



*United States Attorney
Southern District of New York*

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CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER
REBEKAH CARMICHAEL
PUBLIC INFORMATION OFFICE
(212) 637-2600

GOVERNMENT FILES CIVIL FORFEITURE ACTION
AGAINST \$84 MILLION ALLEGEDLY TRACEABLE
TO ILLEGAL PAYMENTS AND AGREES
TO CONDITIONAL RELEASE OF FUNDS TO FOUNDATION
TO BENEFIT POOR CHILDREN IN KAZAKHSTAN

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and ALICE FISHER, the Assistant Attorney General of the Criminal Division of the United States Department of Justice, announced today the filing of a civil forfeiture action against approximately \$84 million plus interest formerly on deposit in a Swiss bank account. According to the forfeiture Complaint, and a pending Indictment against American businessman JAMES H. GIFFEN, the \$84 million, which is currently restrained pursuant to a Mutual Legal Assistance Request by the United States to Switzerland, was transferred from the Swiss account to an official Kazakh government account at another Swiss bank, Pictet & Cie, as a Swiss examining magistrate was about to freeze the funds. The Complaint alleges that the funds are subject to civil forfeiture as proceeds traceable to bribery and wire fraud, and property involved in money laundering. The Indictment against Giffen charges him with diverting tens of millions of dollars paid by oil companies for oil and gas rights in Kazakhstan to make unlawful payments to three senior Kazakh officials.

After filing the civil forfeiture Complaint -- the allegations of which have not been admitted by the Kazakh government -- the United States Attorney's Office for the Southern District of New York (the "Office") filed a Stipulation and Order setting forth an agreement between the United States and the Republic of Kazakhstan that will take effect if there are no other claims to the funds after a notice period pursuant to the applicable civil forfeiture procedures. Under the agreement, three programs will be established to the satisfaction of the Governments of the United States of America, the Swiss Confederation, and the Republic of Kazakhstan. The first

program, the Bota Foundation, will establish and administer projects to benefit poor children in Kazakhstan. It will be an independent foundation, administered by a reputable international non-governmental organization, and supervised and monitored by the World Bank. Under the second program, the Kazakh Government will undertake a five-year program for improving public financial management in Kazakhstan. Through the third program, as part of the Extractive Industries Transparency Initiative, the Kazakh Government will implement a comprehensive strategy and action plan for transparency in the oil, gas and mining industries in Kazakhstan. The World Bank is providing technical assistance to the Kazakh Government to improve its public financial management and implement its Extractive Industry Transparency Initiative program as part of the World Bank's ongoing work program in Kazakhstan. Upon the satisfactory establishment and implementation of the three programs, the funds will be released to the Bota Foundation and used for projects to benefit poor children in Kazakhstan.

The agreement was reached after negotiations among the Governments of the United States, Kazakhstan, and the Swiss Confederation. A separate Service Agreement was signed with the World Bank.

Assistant United States Attorney BARBARA A. WARD is in charge of the civil forfeiture proceedings. She has worked in conjunction with DANIEL H. CLAMAN, a Senior Trial Attorney at the Asset Forfeiture and Money Laundering Section of the Department of Justice.

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