

(11) provision been taken by July 27, 2007?
(12) A. Yes. Correct.
(13) Q. What did -- have you heard about an
(14) incident involving a raid on the Hermitage office
(15) and the office of Firestone Duncan in June 4th of
(16) 2007, in Russia?
(17) MS. PHILLIPS: Objection to form.
(18) A. Yes.
(19) Q. Did the bank hear of that at any
(20) time from William Browder or from Hermitage?
(21) MR. WILLSCHEER: Objection.
(22) MS. PHILLIPS: I join in the
(23) objection.
(24) MR. WILLSCHEER: You can answer to
(25) the extent you know.

(10) MS. PHILLIPS: Read it to him.
(11) MR. MOSCOW: No, read it -- why
(12) don't I read it, and you tell me if I've
(13) read it correctly.
(14) MR. WILLSCHEER: Objection.
(15) MR. LAMSON: And, John, sorry, which
(16) exhibit is it again?
(17) MR. MOSCOW: Page 3, this is
(18) HSBC-PREV-001308.
(19) MS. PHILLIPS: It's Exhibit 3.
(20) Q. Page 23.
(21) A. So page 23.
(22) Q. Correct.
(23) And I read it: "The manager of the
(24) fund," and that would be HSBC (Guernsey), a
(25) nonbank, correct?

20 (Pages 74 to 77)

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(1) Albert Dabbah - CONFIDENTIAL
(2) MS. PHILLIPS: Objection.
(3) Q. HSBC Management (Guernsey).
(4) A. Correct, a nonbank.
(5) Q. "The manager of the fund approved
(6) the establishment of a legal provision in the
(7) financial statements of U.S. 10 million. This is
(8) to address costs associated with legal actions
(9) relating to the recovery of legal ownership and
(10) directorship over Russian investment entities
(11) owned by HSBC Private Bank (CI) Limited, as
(12) trustee for the Hermitage Fund. These entities
(13) were illegally appropriated by third parties
(14) within Russia with the intention of creating
(15) fraudulent liabilities within the entities, and
(16) then settling those liabilities using the assets
(17) of those entities or their Cypriot holding
(18) companies in an effort to fraudulently expropriate
(19) those assets."
(20) Did I read that correctly?
(21) A. You did, yes.
(22) Q. This statement was written as of
(23) when?
(24) A. This statement, as part of this
(25) report of the audited financial statements of the

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(1) Albert Dabbah - CONFIDENTIAL
(2) Hermitage Fund for the year-ended 2008. It was
(3) certainly written before February 29th, 2008.
(4) Q. Well, as of when --
(5) A. Sorry, I apologize. I apologize.
(6) It's --

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(1) Albert Dabbah - CONFIDENTIAL
(2) and others have said that they did not learn until
(3) October 2007 that the companies were stolen.
(4) MS. PHILLIPS: Objection to form.
(5) A. When we redeemed the shares, I think
(6) we will need to look at the redemption dates.
(7) Q. The redemption date is July 27th.
(8) A. Right. And on the redemption date
(9) there was -- the bank statement showed that it was
(10) already a legal provision.
(11) Q. Correct. That's what I wanted to
(12) ask you about.
(13) If Browder and Heritage did not know
(14) that the companies had been taken, but they took a
(15) reserve for legal expenses, following a raid by
(16) the police investigating tax, would you be able to
(17) associate the legal reserves with the raid or with
(18) the unknown events?
(19) MR. WILLSCHEER: Objection to form.
(20) MS. PHILLIPS: Objection to form.
(21) MR. WILLSCHEER: You can answer, if
(22) you understand.
(23) A. What I'd like to do now is, we said
(24) there was a legal provision set for \$7 million.
(25) So if you could just take your question step by

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(1) Albert Dabbah - CONFIDENTIAL
(2) step again.
(3) Q. The \$7 million -- okay.
(4) There was a -- assume that there's a
(5) raid on Hermitage and Firestone Duncan on June 4,
(6) 2007.