

Maxim Bakiyev (United States)

Case ID:

ARW-259

Jurisdiction of Origin of Public Official or Entity Allegedly Involved:

Kyrgyzstan

Position of Public Official(s) (yrs in office):

Maxim Bakiyev: Son of former President of the Kyrgyz Republic (Kurmanbek Bakiyev, 2005-2010) and former head of the Central Agency for Development, Innovations and Investments (2009-2010)

Jurisdiction of Asset Recovery:

United States

Jurisdiction of Asset Recovery ? Description:

(1) Jurisdiction initiated legal action to recover assets

Asset Recovery Start:

2014

Asset Recovery End:

2019

UNCAC Offenses Implicated:

Art.15

Art.17

Legal Basis for Asset Recovery:

Criminal prosecution and forfeiture; Actions Initiated by Foreign Jurisdictions

Contributing Factors in Asset Recovery:

In 2010, mass protests and violent unrest over accusations of corruption, cost of utilities, and opposition to the government's increasingly authoritarian policies forced president Bakiyev to flee the country. Following his removal from power and the formation of a new government, former president Kurmanbek Bakiyev and his son Maxim Bakiyev were both convicted and sentenced for corruption-related offenses in absentia in Kyrgyzstan. Maxim Bakiyev was convicted for embezzling more than US \$130 million in state funds. He denies the allegations.

Status of Asset Recovery :

Completed (in part) and Ongoing (in part)

Stage in Asset Recovery Chain:

Assets Returned to Victim or Requesting Jurisdiction

Agreement for Returned Assets:

Unknown

Agreement for Returned Assets - Description:

Unclear if an agreement under 57(5) exists ? see Case Summary

Case Summary:

U.S. prosecutors announced in a press release from 26 February 2019 that the United States is returning \$4.6 million in stolen assets to the Kyrgyz Republic. The assets are connected to a case involving Maxim Bakiyev, the son of the former president of the Kyrgyz Republic. The funds were identified during the criminal prosecution of Eugene Gourevitch, a former banker who was sentenced to five years in prison for wire fraud and insider trading in June 2014, in the U.S. District Court for the Eastern District of New York. As part of this case, the US court

entered a US\$6 million forfeiture order.

Following the conviction of Eugene Gourevitch, the Kyrgyz government filed a petition for remission claiming that the assets forfeited in the Gourevitch case could be traced back to assets stolen by Maxim Bakiyev from Kyrgyz state authorities and financial institutions. The US DOJ granted the Kyrgyz government's remission petition in October 2018.

As of February 2019, \$4.6 million of the \$6 million ordered to be forfeited have been located and confiscated. These funds were to be deposited directly in the current account of the Central Treasury of the Ministry of Finance of the Kyrgyz Republic in the National Bank of the Kyrgyz Republic.

The US and the Kyrgyz governments announced that they will continue to cooperate in order to locate and return the remainder of the stolen assets in the forfeiture order.

A joint statement published by the governments of the United States and the Kyrgyz Republic (attached) states that the Government of the Kyrgyz Republic confirms its commitment to use the repatriated assets for the benefit of the Kyrgyz people, with a focus on social projects and anti-corruption and transparency efforts.

These include:

- Improving public access of the rural population to the healthcare system by buying and installing medical equipment (X-ray, diagnostics equipment, etc.) for regional hospitals to deliver better medical services to the rural area population;
- Construction of water supply facilities in order to expand access to clean drinking water for the rural population through upgrades of drinking water systems and expansion of the scope of ongoing construction of large-scale water supply facilities (water pipes, water pumps, water purification facilities) currently under way with financial support of the World Bank and other International Financial Institutions; and
- Strengthening Kyrgyz institutions responsible for anti-corruption programs and promoting the transparency of court proceedings and financial integrity of state organs, including the purchase and installation of audio and video equipment for projects in district courthouses to increase transparency and public control in the justice sector.

Minister of Finance for the Kyrgyz Republic Baktygul Jeenbaeva who assisted in the investigation of the source of the funds will be the point of contact for questions about the use of these funds.

Disposition of Criminal Case(s):

These funds were identified in the United States in the criminal prosecution of Eugene Gourevitch for insider trading in the United States District Court for the Eastern District of New York and a \$6 million forfeiture order was subsequently entered by the Court. United States v. Gourevitch 12-CR-758 (ARR) (E.D.N.Y. Sep. 23, 2014)

According to reporting by Blomberg and court records, Gourevitch cooperated with US authorities in the insider trading case and collected evidence implicating Maxim Bakiyev, whose investment accounts he was managing. However, in a sudden about-face, he undermined the investigation and transferred \$6 million from Bakiyev's account into his own

account. He later confessed, waived immunity, and turned the money over to the US authorities. In media reports, he also describes telling investigators about having been an eyewitness to widespread looting of public funds and corporate bribery in Kyrgyzstan, while he was working for Bakiyev.

Jurisdiction of Origin: Prosecuting Authority/Civil Attorney(s):

A team of lawyers from Akin Gump Strauss Hauer & Feld represented the government of the Kyrgyz Republic in the US cases.

Jurisdiction of Asset Recovery: Prosecuting Authority/Civil Attorney(s):

U.S. Attorney's Office for the Eastern District of New York? (criminal prosecution of Eugene Gourevitch); U.S. Department of Justice, Money Laundering and Asset Recovery Section, Kleptocracy Asset Recovery Initiative

Jurisdiction of Asset Recovery: Courts Involved:

U.S. District Court for the Eastern District of New York

Documents:

Remarks by U.S. Ambassador Alice G. Wells on the repatriation of \$4.6 million, 26 February 2019

Bloomberg, 10 July 2016, By Christie Smythe, "Banker Sitting in U.S. Prison Has a Most Incredible Tale to Tell"

Documents:

Attachment	Size
 Joint Statement by the governments of the US and the Kyrgyz Republic, 27 February 2019	77.73 KB
 US Department of Justice Press Release, 26 February 2019	104.19 KB