

Affidavit

I the undersigned, Mr. Frank Robert Schneider, bearer of Luxembourg Passport Number [REDACTED], after having been admonished that I am to tell the truth and in the event of my failing to do so, I shall be subject to the penalties prescribed by law, hereby declare in writing as follows:

1. I am making this affidavit in support of Mr. Arcadi Gaydamak's (hereinafter- 'Mr. Gaydamak') statement of defense and counter claim, in the framework of Civil Claim 6545-09-12 that was filed by Fundacion Dorset in the District Court of Tel Aviv.
2. Unless stated otherwise, all the facts detailed in this affidavit are known to me personally.
3. From August 2008 until present I serve as the Co-founder and managing director of a Luxembourg-based due diligence and business intelligence firm called SANDSTONE SA, Luxembourg.
4. During the years 2000 – 2008 I served as the Director of Operations of the Luxembourg intelligence and security service, Service de Renseignement de l'Etat (hereinafter "SREL"), at the Office of the Prime Minister, Government of Luxembourg.
5. During the years 1996 – 2000 I served as a Political and economic adviser to the US Ambassador and diplomatic corps in Luxembourg, at the Embassy of the United States of America, Luxembourg.
6. In January 2004 I was head of SREL, which is governed by the law of 15 July 2004. From March 2004 I was promoted to head of operations, the position which I held until I left the service in August 2008.
7. SREL was and is a civil security and intelligence service with no law enforcement powers, directly under the control and authority of the Prime Minister of Luxembourg. Its missions and powers are defined by law.
8. In January 2004, I was informed by a senior officer of Luxembourg's Judicial Police in charge of anti-money laundering at the time about an important criminal investigation concerning Luxembourg's financial service sector. The police officer in charge explained further that the investigation was specifically into the activities of the Luxembourg based bank, IBL bank, and its two directors Yves B. and Sylvain L. At the time, I can recall clearly that the police officer in charge told us that the problem was vast and that it seems that the bank operated an unauthorised bank within the bank. We were asked by the police at the time to support the investigation. The police also confirmed that they were working with the internal auditors of Sella Bank Italy, who were looking through all the bank's files and systematically denounce any account they saw potentially problematic.



9. As it turned out, nearly all activities of IBL were denounced as suspicious to the prosecution office according to the practices outlined in Luxembourg's financial services legislation of 1998. At that time, the individuals named behind the various investment funds and accounts were not yet known to the authorities.
10. I clearly recall the existence of three investment funds, Global Alpha Star, Premium and Doga. After quick research, the representatives of these funds were Avi Dagan and Zeev Zacharin and from open sources clearly identifiable as former Israeli officials who held senior positions in Israel's security services and the military.
11. The police kept my office informed about the development of the investigation regarding IBL in which they had the lead. As such, the police informed me during the course of March or April 2004 (the exact date I cannot remember) that a request for information was addressed from the Luxembourg police to the Israeli authorities requesting assistance in identifying the role of Avi Dagan and Zeev Zacharin. A prompt reaction from Yachbal followed. A delegation from Yachbal came to Luxembourg in the first quarter of 2004 informing the Luxembourg Judicial Police that the owner of the three funds was in fact Arcadi Gaydamak. I recall that the name of one of the Israeli investigators was Limor Nevo.
12. From memory, I can recall that Yachbal explained to the Luxembourg Police that Arcadi Gaydamak uses people to front for him in his businesses. The person in charge of Arcadi Gaydamak's affairs in Luxembourg was Joelle Mamane.
13. Following the fact that the funds were identified belonging to Arcadi Gaydamak, the funds remained blocked upon request from the Israeli authorities with the promise that an international request for assistance under the European Convention on Mutual Assistance in Criminal Matters would follow with the aim to seize the assets. At the time, Arcadi Gaydamak was subject to the so called Angolagate affair in France, and an international arrest warrant was in place against him.
14. It was clear to the judicial authorities and the government of Luxembourg from the investigation and the cooperation with the Israeli authorities by April or May of 2004, that the real ownership of the three funds was Arcadi Gaydamak and that Avi Dagan and Zeev Zacharin were acting and signing on his behalf.
15. I recall clearly that the Israeli investigators were concerned that Arcadi Gaydamak would use his high-level Israeli contacts within government and the judicial for assistance in unblocking the funds. He was also advised by Joelle Mamane and her husband Gad Boukobza on a variety of strategies in order to have the funds unblocked. I recall that the Israeli authorities documented a meeting between Arcadi Gaydamak and Joelle Mamane accompanied (I believe) by Gad Boukobza, which took place in April 2004. At that meeting Mamane proposed to use persons of influence in order to accelerate the unfreezing of the accounts in Luxembourg. One person mentioned was Rabbi Berel Lazar, the principal Rabbi of Russia. Mamane wanted to convince Arcadi Gaydamak to declare that the origin of the funds was related to charity.

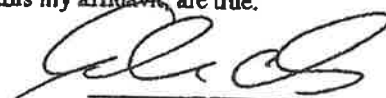


16. To my knowledge, Gad Boukobza and his lawyer Gaston Vogel tried to convince the Luxembourg prosecutor that suddenly a Panamanian foundation called Dorset was the ultimate owner of the funds. The prosecutor bluntly rejected this theory due to the total lack of documentation (lists of donators, donations, activity reports, etc.) and claimed that the sole beneficial owner of the three funds was Arcadi Gaydamak.
17. In addition, this was in complete contradiction to the investigation results and the analysis of all concerned security and police authorities which had an interest in this case. In other words, the Luxembourg authorities knew from its own investigation, the contribution from the Israeli authorities and the assistance from other nations that the funds belonged to Arcadi Gaydamak.
18. From June or July 2004 onwards, the investigation in Luxembourg reached a standstill. The Luxembourg authorities remained in expectation of an official assistance request by the Israeli courts allowing Luxembourg to formally transfer the case to Israel and seize the funds based on a criminal case in Israel. However, as time passed it became growingly evident that the Israeli authorities did not want to indict Arcadi Gaydamak.
19. Finally, around November of 2004, a "Request for Assistance in a Criminal Matter" was sent by the Ministry of Justice of Israel to Luxembourg. However, the judicial request for assistance from the Israeli authorities to the Luxembourg authorities was void under Luxembourg law due to the lacking indictment of Arcadi Gaydamak in Israel.
20. On the other hand, due to the on-going Angolagate case in France, the Luxembourg authorities had some expectations to receive legal assistance requests from the French authorities. As the funds in Luxembourg were clearly unrelated to the case in France, French prosecution was not interested in pursuing this avenue.
21. At this stage, the Luxembourg authorities realised that the blocked funds would have to be unfrozen since no further assistance from the State of Israel could be expected. The only avenue that remained was the Luxembourg-based enquiry and evidence could be produced to show a criminal origin of funds.
22. However, by that stage the Luxembourg authorities already had obtained information that the original amount in the investment funds of some USD 360 million had been sent by Sonangol, the national oil company of Angola via their bank accounts in Jersey and were clearly related to a debt settlement agreement between Angola and Russia, where Arcadi Gaydamak acted as the key negotiator.
23. As far as Luxembourg was concerned, the funds were transferred from a major UK clearing bank to Luxembourg fulfilling all necessary compliance requirements. Therefore despite the somewhat spectacular origins, there were no longer any money laundering concerns in Luxembourg and therefore no necessity to continue a national enquiry.
24. At that stage the Luxembourg authorities determined that in light of the numerous documents, the official reports that were prepared by several law enforcement agencies, the wiretapping that were held and exhibited by the Israeli police, Mr. Arcadi Gaydamak is



undoubtedly the true owner of the funds, and the ultimate beneficiary of the money that was deposited in the funds.

25. Due to the fact that the Luxembourg authorities determined, as aforesaid, that Mr. Gaydamak is the owner of the funds and the ultimate beneficiary and they realized there is no problem with the origin of money that was deposited in the funds The Luxembourg authorities decided in July 2005 to unfreeze the funds and close the investigation.
26. It is important to state that the Luxembourg authorities found it very peculiar, at that time, that despite the fact the funds were unfrozen since July 2005, after along "struggle", it took an additional several months before the funds finally left Luxembourg, especially when there were no remaining wonderment regarding the ownership of the funds and their origin. The authorities were sure that the reason for the delay originated from foreign motives.
27. When finally the funds were transferred out of Luxembourg between December 2005 and January 2006, this affair was closed for the Luxembourg authorities.
28. At beginning of 2012 when Arcadi Gaydamak started nominally legal action in Luxembourg, claiming publically that his funds were stolen by his trustees, Joelle Mamane and Gad Boukobza, the case regained importance.
29. In my current role as director of a Luxembourg government-funded economic intelligence firm, created in-line with the policies of protection of Luxembourg's economic heritage, I explored the potential for resolution of this case. In an attempt to approach Joelle Mamane, I met with Gad Boukobza on 5 October 2012, who I saw for the first and only time. My aim was to explore the willingness of Mamane and/or Boukobza to return the funds to the rightful owner. Mr Boukobza confirmed that there were two structures with funds, Dorset and Matanel, both Panamanian foundations. He said that he was a representative of both structures. Mr Boukobza maintained his position that Mr Gaydamak was no longer involved in any of the funds. He was not able to explain where the funds came from and simply tried to explain that both foundations had and have many charitable donors. Mr Boukobza tried to support his argumentation with technical details avoiding the underlying questions regarding the origins of funds.
30. This affidavit of mine was signed by me, out of my free will and I'm willing, at the disposal of any judge in Israel or in any other jurisdiction, to confirm my affidavit and or give additional explanations needed to help reestablish the truth about Mr. Gaydamak's true ownership of the 27 B.V.I companies.
31. This is my name, this is my signature and the contents of this my affidavit, are true.



Frank Robert Schneider

Authentication

I the undersigned, Adv. Israel Shalev, of 5 Hahiliazon st Ramat-Gan Israel, hereby confirm that on 25.10.2012 Mr. Frank Robert Schneider, bearer of Luxembourg Passport Number [REDACTED], appeared before me and after I admonished him that he was to tell the truth and that in the event of his failing to do so, he would be liable for the penalties prescribed by law, he confirmed the accuracy of the contents of his affidavit and signed same before me.

עו"ד ישראל שליו
ISRAEL SHALEV, Adv.
1973-06-15
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