

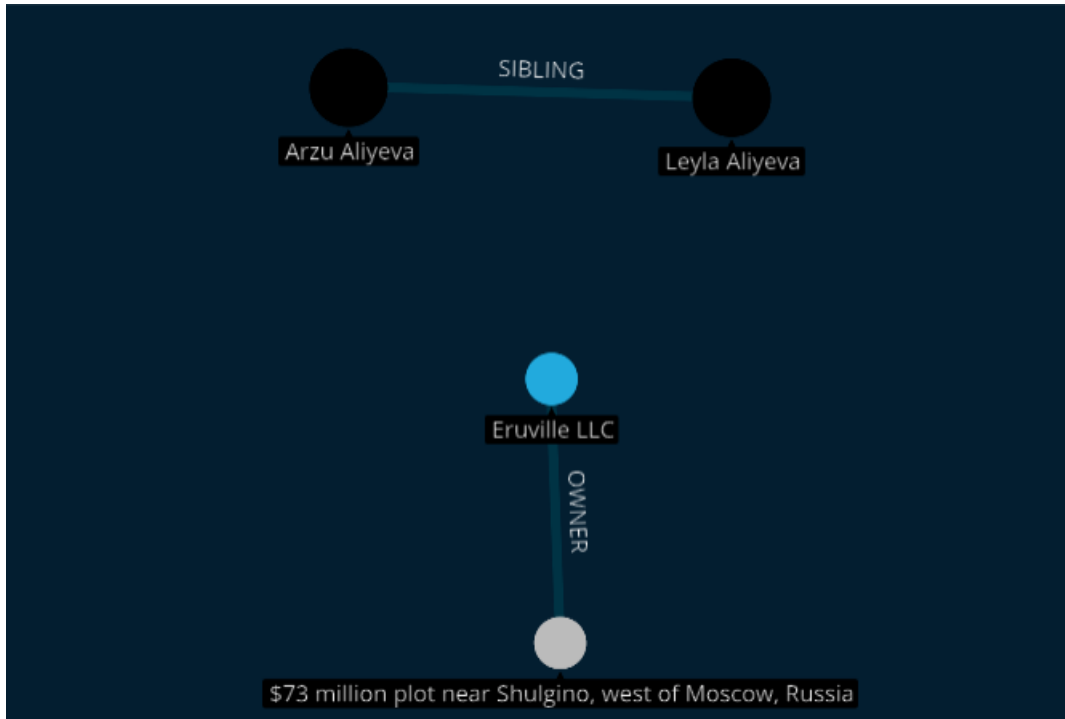
## Network Insight: The Russian Land Deal

The \$73 million plot of development land in Moscow acquired by the sisters in a deal flagged as suspicious by money laundering investigators

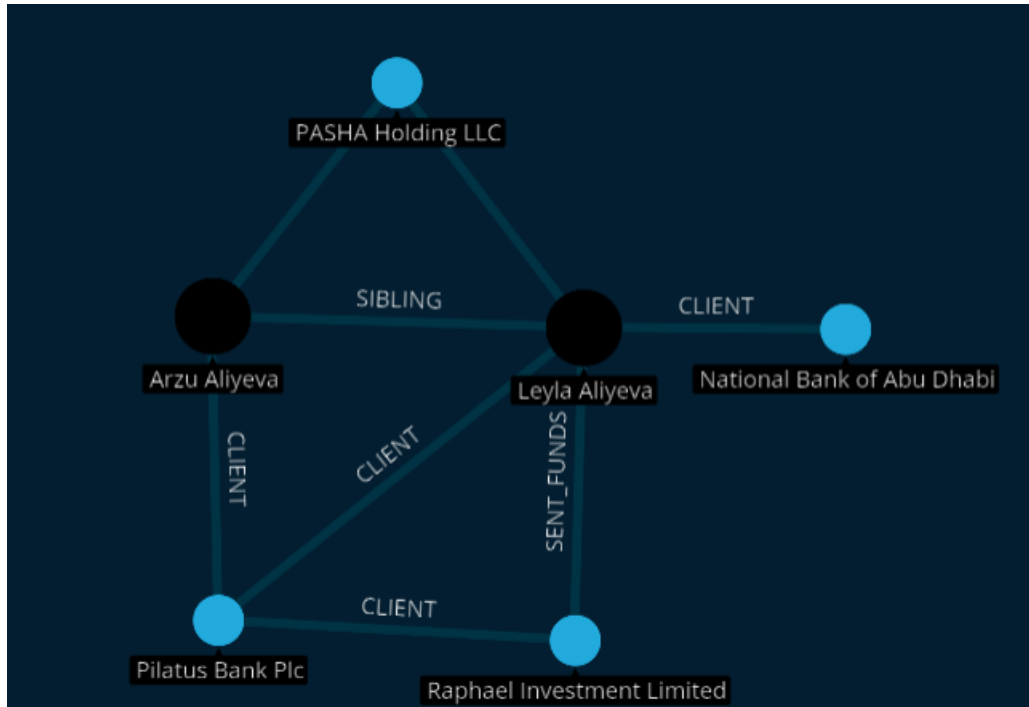
Azerbaijan's first family and their business associates are behind scores of overseas real estate acquisitions worth at least \$910 million.<sup>[516] [517] [11] [518] [519] [520] [521] [1029][536]</sup>

Newly unearthed documents reveal another high-value real estate acquisition in Moscow that shines an unprecedented light on the ways in which Leyla and Arzu Aliyeva have concealed their connection to real estate acquisitions using complex chains of loan agreements and bank transfers and a network of shell companies and financial enablers.<sup>[351] [341]</sup> Investigators who examined the deal found multiple red flags typically associated with cases of money laundering.<sup>[11] [341]</sup>

In 2016, Leyla and Arzu Aliyeva secretly acquired a plot of development land in Shulgino, a Moscow suburb just a 15-minute drive from Leyla's mansion in the Mayendorf Gardens gated community.<sup>[351] [341] [1029] [1030]</sup> The sisters bought the 24.6-hectare plot for \$73 million using multiple shell companies and bank accounts in a transaction described as "potentially suspicious" by financial crime investigators.<sup>[351] [341]</sup> According to the reports of several investigators, including Serbian forensic accountant Miroslava Milenović and New York-based investigators Duff & Phelps, the transaction had "several layers," and funds went through a chain of companies with non-resident accounts at Malta's Pilatus Bank, which was subsequently shuttered over systemic failures to comply with anti-money laundering regulations.<sup>[11] [341]</sup>

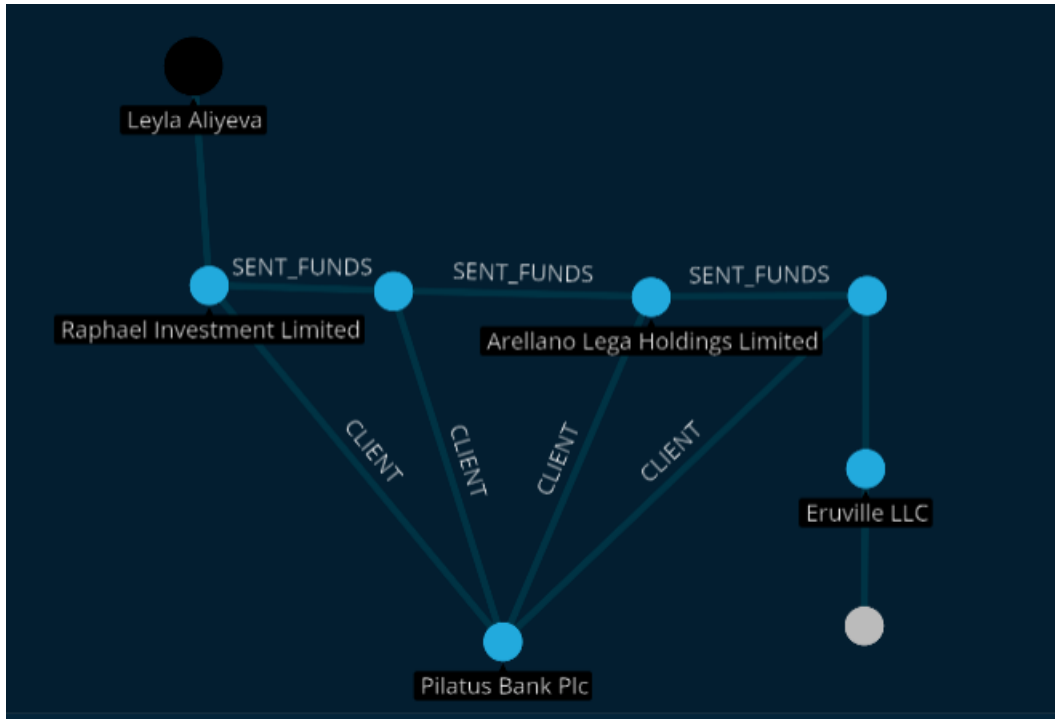


At the first stage of the transaction, Leyla Aliyeva moved funds from the UAE to Malta. In October 2016, Raphael Investment Limited, a UAE company owned by the sisters,<sup>[11]</sup> <sup>[341]</sup> opened an account at Pilatus Bank.<sup>[341]</sup> The following month, Leyla Aliyeva deposited 293.7 million AED (\$79.9 million) into the account from an account she held at the National Bank of Abu Dhabi.<sup>[341]</sup> <sup>[439]</sup> The source of funds for the transaction was recorded in bank records as dividends from PASHA Holding LLC,<sup>[341]</sup> an Azerbaijani conglomerate owned by the sisters. The dividends were paid in full to Leyla, who held them for Arzu as part of a loan agreement that was recorded as having been repaid when the funds were deposited into Raphael’s bank account.<sup>[341]</sup> However, the deposit did not go smoothly. A German correspondent bank refused to provide a foreign currency exchange on the transaction because its compliance team would not authorize it.<sup>[341]</sup>



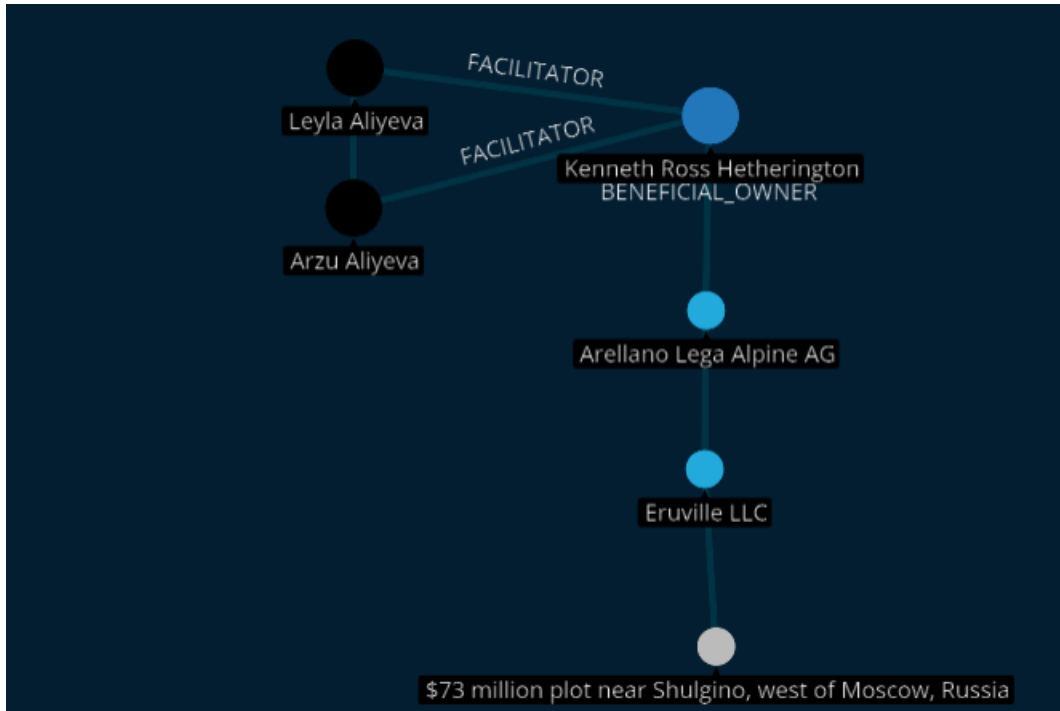
At the next stage, Pilatus Bank lent Raphael Investment \$73 million. This was followed by a transfer of 68.5 million euros from the account of Raphael Investment to that of Kubernao Trust Limited, a New Zealand company that acted, in this transaction, as trustee of the Arellano Lega Trust.<sup>[341] [11]</sup> After that, the same amount was transferred from Kubernao Trust's account at Pilatus to another account at the bank held by Arellano Lega Holdings Limited,<sup>[341] [11]</sup> a BVI registered company. Finally, Arellano Lega Holdings transferred the same amount to the account of Arellano Lega Alpine AG,<sup>[341] [11]</sup> a company registered in Switzerland.<sup>[317]</sup> This last transfer was recorded as a loan to allow Arellano Lega Alpine to purchase all the shares in Eruville LLC, the company in Moscow that owned the Shulgino plot, from its then-owner, a Cyprus company.<sup>[341] [11]</sup>

Money laundering investigators queried why Raphael could not have simply purchased Eruville directly, adding that it might have been an attempt to conceal the sisters' beneficial ownership. Pilatus Bank, who facilitated the transfers, had failed to query this and had thus failed, in the investigator's assessment, to undertake the required due diligence.<sup>[341]</sup>



The deal went ahead in December 2016, according to bank records.<sup>[341]</sup> Investigators said the transaction and its complexity “lacked apparent commercial rationale.”<sup>[341]</sup> Deposit and loan funds were commingled,<sup>[341]</sup> and there were several “apparently unnecessary” currency conversions.<sup>[341]</sup> Investigators concluded that it could be “an attempt to conceal the origin of the funds by obscuring whether loan funds or personal monies were used to finance the acquisition.”<sup>[341]</sup>

The sisters’ ownership of Eruville is not recorded in the latest Russian corporate filings. In 2022, its beneficial owner was declared as Australian businessman Kenneth Ross Hetherington, who owned it via Swiss company Arellano Lega Alpine AG,<sup>[135]</sup> one of the companies the sisters’ used in the acquisition. Bank records examined by financial investigators indicate that Hetherington was one of several individuals who acted as signatories for bank accounts owned by the family members of senior Azerbaijani political figures, including Leyla and Arzu Aliyeva.<sup>[341]</sup>



Eruville is part of a network of Russian media and real estate companies that are linked to Leyla Aliyeva. According to Russian corporate filings, Eruville is “affiliated” with Vestnik Kavkaza LLC, a Russian company that operates a news website by the same name about the Caucasus region.<sup>[135]</sup> Eruville’s registered address in Moscow is just behind the website’s offices,<sup>[779]</sup> <sup>[187]</sup> and the two companies share a common director: Natalya Alekandrovna Kolomyitseva,<sup>[135]</sup> <sup>[187]</sup> a Russian citizen.

Vestnik Kavkaza’s registered address is the same as three Russian real estate companies that were set up on the same day in May 2018 and that had the same shareholders and registered office in central Moscow before being subsequently merged into one company. The companies, Alkona LLC, Savona LLC, and Zuar LLC,<sup>[483]</sup> <sup>[484]</sup> <sup>[485]</sup> were majority owned by Atlantik Aeronautik Holding Limited, a company registered in Azerbaijan that is closely linked to Leyla Aliyeva.

An older Russian real estate company, Megacentre Company LLC, has the same shareholders and registered office.<sup>[358]</sup> This registered office has also been used by several Russian companies owned by business associates of Azerbaijan’s first family, including Caspian Coast Winery & Vineyards LLC (now dissolved),<sup>[481]</sup> a subsidiary of the Azerbaijani Synergy Group conglomerate owned by Ashraf Kamilov.<sup>[492]</sup> <sup>[531]</sup>



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