


29 September 2003



MEETING NOTES

1. Had a meeting in London with Janis Loze (JL) and Harijs Krongorns (HK), as follow up to JL's previous request.

X 2. JL is a lawyer and co-Protector of THE YEW TREE TRUST (YT). HK is a Chartered Certified Accountant. HK apologised that his brother Leonid Krongorns (LK) was unable to join the meeting.

X 3. JL is also the retained lawyer of Andris Skele (AS), who was a former Prime Minister of Latvia (post USSR) whose party was in opposition for several years but withdrew last year from politics in order to concentrate on business. HK is financial controller of AS's business interests.

X 4. AS was referred to us by *Simmons & Simmons*. He is the Settlor of YT and visited Guernsey with JL and HK in connection with its establishment. His identity and background is known to GFSC (disclosed at the time of incorporation of the Guernsey companies within the YT structure.) Initial and subsequent funding of YT came from *Abacus* in Jersey in their capacity as trustees/administrators of another structure established previously by AS.

X 5. AS is not a beneficiary of YT. His ex-wife and daughters are. JL also advised that LK should have been included as a beneficiary for over a year now: he apologised for the oversight and said he would follow up on the paperwork.

X 6. Since the establishment of YT we have met JL on several occasions for briefings and updates on various investment projects (real estate; shipping; wind

energy; and recently digital TV). These projects are all going well. In view of their scale, they involve major financial commitment, thus other outside investors along with YT, which (through its particular underlying company) is usually a minority investor only. The other investors are unknown to us. GFSC has confirmed, following enquiry on this general point (in February 2002) that we were not required to enquire into their identity.

7. JL also alerted us to recent press comment in Latvia into the identity of persons behind *Kempmayer Media Ltd* (KM) (an English private company) in which YT previously held a 25% equity interest (originally through *Ratcliff Ltd* (RL) - another English company) although this was recently sold (August 2003) to *Sterling Securities Limited* (see structure chart attached).

8. There has been comment in the Latvian press relating to the possible involvement as co-investors of persons within DLRTC, the State owned company that contracted with KM for the establishment of a digital TV network in Latvia. The ownership of KM is apparently being looked into. This may extend to the companies above KM. ~~Note that *RL* is not connected with DLRTC,~~ but his name has been bandied about in connection with it.

9. As RL was part of the YT structure, and *GCS Ltd* and *SMS Ltd* (our nominee companies) were director and shareholder, this should be updated, following the reorganisation and transfer to *Hanbey Investments Limited*, a BVI company, and the sale to *Sterling Securities Ltd* (Isle of Man).

10. JL and HK are concerned that speculative investigative methods might be employed to obtain Exchange of Information. While any such request would be handled properly and responsibly in the UK and Guernsey, the confidentiality of any information passed on would not be held in confidentiality in Latvia, and would almost certainly be made public. JL and HK accordingly asked us to check the position in Guernsey on international Exchange of Information [TB to follow up].

11. In my view there is no issue of our making a STR as we have never had (nor do we now have) any suspicion regarding funds or transactions of those entities for which we act. We will nevertheless continue to monitor the position for suspicious transactions or suspicious activity.

MN

30/9/03