of the Government, is the key point that connects everything around Fortenova since Russia's Sberbank ended up on the sanctions list

They make discretionary decisions based on their own assessment and the public has no insight in them – this description of the work of the Croatian Sanctions Council comes from a collocutor who knows from the inside how they work and may be key in completely understanding the (attempted) acquisition of Fortenova. The colloquially called Sanctions Council's full name is Permanent Group for the Implementation and Surveillance of the International Restrictive Measures. It was founded by the Government in February this year, and the public does not even know the names of its members. It is only known that they have 16 members, from representatives of the Ministries of Foreign Affairs (MVP), Finance, Economics, Defence, Agriculture, Interior and other ministries to representatives of the Security and Intelligence Agency (SOA), military intelligence, the Croatian National Bank and HANFA, which supervises the capital market. Their coordinator who usually appears in the public is HDZ's state secretary Frano Matušić, and it is also known that the representative of the Ministry of Finance is state secretary Stjepan Čuraj from the political party HNS.

The Council, that is under the direct control of the Government, is the key point that connects everything around Fortenova since Russia's Sberbank ended up on the sanctions list and its 43 percent share was hence frozen, including the mighty Croats with Russian connections, primarily Krešimir Filipović and Miodrag Borojević, who are now under investigation, where it is being checked whether they helped Sberbank breach the sanctions and whether the entry of Arabian investor Saif Alketbi in Fortenova is only a bluff and a cover for secret owners connected to Russia.

The thing that is now completely clear and has been confirmed is that the Government was involved in the ownership reshuffles at Fortenova and that the Council reacted in concert. The idea and the wish was that four pension funds would acquire the 43 percent stake from Sberbank, although since spring there has been another interested buyer, Hungary's Indotek owned by Danilo Jelinek. This was also the wish of Fortenova's management headed by Fabris Peruško.

While it was published several times that along with the four pension funds Pavao Vujnovac, owner of PPD and Enna Group, should also have invested, our collocutor claims that the information was not true that they would have provided EUR 100 million each, or EUR 500 million together, which was the price that Sberbank was selling its share at, under the pressure of sanctions. He also denies the information that the initiative came from the Government and that the pension funds ran into the

investment helter-skelter. Vujnovac has a share of around 29 percent in Fortenova and a partnership with him was under consideration at the beginning, but they quickly gave that up. The four pension funds proposed the investment and redemption of 43 percent from Sberbank on their own because they considered it a good opportunity. With the exit of Sberbank Fortenova would have immediately been worth at least 20 percent more. The presidents of the management boards of the pension funds met with the Government, informed the Prime Minister and the Ministers of their intention and received support. A financial and legal due diligence was carried out and Ernst & Young and the hired law firms gave their green light. There were some risks, but they were not terminal. The benefits would have been much larger, explains our collocutor who is directly informed about the whole operation.

In accordance with that, although Indotek had expressed their interest earlier, as Frano Matušić disclosed only recently, additional explanations were required and they finally did not get the approval. Following the Government's lobbying, Sberbank was allowed to sell its assets but only until 31st October and subject to the required approvals of the Council in Croatia and/or the Netherlands, where the share in Fortenova is held in a special company. Allegedly Indotek did not get the green light because of the connections between Jellinek and the Hungarian Prime Minister Viktor Orban, and thus indirectly with Russia. But as already mentioned, the public will never know what was exactly required and what was concluded. Therefore the pension funds obtained the approval, and the decision and its explanation will again remain secret. The decision on the joint appearance and acquisition by PBZ CO Fund, Erste plavi, Raiffeisen and AZ Fund was blocked in an unusual way by AZ's Supervisory Board. The abbreviation in the name is due to the fact that it is a joint fund held by the German insurance company Allianz and Zagrebačka banka. The Management Board had already made the decision but then Petros Papanikolaou, Director of Allianz for SEE and one of the directors for Russia, comes to the Supervisory Board meeting. And there lies the absurd detail – the decision was not adopted because the votes ratio was 2:2 out of five members. According to our information Zaba had not appointed the fifth member to replace a man who had left, and with them they could have made the decision. Everything collapses two days before the takeover because the approval was issued for the four pension funds, there is no time for change and due to statutory limitations on investment, there is not enough money.

This begs the question whether the Russians boycotted the decision. Because Allianz is negotiating the sale of its shares in Russia, Papanikolaou is not a member of the Supervisory Board at all, but he opposed the acquisition. Croatia's HANFA is now investigating the way the decision was made. Because, according to the law, it is not allowed to make a decision that is contrary to the interests of the members of the fund, in this case all Croatian citizens who pay contributions into the second pillar, in favour of the interest of the fund managers.

Even Plenković was furious and said that the pension funds would have to “explain a lot, particularly AZ Fund”. Should it be found that they placed the interest of one co-founder before the interest of the fund, the consequences could be serious. That's where the proper drama will only unfold.

This move by the Fund paved the way for the mysterious Arabian Sheikh from Dubai Saif Alketbi to appear as the buyer of Sberbank's share practically overnight. Although he introduced himself as a serious investor, nothing is known about his money and its origin cannot be verified. In addition, as Večernji list published on Wednesday, with reference to a collocutor from the United Arab Emirates who is familiar with Alketbi's operations, that his assets were frozen, that he had been fired from the Prince's office due to illegal dealings and that this could be a fraud. He cannot transfer Sberbank's shares to his name under the sanctions regime in effect and they shall remain with Sberbank as long as Putin's Russia and his people are under sanctions.

Already on the first day after the news had broken, the names of Krešimir Filipović, Mihajlo and Predrag Perenčević and Miodrag Borojević came up. The investigation by the Sanctions Council and competent Croatian authorities whether those Croatian citizens helped circumventing the sanctions has focused on Filipović, who has neither appeared in public nor responded to our calls and messages, and Borojević who publicly confirmed to only have advised the alleged Sheikh on the financial, but not the legal aspect of the acquisition.

As we learn, it is suspected and currently under investigation, that the amount of EUR 500 million was only a set-off of claims that Filipović's company Velesstroy has from Russian companies close to Putin.

But Filipović and Perenčević were in the focus of the public immediately following the introduction of the sanctions because they own Jadranka Group, which holds several hotels in Mali Lošinj. Despite their connections with Russia they were not included on the list of the Croatian Sanctions Council. Why and who has protected Filipović is not known.

Their connections are being investigated only now that the plan of the pension funds to acquire Fortenova has been prevented. Former Minister of Finance Zdravko Marić also spent his summer holidays at Jadranka's luxury resort, where he was provided with accommodation three times more expensive than the one he had booked, and Marić said this summer that he had not requested it and that it had nothing to do with his position or impartiality. Everything is being checked by the Conflict of Interest Commission. The same Group paid a private airplane flight to Lošinj for Ante Kotromanović while he was Minister of Defence and the Conflict of Interest Commission imposed a fine on him in the amount of HRK 30,000 that he has never paid. Kotromanović currently works at the company owned by Borojević's son, but he denies any connection with this matter.

Krešimir Filipović owns the Moscow-based construction company Velesstroy, engaging in building the Russian oil and gas infrastructure. As such, this company should be under the sanctions regime, because it is well known that state-controlled infrastructure deals worth millions in Russia cannot be obtained without strong connections with Putin's close circle. Velesstroy has operations worth billions of dollars and 25,000 employees. The first owner of Velesstroy was Mihajlo Perenčević, who has therefore since last summer been under UK sanctions.

Particularly telling is the fact that information has occurred that Velesstroy has around USD 500 million of outstanding claims from Russian companies for works carried out, which corresponds to the price at which Sberbank sold its shares in Fortenova. This could be an indicator that Velesstroy has actually swapped its claims for Sberbank's shares in Fortenova.

Krešimir Filipović was born in Zagreb, where he graduated in mechanical engineering. He came to Velesstroy and Moscow due to his friendship with fellow student Nikola Perenčević, son of Mihajlo Perenčević. Nikola recommended Filipović to his father, and he was quickly promoted in the company and soon came to the top. Filipović then purchased the shares in the company from Mihajlo Perenčević and became majority shareholder. In spite of having acquired the entire company, unlike Perenčević, Filipović is not on the sanctions list.

As managers of Velesstroy, Filipović and Perenčević were decorated in 2010 by the then President of Russia, Medvedev.

Filipović's professional and financial ascent, i.e. his entering the close circle of persons of Putin's confidence, is mainly due to the connections of his common law spouse Anastasija Rakova, Deputy to Moscow's Mayor Sergej Sobjanin, who is under EU sanctions. Rakova is closely connected to Putin's intimate circle. The Russian opposition media have pointed at her as being the main link between

Velesstroy and Putin's regime. Velesstroy is thereby described as the company through which Putin's circle have been drawing government funds out of the country.

The connection between Anastasija Rakova and Moscow's Mayor Sobjanin has been in place since 24 years. Whichever position he was holding, Sobjanin would take Anastasija with him. He was his assistant in the local дума of the Khanty-Mansiysk County in Siberia back in 1998, only to become his Deputy in Moscow in 2018. The Mayor of Moscow, Sergej Sobjanin, is closely connected to Vladimir Putin. He was his Chief of Staff from 2005 to 2008 and held the position of Vice President of the Russian Government from 2008 to 2010, in Vladimir Putin's second term. He is member of the Russian Security Council. Being the Mayor of Moscow, he is also a possible successor to Vladimir Putin.

Velesstroy is assigned most of its deals through Russia's large oil and gas company, Transneft. The Director of Transneft is Nikolaj Tokarev, Putin's acquaintance and close collaborator of many years. In the eighties he served with Putin at the KGB. Tokarev is also under EU sanctions.

Tokarev is the key person from Putin's circle to provide Velesstroy with business for the Russian government worth millions. Tokarev is friends with Filipović and Perenčević and they would spend their vacation together when Tokarev stayed at Mali Lošinj. Mali Lošinj is the very location where Filipović and Perenčević have directed Russian investments to Croatia. Until last Wednesday Krešimir Filipović was also Chairman of the Supervisory Board of the hotel and trading group Jadranka d.d., which holds numerous properties and businesses in Mali Lošinj. The company announced that he is not holding that position anymore, without providing any additional explanation.

The owner of Jadranka is the company *Beta ulaganja* (Beta investments) from Zagreb, founded by Alfa Kapital owned by the Russian oligarch Mihail Fridman's Alfa Group. Fridman is under sanctions of the EU, which holds him to be the main Russian financier and supporter of Putin's closer circle. Owners of Alfa Group, along with Fridman, are German Han and Aleksey Kuzmičev, who are under EU sanctions, Aleksandar Kušev and others. Although Beta ulaganja was founded by Alfa Group, Jadranka d.d. is owned by Krešimir Filipović and Predrag Perenčević, Mihajlo's brother, as the company reported.

The portal *Oštro* has already disclosed the complex structure and flow of funds earlier, with reference to the Panama Papers, and that more than three million euros were received at Jadranka from Velesstroy. It is interesting to note that Jadranka and other investments of theirs have been subsumed under Perenčević's PNP Trust in Hong Kong, that the patron of the trust is Mario Petrović, head of the Croatian agency Millenium promocija, and his permanent deputy is Krešimir Filipović. Petrović is also Member of the Supervisory Board of Jadranka.

Millenium promocija is the very agency that Alketbi selected to announce the purchase of the share in Fortenova, but once it became clear that he did not have the permissions, the Agency announced that it terminated the contract with him as he had provided incomplete information.

Many Russian oligarchs used to visit Filipović and Perenčević in Mali Lošinj. Over the last few years the aforementioned Fridman and Han, as well as Fridman's partner Petr Aven spent their summer holidays on Lošinj. Aven is under EU sanctions as one of the around 50 rich Russian entrepreneurs regularly meeting with Putin at the Kremlin.

Along with them, the Russian pharma millionaire Viktor Haritonin, as well as the Russian Minister of Economic Development Maksim Rešetnikov, who is under EU sanctions, also visited Lošinj.

Together with Krešimir Filipović, his spouse Anastasija Rakova and Minister Maksim Rešetnikov in the luxury box of Poljud (Split) stadium at the soccer game between the Croatian and Russian national teams last November there were all five Russian members of Fortenova's Board of Directors (Maksim

Poletaev, Sergei Volk, Danil Gusev, Roman Goltsov and Vsevolod Rozanov). Staying in Split was also Leonid Mihelson, an oligarch close to Putin and owner of the petrochemical industry SIBUR. Krešimir Filipović and Miodrag Borojević have known each other from Moscow, where Borojević spent years working. Until recently, Borojević was Deputy Chairman of the Board of Directors and non-executive Director of Fortenova, where he had been appointed as Sberbank's man.

Filipović and Borojević are mostly connected by the company Fil-Adria turist (formally owned by Krešimir's father) where Miodrag Borojević is Director, and Borojević is allegedly also engaged in the operations of Velesstroy. As disclosed by the media, Filipović's several hundred million kuna worth funds from Russia have passed through Fil-Adria from 2010 to 2016. Those funds were used to acquire numerous real estate properties in Mali Lošinj and Zagreb.

We have found out that Borojević has done the work for Filipović in other business and financial transactions as well. It is thus suspected that Borojević's companies, where formal owner is also his son Mateo Borojević – Royal Hill, BMP Asset and BB Oil – were financed with Filipović's Russian money. They also own the water bottling company Maya in Northern Macedonia together. Through companies that were later merged with BMP Asset, Borojević's son also built shopping centres for Kaufland and Eurospin, some of them even while Borojević Senior was in Fortenova's BoD and the Supervisory Boards of Konzum and Mercator, which are competitors to the retail chains his son was building for. It was Sberbank that brought Borojević to Fortenova as part of its quota of BoD members.

When it comes to Filipović's businesses and Velesstroy, it is quite unusual that a company like this, that owes its development solely to the close connections with Putin's close circle and gets business deals worth billions of dollars from the Russian Government, is not under EU sanctions. Practically the whole private and business circle around Filipović is under EU, US and UK sanctions. It therefore remains unclear how Perenčević, who sold his shares in Velesstroy to Filipović, is under sanctions and Filipović as their owner is not.

A thing that has so far not been questioned publicly is the beneficial ownership of Velesstroy. Looking at the way that state deals are assigned in Russia, they go to persons from Putin's close circle who are frequently connected with his colleagues from the KGB. Therefore it is quite possible in this case as well that Filipović is not the beneficial owner of Velesstroy, but that he is paid by Putin's circle to play the owner's role. This view is supported by the fact that the deals for Velesstroy are secured by his common law spouse Anastasia Rakova.

The self-effacing Filipović will now probably have to explain his connections with Russia, and some media have announced off the record that he would soon make a public appearance. A day after the acquisition of Fortenova he denied through people who are close to him that he was the secret buyer of the shares and they explained that Velesstroy was facing financial difficulties anyway. Furthermore, apart from the fact that he had withdrawn from the Supervisory Board of Jadranka, on the day when it was announced that an Arabian investor would enter Fortenova the Croatian Court Register received information that Filipović had replaced his Moscow address with one in Dubai, located on one of the two artificially built sand 'palms'.

It remains unexplainable that Perenčević, and not Filipović as the majority owner of Velesstroy, is under EU sanctions. This is manifestly due to the sloppy work of MVP's Sanctions Council, headed by HDZ's Matušić, professor of stringed instruments by profession, by the way. Close to Plenković, as you may have guessed. The team from SOA has not proved to be very reliable, either, with a nest of former KGB, today FSB agents and strong financiers of Putin's war in Ukraine, having formed literally under their nose. The western agencies, one in particular, are getting involved in this story...