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Thursday, 12 February 2015

(10.00 am)

THE CHAIRMAN: Yes, Mr Davies.

MR DAVIES: Sir, good morning. Today we are going to hear evidence firstly from Mr Reilly, so it's a half step back in the chronology to 16 October and preceding history. We will then continue with events of 17 and 18 October to a conclusion, we hope.

Mr Reilly, please.

MR TIMOTHY REILLY (sworn)

Questions by MR DAVIES

MR DAVIES: Mr Reilly, your full name, please?

A. Timothy Bernard Thomas Reilly.

Q. And your nationality, Mr Reilly?

A. British.

Q. We're going to be covering a number of areas of evidence

1 in relation to your association with  
2 Alexander Litvinenko and a Mr Lugovoy, but by way of  
3 context I'd just like to review your own professional  
4 and commercial history to make sense of your  
5 introduction to those parties.

6 In 2006, were you employed by Erinys International  
7 as an energy projects director?

8 A. Yes.

9 Q. You had been so employed since March 2006?

10 A. Yes.

11 Q. Erinys had an office at 25 Grosvenor Street on the  
12 fourth floor.

13 A. Yes.

14 Q. There were at the same time offices in South Africa and  
15 Dubai. Now, more generally, in terms of your personal  
16 history, can you help us with that, starting with your  
17 army background, please?

18 A. I was commissioned into the parachute regiment in 1984,  
19 served there until 1990, and then I left, I was married  
20 that year, I left, I went into the commercial world.  
21 I went back to university for a one-year crash course in  
22 Russian, which then really led me on to a career in  
23 Russia in and out and the CIS ever since, frankly.

24 But because of the combination of Russian speaking  
25 and the opening up of the former Soviet Union and

1 a military background, there were a number of companies  
2 that were interested in the sort of security and the  
3 commercial intelligence side of things.

4 Q. Can I just ask you to slow down. It's not your fault.  
5 So you were commissioned officer into the parachute  
6 regiment.

7 A. Yes.

8 Q. Through Sandhurst?

9 A. Yes.

10 Q. You left the army as captain, although actually acting  
11 major?

12 A. Yes.

13 Q. You did so in 1990 on your marriage?

14 A. Correct.

15 Q. You've indicated you did a crash course in Russian for  
16 a year at -- was that at Surrey University?

17 A. Firstly at Surrey University, postgraduate diploma, and  
18 then later at the Moscow State Institute of  
19 International Relations where I did a further -- where  
20 they actually gave a degree there, which is about an  
21 eight-month course, which I took on as well.

22 Q. At the conclusion of those courses, something like  
23 1993/1994, you had reached a reasonable measure of  
24 fluency, had you, in Russian?

25 A. Yes, a working knowledge, yes.

1 Q. From a standing start, more or less?

2 A. Yes.

3 Q. By 2006, had the degree of fluency increased and to what  
4 degree, if so?

5 A. Conversational. I mean, if it was on a subject that  
6 I knew well, pretty much fluent. If somebody starts  
7 talking about babies' nappies, I would be struggling,  
8 but certainly from the point of view of having a normal  
9 conversation like this about a general subject, or  
10 a very specific subject, in which I was involved, then,  
11 yes, understandable.

12 Q. In terms of, for example, the conduct of commercial  
13 meetings with Russian partners or potential partners,  
14 was there any compromise required in terms of the  
15 conduct of the meeting to reflect the fact that you were  
16 British?

17 A. In terms of language?

18 Q. Yes.

19 A. No, not really, no.

20 Q. Putting it crudely, any objective person would have  
21 regarded you as fluent in Russian by 2006?

22 A. I think any foreign person would. I don't know if any  
23 Russian would.

24 Q. All right. Having left the Moscow State Institute of  
25 International Relations in about 1993/1994, I think you

1           took a series of jobs, I'm summarising them, for  
2           Defence Systems Limited in Kazakhstan?

3   A.   Yes.

4   Q.   Which was as a joint venture manager for their  
5           equivalent of the special air service?

6   A.   Yes, a group called the Alpha group which was a -- it  
7           was a KGB special forces unit, not a military, and was  
8           unknown to the West at the time until both US and UK  
9           governments discovered that they did in fact exist in  
10          the Soviet Union.

11  Q.   You thereafter took a series of roles with a direct or  
12          at least an indirect association with Russia or the CIS?

13  A.   Correct.

14  Q.   Is that right?

15  A.   Yes.

16  Q.   I'll just rehearse them in summary.  You moved to Moscow  
17          for a period, although your wife remained in the UK for  
18          a period.  You were security adviser for governmental  
19          affairs for JKC Oil & Gas for 14 or 15 months in about  
20          1996.  You returned to education, University of  
21          Cambridge, taking a master of philosophy in  
22          international relations, specialising in geopolitics of  
23          oil and gas in the former Soviet Union, and you  
24          conducted research in the United Kingdom and in the  
25          United States using some contacts you had from security

1 services until 1997 or 1998.

2 Can you summarise your basic employment thereafter  
3 up to 2006, please?

4 A. Well, after that, I was picked up by Shell as the  
5 regional government affairs adviser on the back of the  
6 work I had done on JKC Oil & Gas, which was Kiev-based,  
7 but often a lot of work in Moscow and down at their  
8 oil-producing region in the Ukraine called Poltava. So  
9 I acted as their government affairs adviser, out of  
10 Shell centre here in London.

11 And then later, I worked -- I set up my own company  
12 then, doing very much oil and gas consultancy, and then  
13 I was -- from DSL days, from the early days in  
14 Russia, Alistair Morrison who headed up DSL had invited  
15 me to work for Kroll where they were setting up  
16 a physical security department there.

17 Q. Just pausing there, what is the character of Kroll as  
18 a company?

19 A. Kroll is probably one of the world's leading  
20 investigative companies, but it had decided in -- at  
21 that time with the activity in Iraq 1 and then later  
22 Iraq 2 to diversify into physical security because of  
23 the opportunities there. Alistair Morrison was former  
24 SAS and had run a successful company, DSL, sold it out  
25 earlier, so he was a very experienced guy, and I think

1 he had a relationship with Jules Kroll who owned the  
2 company, and set this company up and I met Alistair and  
3 he said, "Come on board, please, as the oil and gas  
4 guy".

5 Q. All right. Did there come a point where you started to  
6 work with somebody called John Holmes?

7 A. Yes.

8 Q. Can you just describe the context for that, please.

9 A. Well, the Kroll operation was unsuccessful in the end  
10 after the Iraq -- or after the maximum amount of events  
11 in Iraq, so that company was eventually liquidated by  
12 Kroll. But I saw that coming, so I had already known  
13 through other people in the industry that Erinys was  
14 looking for a similar role, and so I went to see  
15 John Holmes on a number of occasions, who was heading  
16 up Erinys here in London, and eventually that led to  
17 interviews, and I literally rolled over from Kroll into  
18 Erinys and took up a very similar position there.

19 Q. So Mr Holmes was somebody that was known to you really  
20 through the common interests in this area of work, the  
21 oil and gas industry, CIS and otherwise?

22 A. Yes, more from the security point of view and obviously  
23 I knew him militarily because of his background in the  
24 military.

25 Q. All right. The year when that happened?

1 A. I think it's 2005.

2 Q. 2004/2005, something like that?

3 A. Yes.

4 Q. Yes. So in summary, across the piece, for Shell you had  
5 looked at, on their behalf, Ukrainian pipelines and that  
6 part of the world?

7 A. More primarily in the Caspian, it was during the early  
8 days of the Caspian development. So it was the  
9 relationship really between Russia and the various stans  
10 there.

11 Q. What was your work for Metro Media Telecoms which  
12 followed your work for Shell?

13 A. Metro Media was run by a chap called John Kluge who died  
14 a few years ago. He was a billionaire, and at the time  
15 of joining Metro Media, they were probably the biggest  
16 media TV and mobile operators in the former Soviet  
17 Union. I was made vice-president again because of the  
18 experience I had, really the cultural experience, the  
19 language and understanding, somewhat understanding of  
20 how the world works in that part of the world. I was  
21 made senior vice-president responsible for central Asia,  
22 the Caucasus and later Eastern Europe, based out of  
23 Istanbul.

24 Q. By 2006, to what degree had you travelled to Russia,  
25 lived in Russia, knew the place?



1 A. I had lived in Russia off and on, by that time,  
2 a decade, really. I'd been based in Kiev as well where  
3 I was essentially weekly boarding, I used to get  
4 a flight out of Heathrow on Monday morning, come back  
5 Friday night. So I'd been -- I'd given a decade, and  
6 I knew central Asia pretty well as well, I'd lived in  
7 Kazakhstan on the Chevron operation in Tengiz, and I had  
8 been in places like Tbilisi and Azerbaijan, so I had  
9 lived and worked in that part for the best part of  
10 a decade by then.

11 Q. By implication, many hundreds of visits, albeit some on  
12 a weekly boarding basis?

13 A. One of the problems I have now trying to get a visa is  
14 under the new tough regime they have asked me how many  
15 times I have visited Russia and I can't -- frequently.

16 Q. What was your role for Erinys? How would you describe  
17 that in summary?

18 A. Well, it was a new business development in the former --  
19 in the CIS essentially, with an emphasis on oil and gas  
20 and strategic projects that we could acquire if  
21 possible.

22 Q. Those strategic markets in which jurisdictions --

23 A. Oil and gas, power, extractive industries, those sort of  
24 things, but my background was really oil and gas and my  
25 view was, which was accepted, based on my experience,

1           that some of those other industries (a) were either too  
2           dangerous or they were too -- they were closed, really,  
3           to foreigners, or certainly to companies like ours.

4   Q.   Yes.  Well, we'll come back to the more specific market  
5           opportunities or potential opportunities that involved  
6           Mr Litvinenko in due course.

7           Was Erinys associated, at least in terms of business  
8           premises, with a company called Titon?

9   A.   Yes, it was.  Erinys -- John Holmes was a director,  
10          I think, of both Erinys and Titon, but, as I understood  
11          it, it was -- and I'm not sure of the facts, but, as  
12          I understood it, it was a separate entity, a separate  
13          legal entity, that was -- Titon was, that was headed up  
14          by John Holmes and Dean Attew, although there was  
15          a link, clearly, to Erinys and we shared an office  
16          through a common door that could be locked, but it's on  
17          the same floor in the same -- obviously in the same  
18          building.

19  Q.   Was any part of your employment or engagement with  
20          Erinys associated with Titon's work, or were they --

21  A.   Officially not, no, none.

22  Q.   The general character of the work undertaken by Titon as  
23          you understood it was what?

24  A.   As I understood it, it was usual commercial and  
25          investigative work, the type that's carried out, as

1 I say, by Kroll, Control Risks and companies like that,  
2 Hakluyt and companies like that.

3 Q. Did you discuss at any point with -- forgive me. Who  
4 introduced you to Alexander Litvinenko and when?

5 A. Dean Attew. Probably within -- I can't remember the  
6 date, but within probably six months of my arrival at  
7 Erinys.

8 Q. You arrived at Erinys when?

9 A. I can't remember the exact date right now.

10 Q. You gave a statement, Mr Reilly, your first statement,  
11 29 November 2006. Can I just ask you to look at that,  
12 please. Do you have that in front of you?

13 A. Yes, I do.

14 Q. Your first statement. Can you just look at the second  
15 page of it.

16 A. Sure.

17 Q. Page 2 of 8. Just at the very bottom of the page.

18 A. Yes, that would make sense. Around early --

19 Q. Just to refresh your memory. It's your statement  
20 of November -- 29 November 2006?

21 A. Yes.

22 Q. And refreshing your memory by reference to that, no  
23 doubt events were somewhat more directly in mind. Can  
24 you help as to the date of the first introduction?

25 A. Well, as I say, I can't give you the exact date, it's

1 eight years ago, but around early summer 2006 makes  
2 sense to me, simply because I just remember it was warm  
3 weather in that particular office, and Sasha came in in,  
4 you know, short-sleeved shirts, I remember that in terms  
5 of the weather, but I can't give you an exact date.

6 Q. The common feature was effectively you had an interest  
7 in and were fluent in Russian; that seemed to be the  
8 basis for introduction.

9 A. I think, yes, I think it was a corridor meeting where  
10 Dean was with Sasha and introduced me, and said he was  
11 Russian, so I just said hello in Russian to him, and it  
12 sort of developed from there, at that stage, it was no  
13 more than a corridor meeting.

14 Q. You go on to describe in subsequent statements that your  
15 last meeting with Alexander Litvinenko was at some point  
16 in October 2006.

17 A. Yes.

18 Q. I'll come on to the precise date in due course. But  
19 between your initial introduction, as you put in your  
20 statement, around early summer 2006, and your last  
21 meeting with him, approximately how many meetings would  
22 you estimate that you had with him?

23 A. Well, first of all, classification of "meeting" would  
24 be, you know, too strong a word, but in terms of when  
25 I met him and talked to him, probably 20, 25 times.

1           Initially, it was only as a result of his specific  
2           meetings that he was having with Titon, and then he  
3           would come down to my office and say hello. So in other  
4           words he had no meeting with me, he just wanted to talk  
5           to somebody who spoke his language and we got on pretty  
6           well together.

7           Later, when we developed business, as I know you'll  
8           come to, then obviously he came to see me specifically,  
9           but overall, I would imagine I met him somewhere between  
10          20 and 30 times, maybe more.

11       Q. Yes.

12       A. But as I say, not all of those were meetings, they were  
13          just bumping into each other as a result of meetings he  
14          was having in the same building, but the separated  
15          building in Titon.

16       Q. With Mr Attew?

17       A. Yes, or others there.

18       Q. Or others?

19       A. Yes.

20       Q. Did you see him other than at the premises of  
21          Erinys/Titon?

22       A. No, never, only ever literally in my office in the  
23          boardroom and maybe in Titon's open plan area.

24       Q. Did your association in this context extend beyond  
25          effectively commercial potentiality for business and so

1 on?

2 A. No.

3 Q. Just to revert to and close off the issue of Mr Attew,  
4 what was your impression of whether he was working for  
5 Mr Attew on the Titon side?

6 A. He clearly was, yes. The background to this was that  
7 Dean and that team in Titon did work for other parts of  
8 the world, and they were not Russian specialists and  
9 with Litvinenko arriving on the scene and some work  
10 coming in, all of a sudden it was a great coincidence  
11 for them, they suddenly had a guy who actually had  
12 a great source on Russian matters, and they happened to  
13 have a client just suddenly come through the door with  
14 a Russian investigation. So for Dean it was just an  
15 opportune moment where he had the right contract and  
16 suddenly he had a guy that could actually fulfil it for  
17 him.

18 So it was certainly a professional relationship, and  
19 Dean had been -- I wouldn't say struggling, but his  
20 difficulty was he didn't know anything about Russia.

21 Q. Right.

22 A. At that time.

23 Q. Were you shown by Mr Attew any of the reports prepared  
24 by Mr Litvinenko for Mr Attew?

25 A. Yes.

1 Q. Can you recall the content of any of those reports?

2 A. I can't recall -- I had done plenty of this in DSL, back  
3 in the mid-1990s, there was a lot of that work being  
4 done by major Western corporations that wanted to look  
5 at joint venture partners, and our joint venture partner  
6 then, as I said, was this Alpha Group and at that time  
7 it was very sort of glasnost feeling, and so all the  
8 reports were coming from the KGB. So I learnt to read  
9 a KGB profile of an individual very rapidly from those  
10 early days in the 1990s, so when I saw ten years later  
11 Sasha's reports, what I was saying to Dean is that as  
12 far as I was concerned, I've no idea about the guy, I'm  
13 not particularly interested in the target, but that is  
14 a KGB or FSB report; and it's the nature of those  
15 reports and the sort of things that they put in that you  
16 don't normally see in Western-style reports. In other  
17 words, they often do psychological profiles which the  
18 Russians take very, very seriously.

19 So the reports were very detailed, clearly had been  
20 well triangulated, the target had been looked at by all  
21 sorts of people, to get an overall impression. So they  
22 were very professional, very detailed, and I think, from  
23 Dean's point of view, I said to him: this is very, very  
24 good work, you know, serious Western clients should and  
25 will pay good money for this, because this is clearly

1 government-backed intelligence, information.

2 Q. From your background, you were able to make an informed  
3 assessment --

4 A. Yes.

5 Q. -- as to the quality of these reports produced by  
6 Mr Litvinenko?

7 A. Yes, initially that's really what Dean was looking at.  
8 He's saying: I don't know about Russia, is this any  
9 good, Tim, or is it rubbish; and I was saying: no, this  
10 guy is good, this guy clearly has a link into Moscow,  
11 into FSB or former KGB.

12 Q. Yes. We are -- just so we're absolutely clear, we are  
13 speaking here as to reports commissioned by Mr Attew of  
14 Mr Litvinenko and written by Mr Litvinenko?

15 A. And on behalf of clients, which I don't know, whether it  
16 was written by Mr Litvinenko I don't -- the ones I saw,  
17 I would suggest probably not. In other words, but he  
18 knew -- he literally was going to the filing cabinet in  
19 whatever office in KGB and just picking the file, having  
20 it sent over, and topping and tailing it.

21 Q. So it appeared to you, did it, that he was able to  
22 obtain the sort of information that would not be  
23 publicly available?

24 A. For sure, which was very much, as I say, how it was in  
25 the mid-1990s. And how a lot of these companies



1           actually did very well.

2       Q.   And the sort of information that allowed those with  
3           commercial questions to make more informed judgments as  
4           to whether to follow them up?

5       A.   Exactly.

6       Q.   What was Mr Attew's response to you reviewing these  
7           reports for quality and content?

8       A.   I think he was very pleased.  He's an astute chap, and  
9           certainly didn't -- I'm pretty sure didn't just take my  
10          word for it.  But from a commercial point of view, he  
11          was hugely pleased, and, as time developed, as time  
12          progressed, and Sasha was doing more of these reports  
13          and on the feedback he was getting obviously from his  
14          commercial clients, Dean that is, it was clear that this  
15          was first rate material that the client was very pleased  
16          with, and therefore his -- you know, what I was doing  
17          was simply endorsing, therefore, what the client was  
18          eventually saying -- what he was obviously trying to do  
19          is get my interpretation of the data before it was sent  
20          to the client in order that, you know, he didn't make  
21          any mistakes.

22      Q.   Mr Reilly, are you aware what, if any, payment  
23          Mr Litvinenko received in relation to his work for  
24          Mr Attew?

25      A.   No, all I know is he was obviously paid.

1 Q. That would be a matter for Mr Attew to address, rather  
2 than you?

3 A. Sure, yes.

4 Q. All right. Can you help with this: in terms of your  
5 dealings with Mr Litvinenko, what is your assessment of  
6 his commercial ability, his degree of discretion,  
7 matters of that kind, in the conduct of business affairs  
8 and more generally?

9 A. In terms of commercial ability, he was on a very, very  
10 steep learning curve, and in terms of --

11 Q. Can you elaborate as to the meaning of that?

12 A. Yes, I think he was, and quite understandably, quite  
13 naive about how the West worked, that it was throw  
14 a report out and you get paid, and we explained,  
15 you know, that it's a little bit more to it than that,  
16 and especially in this sensitive area of commercial  
17 intelligence.

18 So I think he was understandably, as I say, coming  
19 from the background he did, and his age and stage and  
20 having the formative years been in the Soviet Union in  
21 a closed society, I think he had a slightly naive  
22 approach to business generally, and things like what we  
23 could achieve as Eriny's, I'm not talking about the Titon  
24 side, but the Eriny's side, what we could achieve in  
25 Russia would all be on a handshake and introduction;

1 and, you know, what I spent a lot of time saying to him  
2 is that, you know, that's fine, but it has to be  
3 substantiated and there has to be due diligence done and  
4 there's huge risk involved and lawyers have to be  
5 involved, and, you know, we have to look at an exit  
6 strategy, is the first thing you do if you go into that  
7 part of the world. It's not the entry, it's the exit  
8 strategy, which he clearly wouldn't be familiar with,  
9 but he was a fast learner, and he was beginning to get  
10 hold of that, that reality, and that, frankly, money was  
11 a lot harder to earn in the West than perhaps he had  
12 been led to believe. People had to work very hard for  
13 their money, and the concept, of course, of competition,  
14 which he said: I can go and sell this to somebody else;  
15 and we were saying: no, you can't, you sign something  
16 with us, you can't do that.

17 So he had a bit of a freelance mentality, which was  
18 perhaps understandable for somebody coming in and not  
19 actually working specifically for a UK or European  
20 company.

21 Q. In terms of Erinys, did he articulate the sorts of  
22 levels of payment he was expecting from you or not?

23 A. No, not really. But, again, because there was a lot of,  
24 as it were, shorthand with me, because he knew I knew  
25 how it worked there so, you know -- and he was quite

1 a moral man, so if I said: you will be looked after in  
2 this, you know, you will get a percentage of the deal  
3 that we do with XYZ company if it comes off, and  
4 obviously we will pay your expenses up until now. As we  
5 progressed, and I know we'll talk about that, but as we  
6 progressed, Lugovoy and these various ideas that he had,  
7 he was happy as far as I was concerned that I would  
8 make -- obviously look after him in the proper  
9 commercial sense, you know, of a finder's fee, expenses,  
10 and perhaps a percentage of the deal if it went forward.

11 Q. We'll come on to the commercial basis or potential basis  
12 for payment in due course.

13 Before we get into that, I just want to get back to  
14 your relationship and knowledge of him in a more  
15 personal sense just to cover that before we go on to the  
16 commercial side.

17 Did you discuss to any degree his personal position,  
18 family position?

19 A. Yes, he is a very gregarious chap and very dynamic, and  
20 he was bursting with ideas and energy, and I knew about  
21 his wife and his daughter and later he told me about the  
22 connection with Mr Berezovsky, and the whole of the  
23 oligarch system, and so he would tell me, you know -- he  
24 was quite close to me, because, as I say, I don't think  
25 there's an awful lot of people in London, outside of the

1 Russian community, who could speak his language.

2 So, for example, he ran in one day when he was given  
3 his British passport, he just absolutely ran in, and  
4 threw it down on the desk and said my name is ... and,  
5 you know, wanted to go for a drink. I couldn't --

6 Q. What name did he give?

7 A. Can I say that?

8 Q. Yes.

9 A. Ed Carter.

10 Q. Yes. His reaction?

11 A. He was delighted, he was over the moon, he was ecstatic,  
12 he was literally jumping up in my office, I was calming  
13 him down, I only had coffee to give him. This is the  
14 thing, he knew that in Russia we would already be  
15 drinking the vodka and all the rest of it, and this was  
16 part of his education, a little bit more boring over  
17 here, so, no --

18 Q. You wait until midday in this country, Mr Reilly.

19 A. So he was dynamic, but I did -- the one observation  
20 I did say to him was that there were two things. He was  
21 a bright chap, but he was very undisciplined, mentally  
22 undisciplined, and I think that was part of coming into  
23 the Western culture, more systematic and logical way of  
24 looking at things in deductive ways, so I did say to him  
25 that he had to develop that, and --

1 Q. Just pause, could you elaborate on that, mentally  
2 undisciplined?

3 A. He would be flashing off in so many different  
4 directions, and that I know a guy -- for instance, once  
5 I think it's in the evidence, you know, we ended up  
6 talking to the mayor of some town in the Ukraine about  
7 ethanol, you know, but because he knew him, he phoned  
8 him, but that's a very sort of Soviet -- it's not just  
9 Russian, but Soviet sort of mentality, you survive by  
10 knowing people, knowing things, bartering; going through  
11 the system, nowhere. So of his generation that was  
12 typical, you get things done by knowing people in the  
13 right places. We would look at it perhaps differently  
14 in a Western economy.

15 But -- so it was difficult sometimes to say: well,  
16 what are we going to say to this mayor, you know, what  
17 will he think of a phone call from London, what have we  
18 got to offer. So I was always trying to slow him down  
19 and say: fine, but let's do this systematically and do  
20 some research and see if it's actually worthwhile even  
21 phoning Ukraine.

22 Q. You've mentioned Mr Berezovsky and his relationship with  
23 Mr Berezovsky. Is Mr Berezovsky a man you've ever met,  
24 you know about?

25 A. From my point of view, because of my background,

1 military and, you know, if you went anywhere near  
2 Cambridge, you are a spy as far as the KGB is concerned,  
3 so I've always made it a rule of mine that I will never  
4 meet an oligarch and I never have. I've had lots of  
5 opportunities, especially with the people I knew in  
6 Russia who would say come along. I would never meet  
7 him. The nearest I got, which he didn't know, is I sat  
8 beside him in hospital when we were both being tested  
9 for poisoning, but he never knew who I was, but I knew  
10 who he was.

11 Q. What if anything did Mr Litvinenko relate to you as to  
12 his relationship with Mr Berezovsky?

13 A. At the time, it was fairly turbid. He was grateful to  
14 Mr Berezovsky for -- because of the known history of  
15 helping him out of Russia and looking after the family  
16 and financially helping as well. But, at that time, he  
17 was having quite an up and down relationship with  
18 Mr Berezovsky. There had been a big row, Sasha had gone  
19 off to Israel, come back, there had been  
20 a reconciliation of sorts, but again I didn't really  
21 want to, for reasons I've stated, I never really want to  
22 get close to an oligarch, because once you're close to  
23 an oligarch, you're close to the Russian government, and  
24 I would prefer not to be.

25 Q. Did Mr Litvinenko, in terms of the row, indicate when

1 that had taken place and what effect it had had?

2 A. I can't remember the exact dates, but between -- when  
3 I said sort of early summer and the autumn, it was in  
4 that period, and it had been pretty nasty, a complete  
5 blowout, he wanted to tell me about it and I said  
6 I didn't want to know.

7 Q. Just going back to your statement, Mr Reilly, just to  
8 help with the date again, looking at page 6 of 8 of your  
9 first statement, if you would, if that assists you with  
10 the date.

11 A. Sorry, which page are we on?

12 Q. It should be page 6 of 8 of your statement of the 29th.

13 A. Yes.

14 Q. The context is on the preceding page. (Pause)

15 A. Yes.

16 Q. Having refreshed your memory from that, can you be more  
17 precise as to when he was reporting some breakdown in  
18 the relationship with Mr Berezovsky?

19 A. Sorry, I'm on this statement of 29th of the 11th 2006 on  
20 page?

21 Q. The top of page 6 of 8 if yours is printed off in the  
22 same way. On the bottom right-hand corner, it's 2977.

23 A. Yes.

24 Q. So bottom of 2976 and into 2977. (Pause)

25 A. Ah yes, so it's around October 2006.



1 Q. So had Mr Litvinenko related what if any personal  
2 relationship he had with him in connection with  
3 Mr Berezovsky?

4 A. He was upset, but he was also angry, but, as I say,  
5 because of this -- my own rule that I don't want to get  
6 involved in anything to do with the oligarchs, I said to  
7 him in my office, I remember saying: I don't want to  
8 hear about this, Sasha; and he was good, he said okay,  
9 fine. But he was very incensed about it. But I learnt  
10 subsequently, I think he had gone off to Israel, maybe  
11 on related business, he did tell me that much, and then  
12 when I saw him, whatever it was, some weeks later, he  
13 seemed to -- there had been some sort of reconciliation  
14 with Berezovsky.

15 Q. Let's just cement this in your earlier statement, if we  
16 can, please. Your statement says that he told you in  
17 around October 2006, they'd fallen out in a fundamental  
18 way around late summer 2006.

19 A. Yes.

20 Q. Just reading on with your statement:

21 "The conversation took place in my office during  
22 which Sasha explained he had given Berezovsky some  
23 advice on something which he had chosen to ignore."

24 A. Yes.

25 Q. "They stopped talking for a while. However, Sasha's

1           advice had subsequently proved correct and they had  
2           started to get on again."

3   A.   Yes, what that advice was, as I say, where he was going  
4           into detail and I didn't want to know.

5   Q.   On the face of your statement, Mr Reilly, does your  
6           statement appear correct, as at the report  
7           in October 2006, they'd started to get on again?

8   A.   Yes, the timings are right, yes.

9   Q.   Was there any indication given that Mr Litvinenko and  
10          Mr Berezovsky had fallen out over money in any way?

11  A.   No, not that I was aware of, no.

12  Q.   Although he started to explain the basis of the fallout,  
13          you didn't take the detail in, but it didn't appear to  
14          relate to money?

15  A.   Well, as I say, I stopped him.  He said, you know -- and  
16          I -- especially with Berezovsky, because I knew a little  
17          bit about him from when I lived in Russia and I knew his  
18          background and chairman of the National Security Council  
19          and things like that, and if you have been to Russia as  
20          a foreigner and worked there, you don't want to know  
21          about those sort of things unless you're paid to by  
22          governments.

23  Q.   What were you told by Mr Litvinenko as to any financial  
24          arrangements between Mr Berezovsky and the Litvinenko  
25          family?

1 A. He did say he'd helped, obviously financed him to come  
2 to the West, I think he'd helped with the mortgage, and  
3 he'd helped with the education of their son, and I think  
4 there may have been a monthly payment or some sort of  
5 stipend to help them over. I think he mentioned that,  
6 but I can't be sure.

7 Q. What was your perception across these months of  
8 association with Mr Litvinenko of his interest in money,  
9 his motivation in those terms?

10 A. Well, again, this was back to this idea of on the one  
11 hand, I don't think naturally as a man he was  
12 particularly acquisitive at all, really. I think  
13 sufficiency was his -- you know, was the way he was. He  
14 didn't -- he was never expressing views about buying  
15 Ferraris or Rolex watches or anything like that but  
16 I would imagine, though, that that -- not may have  
17 altered but may have been affected simply by the Western  
18 world, where he was beginning to realise that he had to  
19 earn a salary, so he was -- I think the perception would  
20 be that he was beginning to understand the value of  
21 money, which, in the Soviet Union time, wasn't really  
22 a factor in many ways with the state supplying you with  
23 everything. He was beginning to understand,  
24 unfortunately, the importance of money in a Western  
25 economy, but he was not avaricious and he was not

1 spending money willy-nilly.

2 Q. Over the period you saw him, and most particularly the  
3 last time you saw him, or communicated with him, what  
4 was your sense of his mood and attitude to life  
5 generally?

6 A. In the last sort of few weeks, months, I knew him?

7 Q. Yes.

8 A. I think the Berezovsky thing had derailed him slightly,  
9 but I think that was back on track. I think that he  
10 enjoyed the work he did for Titon and was beginning to  
11 see a niche for himself. I think financially he felt  
12 more secure generally, and then I think the icing on the  
13 cake was when he got his British passport, which he was  
14 utterly ecstatic about. Rather like, you know, a child  
15 at Christmas, he was absolutely over the moon. It was  
16 lovely to see, great to see.

17 So I think generally he was calming, but, as I've  
18 said, the observation I had about him, really, was that  
19 he needed to slow down, he needed to focus, and one  
20 thing I did say to him is that he did need to learn  
21 English because he was still, you know, hanging  
22 around -- not hanging around, but being with the  
23 community in which he felt safe. I said you have to  
24 break out, you're in the West now, you must learn  
25 English, you must become part of the community. And the

1 final point I said to him, which included Berezovsky,  
2 but it was a general observation, I think he was  
3 still -- and that would have changed over time, but  
4 I think he was still living a little in the past. He  
5 had a lot of grievances, a lot of views about government  
6 under Yeltsin and later Putin, which is absolutely  
7 understandable, but I said you need to move on,  
8 you know, this is your life now, look forward.

9 So he was a little backward looking, but generally  
10 he was calming, he was establishing himself, he knew he  
11 had to learn English, getting the value of money, he had  
12 a job that would probably have developed more, and maybe  
13 gone to other companies. So he was reasonably happy.

14 Q. Let me ask you something very directly. From what you  
15 observed of him, what would be your response to  
16 a proposition that his death may be the product of  
17 suicide?

18 A. Nonsense. Utter nonsense.

19 Q. Your reasons for saying that?

20 A. Everything to live for, happy marriage, very fond of his  
21 son, British citizenship, he'd made the leap from --  
22 essentially for him of the former Soviet Union, although  
23 it was the CIS when he left. Opportunities ahead of  
24 him. And although he'd had a row with Berezovsky, that  
25 seemed to have resolved itself.

1           I think the state of Russia genuinely upset him, and  
2           the corruption and the rest of it. He did say one  
3           interesting thing to me, and I know that upset him  
4           a lot, he said, "Tim, you don't understand", and even  
5           for me who had been in that area for 20 years, he was  
6           saying, "You do not understand the level of corruption,  
7           it is everywhere and you can buy anything or anybody",  
8           and it really got to him, the corruption. So he was  
9           still quite, I have to say bitter about that, but  
10          I would say quite the opposite of committing suicide; it  
11          was to stay alive long enough to nail some people, if he  
12          could, legitimately.

13    Q. All right. I just want to turn to the broad nature of  
14          the commercial opportunity that appeared to be  
15          presenting itself as a context for your involvement with  
16          him now, please, before we turn to meetings and  
17          locations and the specific meeting of 16 October.

18                 Can you provide in summary something of the  
19          commercial context here for the potential development of  
20          offshore gas fields that I think provided the context  
21          for your involvement with him? I'm thinking  
22          specifically of Shtokman and liquid and natural gas  
23          contracts generally. Can you deal with the context so  
24          we can understand it?

25    A. Shtokman was the biggest offshore gas field in the

1 world. It was developed by Gazprom along with, I think,  
2 Total and ENI and maybe Statoil from Norway.

3 Q. Where is it?

4 A. It's right out on the Barents Sea.

5 Q. North of Russia?

6 A. Yes, is it Barents Sea or is it in the Kara Sea, I can't  
7 remember.

8 Q. Barents, I believe. I'm basing my knowledge on your  
9 statement, so I shouldn't claim too much credit.

10 A. Which is now definitely in the Russian side of the  
11 Barents Sea as your professional colleagues have,  
12 you know, decided a couple of years ago with the  
13 Norwegians.

14 And at the time, the idea was that that field would  
15 be developed for LNG, liquid natural gas, and would be  
16 bound for the US eastern seaboard as, you know -- in  
17 other words, it would be a major supplier of liquid  
18 natural gas to the United States.

19 Q. For those of us ignorant of such things, the mode of  
20 transport for liquid natural gas from a site -- a field  
21 such as that to the United States would be what?

22 A. Sorry, the?

23 Q. The pipeline, the tankers, what? You are deeply  
24 immersed in this industry, we're not.

25 A. From the commercial point of view, the whole purpose of

1 LNG is it's not pipeline, in other words a pipeline is  
2 a pipeline across land, but if you're trying to go  
3 across sea to deliver, then obviously you can't, so one  
4 of the ways that -- the engineers have come up with this  
5 over the last 30 or 40 years, is you actually liquefy  
6 the gas, put it in ships, special ships, send it over to  
7 the destination point, where it's regasified, and then  
8 put into a pipeline network.

9 So that's a well-known system in the industry, and,  
10 you know, it's a very well-established business which  
11 runs in parallel with pipeline gas around the world. So  
12 it's an established system, and it was -- what happened  
13 essentially was that the US discovered shale or rather  
14 began to exploit the shale technology, so overnight the  
15 United States did not require gas of any kind from  
16 anybody, and so the economics of the Shtokman field  
17 completely fell apart and consequently, not now, but  
18 consequently that partnership with ENI and Total and  
19 Statoil has essentially faded away.

20 Q. Looking at it at the time, what was the -- just explain  
21 to us the relevance of Gazprom, this potentially  
22 enormous offshore gas field, I think you said worth  
23 USD 30 billion to USD 40 billion -- is that per annum or  
24 as an absolute?

25 A. Well, the development costs, yes. But then it would be



1           worth hundreds of billions in terms of production over  
2           25, 30 years.

3   Q.   Right, so the USD 30-40 billion you've referred to is  
4           the development cost, as distinct from the potential  
5           yield which could be measured in hundreds of billions?

6   A.   Yes.

7   Q.   So this is --

8   A.   This is quite typical of major big oil, this is not  
9           particularly unusual of major strategic projects in oil  
10          and gas.

11   Q.   But by any comparator, those are enormous figures?

12   A.   But they are -- they're still enormous to you and I.

13   Q.   Yes.

14   A.   But in the industry, they are understandable.

15   Q.   So what was the opportunity for you, Mr Reilly, in 2006?

16   A.   The opportunity there is that although these are,  
17          you know, in Russia and places like this, and other  
18          parts of the world, it's actually this town, this city,  
19          that often demands the security of it, because the  
20          London financial markets, international financial  
21          markets want to have some security of their investment.  
22          Lloyd's, in terms of insurance, insists on a security,  
23          and you yourselves, the lawyers, as well, want some sort  
24          of, you know, cover on the risk.

25                So it's quite typical that operations like this have

1 got some security, and it was the early days of  
2 terrorism as well. So for all the usual reasons, as  
3 I say, even Gazprom and companies like that, even today,  
4 have security.

5 The other reason -- the additional reason is in  
6 places with very harsh environments, the real priority,  
7 frankly, of the oil companies, is health and safety and  
8 environment, but if you think about it, the first thing  
9 you need to do if there is an accident, environmental,  
10 or a chemical -- or explosion is that you need a trained  
11 team of guys to actually cordon off the area before the  
12 specialists can go in to deal with the oil spill or  
13 whatever it is.

14 That, nine times out of ten, is a security force,  
15 because they're trained, and most are ex-military, so  
16 these guys know exactly what to do in an emergency.

17 So often the role is one of security, but also  
18 assisting in cordoning off what is frankly the more  
19 important and more dangerous aspect, certainly  
20 financially, of an environmental accident or explosion.

21 So the purpose of the -- so the purpose of the  
22 meeting, really, was to see if we could work --  
23 you know, work ourselves into position with a contract.  
24 The background to this is quite important, however,  
25 because when I worked in the Chevron operation

1 with Alpha, the former Russian KGB special forces guys,  
2 the whole view in Soviet terms, the security people  
3 would be in charge, because they would be KGB.

4 So I used to be the interlocutor there, trying to  
5 explain that in the modern world, what Chevron was  
6 interested in was operations. Security was way down the  
7 corridor, called in once a year, whereas the Russian  
8 mentality, because it was from the Soviet background,  
9 was actually the security manager would tell you when  
10 you can operate your USD 40 billion investment to  
11 Chevron management.

12 So --

13 Q. So there were cultural distinctions that you were  
14 managing?

15 A. So there were massive cultural -- people of my age group  
16 who were coming through that. In other words, if you go  
17 into any major, probably to some extent still true  
18 today, if you go into any major Russian corporation, the  
19 security guy is probably the most -- certainly in Soviet  
20 times, probably the most important person, because in  
21 the Soviet time he would be the KGB guy; and that  
22 operation, whether it's making cars or making shoes,  
23 would be told every day by the security guy whether he  
24 could operate or not, which of course is a complete  
25 anathema to a Western economy.

1 Q. If I can take you back more directly to the narrower  
2 context, which is Mr Litvinenko, Gazprom,  
3 2006, September/October, and page 3 of 7, Mr Reilly, so  
4 you get the context without me leading it of your  
5 statement of 8 December this time.

6 Do you have that one, the bottom of the page, 2982.

7 A. Yes.

8 Q. I'm just trying to help you with context here.

9 A. Yes.

10 Q. Just the last five or six lines, the economic security  
11 department.

12 A. Yes.

13 Q. (Pause)

14 Because in the general context that you've  
15 described, we need to establish the narrower commercial  
16 motive and Mr Litvinenko's involvement. So what was  
17 Gazprom's interest and problem at the time that you  
18 potentially could help with?

19 A. Again, this is why I explained the context. It's never  
20 quite as simple and logical as it may well be in the  
21 West. There I am talking to security about security  
22 matters with Gazprom, and then I'm suddenly invited to  
23 the economic security department to discuss LNG exports,  
24 you know, I'm not working for Exxon here, a main board  
25 director for export.

1 Q. The economic security department --

2 A. Yes.

3 Q. -- of what?

4 A. Of Gazprom.

5 Q. Yes.

6 A. So there I am, talking in Russian to these guys, and all  
7 of a sudden it turns out they're all fluent in English  
8 anyway with Harvard MBAs, but this is very typical, that  
9 even if you're a foreigner and you speak their language,  
10 then all of a sudden -- and they know that you've worked  
11 with KGB, not worked in a joint venture, there's an  
12 inner circle, so you are sponsored. They would have  
13 checked who I was with Alpha, FSB, who I was, and all of  
14 a sudden, in a sense, in those fairly early days,  
15 saying: well, this guy, you know, he knows our  
16 community, he's from the West, maybe he will be able to  
17 advise us.

18 So all of a sudden Tim Reilly from nowhere is  
19 advising, you know, Gazprom main board about LNG exports  
20 on a USD 40 billion capex operation, which is quite  
21 typical, and it can go to your head sometimes, but if  
22 you've been around a bit, you realise you know your  
23 limitations so you just say -- you know.

24 Q. In a couple of sentences, can you characterise the scale  
25 and nature of Gazprom?

1 A. It's the world's biggest gas company. In the Arctic,  
2 for example, 95 per cent of all the gas known in the  
3 entire Arctic is Russian. It's a behemoth. I think it  
4 represents 45 per cent of Russian GDP, even today. It  
5 is stuffed full of people that are trusted by the Soviet  
6 system and now by the Putin system and by any of them.  
7 It's virtually untouchable, and it's a regime on its  
8 own.

9 Q. All right. In any event, you, Tim Reilly, were  
10 parachuted in, as you put it, from nowhere?

11 A. Yes.

12 Q. The advice they were seeking from you was as to the  
13 security of transportation, was it?

14 A. Well, that was -- I was meant to look at general  
15 security for Gazprom, because one of the things again  
16 that was happening was they were trying to  
17 internationalise and they did understand that to get  
18 financing from this city and legal representation and  
19 insurance from Lloyd's, one of the things was security,  
20 and they understood enough to know that guns and ammo  
21 and interrogating people was not the way to sell gas in  
22 the EU.

23 So initially, it was an opportunity for us to say,  
24 look, this is how in Western economies we actually  
25 provide security to Western or, you know, American oil

1 industry. Once they trust you, as I say, then very  
2 rapidly in Russia sometimes, especially with the  
3 background that I was known there for a long time, they  
4 then progress you: can you help us with this as well;  
5 and that's what happened.

6 So the purpose of the visit was not to talk about  
7 LNG from Shtokman to the American seaboard. It was to  
8 talk about Gazprom onshore security in the 21st century,  
9 where maybe Erinys could make a contribution on the back  
10 of a USD 200 million contract that Erinys had won in  
11 Iraq during the war which actually pushed us to the  
12 limit and used the latest technology and techniques for  
13 providing security. That was our sort of credibility.

14 Q. All that being understood, your statement says in terms:

15 "The economic security department wanted to know  
16 about sending liquid and natural gas to the US,  
17 particularly the security of transportation. This is  
18 a growing market."

19 A. Yes.

20 Q. "Gazprom do not have the necessary technology to  
21 transport non-LNG, so were looking for partners to  
22 provide the expertise."

23 A. Yes.

24 Q. "Two months ago, Russia withdrew from negotiations with  
25 four major oil and gas companies because they discovered

1 more gas and felt they did not need more partners. This  
2 was potentially a huge contract for some major  
3 companies."

4 You're providing expertise on a number of topics,  
5 just summarise it that way, for what is clearly  
6 potentially a huge contract and undertaking.

7 What was Mr Litvinenko's value in terms of all that  
8 or opinions on it?

9 A. In that sense, little. He provided contacts there. But  
10 I think what's probably more important than a statement  
11 at the time in this context is because still, even to  
12 this day, the critical appointment of security people  
13 within Russia, especially oil and gas industry, it meant  
14 that everybody knows everybody. So I saw the head of  
15 Gazprom security and his team who were without exception  
16 all KGB people, so they would know Litvinenko, and it's  
17 an inner circle thing. I had credibility because of my  
18 British military background and then working with the  
19 Russian special forces KGB. So they in a sense  
20 sponsored me in Moscow. They either say you can work  
21 with him or not. It's very clear.

22 So that is really the importance, is that there was  
23 a link there between Litvinenko who would have been  
24 known and Gazprom security would have checked out me who  
25 would have led to Litvinenko which would have led to



1 London. So in other words, that whole of that KGB  
2 community would have known exactly where I had come from  
3 in that context, and then they would have double-checked  
4 my history with the people that I worked with in the  
5 joint venture in the 1990s.

6 Q. All right. Did Mr Litvinenko express a view to you as  
7 to why the negotiations I've just related with Russia  
8 withdrawing, this would be, in about September 2006 from  
9 negotiations with four major oil and gas companies, did  
10 he express a view as to why that had happened?

11 A. No, I think it was in the public domain, there was  
12 oversupply there, and it was how the contracts were  
13 being awarded. It was the usual commercial scene of big  
14 oil in Russia at that time, and in that sense, Sasha  
15 knew nothing about that. He wasn't an oil and gas guy.  
16 What he had was contacts everywhere, but what joined the  
17 contacts was specialists at either end that could then  
18 talk to each other without him being involved.

19 Q. Mr Reilly, just look at the top of 2983, would you, of  
20 your statement. I'm going to come on to the slightly  
21 even narrower point as to Mr Litvinenko in this context  
22 in a moment.

23 Just the paragraph or the part of the paragraph  
24 starting "Sasha's view was that".

25 A. Yes. (Pause).

1 Q. I will just read out what you've said in November 2006  
2 and then ask for a comment on it:

3 "Sasha's view was that negotiations had stopped  
4 because the Americans wanted to stop the Russians  
5 assisting the Iranian building nuclear facilities and  
6 was strategically refusing to take LNG as a bargaining  
7 tool. Gazprom would be losing billions of dollars.  
8 Sasha may have discussed this view with other people.  
9 I did not think he was sufficiently versed to have  
10 a detailed discussion."

11 What's your comment on that now?

12 A. I think the most important sentence is the last. One  
13 aspect of Sasha -- and I sort of alluded to it,  
14 really -- was sometimes a lack of discipline, I wouldn't  
15 say there was conspiracy theories everywhere, but there  
16 was a lot of angst, and frankly in Russia, a lot of  
17 those conspiracy theories are right, it turns out, but  
18 much later.

19 But from my point of view, the way I was trained and  
20 educated, you know, you had to look at those things in  
21 terms of the facts, and the fact was that at that time  
22 America was developing shale oil and gas. Everybody  
23 knows that. And to this day we've seen this continue.  
24 And the fact was that there was no longer a market for  
25 Gazprom's LNG out of that particular field. It's as

1 simple as that.

2 The Iranian bit came because he had a lot of Muslim  
3 connections through the Chechnya side and I think maybe  
4 he was hearing things, but whether that was fact or  
5 conspiracy theory or just deliberate muddying the water,  
6 I don't know, but I discounted it because as far as  
7 I was concerned, this project was over simply on the  
8 economics of it, which were well known and well  
9 understood in the industry and by the politicians on  
10 both sides of the Atlantic.

11 Q. Although shale is a relatively recent, in any scale,  
12 area of development in the United Kingdom, in 2006 it  
13 was emergent in the United States, was it, as a --

14 A. It was firmly established. In an entrepreneurial  
15 society, people, everybody was setting up a shale  
16 business who had any money, they could lend it, borrow  
17 it from the banks, in those days, and away they went.  
18 But as I say, this was an aspect of Sasha, he was  
19 a bright chap, but sometimes he would bring all these  
20 sort of theories together and come out with one wonder  
21 theory, which is a very Russian characteristic, and as  
22 I say often they're right, but from our point of view,  
23 we couldn't actually support it.

24 Q. I want to try to focus now and continuing with your  
25 statement, Mr Reilly, to assist you. Specific potential

1 areas of commercial interest discussed with  
2 Mr Litvinenko in around September or October of 2006.

3 Can you start, please, with the question of whether  
4 you discussed acting as a conduit for medium and small  
5 size exploration companies in the UK to get into the  
6 Russian market? Is that something you discussed and if  
7 so, what --

8 A. Sasha came, I think with an exhibit here in the  
9 evidence, with a letter supposedly from the Russian  
10 government, of what part of it I don't know, suggesting  
11 that there was encouragement of medium-sized companies  
12 exploration and production companies, E&P companies, and  
13 inviting in companies that were maybe interested in  
14 that.

15 I mean, I looked at it, but from the point of view  
16 of I was working in a security and information company,  
17 risk management company, I wasn't working in an oil  
18 company, having worked for Exxon, Shell and people like  
19 that and JKC Oil & Gas, they have streams of people that  
20 do nothing else than do this and sit on top of Moscow.  
21 So I didn't particularly take it seriously. (a) it  
22 wasn't our business, and (b) the likes of the companies  
23 that may be interested, obviously Shell is not  
24 a small/medium company, but they would know -- in the  
25 industry, it would be known, and I didn't really --

1 Q. Did you see it as a runner in commercial terms?

2 A. Not for us, not for Erinys. I mean, obviously longer  
3 term, small companies like that would perhaps go into  
4 Russia and they would certainly be the sort of companies  
5 we would like to offer security services to. But it was  
6 far too early, and these contracts took a long time to  
7 come to fruition, put people on the ground.

8 Q. You said "this discussion", which was September/October,  
9 reflected a document he showed you.

10 A. Yes.

11 Q. Could we have on screen INQ015089, please. It should  
12 come up in front of you. Is this the document?

13 A. Yes.

14 Q. Which I think you produced, you kept and produced.

15 A. Yes.

16 Q. And this is the context for the discussion, is it?

17 A. Yes.

18 Q. It's exhibit TBR1. Did he explain to you where he got  
19 this?

20 A. Not really, as far as I can remember to be honest. But  
21 he'd obviously got it from some source in Russian  
22 government. Again, this is just typical information out  
23 of Russia. This is how the economy certainly worked  
24 then and to some extent still does. Somebody sees an  
25 opportunity in something like that, gets it out to

1 a friend who's linked to the west, who knows a bank, and  
2 now and then it pays off.

3 Q. Just so we have a sense of the document, first  
4 paragraph:

5 "To balance its policy of keeping big international  
6 oil companies away from its richest oilfields, the  
7 Russian government has started offering concessions on  
8 medium size oilfields to medium and small foreign oil  
9 companies.

10 "We have a power of attorney to represent this  
11 effort outside of Russia."

12 It speaks of where the oilfields are, not of  
13 interest to Rosneft and Gazprom, and so on.

14 "They can either remain undeveloped or be offered  
15 for concession to foreign medium-sized companies. The  
16 Russian government has chosen the second path.

17 "It has composed through packages of documentation  
18 on hundreds of Russian mid-size oilfields and is ready  
19 to present this information to those foreign oil  
20 companies that may be interested in developing them.  
21 Those packages include the state passport on each  
22 oilfield, topographic maps and detailed description of  
23 the offered oilfields."

24 Then the sizes of packages being offered. Is this  
25 typical as well, a million barrels --

1 A. It's happening today. Some of that's happening -- I was  
2 talking at the International Petroleum Week yesterday as  
3 a speaker there and we were talking about a similar --  
4 that the Russians had been encouraging, until sanctions,  
5 small and medium-sized companies into Russia on the oil  
6 and gas -- actually talking about it in public  
7 yesterday.

8 Q. Yes. One can perhaps see that somebody who hasn't  
9 worked in the industry would look at this document and,  
10 coupled with your expertise, see a potential  
11 opportunity, but what was your assessment based on your  
12 what would appear to be more extensive knowledge of the  
13 reality at that time?

14 A. The first thing is you read that, if you know anything  
15 about Russia, and you say Gazprom/Rosneft is not  
16 involved, that means it's under the radar, that means  
17 it's not sanctioned, that probably means that it's  
18 somebody in some department who sees an opportunity to  
19 make a few dollars, and if you have any brains you walk  
20 away because sooner or later Rosneft and Gazprom will  
21 know about it and you will be crushed. The Russian will  
22 be crushed and you will be pushed out.

23 Q. Pausing there, you would be pushed out, but what would  
24 happen in your investment in infrastructure and  
25 everything else?

1 A. I have seen it happen in Russia to foreign companies.  
2 You know when trouble starts, suddenly the accountants  
3 come in, and they want to talk to the bookkeeper, not to  
4 the chief accountant, to the bookkeeper. Then every day  
5 they lock your accounts department up, they put a seal  
6 on it, and you can only work those hours. That goes on  
7 for six months, and you're trying to convert currency,  
8 you need files, you need to pay bills, you can't.

9 Then people get investigated for tickets on the  
10 street, you know, for parking tickets, and this is  
11 slowly -- we saw it in TNK-BP and various public cases.  
12 This is how the pressure comes on, and that's how,  
13 eventually, as I say, the Western partner just leaves.  
14 The Russian is probably dealt with -- can be dealt with  
15 more brutally, not necessarily violence, I don't mean,  
16 but just in terms of his life-style, finds himself in  
17 a jail somewhere.

18 So when you look at that, and I saw that, and said  
19 Gazprom/Rosneft not involved, they control the industry.  
20 It's not possible, and, if it is possible, it means that  
21 it's illegal, and that there's probably somebody trying  
22 to make a fast buck.

23 I think the view of it was correct, the Russian  
24 government was trying to do it and has come out, and  
25 when I was in Shell we got these sort of things. They



1 wanted major oil companies to invest in capital projects  
2 in the eastern Siberia -- Exxon, Shell -- not in oil and  
3 gas, but in things like forestry. They said, "But you  
4 use your experience, your knowledge of the markets and  
5 the banking community, as Shell, just to make us  
6 introductions, we'll do the rest, and you get equity in  
7 it". All the oil companies refused it and said, "No,  
8 we'll stick to the knitting, we're not going to get into  
9 forestry or something else". But they came up with  
10 a lot of these schemes at around that time. Some of  
11 them were legitimate at the highest level, but they got  
12 exploited at the lower level by people presumably --  
13 I would suggest by people like who acquired this  
14 document.

15 Q. Yes. Can we take it, given that answer, that you didn't  
16 see this as a fruitful line of work for you and  
17 Mr Litvinenko?

18 A. Yes, you can take it.

19 Q. Yes.

20 A. But that is reinforcing the point I made that Sasha had  
21 these great contacts and came up with these ideas, but  
22 when you got down to the facts of it, he couldn't see  
23 why we couldn't progress that, something like that, but,  
24 you know, I was seeing, you know, lawyers involved and  
25 bankruptcy and all the rest of it, and it could take ten

1           years for something like that to be realised, especially  
2           in the oil and gas industry.

3   Q. All right. Was there discussion as to ethanol as  
4           a potential source of engagement here?

5   A. Yes.

6   Q. Particularly involving Ukraine?

7   A. Yes.

8   Q. Can you elaborate on that, if you can, a general context  
9           in summary and the more specific discussions with  
10          Mr Litvinenko in more detail?

11  A. Once again the Russian factor is that you know a guy who  
12          deals in ethanol so you say, "Let's start an ethanol  
13          business", rather than saying, "Let's look at the  
14          market", and, "Oh, there's opportunities in ethanol",  
15          and then trying to work your way into it and you find  
16          somebody. So it's a question of -- he had this  
17          wonderful contact list, and anybody who did anything he  
18          said, "Can we do this? Can we -- I know a shoemaker.  
19          Can we start selling shoes?"

20                 So ethanol -- but ethanol at the time was again --  
21          in the United States, was looked at as part of a --  
22          you know, in terms of environment protection and all the  
23          rest of it and the transport industry and car industry,  
24          it was being seriously looked at by the US and to some  
25          extent Europe, Brussels, as an alternative or an

1 additional type of fuel for car transportation.

2 So --

3 Q. It's a by-product of wheat?

4 A. Yes, exactly, and so in places like Ukraine there was  
5 rather a lot of wheat.

6 Q. It is used -- for example, you've said in Brazil  
7 80 per cent of vehicles run on ethanol?

8 A. Yes.

9 Q. And an increasing number in the United States, and  
10 there's a market in the United States for it?

11 A. There was, yes.

12 Q. Was. What was the discussion in summary terms and the  
13 outcome of the discussion in practical terms with  
14 Mr Litvinenko about ethanol and the Ukraine and Russia?

15 A. I think in this sense, it was -- you know, I got to know  
16 him quite well then, it was developing into a reasonably  
17 good friendship, and it was an opportunity for him. So  
18 I was just trying to structure it, really, for him, and  
19 see what could be done, because it wasn't really  
20 anything that we were particularly interested in as  
21 a security and risk management company.

22 So it was really just, as I say, structuring the  
23 idea for him, to say, well, you know, have you looked at  
24 this, and sent him off to read the market and brochures  
25 about --

1 Q. Where was the initiative coming from for this line of  
2 enquiry in the first place?

3 A. From Sasha.

4 Q. From Sasha?

5 A. Yes, he knew somebody in Ukraine that could do this, and  
6 it was current in the UK as well. There was a lot of  
7 discussion in the press and everything about this  
8 alternative form of transportation -- fuel.

9 Q. Insofar as there was any potential outcome to the  
10 discussion and his line of investigation, what was it  
11 going to be so far as you were concerned?

12 A. I don't think we would have got anything out of it at  
13 all, really.

14 Q. Why not?

15 A. Because it wasn't our business. But, as I say, it was  
16 part of this saying to him, if you have ideas I can help  
17 you, as it were, as a Westerner, who understands  
18 capitalism, and away you go. So I think for him it  
19 would have been quite beneficial, and it interested him,  
20 and he knew a lot of people in Ukraine and he was  
21 exploiting his network.

22 Q. Can you just look again -- I'm sorry to ask you to do  
23 this -- at 2983 of your statement. Firstly, was any of  
24 this ever put on paper or documented?

25 A. No, no, and this was quite typical of working with

1           Sasha, and to some extent with Russia as well. An awful  
2           lot is not written down which is half the problem  
3           sometimes.

4   Q. Did you write anything down?

5   A. No, no.

6   Q. Why did you not see the need to write anything down  
7           about this?

8   A. Because, to me, it was a fairly ephemeral sort of  
9           project, it was not really directed to Erinys. I felt  
10          that it was helping Sasha, it was quite interesting,  
11          I knew Ukraine, I knew some of the areas that he was  
12          talking about, so it was an area of familiarity to me,  
13          and it was a project that may have developed into  
14          something in due course, and maybe I could have  
15          persuaded Erinys to get involved in it in some way or  
16          another, because, as you say, it was spreading to  
17          America and Brazil and places like that, but from  
18          a purely commercial point of view and my responsibility,  
19          not really.

20   Q. Just looking at your -- just refresh your memory,  
21          Mr Reilly, from how you analysed this point in your  
22          statement somewhat nearer the time, 8 September 2006.  
23          It's the second half of 2003 and the first half of 2004.  
24          (Pause).

25                 It's just to establish that this wasn't something

1           you dismissed out of hand as a potential -- I'm just  
2           looking at it.

3    A.   Yes.

4    Q.   You indicate, for example, you discussed the prospect of  
5           setting up a company --

6    A.   Yes.

7    Q.   -- that brokered a deal between the producer of ethanol  
8           and the end buyer:

9            "We would identify storage facilities in Odessa,  
10           Ukraine, so that ethanol could be loaded on to ships for  
11           transportation to the UK."

12   A.   Yes.

13   Q.   "We would arrange the insurance, legal and storage and  
14           identify a buyer."

15           Perhaps this could go on screen, actually.  There's  
16           no reason why not.  INQ002983.

17           I'm not seeking to be intrusive, Mr Reilly.  I'm  
18           just seeking to drill down into --

19   A.   No, sure.

20   Q.   If you could just highlight, please, starting "Russia  
21           and Ukraine" in the lower half of the page.  It's easier  
22           for others following this to see it on screen.

23   A.   Oh yes.

24   Q.   It does appear that your own thinking had gone beyond:  
25           it isn't really in our usual field of activity.

1 A. Yes, but I don't think at this stage we took it --  
2 I took it to Erinys, didn't talk to John Holmes or  
3 anything about it. But it was -- that's exactly what  
4 I was saying, so insurance, legal, storage, identifying  
5 buyers. This is the sort of thing I was trying to say  
6 to him. He thought we could all fly over to Ukraine and  
7 literally hire a -- he literally thought we could do  
8 that and take a white van and start bringing this sort  
9 of thing -- not absolutely, but that sort of literal  
10 interpretation of how it would work, and I was saying,  
11 hang on, you can't do this sort of thing, this a large  
12 scale operation, you need insurers, you need storage,  
13 you need legal, you need buyers identified.

14 Q. I'm just looking at the same passage as you. You said  
15 halfway down:

16 "Initially, I estimate it would have been worth  
17 hundreds of thousands of pounds, although the first deal  
18 would only have netted us a few tens of thousands, maybe  
19 GBP 25,000 to GBP 35,000 each but we did not discuss  
20 figures."

21 A. Yes.

22 Q. Then you said:

23 "There was no limit to the potential earnings."

24 A. Yes.

25 Q. You had to impress upon him the necessity of doing this

1 in the proper way and everything else?

2 A. Yes.

3 Q. Correct me if I'm wrong, but is the impression not given  
4 in this statement that there was at least, assuming you  
5 could get the investors, the potential for a very  
6 considerable income from it if it worked out?

7 A. Yes, but I think there's people, you know, floating  
8 around this city every day who has got ideas like this,  
9 but we all know that, you know, this is the minimum you  
10 have to do, but to actually bring it to fruition --

11 THE CHAIRMAN: I think, Mr Davies, that Mr Reilly has set  
12 this in its rather broader context.

13 A. To bring it to fruition, you know, is a lot, lot more  
14 difficult than that, so these numbers are thrown about.  
15 They're probably true at the time, but I don't --  
16 anyway, to actually get on a plane and go to Ukraine and  
17 negotiate that was certainly not what I was going to be  
18 doing, or could do.

19 MR DAVIES: That being the background -- did Mr Litvinenko  
20 involve anybody else in this line of enquiry, whatever  
21 your respective expectations were of the outcome, from  
22 what you remember, did he involve anybody else?

23 A. In this context, there was the Yuri Shvets who I didn't  
24 know, but he knew, and I subsequently met later, but  
25 that was the only guy and he phoned from the office.



1 I think generally he came up with a project like this  
2 every other time we met, he'd have a new project, that  
3 we would look at, something like this, and I would give  
4 him some advice and throw some numbers and put him in  
5 touch with people, or direct him in the right direction  
6 to go and dread up about this. So this was a very good  
7 example of what he would come in with. And, as I say,  
8 a lot of it was genuine, but it was just mechanically  
9 very difficult to do.

10 Q. On screen, please, INQ02984, and this is really,  
11 I suppose, to round off the point you're making,  
12 Mr Reilly. So having made enquiries with -- INQ002984.  
13 The passage "Yuri came back to Sasha a week later",  
14 please, that paragraph.

15 You've indicated that Mr Shvets -- and we'll come  
16 back to him -- was engaged by Mr Litvinenko to make  
17 enquiries in the Ukraine. I think Mr Litvinenko said he  
18 knew the governor of an area in the Ukraine?

19 A. Yes.

20 Q. He would phone governor. Is this characteristic of his,  
21 shall we say, direct approach?

22 A. Yes, and key people throughout the former Soviet Union  
23 would be -- like governors of a port would be absolutely  
24 critical, and that would be a person that was part of --  
25 was on board with the government. So these were

1 important people.

2 Q. The outcome of all of this, Mr Reilly, is it reflected  
3 in substance in this part of your statement  
4 of December 2006, which was, although matters were  
5 identified potentially, in the end this came to nothing?

6 A. That's true, yes.

7 Q. Were any individuals identified as points of contact in  
8 the Ukraine business?

9 A. I really can't remember, other than Yuri Shvets.

10 Q. Did you commission any business reports in relation to  
11 this?

12 A. No.

13 Q. And did you discuss this prospective business with  
14 Dean Attew or anybody on the Titon side?

15 A. I don't think I did. I may have, but I don't think so,  
16 mainly because a lot of these projects -- he came in  
17 with a lot of ideas, I developed them up to a certain  
18 point and they would tend to fade away.

19 Q. So we come back to the areas more specifically that, in  
20 your mind at least, were the more direct use and real,  
21 long-term assistance from Mr Litvinenko. Just bring us  
22 back, then, to the basic subject matter of the meetings  
23 in September and October and earlier with Mr Litvinenko  
24 in very general terms, the point of it.

25 A. Well, essentially, through his network, he had contacts

1 in Russia in the oil and gas industry specifically, he  
2 knew what my role was and we talked about it, and he  
3 knew I'd worked with these KGB Alpha people, and he knew  
4 that I worked in the oil and gas industry over in that  
5 part of the world, and he suggested that he had  
6 a contact or had means or a conduit by which he could  
7 get contacts in a number of Russian oil companies,  
8 Gazprom was the critical one, and that's really the  
9 context within which we started talking at a sort of  
10 proper professional commercial level in terms of my  
11 responsibilities as the guy in Erinys.

12 MR DAVIES: Sir, I'm turning now to the introduction by  
13 Mr Litvinenko of Mr Lugovoy. I'm happy to deal with  
14 that topic either before or after the short adjournment.

15 THE CHAIRMAN: Fascinating, but we'll take a short break.

16 (11.15 am)

17 (A short break)

18 (11.28 am)

19 MR DAVIES: Mr Reilly, before the short adjournment, you  
20 were giving evidence that you were impressing upon  
21 Mr Litvinenko for whatever idea he was discussing with  
22 you or introducing to you, the need for it to be done in  
23 a certain way, a certain formality, lawful procedures to  
24 be followed and so on.

25 However many potential areas of work he was bringing

1 up, did any of those areas of work appear to involve him  
2 engaging in illegal activities?

3 A. Certainly anything he approached me with, as far as  
4 I could see at the very early stage, was not illegal, so  
5 I'm not aware that he was conducting any illegal  
6 activity.

7 Q. Particularly in terms of potential commercial  
8 opportunities, was anything he was raising with you so  
9 far as you could tell something that you would have  
10 regarded as illegal or potentially illegal?

11 A. Strictly speaking, no, but his ignorance of how  
12 capitalism works, democracies work sometimes would blur  
13 the edges and that -- I would remind him that actually  
14 we can't do that over here and he would haul that in and  
15 understand, but coming from the background he did and  
16 the era in which he lived, most of his life, Soviet  
17 Union, you know, there was a different approach to what  
18 was ethical, what was moral, what was --

19 Q. Yes.

20 A. But his moral compass was pretty strong, but just  
21 commercially, he thought that it was all dog eat dog in  
22 the West and everybody was breaking rules and everybody  
23 just made money and nobody paid taxes, et cetera. There  
24 was an element of naivety.

25 Q. So there's the cultural distinction reflected as between

1 Russian and Western models, to put it very crudely?

2 A. Yes, that would be fair to say, yes.

3 Q. However, in terms of the subject matter of potential  
4 commercial activity, was the subject matter of any trade  
5 illegal that he brought up, the product, the nature of  
6 it?

7 A. Not that I was aware of, certainly not the business that  
8 he discussed with me.

9 Q. Most specifically, did he raise at any time with you the  
10 possibility of arranging the transportation of sale of  
11 radioactive materials?

12 A. Not at all, ever.

13 Q. More specifically still, did he ever bring up the topic  
14 of polonium or polonium-210 or variants thereof?

15 A. Never.

16 Q. Let's turn, then, as I indicated, to the introduction of  
17 Mr Lugovoy to the scene. Where did this fit relative to  
18 your introduction to Mr Litvinenko, which you said was  
19 somewhere in the summer of 2006?

20 A. He mentioned he had a friend from his time in Russia who  
21 was also ex-KGB who had contacts in the security world  
22 and indeed had a security company himself amongst other  
23 businesses that he had, and that it would be useful  
24 perhaps to meet this guy who may be able to introduce me  
25 to Russian oil and gas industry in terms of its security

1 departments.

2 Q. Yes.

3 A. So I agreed.

4 Q. So the general context is you were seeking to find ways  
5 into a potentially lucrative Russian oil and gas  
6 industry to provide security services?

7 A. Exactly, and that was my job in Erinys specifically, the  
8 new business development in the former Soviet Union.

9 Q. What was Mr Litvinenko's initial account of Mr Lugovoy  
10 and his relationship with him?

11 A. He was quite frank, because, by that time, I had read up  
12 what -- you know, how he had left Russia and I think  
13 Lugovoy was in the -- was in the press for that, but he  
14 was very frank and open about what the relationship was,  
15 and I think at that time -- I wouldn't say considered  
16 him a friend, but certainly a colleague and certainly  
17 not hostile towards him.

18 Q. What did he say the potential value of Mr Lugovoy was to  
19 your ambitions?

20 A. Network. Simply he could put me in touch with the right  
21 people in the various Russian oil and gas companies and  
22 with his KGB background, as I said before in terms of  
23 the general context, very important that you were, as it  
24 were, accepted therefore to even discuss these sort of  
25 things which are still considered almost, almost,

1 bordering on state security.

2 Q. It's the KGB background of who that you're describing  
3 there?

4 A. Yes, that's -- that's what's critical, is that all --  
5 even today, all the major oil and gas companies, or  
6 major -- in fact major companies in Russia will have  
7 a security department, will be exclusively military, but  
8 usually KGB or FSB.

9 Q. It's my fault. Whose KGB background was important here?  
10 You described that Mr Litvinenko had a background there.  
11 What was said to you about Mr Lugovoy?

12 A. Lugovoy had similar, and the people that he knew in the  
13 oil companies were also former or perhaps even acting  
14 KGB/FSB.

15 Q. So that was the purpose of the meeting.

16 A. Yes.

17 Q. Can you indicate firstly whether you met Mr Lugovoy and  
18 when the first meeting was?

19 A. Yes, I met Lugovoy on a number of occasions, at least  
20 three, as far as I recall and it was again in that  
21 summer period of 2006 and led on to subsequent meetings  
22 in the early autumn of that same year.

23 Q. Who arranged his attendance at the first meeting?

24 A. Litvinenko was, as it were, the go between, and always  
25 attended, as he knew Lugovoy personally.

1 Q. Did Mr Lugovoy ever attend meetings at which  
2 Mr Litvinenko was not present?

3 A. I think the last one he did when they arrived and said  
4 that Sasha was ill and hadn't been able to make  
5 a meeting that they wanted to have, but he had, as it  
6 were, come to my meeting which should have been with  
7 Sasha as well, and he basically said, as it were: I'm  
8 here to honour the meeting, even though Sasha hasn't  
9 come to the previous meeting, I'm here to see you on  
10 your own, although it was intended to have the three of  
11 us there. In fact --

12 Q. Although this is further on in the chronology --

13 A. Yes.

14 Q. -- the meeting where Mr Litvinenko was reported to be  
15 ill, and Mr Lugovoy attended on his own, knowing what  
16 you know now, is that coincident with Mr Litvinenko's  
17 admission to hospital?

18 A. Around that time, yes. And also I never saw -- I think  
19 I saw Lugovoy once on his own, but most of the time he  
20 was accompanied by Kovtun, and there may have been  
21 a meeting at which there was just Kovtun, Lugovoy and  
22 myself and Sasha had other business and couldn't be  
23 there, but he already knew that we were established,  
24 that he had made the introductions and he knew he would  
25 get the result of the meeting, feedback from me, and



1 obviously I expect from Lugovoy as well.

2 Q. I'm going to turn to the detail of the meetings and  
3 matters such as who sat where, insofar as you can  
4 remember, but across the piece at these various meetings  
5 where Mr Litvinenko and Mr Lugovoy were present at the  
6 same meeting, and as much Mr Litvinenko's discussion  
7 with you if any about Mr Lugovoy, what was your  
8 impression, your direct impression, of their apparent  
9 relationship?

10 A. Easy colleagues, I wouldn't say friends, but clearly  
11 knew each other, and I got the impression perhaps they  
12 socialised after their business day, but clearly there  
13 was no hostility, there didn't seem to be any, as it  
14 were, games going on and they seemed fairly frank and  
15 open with each other, very comfortable in each other's  
16 presence.

17 Q. Did they discuss their histories together in your  
18 presence?

19 A. Not in front of me, no.

20 Q. Did you document in any way the meetings that took place  
21 with them on any occasion?

22 A. No, and I deliberately didn't, because this was Titon  
23 business and to me I was essentially helping out Dean  
24 and John Holmes from Titon, and I put some notes in, but  
25 generally it was a case of meeting with Lugovoy, time,

1           date, perhaps the subject matter, but the detail  
2           I usually kept up here because it was usually very basic  
3           at that early stage, you know, we would go to Moscow in  
4           a date to meet various people. Well, you know, I could  
5           retain that in my head.

6   Q.   So appointments may have been documented in some form of  
7        diary?

8   A.   Some of them, but one of the difficulties as we'll  
9        probably see is that -- and this was Sasha's way, he  
10       would just appear, because he wasn't, as it were, my  
11       contact, he was employed in some form or another,  
12       consultancy, or whatever, with Titon. If he was there,  
13       he would always call in on me, so he may call in before  
14       his meeting with Titon or after, or he may have been in  
15       the area talking to other people in that Mayfair  
16       district and would just call in. As I say, he liked me  
17       and we talked Russian, he could let off steam.

18                So in terms of appointments, there were some fixed  
19        ones, especially if Lugovoy and Kovtun were coming over,  
20        that was in the diary clearly, but a lot of the meetings  
21        with Sasha where he would just turn up, I would say: hi,  
22        come in, have a cup of tea; and we'd have a chat for  
23        maybe five minutes, maybe an hour, it would depend.

24   Q.   Even in relation to the meetings that were, so to speak,  
25        prearranged appointments and possibly in a diary as such

1 as the fact of an appointment, even for the meetings  
2 with Lugovoy, Litvinenko and on occasion Mr Kovtun, is  
3 there no written record of the subject matter of those  
4 meetings that you retained?

5 A. I can't remember. It's eight years ago. The police had  
6 the diaries, so, if it is, it's certainly recorded.

7 Q. Right, you maintained a diary and there's nothing beyond  
8 that?

9 A. No, and as I said there certainly wouldn't have been  
10 much detail there, because these things were so  
11 preliminary and so skeletal that there was not much to  
12 put down.

13 Q. You're not maintaining so to speak, as some companies  
14 do, a formal computer-based audit of these meetings and  
15 everything like that?

16 A. Not in Erinys at that stage, no, we weren't that  
17 sophisticated.

18 Q. Well, let's deal with the first meeting with Mr Lugovoy,  
19 then, please. Do you have an exact date for when it  
20 took place?

21 A. I'm not sure.

22 Q. It may not matter. If you look at your first statement  
23 again at 2974, the foot of the page. 29 November 2006.  
24 You didn't have access to your diary at this point,  
25 Mr Reilly.

1 A. No.

2 Q. Bottom right-hand page reference is 2974. It's at the  
3 very foot of the page.

4 A. Yes.

5 Q. Just to refresh your memory from that as to the likely  
6 date. (Pause)

7 A. Yes, that would make sense, to visit -- Lugovoy was due  
8 to visit the UK in June or July 2006 and was willing to  
9 meet. I consented to the meeting, so, yes, that would  
10 be right.

11 Q. You go on:

12 "The first meeting with Lugovoy took place in the  
13 conference room. Sasha was present. I do not know the  
14 exact date it took place. However, I believe the date  
15 was before August when Russia basically shuts down for  
16 the holidays."

17 A. Yes.

18 Q. Can you describe the nature of that first meeting, your  
19 impressions of Mr Lugovoy and the purpose of it?

20 A. He was professional enough, smartly dressed, quite keen  
21 to impress, quite self-assured. He wasn't arrogant, but  
22 he was quite self-assured, and was keen to engage.  
23 You know, he was keen to tell me what he knew and who he  
24 was connected to. When he knew I'd worked in Russia, he  
25 was a little bit more relaxed and talking Russian to him

1           made it easier for him as well. But he essentially came  
2           across -- I had met many similar types over the last  
3           20 years, like him, so it was -- I knew what I was  
4           dealing with.

5   Q.   Similar types?

6   A.   Well, there's a Russian expression around that time, it  
7           has died out now, *Novi Russky*, we would call it  
8           *nouveau riche*, so they would have all the accoutrements  
9           of the Western world and then there would be an odd,  
10          you know, shiny tie or something like that. It was  
11          quite funny. It sounds awful, but you could spot this  
12          straightaway, and he was on the make, he was capable, he  
13          was reasonably intelligent. I think he could deliver,  
14          but it was amusing, because, you know, as I say, people  
15          who had been in that part of the world, and the Russians  
16          had a view of these as well, so it was a certain type  
17          that you could bracket quite easily, but he was seeing  
18          opportunities -- he was an opportunist, but he was  
19          reasonably -- he was pleasant and charming enough, big  
20          football fan, he was over here for the football, talked  
21          a lot about that.

22   Q.   You were sounding each other out at this meeting, by the  
23          sounds of things?

24   A.   Yes, I think it was easier -- he didn't know who I was,  
25          and he obviously didn't know much of my background at

1 first, so he was surprised I spoke Russian, he wasn't  
2 expecting that, and then I explained that I'd worked  
3 with, who I'd worked with in Russia, he visibly relaxed.  
4 But he saw this as an opportunity, and this was serious  
5 business, and one of the difficulties they have,  
6 I think, at that stage of development, coming out of  
7 that part of Russia then was they're never quite sure  
8 how big the company was, they had no idea of scale.  
9 They couldn't judge whether you were, you know, somebody  
10 the size of Shell or a corner shop. So they were always  
11 trying to gauge how big an operation you were. So if  
12 you had offices in South Africa and Middle East and  
13 London, for us, that's -- that doesn't necessarily mean  
14 anything in our economy, but for a Russian that was,  
15 wow, you must be a really serious business.

16 Q. You were describing your own qualifications, so to  
17 speak, that you colloquially took to the table. What  
18 did he tell you as to his own background and  
19 qualifications?

20 A. As I say, he was reasonably open. Sasha had already  
21 told me, and again in Russian we said: you were FSB; and  
22 I said: I used to work with those guys; and he worked in  
23 and lived in a part of Moscow; and I said: yes, I know,  
24 and I used to live here; very sort of that general  
25 probing of each other that everybody does.

1           So -- but I thought, as I say, he was a guy that had  
2           seen the main opportunity, quite clear-headed, extremely  
3           ambitious, he liked the money, he had all the toys and  
4           the watches and tie pins and cuff links and all this  
5           sort of stuff. He was a man about town, and that sort  
6           of thing.

7           So you could see that that's what he was like.  
8           I didn't see much steeliness in him, which is the  
9           overall -- which I'm sure we'll get to, I didn't see  
10          much steeliness in him.

11        Q.    Steeeliness?

12        A.    I worked quite a lot with these guys, and one --  
13            compared to as it were our side and the Americans, very  
14            different, their government people, and ours are  
15            extremely disciplined and focused and bright, and a lot  
16            of the Russian side were quite ordinary and quite  
17            ill-disciplined in thinking; you think how do they do  
18            that work, because, you know, it's quite difficult stuff  
19            that they do. So he was of that type as well, and that  
20            was a type I had noticed having worked in Russia, and  
21            I put him in that category, you know, some of the KGB  
22            were sort of the muscle end, and I had put him in the  
23            muscle end as a bodyguard and they were into martial  
24            arts and all this sort of stuff, which he -- I put him  
25            in that sort of category.

1 Q. Beyond establishing the fact of his history in the  
2 KGB/FSB, did you discuss with him his attitude to the  
3 FSB/KGB?

4 A. No.

5 Q. No?

6 A. No, of no interest to me and no interest to him, really,  
7 in that sense that this was a specific meeting about  
8 business for Erinys, and I wanted to get straight to the  
9 detail.

10 Q. All right, what was Mr Litvinenko's contribution to this  
11 initial meeting?

12 A. Not much. In terms of the technical side not much,  
13 because that wasn't his role and he certainly didn't  
14 know about oil and gas other than, you know, every  
15 Russian knows about Gazprom, people like that, from the  
16 political point of view, but it was specifically, no,  
17 and he didn't know about security or information  
18 gathering and that aspect for a major oil company. He  
19 didn't know what would be required. So his contribution  
20 had been to listen, to introduce and to fill in any gaps  
21 that there may have been between the two of us.

22 Q. What was the outcome of that initial meeting?

23 A. As I remember, I think I had -- once again, you know,  
24 this was a great idea and lots of people come to you as  
25 a Westerner, here and in Russia, with these ideas, so



1 I think my view was really to go back and substantiate  
2 things, you know: is there a need in Gazprom, who are  
3 you talking to, what sort of security do they do, what  
4 is their budget, when did they last do a review of their  
5 security, what do they consider their threats. And in  
6 a way, that sort of substantiates what I am saying, is  
7 that those are quite sensitive questions, actually, of  
8 any business; and that's why this inner circle of FSB or  
9 a foreigner that's worked with them and there has been  
10 a file kept on them in Moscow is quite important, but  
11 I could ask those; but I said, you know, I need some  
12 indication that if I'm going to fly out to Moscow, I'm  
13 going to meet somebody that's important, and it's not  
14 just one of these friends of a friend that's got a good  
15 idea, and you discover that actually he's got nothing to  
16 do with the security department, which often happens in  
17 Russia. You're talking to completely the wrong person.  
18 He was just trying to wedge himself into the operation.

19 Q. Mr Reilly, you've told us that Gazprom was heavily  
20 controlled by the FSB, and here is Mr Lugovoy in your  
21 offices in London presenting himself as somebody who  
22 could promote what could have been no doubt a highly  
23 lucrative contract with Gazprom for security.

24 What was he saying as to his ability to promote your  
25 interests within an oil company, that your assessment is

1 was still influenced by the KGB?

2 A. From my point of view he wasn't there to promote, he  
3 didn't have the skills to do that. He may have thought  
4 he was promoting, but he wouldn't be. As far as I was  
5 concerned he was a contact who would put me in touch  
6 with somebody within Gazprom security who was, as it  
7 were, the real thing.

8 So it may have been his view that he was going to  
9 promote himself. Having said that, what I was willing  
10 to do, if he did have a security company, if there was  
11 some aspect that he would want a small proportion of the  
12 contract, rather like the ethanol thing, I said: well,  
13 of course, you know, if this comes off with Gazprom,  
14 which would be a substantial multimillion-dollar  
15 contract and you have a Russian security company, I'm  
16 sure one way or another within the contract, we will  
17 find some work for you as a consultant to Erinys as the  
18 operator of Russian security for Gazprom in a particular  
19 region or in a particular sector.

20 So -- but nothing written about that. So I'm sure  
21 that's where (a) he'd get paid for the introduction,  
22 subsequently, if it was successful, and they understood  
23 that, successfully, it's not just opening the door, it  
24 is if something comes of opening of the door; and  
25 secondly down the line, you know, there was very much an

1           acknowledgement in sort of shorthand Russian style that  
2           of course, yes, you know, there would be some business  
3           value for you if the contract with Gazprom came off.

4   Q.   I'll turn to the potential scale of the contract insofar  
5           as we can in a moment, but I'm interested in what he was  
6           telling you as to his degree of influence, whether or  
7           not you felt he would deliver as a person in terms of  
8           his characteristics and capacity, what he was telling  
9           you as to his degree of influence within Gazprom to  
10          promote your interests.

11  A.   From my -- from what I recall, there wasn't much.  
12          I mean, there was -- in that time, the FSB had put a lot  
13          of people into security, not to secure their operations  
14          actually, but the real purpose was to stop penetration  
15          by the West into their operations.

16  Q.   Can you just break that down, Mr Reilly?  You may  
17          want --

18  A.   If you're Gazprom, you may think your physical security  
19          and your security department, as say for a Western oil  
20          company, would be physical protection of your assets and  
21          your people and your operations.

22  Q.   Yes.

23  A.   That is true of Gazprom.  But additionally, because of  
24          the Soviet mentality, there was also a responsibility of  
25          the security there to stop penetration by Western

1 competitors, for example, who were looking at your  
2 operations that you didn't want.

3 Now, in the Western world, that's done by, you know,  
4 a major cybersecurity aspect, it's not done by the  
5 physical security people and it's certainly nothing to  
6 do with the state. In the very largest companies there  
7 may be collaboration for certain parts of the world, but  
8 in general it's a separate thing.

9 So that's an area that the FSB was looking at,  
10 particularly then, so I don't know whether he thought  
11 about that area. I suspect, because as I say, the  
12 nature of the guy as an ex-bodyguard, he was more the  
13 muscle end, so he was thinking purely of physical  
14 security measures, and, therefore, he would probably  
15 know somebody who was an ex-bodyguard from the Kremlin  
16 around Yeltsin who had gone into the economic security  
17 department of FSB, which placed people in strategic  
18 industries such as Gazprom.

19 Q. Yes.

20 A. But that was not made clear which area he was, but my  
21 summation of his ability and general demeanour and  
22 background was he was simply looking at physical  
23 security, which, in itself, is very serious money.

24 Q. Can you quantify that?

25 A. It's impossible to say, but I once talked to the head of

1 Rosneft, the chief executive of Rosneft, on an unrelated  
2 matter, who wanted to, as part of attracting funding  
3 from this city and others, and becoming a westernised  
4 company, this is way back in early 2000s, was talking  
5 about -- he said: I want to have the same security as  
6 Exxon.

7 So I said to him, I said: well, you know, that's  
8 Exxon worldwide, and that's physical security,  
9 intelligence, cyber, every type of security, you know,  
10 and we may be talking USD 100, 200, 300 million. He  
11 said, "Yeah, that's exactly what I want".

12 Q. Right.

13 A. So Gazprom would be a commensurate level, but for us we  
14 certainly were not thinking of any expectations like  
15 that. We would be looking for a small security,  
16 relatively small security operation, you know, for  
17 something like an oilfield in Siberia, something, and  
18 you start from there.

19 Q. Yes, you start with one?

20 A. Yes, you're certainly not going to be handed a contract  
21 like that anywhere in the world.

22 Q. But even for a contract of that scale, as an initial  
23 contract, are you able to quantify the types of -- the  
24 sort of scale we're talking about here that you had in  
25 mind?

1 A. Well, I'm speculating now because we never got that far,  
2 so nothing was offered by Gazprom concretely about,  
3 you know: we've got a certain operation here, there,  
4 that we have a concern about, would you please go and  
5 survey and tell us how much it would cost to secure.  
6 So -- but, I mean, these are -- to do an operation for  
7 Gazprom, you know, you're talking of half a million  
8 upwards, but, you know, 5, 10, 15, 20 million. Some of  
9 the major operations in the Caspian I worked in for  
10 Chevron in the early 1990s, Iraq, Erinys had won,  
11 I think, a USD 200 million contract for securing  
12 northern Iraq during the hostilities.

13 Q. All right. Just one final question on this point. What  
14 if anything was Lugovoy saying or implying as to his  
15 contacts, ex-KGB contacts, existing KGB contacts, in  
16 Gazprom or otherwise that gave him value?

17 A. Well, simply that he named names, he said this person  
18 will see you, this guy's former role, I can't remember  
19 what it was, but he went through a very brief CV of  
20 these individuals, two or three in Gazprom who were very  
21 senior, including the head of Gazprom security. He  
22 didn't claim, to be fair, to know anything in detail.

23 Q. Did the discussions between you, and progression of  
24 this, although it in fact came to nothing, did it ever  
25 get to the level of quantifying his potential --

1 A. No.

2 Q. -- or Mr Litvinenko's?

3 A. No.

4 Q. Even in colloquially ballpark figures?

5 A. No, I made this very clear to them. Again, the Russians  
6 understand this. You know, one of the lessons they  
7 learnt is delivery in the West. Other parts of the  
8 world, sometimes the money has to be upfront and  
9 sometimes you win, sometimes you lose. But here,  
10 generally, setting up a meeting is not really enough.  
11 It's great, and it begins a relationship, but unless  
12 something comes of that, then actually no one gets paid,  
13 we don't get the contract, so you don't get paid. So  
14 they understood that system.

15 Q. Let's move on to meetings generally. Insofar as they  
16 were other than passing Mr Litvinenko when he was there  
17 to see Dean Attew or others associated with Titon, your  
18 meetings, your prearranged appointed meetings with  
19 Mr Lugovoy, where did they take place?

20 A. They all took place in Erinys' conference room, never in  
21 my office, simply because my office was too small, there  
22 was not enough room, and after the first meeting,  
23 I think all the subsequent meetings with Lugovoy, he was  
24 accompanied by Kovtun, and sometimes Sasha.

25 Q. Just going back so far as you can remember, on how many

1 occasions do you remember Mr Kovtun attending?

2 A. Well, let's say I met Lugovoy, say, four or five times,  
3 I think, four out of five, Kovtun was with him,  
4 introduced as a friend, an old friend, and nothing much  
5 more.

6 Q. Did you ever have any direct contact with Mr Kovtun as  
7 distinct from Mr Lugovoy?

8 A. Separate?

9 Q. Yes.

10 A. No.

11 Q. In terms of arranging these meetings, on what basis were  
12 they arranged? How did you arrange them?

13 A. Sasha initially, and then, as Lugovoy got to know me and  
14 realised I spoke Russian, he would phone me, he had  
15 a mobile, he may phone me up and say: I'll be in town in  
16 two weeks' time, I'm seeing Sasha, can we meet up as  
17 well.

18 Q. I'm going to turn to events on the meeting on  
19 16 October. I'll just get my reference for your diary  
20 for that day. (Pause)

21 INQ016464, please. Does this help you?

22 A. Not much.

23 Q. We're in a common position there. Do you recognise it  
24 first of all?

25 A. It is mine, it is my writing.



1 Q. Doing your best to look back at this, this is part of  
2 your diary.

3 A. Yes, mainly --

4 Q. Top right-hand corner is 12 October.

5 A. Yes, and the meeting is actually -- this is unrelated to  
6 Sasha, this is a meeting that John Holmes and I had.  
7 BOTAS is the gas transporter in Turkey, I used to live  
8 in Turkey and I used to deal with them, and nothing came  
9 of it within Erinys, but we were negotiating with them  
10 at the time, so that's what that is all about. I don't  
11 think there's anything to do there with -- no, nothing  
12 to do there with Sasha or this case.

13 Q. Do you remember a meeting on 16 October?

14 A. I can't remember if that was the date.

15 Q. Can you recall how it was arranged in the first  
16 instance, that specific meeting?

17 A. I think that was Sasha arranged that, and it consisted  
18 of himself and myself and Lugovoy and Kovtun.

19 Q. How long in advance had it be arranged, do you remember?

20 A. That was probably -- I can't -- my impression was that  
21 was not a spur of the moment, that was, you know, in the  
22 diary, that was in the diary for a while, because now we  
23 were talking about, as it were, Erinys business and  
24 Gazprom, so now, as it were, paying attention.

25 Q. Could we have the telephone master schedule up, please,

1           INQ017866.

2           Mr Reilly, you won't have seen this, but your  
3           telephone data amongst others has been reflected in  
4           a schedule of calls made and received over time.

5   A.   Sure, yes.

6   Q.   We can see events on the 16th.

7   A.   Mm-hmm.

8   Q.   Including at 11.45, the third entry, Mr Lugovoy calling  
9           in sequence Mr Shadrin and Mr Litvinenko's numbers?

10  A.   Yes.

11  Q.   But then five or six minutes later Mr Litvinenko calls  
12           you?

13  A.   Yes.

14  Q.   It would be open to the Inquiry to conclude that these  
15           calls by Mr Lugovoy were made at Gatwick airport or as  
16           he left Gatwick airport having landed in the  
17           United Kingdom?

18  A.   Yes.

19  Q.   We can also see other references to your number here,  
20           not many, probably calling your -- Tim Reilly 2 calls  
21           and Tim Reilly 1?

22  A.   Yes.

23  Q.   We don't need to worry about that, but at 11.55,  
24           Mr Litvinenko attempts to call you again.

25           So jogged by reference to that schedule, you don't

1 appear to call any of the parties. Can you try to help  
2 with what the call from Mr Litvinenko might have been  
3 about?

4 A. I would imagine it would have been to arrange a meeting.  
5 He didn't discuss matters over the phone, part of his  
6 background, really, so usually the purpose of calls to  
7 me were timings, where shall we meet and when, are you  
8 available, you know, that sort of thing, but I really  
9 can't remember the nature of the call eight years ago.

10 Q. On the face of it, it's a call that lasts 26 seconds.

11 A. Yes. Well, that would make ...

12 Q. You said it was a prearranged meeting for that day with  
13 them, and so far as you can remember, did that meeting  
14 take place in the morning or afternoon?

15 A. It was a morning meeting.

16 Q. We'll come back to that. Would this be consistent,  
17 without remembering the precise purpose of the call,  
18 with effectively they've landed, the meeting was on,  
19 type call?

20 A. Yes, as I say, Sasha on his own, he would just turn up,  
21 he may call, but often he just turned up, he would be in  
22 the office to discuss Titon business and would come  
23 across and see me either before or after, or both. But  
24 once we had got, as it were, serious and Lugovoy was  
25 involved and we were chasing a Gazprom contract, then,

1           you know, we needed to know precisely when these people  
2           were meeting, and a conversation of 20-odd seconds is  
3           probably consistent with what I've already said, simply  
4           hello to him, they're at the airport, confirming  
5           a meeting later today, 20 seconds would probably do.

6    Q.   Does the name Alexander Shadrin mean anything to you?

7    A.   No, not really.  No, no.  It's a slight ring of the  
8           bell, but I can't remember.  Certainly nobody I was  
9           close to.

10   Q.   Continental Petroleum Limited, does that mean anything  
11          to you?

12   A.   No.

13   Q.   Was either Mr Shadrin or Continental Petroleum Limited  
14          the subject matter of discussions with Litvinenko and  
15          Lugovoy?

16   A.   I don't think so, no.  I can't remember, but the primary  
17          one was obviously Gazprom.

18   Q.   As I've indicated, no further calls directly involving  
19          you.  No calls at all relevant to our purposes between  
20          14.54 and 16.12.  All right?

21   A.   Yes.

22   Q.   Might that assist with the time of the meeting, or is  
23          that too speculative?

24   A.   Yes, I just cannot remember without a reference, seeing  
25          the diary, if indeed -- well, I'm sure it was put in,

1           that one.

2    Q.   The seating arrangements on that date.  Could we have  
3           firstly -- and I'd like to have these two documents --  
4           well, let's start with Mr Reilly's plan, if we could,  
5           first.  That's probably the best way forward.  You were  
6           asked by the police -- INQ018987 -- you were asked by  
7           the police to -- your statement 11 January 2013 --  
8           assist with who sat where at this meeting.  How certain  
9           are you as to this?

10   A.   Very.  Can you remind me, having said that, can you  
11          remind me now where I was on that, the coding, A, B, C,  
12          D?

13   Q.   Yes, I think that's probably appropriate.  You've had  
14          the statement in advance, haven't you?  You've  
15          attributed to the respective seats.  Can you remember  
16          directly now or are you based on your statement --

17   A.   I think I was A, Sasha was B, Lugovoy was C, Kovtun was  
18          D.

19   Q.   That's exactly how you described it in January 2013, if  
20          that's any consolation.  So going around again, A is  
21          yourself.  B, Mr Litvinenko.  C, Mr Lugovoy and D,  
22          Mr Kovtun.

23   A.   Yes.

24   Q.   Come back to it.  How clear is that in your mind as to  
25          the arrangement on 16 October?

1 A. I'm as sure as I can be, in that I wanted to sit  
2 opposite Lugovoy who was the critical person for me, but  
3 I was aware that Sasha had brokered this meeting, so  
4 I wanted him involved, so to put him in position D or  
5 even beside me, I didn't think was right. So  
6 I deliberately steered him towards B which was -- it's  
7 essentially a dining room table there, so B had  
8 a substantial chair which he sat in.

9 Q. Pause there, Mr Reilly, I'll help to save you describing  
10 it. Could we have juxtaposed with this, please,  
11 INQ017922 on screen.

12 If we just go through it.

13 Now, Mr Reilly, we now have on screen, if it's not  
14 too inconvenient, could you expand the plan just while  
15 we go through this in sequence and we'll come back to  
16 everything else. Can you rotate it, that image. Is  
17 that correct?

18 Mr Reilly, you help. We have got, I hope, your  
19 plan, your sketch plan, and a somewhat more snazzy  
20 overhead --

21 A. No, actually, the chair at the head of the table is in  
22 the wrong position. You know, south, it should be  
23 north. And beyond those soft chairs in that sort of  
24 bay -- is a window, so the window was there, there was  
25 the soft seating area there, that table, small table,

1           that had magazines on it. You can see there wasn't ever  
2           enough room to sit there comfortably, so we always sat  
3           at the table itself, but the main chair at the foot of  
4           the dining room table is in the wrong position.

5    Q.   That would be where we see B on your sketch?

6    A.   It should -- yes, it's not, it's actually where -- yes,  
7           on the sketch, it's the unnamed other end of the table.

8    Q.   Yes. The orientation of these two images is correct  
9           overall, window at the top?

10   A.   Correct.

11   Q.   There's a map of the world on the wall at the bottom  
12          end, you may not remember?

13   A.   Yes.

14   Q.   And the doors in and out --

15   A.   Our bottom right was a small corridor of about a couple  
16          of metres which led into my office, and along that  
17          corridor was a water fountain.

18   Q.   Right. How would people have come into this --

19   A.   Through that door, bottom right.

20   Q.   On the plan, bottom right?

21   A.   Bottom right, they'd have come through that door with  
22          the water fountain on their right in the corridor  
23          leading to my office and then left into the room.

24   Q.   What procedure would visitors have had to follow before  
25          they got to the premises?

1 A. Downstairs, they had to come in. Yes, I think they  
2 buzzed on the outside. There was a sort of concierge  
3 there downstairs. They should have booked in on  
4 a visitor's book, I obviously don't know whether they  
5 did or not, and then they could either walk or take  
6 a lift upstairs, which brought them out into a communal  
7 area between Titon and Erinys and they went through then  
8 into a security -- I think one security door, which we  
9 had to open, and then a sort of convenience fire door.

10 Q. Was the visitor's book a communal one for the overall  
11 premises?

12 A. Yes, for the entire --

13 Q. Were there other companies other than Titon?

14 A. Yes, for all companies there.

15 Q. We would all be familiar with that. It's the general  
16 building visitor's book?

17 A. Correct.

18 Q. It wasn't your responsibility to monitor the visitor's  
19 book in that sense. Could we go back to our orientation  
20 on the fourth floor at Erinys. I'll come back to drinks  
21 and water fountains and everything else in a minute, but  
22 if we could go back, please, to INQ017923, and then on  
23 to 924. Again, if you could highlight, please, the  
24 photographs to get your bearings, Mr Reilly, so you can  
25 describe to us whether this --



1 A. Again, the chair in the main picture, the chair is in  
2 the wrong place.

3 Q. Bear in mind, Mr Reilly, these are taken as the police  
4 examined it or took photographs, so chairs may well have  
5 moved.

6 A. Yes.

7 Q. But in terms of how it was set up for your meeting,  
8 you've indicated the chair was at the window end, the  
9 carver chair was at the window end?

10 A. Yes, in other words 003PJD, the middle picture, is  
11 probably the most useful and accurate.

12 Q. Does it show the door in that you'd have followed as  
13 well?

14 A. The door showing in is, yes, in that picture and in the  
15 lower picture, the lowest picture, clearly the door is  
16 there, and if you imagine where the photographer has  
17 been standing to take that picture, behind him would  
18 have been the water fountain.

19 Q. All right. As you know, the scene was examined  
20 forensically after events became apparent, but looking  
21 at the furniture as photographed and as examined by the  
22 police, does that look to be the same furniture and  
23 everything else?

24 A. Yes, it does. And the critical thing, why I remember  
25 this, is that the chairs at either end of the table have

1 got side supports and the rest didn't. They got arm  
2 rests. You can see clearly on the left-hand side there,  
3 and it's similar, the one at which Sasha sat at the  
4 other end of the table.

5 Q. So as with many dining room sets, there are two carver  
6 seats?

7 A. Yes, carver, that's the word I'm looking for, yes, two  
8 carver seats, and Sasha sat in position B which was one  
9 of the carver seats.

10 Q. Nearer the window?

11 A. Nearest the window.

12 Q. And?

13 A. Nobody sat at that far end, so that's where the -- in  
14 the photograph, the far left, by the door lever, nobody  
15 sat there.

16 Q. This is a meeting on 16 October, and the police plainly  
17 don't arrive to examine the scene until some weeks  
18 later. Given your knowledge of the premises, is it  
19 possible/likely/whatever that chairs may have moved  
20 around the room for one purpose or another in between  
21 meetings?

22 A. Of course it's possible, of course it's possible, yes.

23 Q. What was your practice in terms of chairs with meetings?

24 A. As I say, because of the smallness of the office, then  
25 most meetings with any client would be in that room,

1 because it was simply the biggest. On the sideboard,  
2 which you can't -- yes, there's a small sideboard,  
3 really, in the top photograph, against the wall, below  
4 the picture, we had coffee and drinks and all the rest  
5 of it. The water fountain is on the right-hand side,  
6 which is slightly obscured by the open door on the top  
7 photograph. It's on the right-hand side. You're  
8 looking into my office there, actually, right through,  
9 on that right-hand side of that top photograph. That  
10 chair you can see in the distance is my office. So the  
11 corridor is that long, and along which on the right-hand  
12 side as you look at it was the water fountain.

13 Q. Right. The water fountain, how did that -- it sounds  
14 a slightly ridiculous question, but how did that work?  
15 There are various types of water fountain.

16 A. In the very early days of the investigation, one of the  
17 things said to me by the police is that they were not  
18 entirely convinced that I was not also an intended  
19 target. They were ambivalent about that, but they  
20 couldn't cancel it out, and on the day that this  
21 happened, when I -- involving -- Sasha was hit, it was  
22 a hot day and I had been going in and out of the office  
23 and I had drunk an awful lot of water because I was  
24 thirsty, and these guys arrived later for the meeting,  
25 and I did -- you know, I obviously offered them coffee

1 and everything else. And they kept saying to me: well,  
2 don't you want any, aren't you having tea; you know,  
3 they were joking, saying English drink tea and all this  
4 sort of thing. And I said: no, guys, really, I don't  
5 want to; I said: I'm full up, I have to go to the loo  
6 the whole time, I've been out like you guys and I've  
7 been thirsty, so I've been drinking out of the fountain.  
8 So I offered them tea and I can't remember whether it  
9 was tea or coffee, whatever it was, and made it for  
10 them, but they kept saying to me would you -- don't you  
11 want any, won't you have anything.

12 Q. Did the fountain dispense water into a plastic cup or  
13 equivalent?

14 A. Yes, it's those sort of almost translucent blue large  
15 barrel shaped things, you have a little white thing that  
16 would be ice cold or just cold.

17 Q. Pull out plastic cup, disposable cups?

18 A. Yes.

19 Q. Doing the best you can to remember, did Mr Lugovoy  
20 arrive on his own with Mr Litvinenko, with Mr Kovtun, in  
21 what sequence did people arrive?

22 A. Altogether, yes, I think there might have been a couple  
23 of minutes' difference, but, yes, this was Kovtun and  
24 Lugovoy for sure.

25 Q. In terms of entering the boardroom, what was the

1 sequence of arrival in the boardroom?

2 A. I can't remember. It's a small, confined space, so,  
3 you know, everybody is sort of slightly jostling around  
4 to get in and they've got -- I think Lugovoy had been to  
5 Hamleys or something like that and he'd got sweat shirts  
6 from Arsenal, so he was full of bags and all over the  
7 place.

8 Q. More specifically, do you remember whether the three men  
9 entered the boardroom together and whether you were  
10 present?

11 A. Yes, I mean, I was present, and I came out of my office  
12 because I heard the door, opened the door for them,  
13 I led -- simply because it was easier, I led the way  
14 into the boardroom, which they were already familiar  
15 with, I mean, at this stage they were familiar with it.

16 Q. Where were they when you led them in?

17 A. They were literally on my shoulder coming through this  
18 door, as close as these stairs, and I was here, shook  
19 their hand, which is quite -- again, it's very  
20 important, that, in Russian culture, and there's  
21 often -- it's quite funny, sometimes for Russians,  
22 foreigners who don't know, but what happens is it's very  
23 bad luck to shake a hand across a doorway, so what  
24 Russians will do, they'll either drag you across, which  
25 for Westerners is like, "oh", or they'll pull you in to

1           them, because it's very bad luck. So I'm very aware of  
2           that, so when Russians come, you make sure you shake  
3           hands, especially amongst men, on the right side of the  
4           doorway, either you go or he comes, otherwise it's not  
5           good news. So I'm very aware of that. So there's a lot  
6           of bunching goes on in Russian meetings around doorways  
7           as a consequence. So I know I was very close to them.

8    Q. Where had the three men been -- we're all learning  
9           a lot, Mr Reilly. Where had the three men been prior to  
10          you seeing --

11   A. They didn't say, they said they'd been at a meeting and  
12          I never asked.

13   Q. Physically within your workplace? Where did you first  
14          see them? It was a very narrow question.

15   A. The doorbell went and they were coming up the stairs.

16   Q. Together?

17   A. And I came out of my office, turned left in front of  
18          that door, and saw them there and opened the door to  
19          them. Whether they had come by lift or the stairs,  
20          I don't know.

21   Q. But they were as a group of three, when you greeted  
22          them?

23   A. I'm almost certain, yes. Certainly there was two,  
24          Lugovoy and Kovtun, and whether Sasha was with them or  
25          a couple of minutes later. Essentially we all arrived

1 more or less at the same time, everybody was on time for  
2 the meeting, which again is quite unusual for anything  
3 Russian.

4 Q. How long did the meeting last?

5 A. I really can't remember, but this was probably somewhere  
6 in the region -- it would have been more than a quarter  
7 of an hour, but not an hour. 30, 40 minutes.

8 Q. What is your memory of whether refreshments were  
9 provided in the currency of that meeting?

10 A. They were.

11 Q. They were?

12 A. They were.

13 Q. In your own words, then, what were the circumstances,  
14 the timing, the detail of provision of refreshments  
15 during that meeting?

16 A. The usual. The handshaking, removal of coats, the  
17 weather, a British subject, and then tea and British,  
18 because the Russians believe, you know, that we're all  
19 big tea drinkers and certainly in the early days of the  
20 break-up of the Soviet Union, one of the best gifts you  
21 could give was English -- it's not English, it's Indian,  
22 but what's perceived as English tea as a gift to people.  
23 I used to give a lot of tea to Russians in the early  
24 1990s. So there's a big association with English and  
25 tea, so there's always this sort of -- we discussed the

1 weather, and on this particular occasion, talking about  
2 drinks, we discussed tea, and especially so with Lugovoy  
3 who is not that familiar with Britain at that stage, he  
4 had been to other countries in the West, he had this  
5 vision of -- certain authors they always talk about and  
6 people they mentioned, and, you know -- et cetera.

7 So --

8 Q. So tea was discussed.

9 A. I went to make it.

10 Q. Taking it in stages. Carry on with that.

11 A. I went -- I just went and made it. There was a machine  
12 there for the coffee, the usual little cups and you put  
13 in the machine and it does everything else, and there  
14 was a little tea-making area, and I think I -- some of  
15 them had tea, I really can't remember what the mixture  
16 of tea and coffee was, but everybody had something,  
17 except me.

18 Q. So what was put on the table, so to speak, from your  
19 hosting these three men and making them some British  
20 tea?

21 A. We did have a nice tea service which John Holmes, as  
22 a good ex-Guards officer insisted on, but me being  
23 Parachute regiment, everybody got mugs. I joke.  
24 I can't remember, it was either we had mugs or we had  
25 some china of some sort. I really can't remember, but



1           it was ours and I dispensed it.

2   Q.   In principle, was there a teapot available in the room?

3   A.   I can't remember, but there was, yes.

4   Q.   Can you recall what drinks each man respectively had?

5   A.   No.

6   Q.   Can you remember one way or another whether there were

7           additional drinks from those you had originally

8           provided?

9   A.   Soft drinks or do you mean alcohol?

10  Q.   Any drink at all?

11  A.   No, as far as I remember, no.  There was no reason to.

12  Q.   In other words, was it -- anybody getting up to get more

13           coffee, anybody getting up to get more tea, whatever,

14           during the currency of that meeting?

15  A.   I can't remember.

16  Q.   May that have happened?

17  A.   Sorry?

18  Q.   May it have happened?

19  A.   It may, but I can't remember, but again the way it works

20           in hosting is that I wouldn't have allowed a guest to

21           have done that, you know, I would have just, you know,

22           how I operate, I would be the host and I would make the

23           drinks for the guests.

24  Q.   You have given an estimate of the meeting of more than

25           a quarter of an hour but less than an hour.

1 A. Yes.

2 Q. So far as you remember, were you -- was there any point  
3 where you left the meeting as it went on.

4 A. Yes, well, in terms of -- I had initially, when I went  
5 to get the drinks, I had to go into the kitchen area and  
6 make them. I may have gone to the loo simply because  
7 I've been drinking all this water all morning. I think  
8 I did, actually. But that I probably would have done  
9 during the course of that meeting. But I don't recall  
10 anybody else leaving the room.

11 Q. But you believe you did?

12 A. I think I did.

13 Q. If only for a lavatory break?

14 A. Yes, because as I say, I literally was -- I had been  
15 spinning around London, it was a particularly warm day,  
16 and I was really, really quite dehydrated.

17 Q. In terms of who sat where and the determination of that  
18 issue, do you remember anything about that? I mean, was  
19 position A a preferred position for you? What about the  
20 others?

21 A. Starting with Sasha, I wanted him to be involved and  
22 I was aware that he had brokered this, and he could be  
23 not sensitive, but because of his lack of understanding  
24 of how Western -- I didn't want him to feel in any way  
25 that he was being moved out, simply because I had

1           Lugovoy. It's not the way we operated and it's not the  
2           way I operate. So I was very -- and that's why I know  
3           I put him in that position, because therefore he was in  
4           a sense brokering, chairing the two sides, and I was  
5           happy for him to do that.

6   Q.   Yes.

7   A.   I obviously wanted to be near Sasha and sat beside him.  
8           Just instinctively, I always like that side of the  
9           table. No idea, why you take an aisle seat or a window  
10          seat in an aircraft, it's a personal choice, but I just  
11          like that side, maybe because the light was coming over  
12          my left shoulder from the window at the top of the  
13          picture.

14   Q.   Yes.

15   A.   Then obviously, out of the two characters, Lugovoy and  
16          Kovtun, the one that I was dealing with commercially was  
17          Lugovoy, and so I wanted to be opposite him. So he was  
18          there. I didn't really, frankly, care what Kovtun did.  
19          To me he was -- well, no doubt we'll talk about him, but  
20          to me he was not really part of this. The key people  
21          were Lugovoy, and I wanted Sasha there so that he was  
22          closest to what I presumed was his colleague/friend  
23          Lugovoy, and me there as well as the guy that he was  
24          introducing Lugovoy to.

25   Q.   To go back to drinks, I'm sorry about this, but you'll

1 understand the importance in the context of this  
2 Inquiry, what then would have been on the table in terms  
3 of drinks, sugar, sweeteners, matters of that kind, what  
4 was on the table?

5 A. All of the above. We didn't -- I don't think we had  
6 bottled water, but I offered them water from the  
7 fountain and they didn't want it. So -- but the usual  
8 condiments there. I can't remember whether there were  
9 some mints or something, there may well have been, but  
10 certainly there would have been sugar, because the  
11 Russians again do take a lot of sugar with their tea, so  
12 culturally, you know, it has to be there.

13 Q. What about milk?

14 A. Milk as well, milk would have been definitely on the  
15 table because I like milk so I know I would have had it  
16 there. We had a small fridge, I think.

17 Q. Jug or --

18 A. Jug.

19 Q. -- a ghastly container type?

20 A. No, no, it's a jug. Then, as I say, it was either the  
21 china or some Erinys mug or something like that.  
22 I don't -- there was no sweets or cakes or anything like  
23 that.

24 Q. As between the three men, can you remember whether there  
25 was any engagement one to the other with each other's

1        drink, in other words here's the milk or here's the  
2        sugar or anything of that kind that you remember, one  
3        being passed to the other?

4    A.  No, I would just be speculating.

5    Q.  Right.

6    A.  I would just be speculating.

7    Q.  Where on the table would the milk, condiments, sugar and  
8        so on have been positioned initially?

9    A.  Essentially, again, because the three critical people  
10       are at the top, it would be equidistant between A, B and  
11       C, around there, and then we would push the sugar down  
12       to Kovtun at D.  But essentially it was around and  
13       slightly to the right of me, simply because we all had  
14       our writing materials, so it would be myself here, Sasha  
15       here, Lugovoy there, tea and coffee here, but  
16       slightly -- simply so that we could talk to each other.

17   Q.  Once the men had come in on the bottom right-hand corner  
18       on the door we've seen, where did they put, for example,  
19       these bags of shopping and bits and bobs like that that  
20       you have described?

21   A.  If you look at the bottom photograph, 004, below the  
22       door lever on that white space, below the map, along,  
23       around there.

24   Q.  Yes.

25   A.  Simply because to put it to the right would have sort

1 of -- it's a small room, it would be -- they would be  
2 all stepping over it, trying to get to the top of the  
3 table.

4 Q. I know you've described this, but where did the  
5 handshaking take place if you look at the screen?

6 A. It's essentially -- I can't really show it, but from  
7 where this photograph is taken, if you imagine the  
8 cameraman there taking a photo, to his left is a shape  
9 about the size of this where I'm sitting, there's a sort  
10 of -- sort of an area off the door.

11 Q. So it's out of the office?

12 A. Yes.

13 Q. Out of the boardroom, rather?

14 A. Yes, yes.

15 Q. Which door did the men use to leave?

16 A. The same one.

17 Q. Whilst you were present -- did you leave at the same  
18 time?

19 A. Leave the building? No. I stayed --

20 Q. Leave the room.

21 A. When they left?

22 Q. Yes, when they left.

23 A. Yes.

24 Q. To show them out?

25 A. Yes.

1 Q. Right. Whilst you were in that boardroom for that  
2 meeting, did you see any of the men go into the -- as we  
3 look at the plan, the bottom left-hand corner?  
4 A. No.  
5 Q. Or to your side of the table?  
6 A. No.  
7 Q. Is that something that didn't happen, can be excluded,  
8 or what?  
9 A. No, because they didn't go to the loo and I -- if there  
10 was any refill of, you know, coffee, tea, I would do it.  
11 So the only time they went by the bottom left side was  
12 when either they entered the room or exited it. The  
13 fire door you can see is John Holmes' office, so they  
14 certainly wouldn't have --  
15 Q. Can we stick to the plan? Sorry to be difficult. On  
16 the plan, they would have come in on which side? The  
17 left-hand bottom corner or the right-hand bottom corner?  
18 A. Bottom right-hand.  
19 Q. Bottom right-hand corner, there?  
20 A. Yes, they came through --  
21 Q. And exited?  
22 A. The same place.  
23 Q. The same place. So I'm just going to go back to this  
24 question again. If we go to the bottom left-hand  
25 corner, if that could be highlighted with an arrow

1           again, was there any point at which you saw any of these  
2           men go into that left-hand quarter of the room?

3    A.  No, and there's no reason to, and that was John Holmes'  
4           office and that was always shut, and he was very good  
5           and that was his background, military, the door was  
6           always shut.

7    Q.  Could we then go back to INQ17923, please and 24.  Could  
8           you highlight now that and juxtapose it with the plan as  
9           we did before, that image, please.  If you can orientate  
10          it the same, thank you very much.

11                 We've got the orientation right, have we, Mr Reilly?

12   A.  Well, the orientation is right except that chair, that  
13          carver, is -- may well have been there, but there was  
14          another one at the north end.

15   Q.  As a couple of images, the rooms are orientated in the  
16          same way, the correct way, window at the top?

17   A.  Yes.

18   Q.  Map of the world as it happens at the bottom?

19   A.  Yes.

20   Q.  The individual seats, the carver seats and so on, have  
21          moved.

22   A.  Yes.

23   Q.  But put that to one side.  Were you aware that  
24          contamination was found within this boardroom on  
25          examination by the police?



1 A. Yes, I was.

2 Q. Pausing there, has it ever been explained to you  
3 precisely where that contamination was found within the  
4 boardroom?

5 A. I think the description from the weapons people was --  
6 it was an oak table covered with a baize cloth,  
7 reminiscent of a snooker table is the best way I can  
8 describe it, and the texture, and I think the word they  
9 used was "heaving" with contamination.

10 Q. More specifically, have you had any more specific  
11 description of the relative levels of contamination  
12 found on the table, first of all? Have you ever had  
13 explained to you --

14 A. The numbers?

15 Q. -- which area was higher than the other and so on?

16 A. No.

17 Q. Have you ever seen this image before?

18 A. This image, particular image?

19 Q. Yes.

20 A. No.

21 Q. All right. To your knowledge, would the green cloth,  
22 the snooker table-type fabric, would there have been any  
23 reason for that cloth to have been moved between the  
24 date of your meeting and the date of police examination?

25 A. No. John Holmes was always pretty insistent on that, he

1           didn't want that table scratched, we always used to  
2           tease him about it, but he was very insistent that as it  
3           was not a dining room table, it was for commercial use,  
4           that he would have that baize -- that he would have that  
5           cloth on top of it, at all times. There was no reason  
6           to remove it.

7    Q.   Were there any other items of desk furniture that would  
8           be on that table, typically, or habitually or always  
9           that you remember, I mean by which telephones,  
10          conference call machines, things of that kind?

11   A.   I think we might have pulled a telephone over there on  
12          occasion, but not for the Litvinenko meeting.

13   Q.   Ordinarily would there be anything -- this is getting  
14          down to --

15   A.   Left on to it permanently?

16   Q.   Yes.

17   A.   No, no.

18   Q.   All right. Thank you. You've given your account of  
19          where people were sitting, where they moved, what they  
20          did, without any knowledge whatsoever of relative  
21          readings of contamination in the room. Correct?

22   A.   Yes.

23   Q.   Thank you, that can come off now. Can we turn, then, to  
24          the subject matter of the meeting itself, what was  
25          discussed, what wasn't.

1           What was the subject matter of this meeting, once it  
2           had got started and jokes about Brits and tea had been  
3           got through?

4   A.   It was really -- and I can't remember the detail, but it  
5           was really confirmation, as far as I was concerned, that  
6           Lugovoy had gone back to Moscow, he had talked to  
7           Gazprom and that this was at least a serious proposition  
8           in terms of getting an audience, very, very, very far  
9           from getting a contract, but at least we were talking to  
10          people which, to talk to a company like Gazprom in  
11          itself is very, very difficult, especially on a subject  
12          matter like this, with regard to security.

13   Q.   Who led the conversation?

14   A.   Well, a mixture of Lugovoy and myself.  And, as I say,  
15          Sasha was there, you know, he wasn't particularly --  
16          he's not -- he wasn't an oil and gas and that type of  
17          commercial security background, he obviously knew --  
18          you know, in terms of what he did in his government  
19          days, so the meeting was really about Gazprom, who  
20          I should meet, when it would be possible for me to  
21          visit, et cetera, between Lugovoy and myself.  Kovtun  
22          said nothing.

23   Q.   What name were you using for Mr Litvinenko by  
24          16 October?

25   A.   In terms of meetings?

1 Q. Yes.

2 A. I would call him "Sasha" which is the diminutive of  
3 Alexander in Russian.

4 Q. What part did Mr Kovtun play in the discussion?

5 A. None, ever.

6 Q. Did you question either to yourself or to others the  
7 purpose of his attendance?

8 A. Kovtun?

9 Q. Yes.

10 A. No, but experience told me, and as I say, I'd worked in  
11 this KGB/FSB community for long enough, and as I said,  
12 the Russians take the psychology of work like this very,  
13 very seriously, possibly more than we do, in that my  
14 view was that he was a guy who was just watching me, and  
15 Yuri Shvets later told me that's true, and I knew that  
16 from my own Russian friends and colleagues back in  
17 Russia, that one guy does the talking and the other guy  
18 is trained to look at you, body language, they literally  
19 make an assessment of your psychological profile of you  
20 and they're trained to do that. They watch everything,  
21 your movements, your body language, as I say your  
22 vocabulary, your use of language, and they'll make  
23 a report on you.

24 So I didn't know if he was that, but it fitted the  
25 bill and I'd been looked at like that before in my

1 career, and it doesn't really bother me, I had nothing  
2 to hide and, you know, I was in my own country, so  
3 I wasn't particularly impressed with the guy, I didn't  
4 think much of him, but I assume that's what he was  
5 doing, but as I say, it didn't bother me particularly,  
6 because --

7 Q. How was he dressed?

8 A. Reasonably. Jacket and tie, you know. Fairly  
9 indistinguishable looking. Not scruffy, not immaculate,  
10 and nothing like Lugovoy who was always very, very  
11 particular about his dress.

12 Q. And Mr Litvinenko's dress for this business meeting?

13 A. Yes, he always was, yes, he would be in a new shiny suit  
14 and --

15 Q. Mr Litvinenko?

16 A. No, Sasha? No, Sasha would turn up in whatever he was  
17 in, often a jacket or a shirt or whatever. He -- he  
18 would often come with a jacket on and he had a bag,  
19 a nice bag that he had, that he used to -- I think  
20 a shoulder bag, that would be it.

21 Q. It's Mr Lugovoy in the shiny suit?

22 A. Correct, yes.

23 Q. You've described a couple of times the underlying  
24 purpose of this meeting, of a possible security contract  
25 with Gazprom to get things going in Russia. What was

1 the practical outcome in terms of your discussion from  
2 this? Who was going to do what in other words?

3 A. I think it was just a prolongation, really, of, as  
4 I say, a firm -- I was beginning to think this guy is  
5 serious, he had talked to people, there was invitation  
6 to Moscow, he named people that I would see; and from my  
7 point of view, the next step would have been to talk to  
8 John Holmes about this and say: look, we've got  
9 a serious, you know, opportunity here, at least to talk  
10 to people, but very much -- and this is what I was doing  
11 all the time with Sasha, and then with Lugovoy, was to  
12 manage their expectations. They jumped, you know, we  
13 had immediately got a contract. So in other words it  
14 was prolongation and confirmation that there may be an  
15 opportunity here to meet somebody in the security world  
16 at Gazprom in Moscow.

17 Q. Mr Lugovoy plainly was trying to promote the possibility  
18 of Erinys, possibly an unknown quantity, with Gazprom.

19 A. Sure.

20 Q. Getting work. So what was he asking of you and what was  
21 expected in return?

22 A. What he really wanted, and as I say I've been in that  
23 area quite a while, he clearly wanted -- he was probably  
24 thinking to himself that he could form a joint venture  
25 with Erinys in Russia and provide jointly, we could

1 provide a service to Gazprom, and no doubt that was  
2 a side conversation he was having, or hoped to have,  
3 with Gazprom. But they wouldn't have that conversation  
4 until Gazprom was happy with Erinys, or else he would  
5 lose his credibility. So --

6 Q. It may be obvious, but what was the benefit of a joint  
7 venture as distinct from a one-off consultancy fee or --

8 A. Obviously, that's how he inserted himself in to  
9 essentially supplying security for Gazprom, and not  
10 a ridiculous idea, and that's exactly what DSL did with  
11 the Alpha group in the early 1990s, and frankly, from  
12 Gazprom's point of view, as long as the guy was okay,  
13 that would give them reassurance in that they weren't  
14 completely exposed by giving their security to a foreign  
15 company.

16 Q. If I can distil it, he is seeking information on Erinys  
17 to introduce to Gazprom, and what was he asking of you  
18 in order to do that at this meeting?

19 A. As I say, he wasn't really seeking that much information  
20 of Erinys, which is what he should have been doing. It  
21 was more a case of he was happy for me to pose questions  
22 about Gazprom. What he wanted out of it, I would think  
23 at first was an introduction fee, and then a success fee  
24 if we actually formed a venture, and unsaid, but my  
25 experience over 10, 15 years at that time would be that

1           then he would probably -- you would suddenly find that  
2           Gazprom introduced him, if it was going well with  
3           Erinys, Gazprom at some stage would say: here's  
4           Mr Lugovoy, and we thought you might want to form  
5           a joint venture with him; which was more an instruction  
6           than an idea, if you understood where they were coming  
7           from.

8   Q.   Was the subject of money mentioned in terms of --

9   A.   No.

10  Q.   Can you look at your initial statement again, Mr Reilly?

11       It's a lot to remember, this, I appreciate that.

12       INQ002981, it's your first statement.  Sorry, your

13       second statement, 8 December 2006, but more directly

14       2981.

15                Could you highlight, please, from the fourth line

16       "in my mind" down to the end of the paragraph.

17                This was your account nearer the time, Mr Reilly.

18  A.   Yes.

19  Q.   So others can follow the record:

20                "In my mind, Lugovoy and Erinys would approach

21       Gazprom as a team and if we got a contract Lugovoy would

22       deal with the Russian side, Erinys with the Western

23       side.  My ultimate goal would be to be a sort of

24       international security manager offering various types of

25       security and consultancy.  In my notes, I have an entry



1           dated 16 October 2006 under the heading Gazprom. From  
2           these notes, I recall that Dmitri [and that's Mr Kovtun]  
3           was referred to as the Global Project director. Lugovoy  
4           wanted me to provide a list of questions for Gazprom  
5           presentation on Erinys, what sort of commercial contract  
6           we required, et cetera. Lugovoy said he needed a month  
7           to conduct his enquiries. We discussed writing a letter  
8           explaining all the points for delivery to the main  
9           person at Gazprom ... He would receive payment for an  
10          introduction with payment upfront. Payment to him would  
11          have been in the region of USD 50,000 which I considered  
12          quite big money. These amounts would not be unusual.  
13          A deal with Gazprom just to review their security might  
14          net a substantial value, maybe GBP 5-10 million."

15                 So pausing there, by reference to that, which  
16          plainly is eight or nine years ago you gave that  
17          statement, so I'm asking a lot of you to remember this,  
18          does that appear to be an accurate reflection of the  
19          meeting in your own words or --

20          A. No, I think --

21          Q. -- do you wish to qualify it?

22          A. Qualify it, but I think it's accurate, it's more or less  
23          accurate, the facts are accurate, but the reason, for  
24          example, "sort of international security manager  
25          offering various types of security", to Gazprom, not to

1       Lugovoy; and the idea that to get a contract, Lugovoy  
2       would deal with the Russian side, that's often because  
3       some of the -- if you are 100 per cent company, say  
4       a British company operating there, and there's any sort  
5       of problems, then it's 100 per cent your problem.

6             The whole purpose of having a joint venture partner  
7       is you say: that's a Russian problem, you go deal with  
8       it; and I'm not suggesting here corruption or anything  
9       like that, I'm just literally saying legality,  
10       a punch-up, culturally, they don't understand why we do  
11       something this way, which is the Russian way. So that  
12       was the appeal in that sentence, or what I'm getting at,  
13       is if you're dealing with somebody like Gazprom, number  
14       one, they will want to talk to their own, when there are  
15       problems like that; and number two, from our point of  
16       view, if you were to go in, and I learnt this from hard  
17       experience, and suggest that you're going to provide  
18       security to Gazprom and a company dominated by ex-FSB,  
19       they're going to go "right", but they know they need the  
20       commercial experience and they know they need that  
21       service in terms of Western investment, banking and  
22       insurance and all the rest of it.

23             So the middle point is, okay, but the secret stuff  
24       will be done by the Russian side of the joint venture,  
25       and that's how we worked in DSL and most

1 international -- Western international security  
2 companies who work in that part of the world and indeed  
3 in other difficult parts of the world, that's often the  
4 way you do it, so that they understand that you're not  
5 going to be starting to look at what they're doing, if  
6 there's anything that, you know, they have a chairman's  
7 visit going somewhere or something that they want to  
8 keep secure, then the Russian side of the joint venture  
9 will do that.

10 So that's the sort of mentality of where I saw  
11 Lugovoy. Again, these --

12 Q. To some extent you're describing a Venn diagram with  
13 Russian and Western sides?

14 A. Yes, and again, this was the educative purpose of saying  
15 this is how it works. Sasha was saying: why do that, we  
16 could all -- Erinyes should have the whole thing itself,  
17 why do we need KGB in here, you know, this is  
18 a democracy now, and Putin is going to have to like it  
19 and let's, you know, it would be great to have a Western  
20 security company providing a service to Gazprom; and  
21 I was saying: actually, in the real world, there's no  
22 way we'll ever even be looked at if we approach it in  
23 that manner.

24 Q. What this statement appears to be saying on two concrete  
25 points, really, firstly Lugovoy appears here, the

1 agreement appeared to be that he wanted a list of  
2 questions for Gazprom presentation on Eriny's.

3 A. Yes.

4 Q. So that's a practical point.

5 A. Which we gave him in terms of company brochures and  
6 things like that, due diligence in that sense.

7 Q. He was going to produce a letter in Russian for Gazprom.

8 A. Yes.

9 Q. And USD 50,000 "for an introduction with payment  
10 upfront".

11 A. Yes.

12 Q. What did that mean? Was that GBP 50,000 for the letter  
13 of introduction or --

14 A. Plus the introduction, yes, exactly. But he didn't get  
15 that, he didn't get anything.

16 Q. So had he in fact introduced you to, as it's put in your  
17 statement, the main man in Gazprom, had that happened,  
18 that contingency, he would have expected to receive  
19 USD 50,000?

20 A. Well, that's what he at that stage -- but this is the  
21 reporting of the meeting, so what John Holmes and  
22 I discussed and the board discussed is entirely  
23 a different matter. But obviously he would be  
24 compensated for his introduction and any work he did.

25 Q. Was there any discussion at the meeting or otherwise as

1 to what Mr Litvinenko could expect to receive for the  
2 introduction to Mr Lugovoy --

3 A. No, because I considered that very separate business.  
4 You know, he was the Western side making the  
5 introduction, and, you know, I didn't want to discuss  
6 Sasha's compensation in front of other people.

7 Q. Your statement goes on to say there was some discussion  
8 of a possible joint venture, all part of a theme,  
9 I suppose?

10 A. Which, as I say, (a) I thought from the commercial point  
11 of view we'd have to do that, and secondly, the sort of  
12 guy Lugovoy was, I knew he would want a bigger piece of  
13 the pie, and the question then was, you know, what role  
14 we would potentially give him in a commercial security  
15 context that, you know, that he could do, that wouldn't  
16 sort of screw the contract up.

17 Q. Is the evidence we've covered a fair summary of the, if  
18 you will forgive the expression, state of play at the  
19 end of that meeting as the men left? Mr Lugovoy asking  
20 for a month to put together this material to make the  
21 introduction?

22 A. Yes.

23 Q. And so on and so forth?

24 A. Yes.

25 Q. And in fact that never resulted in happening as events

1           overtook you?

2    A.   (Witness nods)

3    Q.   When did you last see Mr Litvinenko?

4    A.   Probably at that meeting.

5    Q.   Where did you see him?

6    A.   At that -- in that office, in that conference room.

7    Q.   Can I just ensure that's right.  It might be, but your  
8       first statement, INQ002978.

9            Could you highlight the penultimate paragraph,  
10       please.

11           Picking up in the middle of the page --

12   A.   Yes, 26th.

13   Q.   Yes:

14           "I last saw Sasha within our offices late October.  
15       I think he had been to see Dean."

16           So that doesn't sound like the same meeting, does  
17       it?

18   A.   No, that will be right, because that's the sort of  
19       contemporaneous, you know, recollection, and after eight  
20       years, that will be right.

21   Q.   I'll read on:

22           "As he was in my office for about 20 minutes, we  
23       discussed Gazprom and he mentioned that Lugovoy was due  
24       to visit the UK mid-to-late November 2006 and that he  
25       wanted to continue our discussions.  The date and time

1 of the meeting depended on Lugovoy's arrival time in the  
2 UK. Sasha intended to be at the meeting. I do not know  
3 where he went after the meeting but he was in good  
4 spirits.

5 "A few days later I received a ... call from Lugovoy  
6 on my mobile. He told me Sasha was ill and not able to  
7 make the meeting. He did not say what Sasha was ill  
8 with. However, I had heard from Dean that Sasha was  
9 ill."

10 Then:

11 "We decided to convene the meeting anyway ... It  
12 took place in the conference room with only the two of  
13 us present."

14 By reference to that, does that help with whether  
15 this was the last time you saw him or not on the 16th?

16 A. That will be accurate. What will have been probably the  
17 delay, especially back then, is in August, a lot of  
18 Russia just closes down, it's rather like Paris  
19 in August, everybody goes home, so there's no business  
20 done, so the timings of this would make sense, that he  
21 went back with that brief to discuss with Gazprom and  
22 Gazprom and everybody else was on holiday, so coming  
23 back around this time, a little late, but it would make  
24 sense, and how long these things take as well.

25 Q. Had you suffered an illness in late October, Mr Reilly?

1 If so, when, and what was the nature of it?

2 A. Sorry, I can't remember the actual date, but it was  
3 in October, and it was around the time of these  
4 meetings, and, yes, I was very ill. I went home, my  
5 wife was taking my daughter up to Scotland or something,  
6 and unusually for me I had to go to bed about -- I got  
7 home about 7.30 and I went straight to bed, and I had  
8 horrendous migraine-type symptoms, but they were worse  
9 than anything I have every had, because I do get  
10 migraines and so does my wife and I know exactly what  
11 they are, and I threw up and I just felt dreadful. My  
12 wife was a doctor so I just rang her up and discussed  
13 the day and said I'd had a meeting and I felt dreadful,  
14 and she asked me about the symptoms and told me to do  
15 whatever I did, but I was so bad I didn't go to work the  
16 next day, which is unusual, because I --

17 Q. Can I help with you the date? INQ002982. Second  
18 paragraph. This is your recollection in December of  
19 2006.

20 A. Yes.

21 Q. You've described the symptomatology and what you did  
22 with it, but the 17th to the 22nd, half term?

23 A. That's right.

24 Q. "On the night of 26 October I was quite ill", and so on  
25 and so forth. Does that help with the date?



1 A. Yes, and the date is accurate, because I have  
2 a mother-in-law that has a thing about dates and  
3 everything is in a diary, so when this came up and  
4 I looked at my evidence, I think about six months or  
5 a year ago, I went to my mother-in-law and she has it  
6 chapter and verse in her diary. My wife was a doctor as  
7 well, so it was very clear in my mind and she thought it  
8 was unusual, my wife, because she knows my symptoms, she  
9 gets migraines, or did get migraines as well, so it was  
10 all very -- it all coalesced in my mind very clearly how  
11 ill I was, I've never had an illness like it before and  
12 I've never had one since.

13 Q. Where had you been on the day of 26 October?

14 A. I'd been in the office.

15 Q. Subsequent to the meeting on the 16th but before the  
16 26th, had you seen Mr Lugovoy again?

17 A. I can't remember. I really can't remember.

18 Q. Or Mr Kovtun?

19 A. I can't remember.

20 Q. Had you met them, so far as you remember, on 25 or  
21 26 October?

22 A. Around that time, I think I did and I've talked to the  
23 police about this. Unfortunately I don't think there  
24 was anything in the diary, but I think I did.

25 Q. Where would that have happened?

1 A. Only in Eriny's. And my recollection, which is not in  
2 the witness statement, but -- and because I couldn't  
3 substantiate it, it hasn't gone in, but a very clear  
4 recollection was that some time between the 16th and  
5 that date of my illness, there was another meeting, but  
6 three people this time, and there was Lugovoy and there  
7 was Kovtun and a third person I was not introduced to,  
8 but from the police point of view, because I couldn't  
9 substantiate that, but there was a third person, I know  
10 there was a third person.

11 Q. There's no diary entry?

12 A. No.

13 Q. You can't be more specific even as to the end of the --  
14 ends of spectrum between the 16th and the 26th?

15 A. No, I can't.

16 Q. So it could have been at the 25th/26th end?

17 A. Yes, it certainly could, but similarly it could be the  
18 17th, it's too long ago.

19 Q. In terms of your further engagement with Mr Lugovoy in  
20 particular, did you have any further engagement with  
21 Mr Kovtun?

22 A. I don't think so. In one sense, I never had any  
23 engagement with him, he never said a word and I never  
24 said anything either.

25 Q. We've just been to the passage in your November

1 statement where you said that there were reports from  
2 Mr Lugovoy that Sasha was ill and not able to make the  
3 meeting.

4 A. Yes.

5 Q. You'd heard from Dean Attew that Sasha was ill but you  
6 had the meeting anyway.

7 A. Yes.

8 Q. Who was present at the meeting and what was discussed?

9 A. Lugovoy was present and myself, and we discussed  
10 obviously the contract, and he rang before to say that  
11 Sasha wouldn't be joining us. His tone was -- it did  
12 seem slightly perplexed, he said "apparently he's ill",  
13 he was using words like that, not "he is ill",  
14 I remember the language he used, "apparently he's ill",  
15 ie reported. And he said: but I'd still like to meet  
16 you; and at that stage things were progressing, I didn't  
17 know the nature of the illness of Sasha, I thought  
18 whatever, so I said yes, sure, we'll meet. So again it  
19 wasn't -- he seemed -- he called me and then, as I say,  
20 I think I must have said something to Dean and Dean  
21 said: yes, you know, Sasha is ill; but again I don't  
22 know if he knew -- I don't know if Dean knew at that  
23 stage the nature of the illness other than Sasha was ill  
24 that day.

25 Q. Did you speak to Mr Litvinenko again once he had become

1           ill?

2    A.  No.  Dean and I were going to visit him in the hospital  
3           on two occasions, and both times meetings came up for me  
4           so I never did.  Dean managed to go and see him in the  
5           hospital, I think a couple of times, but I had intended  
6           to, but on both occasions a meeting had come up, and at  
7           that stage it wasn't really clear how critical the  
8           illness was, so I had assumed that I would see him when  
9           he recovered or go and see him later.

10   Q.  So we get this illness in context, it was being reported  
11          to you by Mr Lugovoy that Mr Litvinenko was ill?

12   A.  He just said "ill", yes.

13   Q.  You didn't speak to Mr Litvinenko directly again  
14          yourself, but was it carrying on from that illness that  
15          he was in hospital and you may have visited?

16   A.  Yes.

17   Q.  When did you become aware, Mr Reilly, of just how grave  
18          the situation was for Mr Litvinenko?

19   A.  Well, it was a combination of press, police visiting and  
20          Dean, you know, said something's not right here, this is  
21          not -- I don't -- well, if I recall, I don't think the  
22          medical profession knew what was wrong with him for  
23          quite a while, they were treating him as best they could  
24          until they understood what the agent was.  So it was  
25          a combination of the public, Dean and then visits, and

1 I can't remember the order of this, but visits then from  
2 anti-terrorist police.

3 Q. What was your reaction when his death was linked to, as  
4 it was in press reports, thallium poisoning? Did you  
5 see the press reports and the now somewhat iconic  
6 photographs from hospital and so on?

7 A. Yes, I did at the time. I was pretty stunned because --  
8 and it's all speculation, but to me, the nature of that  
9 weapon, it's a state asset and it seemed to be clumsy if  
10 they had a problem with somebody or decided to kill  
11 somebody, whoever "they" are, then you thought there  
12 would have been easier ways to do it. So from my  
13 background and my understanding of Russia and my time  
14 there, my conclusion from that weapon was that it was  
15 a signal on behalf of somebody, not necessarily just for  
16 poor Sasha and his family, but to a wider Russian  
17 community abroad. That was my conclusion, but I had no  
18 facts, but that's just my understanding of how Russia is  
19 and having worked with similar organisations in that  
20 part of the world, Russian organisations.

21 Q. You regarded --

22 A. I was stunned.

23 Q. You regarded the use of, as then reported, thallium as  
24 the use of a state asset from your knowledge of Russia?

25 A. No, no, when it became polonium, not of thallium.

1 I didn't know what it was.

2 Q. When it became polonium, you're not claiming  
3 expertise --

4 A. No.

5 Q. -- but your characterisation of that was it was a state  
6 asset sending a message?

7 A. It certainly would be in the West, and as a limited  
8 experience, I had been to Porton Down as an army officer  
9 and knew about biological, chemical weapons in a very  
10 broad sense, but I'm no chemist, but I clearly knew that  
11 this was not the sort of thing that you can buy at  
12 Boots.

13 Q. Can you put up INQ002979, please. I want to get your  
14 comment on a specific comment you made. Can we have  
15 "the first I knew" down to "his opposition to the  
16 Russian state", just have that highlighted. Thank you:

17 "The first I knew that Sasha was seriously ill was  
18 a report in the press and a picture of him in a hospital  
19 bed. I was not shocked when I heard he had been  
20 poisoned by thallium and subsequently died because of  
21 the number of people who had been killed and because of  
22 who he was and his opposition to the Russian state.  
23 I am extremely saddened by his death ..."

24 A. Sorry, I was not shocked in other words by -- what I'm  
25 saying is I was shocked that he was killed by such

1 a weapon, but the fact it was thallium, I thought, well,  
2 you know, my wife was a doctor, consultant, she said  
3 that would be one way you could kill people very  
4 effectively. We sort of discussed it at the breakfast  
5 table, that sort of thing, so I wasn't shocked by  
6 thallium per se, but I was shocked that that sort of  
7 agent had been used, as opposed to a bullet or a knife  
8 or a bomb or something.

9 Q. I'm just going to, if I may, finish with this, two  
10 points before the break. You were aware that  
11 in October 2006 a journalist called Anna Politkovskaya  
12 was murdered. Did you discuss that with Mr Litvinenko?

13 A. Yes, I did, and again he was as equally enraged by that  
14 and -- frustrated was the word I would use, as he was by  
15 the sort of, you know, excitement of getting his British  
16 passport. He was, you know, quite up and down in that  
17 sense, but he was saddened by her, and he was angry and  
18 generally with Sasha, at all this time, what I meant  
19 before about retrospective looking back, he was  
20 frustrated that the West in his view did not really  
21 understand how that country was run or was being run at  
22 that time, and she was an example of it and he had a lot  
23 of respect for this woman. I think he had met her on  
24 a number of occasions.

25 Q. Did you ask him as to his own vulnerability in the

1 context of that?

2 A. I think we'd had generally that talk, and, you know,  
3 there was a shrug of the shoulders along with every  
4 other oligarch, not that he was one, but along with the  
5 people that he knew, and people overseas, and seen to  
6 have betrayed the FSB, certainly in Russian or Kremlin  
7 eyes, maybe not in Russian eyes, but in Kremlin eyes;  
8 then he was an intelligent man, he must have had an  
9 inkling that he was vulnerable, maybe not being  
10 murdered, but vulnerable in terms of, you know, people  
11 blackmail him or try and besmirch his reputation or  
12 probably get involved in Erinys and try to expose  
13 a report he did. Something like that. Whether he felt  
14 he would be murdered, I really don't know, but he knew  
15 the risks he was running.

16 Q. Did you discuss Mr Litvinenko's death with Mr Lugovoy?

17 A. Strangely enough, after this had all taken place,  
18 Mr Lugovoy called me from the British embassy in Moscow  
19 essentially saying: I had nothing to do with this and by  
20 the way, Tim, could we use your name Erinys for  
21 verification of getting a visa or something through the  
22 British embassy in Moscow. So very short conversation,  
23 less than a minute. And he was rushing it, but he was  
24 trying to convince me that he had nothing to do with it  
25 and in a sense the full intent of what had happened,



1           that there had been this murder, was then -- I was sort  
2           of saying, well, let's talk about it and whatever, but  
3           that was the only time. I think he might have once  
4           subsequently to that, but maybe in the evidence, but  
5           I've forgotten, he might have once been in touch  
6           subsequently.

7   Q. I'll come back to that after lunch, Mr Reilly, very  
8           shortly.

9   A. Certainly he was -- he was certainly phoning from the  
10          British embassy.

11 Q. How long after Mr Litvinenko's death was it that you  
12          received this call from the Russian embassy?

13 A. Pretty quick. From my recollection -- it may be in the  
14          evidence, but from my recollection it was within days.

15 Q. Within days?

16 A. Yes, and I'm sure the records will be -- telephone  
17          records will ...

18 Q. All right. You gave a statement -- we've covered it  
19          a number of times, back to INQ002979. Could we have the  
20          last three lines of this up, please. The 29 November  
21          statement. This is what you put there:

22                 "I have had a conversation with Lugovoy since  
23                 Sasha's death. He seemed genuinely upset."

24 A. Yes.

25 Q. "I understand he is due to visit the UK towards the end

1 of November."

2 A. Yes.

3 Q. What conversation was that? How was it?

4 A. Well, as I described, he called me up and it was as if  
5 he was anticipating the sort of international storm, so  
6 in other words he was saying: I was not involved in  
7 this, Tim, as you know, and I don't know why I'm being  
8 involved in it, but I like Sasha and I'm as shocked as  
9 you are; and then he talked about this aspect of if  
10 Erinys could help sponsor him for a visa out of the  
11 embassy in Moscow, British embassy in Moscow.

12 Q. So he -- expressing his reaction to Mr Litvinenko's  
13 death on the one hand?

14 A. Yes.

15 Q. But then proceeded to commercial matters on the other?

16 A. Correct.

17 Q. Final question before we break. It's gone into the  
18 transcript that you were describing, a beige, as in  
19 colour beige, table top, and you probably said something  
20 else.

21 A. Green.

22 Q. Green. You said baize.

23 A. Sorry, it is green. It's a billiard --

24 Q. It always has been green?

25 A. Yes, it's a billiard table colour.

1 MR DAVIES: Sir, that's a convenient moment.

2 THE CHAIRMAN: Very well. 2.05.

3 (1.06 pm)

4 (The short adjournment)

5 (2.05 pm)

6 MR DAVIES: Mr Reilly, just a couple of loose ends to clear  
7 up, please. In terms of the meeting on the 16th, I've  
8 located what appears to be the page from your diary that  
9 relates to the 16th, INQ016466. Does that appear to be  
10 your diary first of all and the entry relating to  
11 16 October, second of all?

12 A. Yes.

13 Q. When would this note have been made?

14 A. Well, probably -- probably on the 16th.

15 Q. Can you interpret it for us, please? Top line?

16 A. Yes Gazprom, (B), that's obviously -- I'm trying to  
17 think initials, but "TR" is me, "Andrei", Lugovoy,  
18 "Dmitri", Kovtun.

19 Q. Pausing there, could it be a 3 rather than a B?

20 A. Sorry, yes, it is, it's my eyesight. It's obviously  
21 Tim Reilly, Andrei Lugovoy and Dmitri Kovtun and it's  
22 16 October.

23 Q. What would the "3" represent?

24 A. Three people.

25 Q. "Global Project Dmitri"?

1 A. If I remember in the witness statement, that's what he  
2 was trying to call himself, Global Project director or  
3 manager or something like this.

4 Q. If we just look at a couple of other documents, we'll  
5 come back to the diary entry, but on the point of what  
6 he was saying he did, INQ006232.

7 It's probably the case you haven't seen this before.  
8 These were documents associated with his visa and entry  
9 into the United Kingdom.

10 A. Lugovoy?

11 Q. Mr Kovtun.

12 A. Kovtun, okay.

13 Q. I asked you earlier whether you'd heard of  
14 Continental Petroleum Limited?

15 A. No, I can't recall it. Certainly to my recollection  
16 I've never dealt with them.

17 Q. I'll just read into the record, so it's clear,  
18 3 October 2006, it's from the chairman of the board of  
19 Continental Petroleum:

20 "Dear sirs, ... we kindly request you to grant an  
21 entry visa to the United Kingdom to Mr Dmitri Kovtun,  
22 general director of Global Project Limited, Moscow",  
23 date of birth and so on.

24 "The company Global Project Limited was founded in  
25 year 2003 and Mr Dmitri Kovtun has been general director

1 of the company since 5 December 2003. The company  
2 provides consulting services in development of the  
3 Russian oil and gas markets."

4 Approximate dates required are given,  
5 11 October 2006 to 16 October 2006.

6 "Continental Petroleum will be responsible for all  
7 travelling expenses including accommodation and the  
8 medical insurance ... during his stay ..."

9 Just one more document, please, and I'll ask you  
10 some questions. INQ006234. You'll be able to help us  
11 with this, I suspect. It's in Russian. Are you able to  
12 read that in English to us?

13 A. Kovtun Dmitri Vladimir works in the area of organisation  
14 global -- it's basically saying the same as the English  
15 one, that.

16 Q. What's the reference to 65,000?

17 A. Earning around about RUR 65,000.

18 Q. Per?

19 A. That's it, certainly. Monthly, half monthly, an income,  
20 accumulating at about RUR 65,000.

21 Q. Don't guess, but --

22 A. No idea, I know what you're going to ask.

23 Q. -- in 2006 --

24 A. No idea.

25 Q. No? We can find that out through other formal sources.

1           Going back to 006232, from what you saw of  
2           Mr Kovtun, would you get the impression of somebody who  
3           was proactively working as a general director of  
4           a company as described here?

5   A.  No, and that's the first I've seen of it.  I'd no idea  
6           about that.  I certainly can't -- I've no recollection  
7           of it.  It may have been brought up at the time, but  
8           I have no recollection of it.

9   Q.  Was anything discussed at the meeting in terms of  
10          Global Project Limited's capacity to contribute to this  
11          potential incursion into the Russian market?

12  A.  No, I don't think there was, but I can certainly  
13          immediately see that that would have been a vehicle that  
14          they would probably like to have used, if they'd gone  
15          further with Gazprom.

16  Q.  Right.  Bearing in mind he's described there as general  
17          director of consulting services in Russian oil and gas  
18          markets, and your evidence that he was a presence but  
19          not an audible one at these meetings, what's your  
20          assessment of those competing sets of facts?

21  A.  Well, it's speculation, but in terms of experience, he  
22          had no oil and gas background, so what on earth is  
23          anybody appointing somebody as general director of an  
24          oil and gas company with no oil and gas background, but  
25          bearing in mind who he was and what he was, and at that

1 period of Russian development, it's more a case of  
2 Buggins' turn, people were appointed into positions like  
3 that on behalf of other more powerful people, given by  
4 their standards, the appointee, a very good salary and  
5 told to sign everything.

6 Q. But who was doing the appointing and on whose behalf?

7 A. As I say I've no idea, but I've come across this sort of  
8 thing quite a lot in Russia, that a fairly lowly  
9 operative who was ex-KGB from above would be told  
10 suddenly that you are running an oil company, you're  
11 paid a very generous salary, but you obviously sign  
12 everything in that capacity, and all the stamps around  
13 it.

14 So it kept people employed, again, within the KGB  
15 circle, it kept everything in the family, and there was  
16 a lot of appointments like that, and a lot of companies,  
17 and any business person you talked to working in the  
18 1990s, early 2000s will recognise that sort of thing.

19 And again it was always an amber light to anybody  
20 from the West because you knew straightaway that (a)  
21 this was not a serious person and (b) this was not the  
22 company that you were dealing with, there was somebody  
23 else pulling the strings.

24 So that's speculation, I've no facts, but reading  
25 that now, that's the first thing that I would assume.

1 Q. All right. Did he contribute anything to any of the  
2 meetings that would dissuade from you that starting  
3 point?

4 A. No. I can't ever remember him saying anything to me,  
5 and, as I say, I knew I was watching me, he just --  
6 whether he was there to intimidate me or try to  
7 intimidate me, it certainly didn't work, because I sort  
8 of knew the background of what some of these people were  
9 doing, and whether he was one of that type who was  
10 trained to do this, but I assumed he was, but as I had  
11 nothing to hide and I had at this stage no reason to  
12 understand -- to feel there was anything untoward  
13 happening around me, other than was normal, Russian, how  
14 to do business in Russia, then, no, he didn't  
15 contribute.

16 Q. Right, back to INQ016466, please, diary page, can you  
17 read it to us?

18 A. Yes, "Global Project Dmitri", so now I know in the  
19 context, perhaps it was discussed, this company.

20 "What we need list. Presentation of our company.  
21 What type of contract we need. One month research [to  
22 do this, I assume] ..."

23 Our reply:

24 "How do we do it?"

25 There are two variants:



1           "(1) working letter -- organisation."

2           And:

3           "Pay 50" which I assume is the cost, and above that  
4           is "cost upfront".

5   Q.   50 what?

6   A.   I don't know, but I would assume, previous discussions  
7           we've had, that may equate to the 50,000 upfront for the  
8           services.

9   Q.   Yes.

10   A.   Or secondly:

11           "Work after this with us possibly in a joint  
12           venture."

13           Which is -- actually does make sense from what I've  
14           said before, because that's the second option, is what  
15           we would prefer to do, in other words once something was  
16           concrete with Gazprom, then we were happy to look at how  
17           they may be involved or not, and then a letter:

18           "American appraisal."

19           I don't know what that's, USD 70 million.

20   Q.   USD 70 million?

21   A.   And Voronezh. I can't remember, it's a district in --  
22           town in Russia, I'm just trying to think what the  
23           context of it is, I just don't know. And then there's  
24           a figure there, again, I forget, between 5 and  
25           10 per cent.

1 Q. Of what?

2 A. I don't know.

3 Q. Right.

4 A. Then there seems to be a Russian name there, Schiskarov.

5 I don't know who that was. Yevgeny, and I can't see --

6 I can't see my writing then, and then underneath it

7 looks like the Duma.

8 Q. Russian state Parliament?

9 A. Yes.

10 Q. Why would that have come up?

11 A. I don't know. Legislators there of -- a lot of people

12 dived into the Duma to avoid prosecution, including

13 Lugovoy at the time, so it was a well known route out of

14 trouble in Russia then, became a member of the Duma and

15 you were immune to prosecution, certainly within Russia,

16 so it may have been -- I just don't know, I can't

17 remember, and then "N", I don't know what that stands

18 for, "/RTP", that's a P in Russian, that "RTP", it's the

19 letter P in English, so it stands for something, but

20 I've forgotten what it was. And that looks like

21 Ivestya Bank, which is a well-known Russian bank, and

22 that might have been, understanding the way that the

23 payments were going to go or how we were going to

24 structure -- I think it was probably the very basic idea

25 of who was going to be involved in the structure of

1 this. Maybe there was Duma involvement that we needed  
2 legislation or something or some influence at that  
3 level. "N/RTP", I don't know, a Russian would probably  
4 tell you what that is. And "Ivestya Bank" may have been  
5 the vehicle -- the bank that we would conduct the  
6 business through.

7 Q. All right.

8 A. Then at the bottom is:

9 "Looking for partner."

10 And:

11 "List of oil companies for sale."

12 Which may link in with the letter that Sasha sent me  
13 about potential businesses that, you know, were looking  
14 for partners in Russia in the oil and gas industry.

15 Q. Does anything from this note cause you to revise or  
16 qualify your evidence given previously as to the  
17 meeting?

18 A. No, other than clearly Global Project, Dmitri was  
19 Kovtun, so clearly that must have come up, but it was  
20 either so insignificant or I dismissed it because  
21 I didn't want to deal with it, that it never went any  
22 further, but, you know, it's too coincidental that  
23 Global Project, as I've just been shown now, was the  
24 name of the company sponsoring the visa, or the company  
25 he was working for, that was looking for a visa --

1 a British -- an entry visa to the UK.

2 So -- but it was -- but certainly as things  
3 progressed, I had no intention of dealing with that  
4 organisation. I knew that Lugovoy had his own security  
5 company. He is one of these guys that had five or six  
6 business cards and one of them was security, so  
7 I assumed that would be at a further time something that  
8 John Holmes and I would have to discuss about whether he  
9 was going to get involved or not.

10 Q. I see.

11 A. But other than that, no, it's just more detail than  
12 I remember from eight years ago, that's all. I wouldn't  
13 say it surprises me, but it hits me that, you know,  
14 there was quite a bit, we were progressing this quite  
15 well. From that point of view, it's a shame that we  
16 never got any further with Gazprom, but for obvious  
17 reasons.

18 Q. Thank you. That can come down. Just to detail, then,  
19 about the testing.

20 The testing at your premises took place, as we  
21 know -- you may not know -- 25 November 2006. I think  
22 the police asked you to establish your whereabouts on  
23 that date.

24 A. Yes.

25 Q. And where do you believe -- were you present when that

1 testing started or for any part of the testing?

2 A. I think we were, but it was -- I think they may have  
3 segregated the building out and they may have started in  
4 Titon before us, and, as we had just a door between the  
5 two. I really can't remember but certainly I was,  
6 you know, in the UK, I was at work at that time, and --

7 Q. Can I just ask you to reflect on that evidence.

8 INQ018675.

9 A. This is testing subsequent to the ...?

10 Q. This is testing on 25 November.

11 You dealt with this on 18 June 2013.

12 A. Yes.

13 Q. The point being whether you were present when -- those  
14 conducting the tests or you directed them in any way?

15 A. Oh, we certainly didn't direct them, no. There was no  
16 question that -- I don't -- in fact, on reflection,  
17 I think I got a call from John Holmes, Erinys, saying we  
18 couldn't go back in the building.

19 Q. Just look at the last four lines of this:

20 "Detective Constable Nathan ... asked you..."

21 A. Yes, that's right, I was out of the country.

22 Q. You were out of the country in any event?

23 A. That's right, and John Holmes said -- because I said:  
24 can I go back to the office and get my things; and they  
25 said: no, the world has changed.

1 Q. A further contact or potential contact with Mr Lugovoy  
2 as the penultimate topic. Did you receive any further  
3 communication from Mr Lugovoy beyond the conversation  
4 you've described where he was --

5 A. As far as -- I think I told the police this. As far as  
6 I know, there may be one occasion when I got a call on  
7 my mobile, recognised the number and didn't answer, and  
8 I'm pretty sure I rang the police at the time and talked  
9 to the officer in charge and reported that.

10 Q. What about a text message?

11 A. Yes, yes, there was a text, yes.

12 Q. Can you describe the circumstances of the text message?

13 A. I really can't remember it, but, yes, there was a text  
14 message. It was -- I think the context was commercial,  
15 it was nothing to do with Sasha.

16 Q. I'm going to prompt your memory here. INQ016266. The  
17 final paragraph, please. You've related -- this is  
18 17 July 2007, your statement. You've related earlier  
19 that you had a contact from Russia called Oleg who you  
20 believe was Serbian, business acquaintance, initially  
21 a broker from your time at Kroll.

22 A. Yes.

23 Q. You believed he was running his own security company.

24 A. Yes.

25 Q. The context then goes on, just refresh your memory from

1           this.

2           On 19 April 2007 you received a text message from  
3           Oleg.

4   A.   Yes, not Lugovoy.

5   Q.   No.   Carrying on to the Lugovoy connection over the  
6           page.

7   A.   Yes, that's right.

8   Q.   Just to put it into the record:

9           "Oleg told me he had an acquaintance in Russia who  
10          was seeking to contact me about business.  He did not  
11          tell me who the person was but stated that some people  
12          from Lukoil, the huge Russian oil company, may have  
13          a business opportunity for me.  I asked Oleg to send me  
14          the email again covering what the potential business was  
15          about.  It was clear that Oleg was just the middle man."

16          If we go over the page:

17          "I phoned Oleg.  It transpired that he had sent an  
18          email to me ..."

19          Sorry:

20          "On 25 April 2007 I received a further text message  
21          from Oleg at [11.19] with the following message, 'Hello  
22          Tim, cell of Andrei Loginov in Moscow [with a number  
23          ending 359] or mobile (plus) ... 359.  He knows about  
24          you well'.  I believe that Loginov is actually Lugovoy."

25          And:

1           "On 28 April 2007 I received an email from Oleg at  
2           17.02 GMT ... The email said, 'Okay Tim, I am forward  
3           this email to Andrei and he will reply to you soon.  
4           I hope it will be resulted by good job.' This is the  
5           last contact I had from Oleg."

6   A. Yes.

7   Q. First of all, that seems to be quite an accurate record  
8           of a series of text messages?

9   A. Yes.

10   Q. What source was that and had you retained them on your  
11           phone, for example, 17 July?

12   A. I probably had. There would be no reason why I would  
13           have deleted them, so -- Oleg wasn't Russian, if  
14           I remember, he was Trans-Dniestr, somewhere of that  
15           type, Serbia, Croatia, somewhere like that, somewhere  
16           around the -- well, more the Balkans area. And he was  
17           an intermediary and a very small player, but again he  
18           knew somebody in Lukoil, and I think that resulted in  
19           a visit by John Holmes, and I actually very nearly went  
20           ahead. Another Gazprom effort but with Lukoil, more  
21           upfront, a team of business developers, security people,  
22           wined and dined, far more sort of professional, which  
23           was not unusual in that at that time, Lukoil was the  
24           most Western-orientated oil and gas company in Russia  
25           and was getting Western listed and the City loved them



1           and they made all the right noises and they were very  
2           Western, westernised.

3   Q.   For our purposes, Mr Reilly, was there any further  
4           contact, direct, indirect, or reported with Mr Lugovoy?

5   A.   Not -- no.

6   Q.   Following that discussion with Mr Litvinenko?

7   A.   No, I don't think so, no.

8   MR DAVIES:   Yes, that's all I ask.

9   THE CHAIRMAN:  Mr Davies, before you sit down, the second  
10           statement from Mr Reilly, that dated 8 December, its  
11           last page, page 7 of 7, is that a matter that you wanted  
12           to --

13  MR DAVIES:  Oh yes, forgive me, thank you.  Thank you, sir.

14           Mr Reilly, you and the locations associated with you  
15           were tested for polonium.  Is that right?

16  A.   Yes.

17  Q.   In fact you were found to have traces of polonium, we'll  
18           come to the detail in later evidence in the Inquiry,  
19           your steering wheel had traces of polonium.

20  A.   (Witness nods).

21  Q.   It resulted in you having to have somewhat inconvenient  
22           blood tests and other interventions to ensure that you  
23           were all right?

24  A.   (Witness nods).

25  Q.   Is that right?

1 A. Yes. And actually thinking back, aside from the fact  
2 that I lost my job on this, so -- as a result of this  
3 through Erinys, because I could no longer work in  
4 Russia, so I lost my -- my career was damaged, the other  
5 aspect of this, and at the time and I think it was  
6 fairly -- I think I talked to the police about it, but  
7 the HPA, I really had -- I was very aggressive towards  
8 them.

9 Q. All right.

10 A. My wife was a consultant haematologist and she knew  
11 exactly what tests should be done, and she didn't get  
12 involved, she wouldn't, and I would certainly not  
13 involve her, but having that knowledge literally beside  
14 me, I was utterly furious at the conduct of my tests and  
15 the way I was, you know, addressed.

16 Q. You have put that on the record. You are aware that's  
17 beyond the scope of this Inquiry, the merits of that?

18 A. Sure, but I was poisoned, and it also involved looking  
19 for detection in my house with people coming in with  
20 biological equipment and testing the whole house so the  
21 house -- my clothing was replaced and the car seat as  
22 well as the steering wheel. So clothes went, et cetera,  
23 et cetera.

24 MR DAVIES: All right. That disruption is recognised,

25 Mr Reilly, I'm sure. Thank you, sir.

1 THE CHAIRMAN: Yes, Mr Emmerson.

2 Questions by MR EMMERSON

3 MR EMMERSON: Thank you very much, sir. Can I indicate  
4 we've had certain discussions amongst counsel and agreed  
5 to adopt a particular procedure in relation to the  
6 questions that I have to put to this witness. I'll  
7 explain it to him.

8 THE CHAIRMAN: Thank you.

9 MR EMMERSON: If you've any objections, sir, please let me  
10 know.

11 THE CHAIRMAN: Thank you.

12 MR EMMERSON: Mr Reilly I'm going to ask you some questions  
13 on behalf of Mrs Marina Litvinenko. I don't have  
14 a large number of questions to ask you, but it is  
15 possible that some of the answers that you might give to  
16 those questions may raise issues of sensitivity, so what  
17 I'm going to ask you to do is just to pause if you think  
18 there's any possibility of you raising sensitive  
19 information, just to see that those who are in the  
20 courtroom have an opportunity to raise questions about  
21 whether the question and answer should follow in the  
22 ordinary way. So just a moment or two, if you wouldn't  
23 mind.

24 Can I ask you first of all, it may be obvious, but  
25 perhaps not obvious to everybody, why following this

1 event it was no longer possible for you to work in  
2 Russia.

3 A. Erinys had other legitimate commercial contracts,  
4 nothing to do with security, in Russia, and we were  
5 obviously looking not just at one avenue into Gazprom,  
6 but we were talking to other people, foreigners that  
7 were there, not government people, purely commercial,  
8 and one of the things that happened is that one of those  
9 people, a Brit, was contacted by the FSB and said, for  
10 him personally, don't deal with Erinys and Tim Reilly,  
11 and through my network, my personal network, Gazprom  
12 made it clear that all bets were off.

13 So in other words, as far as the Russian state was  
14 concerned, me personally and Erinys at a corporate level  
15 were no longer -- not persona non grata but it was  
16 advised just you have not got a future here.

17 So as a consequence of that, Erinys basically --  
18 not -- there was no compensation, I wasn't fired, but  
19 obviously they said: Tim, you know, you were director  
20 for CIS and, you know, our contact has been approached  
21 by FSB, Gazprom has said no, and clearly there's other  
22 people standing behind them, so frankly, from  
23 a commercial point of view --

24 Q. Other people standing behind them meaning?

25 A. The state, in some form or another, Gazprom is,

1           you know, a very large part -- it is a state  
2           organisation at the end of the day, it's not a private  
3           company, not entirely.

4   Q.   So that was one very specific closure of a line of  
5           potential work for you, not just through that company,  
6           but generally with Gazprom through any route.

7   A.   Yes.

8   Q.   But why wider than the Gazprom connection?

9   A.   Why, sorry?

10  Q.   You have a very deep level of experience with Russia and  
11           other countries in the former Soviet Union. Why was it  
12           impossible for you to work in any other capacity in  
13           Russia after this event?

14  A.   Well, as I said earlier today, the police didn't say  
15           I was a target, but they said they couldn't discount  
16           that I wasn't a target along with Sasha. They could not  
17           discount that, on the evidence they had at that time,  
18           only some of which I'm obviously privy to.

19  Q.   Have you been to Russia since this incident?

20  A.   I think I went -- I think I may have been once, just  
21           once, I think. I'm trying to think now. I've certainly  
22           not been regularly. I may have been once in and out.  
23           Actually I don't think I have, no.

24  Q.   As a man who travelled so frequently before to Russia  
25           that you couldn't even remember the number of visits?

1 A. Sure.

2 Q. That is a very substantial change of life for you.

3 A. Oh, you know, in many ways, it finished my career.

4 I had invested in -- you know, I often said I wished

5 I had learnt Spanish, and be in South America, or

6 somewhere rather nice, a nice climate, but I had learnt

7 Russian, and it's always sort of drawn me back, that

8 country has drawn me back, but certainly from that point

9 of view, from that industry and because of what I was

10 saying about some of the culture and history of Russia

11 in that security is still part of -- it pervades all

12 aspects of industry and business in Russia. So if I'm

13 known by Gazprom and FSB, then I'm known everywhere.

14 So --

15 Q. Known as somebody that can't be trusted or known --

16 A. Presumably. You'd have to ask the Russian state that.

17 I mean, they would have known a heck of a lot about me

18 because, as I say, in the very early 1990s when I worked

19 with DSL, that was a joint venture between former

20 British special forces and former Russian KGB special

21 forces.

22 Q. Yes.

23 A. And there's a distinction, a big distinction.

24 Q. I was going to come on and ask you a little bit --

25 A. So therefore there would have been a big file on me, so

1 I would have been well known since the 1990s, and  
2 especially going to Moscow State Institute of  
3 International Relations, that's where they send all  
4 their diplomats, their ambassadors, always end up in  
5 MGIMO, their very senior KGB people in the Cold War and  
6 people like Tass and Izvestiya, it's one of their  
7 Oxbridge sort of places, and I was the only foreign  
8 student there in the early 1990s. So I was the first  
9 student ever to turn up there. So that would have been  
10 noted by the ministry, foreign affairs ministry. It's  
11 part of the foreign affairs ministry in fact, that  
12 university.

13 Q. I'm going to come back to ask you a little bit about  
14 those connections that you have had with Alpha, with the  
15 former KGB special forces joint venture.

16 Can I ask you this, and pause before you reply, have  
17 you received any or did you receive any official  
18 indication of threats to your safety should you return  
19 to Russia from any British authority?

20 A. From a British authority? No, there was no threats from  
21 a British authority.

22 Q. No, have you received from a British authority, any  
23 British authority, any indication of threats to yourself  
24 if you were to return to Russia?

25 A. No, and other than what the police said, but frankly,

1 I think certainly in the early stages of this, a lot of  
2 people on the British side were nonplussed by, you know,  
3 what was Russia, and that was sometimes to think, when  
4 I have talked to other witnesses, trying to explain to  
5 our own authorities how Russia works.

6 Q. I was going to come back to that, because you know  
7 a great deal about how the internal mechanisms of the  
8 Russian state and its various tentacles operate,  
9 obviously.

10 A. I know more than most, but I'm not -- you know, I'm not  
11 an intelligence officer, I'm not militarily involved in  
12 any way.

13 Q. But you did, I think you just said, provide information  
14 about that to the British authorities?

15 A. That I had -- that we had been told?

16 Q. No, you just said a moment ago that the British side was  
17 nonplussed.

18 A. No -- yes, in my opinion, when initially talking to the  
19 police, it was outside of obviously their ordinary area  
20 of responsibility.

21 Q. I'm sorry, I'm just picking up the answer that says that  
22 you spent time trying to explain to our own authorities  
23 how Russia works.

24 A. Yes, in other words, directly to the police, because  
25 when they first interviewed me under anti-terrorist



1 investigation, because of national security, as opposed  
2 to, you know, any other type of law, you know, I was  
3 sort of doing A, B, C of Russia, as other people I'm  
4 sure were, who were also so-called Russian experts,  
5 you know: what is Gazprom was being asked of me,  
6 you know, who is Putin; not quite that level, but it was  
7 a huge learning curve for everybody involved in this.  
8 So the nuances of some of these sorts of things, how it  
9 works in Russia, as in other countries, the cultural  
10 nuances, I think it was a great disadvantage to our  
11 investigative authorities. But that's just my opinion.

12 Q. Based on your interaction with them?

13 A. Yes.

14 Q. Let me move now on to another topic. You told us that  
15 you had seen a number of the reports that Mr Litvinenko  
16 had provided to Dean Attew, and you said that they were  
17 good quality information. Is that right?

18 A. Yes.

19 Q. I think you said also that they would be in response to  
20 specific requests. I mean, these are tasked enquiries,  
21 aren't they?

22 A. Yes, I mean, I obviously wouldn't state who they were,  
23 but --

24 Q. No, please don't say who they were about.

25 A. No, no, but --

1 Q. Perhaps I can put it to you this way: they were reports  
2 into either individuals or organisations or both, is  
3 that right?

4 A. Yes.

5 Q. They were up to date and accurate as far as you could  
6 tell?

7 A. Yes.

8 Q. You recognised them, you said, as having the appearance  
9 of having come direct from the KGB/FSB stable, is that  
10 correct?

11 A. Yes.

12 Q. I think you said you were familiar with that style of  
13 report from the FSB/KGB?

14 A. Yes.

15 Q. Can I ask you briefly how you were familiar with those  
16 kinds of reports?

17 A. In DSL in the early 1990s when we formed the joint  
18 venture, we -- as I say, we worked with the former head  
19 of Alpha group who had been in the Soviet Union so he  
20 had been the commander responsible for events in the  
21 Baltic states and in Georgia as the Soviet Union was  
22 breaking up. His wife was a secretary to one of  
23 Yeltsin -- Yeltsin's secretary so he was at that senior  
24 level. The Alpha people were selected on the basis of  
25 not only having to have both parents Russian, not just

1 Ukrainian or Slavic, but Russian, and they had to be  
2 from Moscow, it was that secret, the unit.

3 Therefore, when we began to get -- establish the  
4 relationship with them, at first it was for physical  
5 security in -- on the Chevron operation in Tengiz in the  
6 Caspian, I was promoted then to be sort of the regional  
7 manager, CIS, out of Moscow, and what I could work out  
8 very rapidly with that sort of clearance and that sort  
9 of influence, the information side of the world would be  
10 very interested -- and at that time our competitors were  
11 trying to break into the Russian market on the  
12 intelligence side, commercial intelligence, not state  
13 intelligence.

14 Q. Although I think you've indicated that there's such  
15 a bleed-over between the two within Russia that  
16 commercial intelligence overlaps with state  
17 intelligence?

18 A. From -- possibly from the Russian side. From our side  
19 I'd like to think it was clear water. However, so this,  
20 therefore, developed in DSL and the joint venture.  
21 I pushed it quite a lot, and then the chap in charge of  
22 it, the joint venture, the other director, the Alpha  
23 guy, he brought in people that had come from the  
24 economic espionage side of KGB, investigating crime,  
25 serious crime, within the Soviet Union and later looking

1 at oligarchs and all the rest of it.

2 So we had a very good team, and we therefore started  
3 to expand our services and an awful lot of serious,  
4 major Western corporations, that we all know, from the  
5 banks to the oil companies, to everybody else, would  
6 look -- would ask us to investigate people that were  
7 going to be potential -- due diligence in other words,  
8 pure -- and therefore I got sight of and talked to  
9 people that actually worked in those departments, and  
10 often, you know, they'd come and ask me to translate  
11 a word or something, or we would discuss something.

12 So I was very familiar with the style and the  
13 content and, as I said, one of the giveaways was unlike  
14 a lot of Western reports, they have changed now, but in  
15 those days, very much an emphasis on the psychology, so  
16 you'd get a manager and they'd say, "Well respected by  
17 all his staff, a bit of a womaniser, drinks heavily, but  
18 only after hours, left-handed, drives very fast but  
19 safely", into that sort of detail about somebody's  
20 personality.

21 They'd put "aggressive personality" or "insular",  
22 "shy in front of elder" -- you know, amazing detail,  
23 that was one of the giveaways of -- and you could tell  
24 from that too that the information was always very well  
25 triangulated. In other words, if they had an opinion

1 about this guy, they'd go to five, six, seven other  
2 people to confirm that that's what they all thought  
3 about him and if it wasn't, it didn't go in the report.

4 So these reports, as you could imagine, for Western  
5 investors, institutions, was enormously important  
6 because these -- it was exactly what people wanted to  
7 know when, you know, there was that expression about  
8 Russia being the wild west. Therefore, ten years later,  
9 when I saw these reports that Dean Attew was handing me  
10 that Sasha had obtained, I recognised the style  
11 straightaway.

12 Q. I want to come back in just a second to your use of the  
13 word "obtained", because obviously one possible reading  
14 of the situation is that you see a report in  
15 a particular style which is in fact written by somebody  
16 who was formerly a member of the FSB, and therefore the  
17 style you recognise as familiar without it necessarily  
18 having come directly from the FSB for the purposes of  
19 the preparation of that report. That's one possibility.  
20 But you said earlier on -- and I'm not challenging this  
21 at all -- but you said earlier on that the report seemed  
22 to you to have come straight out of the FSB filing  
23 cabinet and to have been topped and tailed. Is that  
24 accurate?

25 A. Well, in terms of, you know, again, I would look at

1           these reports, Dean would say, "What do you think of  
2           this one?" And I'd know the personality, he was in the  
3           public sector, the West knew who these people were and  
4           I would say, "I know this guy", I would read it and as  
5           I say, it was clear, very clear, that this was a very  
6           good character analysis of this guy and what I knew from  
7           my time in Russia and people I knew and made sense.

8           So, yes, these people writing it could have been  
9           active FSB or they could have been former, but being  
10          former, I think what you're saying the first option,  
11          that they could have been former and therefore written  
12          by them, I think is doubtful in as much as the  
13          triangulation is the key to this.

14        Q. That's what I was going to ask.

15        A. And state asset is the only one that has the assets to  
16          photograph you and to electronically follow you and do  
17          all this. An individual, it's a big task.

18        Q. That's exactly the line I wanted to pursue with you  
19          because you said triangulation, you've used the word  
20          just a moment ago, the sources of this report, which  
21          indicates, I think the same thing, they're multiple  
22          different dimensions feeding into a single overall  
23          overarching analysis, correct?

24        A. Yes, it is, but to be fair, other -- for instance Kroll,  
25          that's what its bread and butter is, and that's why even

1 governments approach Kroll to carry out investigations.  
2 So, in other words, it's -- the commonality is that both  
3 people have probably been trained by some sort of  
4 a security intelligence agency, on both west and east  
5 side, but the other commonality is you have to have the  
6 resources.

7 Well, in our system, we have the money, so in places  
8 like Kroll or these other agencies, they do have the  
9 finances to put -- you know, to give triangulation, but  
10 at that time in Russia, it's more than likely, but it's  
11 not a fact, that these were state reports as opposed to  
12 individuals, simply because they didn't have the  
13 resources.

14 Q. You would recognise the difference between a Kroll  
15 profile and an FSB profile, I imagine.

16 A. I could, yes. I've seen both.

17 Q. These were FSB profiles?

18 A. Oh yes.

19 Q. Obviously, because they were produced in response to  
20 a specific enquiry about a specific individual or  
21 organisation, and because they were up to date and  
22 because we know Mr Litvinenko had left Russia himself in  
23 2000, from the reports that you read it can't have been,  
24 or can it, that the information in those reports was  
25 information that he brought with him when he left

1 Russia?

2 A. It's speculation. Of course he could have brought that  
3 information, and he could have got real-time information  
4 subsequently.

5 Q. That's the question I'm trying to --

6 A. But, you know, this is -- the sort of organisations he  
7 talked to when he first came to the UK would have  
8 records of that and computers, and he wouldn't bring  
9 files, I'm sure Mrs Litvinenko can say what was in the  
10 suitcase, as it were.

11 Q. No, but clearly if --

12 A. It's unlikely.

13 Q. Precisely.

14 A. It's unlikely, but it's not impossible.

15 Q. If you are asked, as a former employee of an  
16 intelligence service to provide information, it could be  
17 about any number of people or organisations. To be able  
18 to provide the sort of information that you saw  
19 triangulated in those reports, would it be your  
20 assessment that there must have been a direct line of  
21 communication to somebody currently working within the  
22 FSB at that time?

23 A. Yes, or a combination. In other words, 75 per cent of  
24 the report on a particular target was historical  
25 information that the FSB had, which they obtained, and



1           then the real-time information which the client, the  
2           Western client, was interested in about a particular  
3           meeting or a particular venture or a merger that was  
4           going on was done by an ex-employee but who knew how to  
5           write reports and how to gain intelligence on people.  
6           It could have been a combination.

7   Q.   Yes, I'm sure that's right, but just picking up on the  
8           last comments, Mr Litvinenko was living in London. For  
9           him to obtain real-time intelligence on individuals  
10          operating in or out of Russia must have involved  
11          a direct leak of information or communication of  
12          information to him by somebody within the Russian  
13          service?

14   A.   Oh yes, for sure -- well, within Russia. Within the  
15          Russian service? I don't know. I think historically it  
16          would have to be by definition, because he would say in  
17          1986 in the middle of the Soviet Union, so there was  
18          only one person who had files then.

19                 But anything more contemporaneous, probably was, but  
20          could have been, as I say, people that had their own  
21          contacts with the FSB. In other words, how long the  
22          link was --

23   Q.   Yes, there may be any number of links in the chain, but  
24          if you are asked a question crudely, yes or no, from the  
25          reports and the detail in them that you read, does it

1 appear to you that there must have been a source within  
2 the FSB providing contemporaneous information to  
3 Mr Litvinenko, I take it your answer is --

4 A. Probably.

5 Q. Yes.

6 A. Yes, probably.

7 Q. You may or may not know this, but it's the first time  
8 that it's been indicated, in public at least, that the  
9 information that Mr Litvinenko was supplying included  
10 probably information being supplied to him directly or  
11 indirectly by somebody currently working within the FSB,  
12 so it is rather an important piece of information.

13 Again, treading just a little carefully here with  
14 the questions and answers if I may, you told us a little  
15 earlier on that Mr Lugovoy when you met him was a man  
16 who lacked steeliness. Do you remember saying that?

17 A. Mm.

18 Q. You said when asked to explain what you meant by that.  
19 You said:

20 "I worked quite a lot with these guys ... compared  
21 to ... our side and the Americans, [who are] very  
22 different ... ours are extremely disciplined and focused  
23 and bright..."

24 Some of the Russian side, you said, were quite  
25 ordinary and quite ill-disciplined, and you said

1 Mr Lugovoy -- you put him into the category of the  
2 muscle end of the FSB/KGB. Is that right?

3 A. Yes.

4 Q. I just want to go back to the comparison that you drew.  
5 I mean, it would follow from what you've said that you  
6 are familiar with British and American intelligence.  
7 Pause before you answer, please.

8 A. Well, clearly, I know of them, and --

9 Q. You describe them as "ours are extremely disciplined and  
10 focused and bright", so presumably that's based on some  
11 form of information or interaction you've had directly?

12 A. Yes, sure. Of course, I mean, friends I have had,  
13 people at university have gone into the security  
14 agencies, intelligence agencies, so I know these people:  
15 the military -- a lot of military, depending on which  
16 regiment they are, often go on and have a career in one  
17 of those agencies because of their particular skills  
18 which are applicable, especially these days in  
19 anti-terrorism.

20 So obviously I know of that community, and if you're  
21 a Russian speaker, educated and you've been working in  
22 Russia for 20 years, you're aware of these people.

23 Q. I was going to say nothing sinister in that, but you're  
24 a former military officer with a deep knowledge of  
25 Russia who speaks Russian and who has been in a joint

1 venture with members of the KGB special forces. One  
2 might imagine you are somebody who would be of interest  
3 to British intelligence. Would you agree with that?

4 A. Well, it could be, but another way to look at it is they  
5 run a mile, because if they can work that out, so can  
6 the other side. I think their view is, I would have  
7 thought, more interested in the banking fraternity,  
8 people like that, where the money is, where the  
9 negotiation is done. Someone like me is fairly  
10 insignificant in a security company or relatively junior  
11 executive in an oil company.

12 So I think, yes, they may have an interest and keep  
13 an eye on you, but they left me alone. There's  
14 a community of us, there's a lot of -- there was in the  
15 1990s, an awful lot of people in Russia that could --  
16 British, that could speak English, were ex-military,  
17 because they actually trained in Russian for various  
18 things during the Cold War.

19 So one of the first qualifications often was that  
20 you were a Russian speaker, so obviously the agencies  
21 looked at you in some shape or form, but to my own  
22 knowledge, there was very, very little interface at all.

23 Q. So I take it from the answer that you've given, again  
24 pause before you reply, that you have not provided  
25 intelligence to British intelligence about any issue

1 relevant to Russia?

2 A. No.

3 Q. So it must follow from that that you didn't discuss with  
4 British intelligence the contents of the reports that  
5 Mr Litvinenko had been providing to Mr Attew?

6 A. No, and neither did they approach me.

7 Q. Thank you. Can you remind us of the dates that you were  
8 working in this joint venture with the Alpha group  
9 special forces and KGB?

10 A. It was early 1990s, it was about 1994/1995, around that,  
11 1994, 1995, 1996, around that period then.

12 Q. I think you told us a moment ago that amongst the people  
13 who were brought in on the KGB/FSB side of that venture  
14 were specialists who had been working within the FSB  
15 organised crime branch. Is that correct?

16 A. Yes.

17 Q. Did you know that Mr Litvinenko worked in that branch?

18 A. Only later, subsequently, yes.

19 Q. So approximately how many people did you come across who  
20 were from that branch of the FSB? One or two? 10 or  
21 20?

22 A. In the tens, yes.

23 Q. You remember their names and details?

24 A. Some of them, yes. I mean, to put it in context, within  
25 Alpha, as -- we call ourselves Alpha in Russia, we had

1 the former head of the Soviet Union Alpha, we had the  
2 head of the Ukrainian Alpha, the head of the  
3 Belarus Alpha, the head of the Kazakh Alpha, so we had  
4 that sort of level of --

5 Q. Seriously high level representation?

6 A. Very serious, and in the early 1990s, when you went to  
7 Russia -- outside of Russia, say Kazakhstan, my boss was  
8 a colonel, and there were Kazakh generals calling him by  
9 his full Russian title, and he was calling them by their  
10 diminutive. In terms of rank, that's quite  
11 extraordinary. Very, very powerful, and, as I say, the  
12 distinction of the Alpha was that it was a KGB special  
13 forces, it was not military, so it was super secret and  
14 when DSL was first approached by them in the early  
15 1990s, they did go to both US and UK agencies to say:  
16 who are these guys; to which neither the Americans nor  
17 the British had any idea. It was that secret.

18 Q. So your side went to British and American intelligence  
19 to say: who are these people we are being asked to deal  
20 with?

21 A. Yes, Alistair Morrison and people like that and others  
22 who were ex --

23 Q. The Alpha operation was so highly classified within the  
24 former Soviet Union and its various republics, including  
25 Russia of course, that our intelligence services did not

1 know of its existence?

2 A. Nor the Americans and in fact they said this is a con,  
3 don't waste your time. They were set up to -- the  
4 preliminary strike against Afghanistan, they took out  
5 the president of Afghanistan, including the Russian  
6 guard.

7 Q. So, I mean, it sounds as though within your joint  
8 venture, you had the heads of the most secretive and  
9 powerful section of the former Soviet intelligence  
10 machine across its republics, is that correctly  
11 understood?

12 A. Well, it's difficult to say as categorically as that,  
13 but in terms of combination of a strike force, you know,  
14 with intelligence, the Alpha group was it, and Andropov  
15 actually created them and gave the name Alpha, he  
16 actually said call them Alpha. They later became --  
17 they modelled themselves on the SAS and they later  
18 became anti-terrorist when the break-up of the Soviet  
19 Union, a lot of people were trying to escape from the  
20 Soviet Union, and they took down three or four attempted  
21 hijacks by Soviet citizens, which was again totally  
22 unknown to the West at the time, and subsequently  
23 disbelieved, but latterly it's been proven true.

24 Q. It's now accepted what you're saying is correct. No  
25 doubt about its accuracy.

1 A. Oh yes, the history of Alpha is out, et cetera,  
2 et cetera, so, yes, they had very top line intelligence,  
3 and if you said Alpha to the average Russian guy on the  
4 street in Moscow, in the early 1990s, there was a --

5 Q. Have I understood correctly, your side of the joint  
6 venture made enquiries specifically of  
7 Central Intelligence Agency and MI6, pause before you  
8 answer?

9 A. Yes, because this was very early on in the 1990s, they  
10 were an ex-British special forces well-known security  
11 company, offering international security, and like  
12 everybody else, they were intrigued, but they wanted to  
13 be very careful in terms of their reputation. So as it  
14 was so early after the break-up of the Soviet Union,  
15 they simply went to those agencies that would have an  
16 idea for their own reasons, you know, what their  
17 capability was, the Soviet capability was, and neither  
18 of them had it on record and that's --

19 Q. Did it surprise or disappoint you that neither of those  
20 agencies knew about this obviously very important part  
21 of the apparatus?

22 A. It didn't disappoint me, but we were impressed, frankly.

23 Q. Impressed?

24 A. We were impressed.

25 Q. By what?



1 A. Their capability and the level of secrecy to go through  
2 the whole of the Cold War and neither the Americans nor  
3 ourselves knew about it and they invaded Afghanistan,  
4 et cetera, et cetera, et cetera.

5 THE CHAIRMAN: Mr Emmerson, intrinsically extremely  
6 interesting, but I think we've strayed rather far from  
7 the issues with which I'm concerned.

8 MR EMMERSON: Yes, it may well be that I'm allowing myself  
9 to be drawn into the story. But I wanted to focus it  
10 back, then, on that part of Alpha that is drawn or was  
11 to your knowledge drawn from the unit within the FSB  
12 that Mr Litvinenko was working for at the time that he  
13 blew the whistle.

14 A. If you're trying to correlate the two events, they're  
15 entirely separate. I mean, as far as I know Sasha  
16 Litvinenko had nothing whatsoever to do with Alpha or  
17 any of the employees --

18 Q. I'm not suggesting there is a correlation, but I would  
19 like you to tell us if you can on the record, please,  
20 the names of anybody that you are aware of working  
21 within Alpha who came from the branch of the FSB that  
22 dealt with organised crime in Russia.

23 A. No, I wouldn't do that.

24 Q. You can't name them?

25 A. No, for their own protection. I have no idea, I haven't

1           been to Russia now for ten years and I have no idea what  
2           they're doing for a living, and under the present  
3           circumstances, I wouldn't want to embarrass them.

4    Q.   You'll appreciate that in the understanding of what  
5           happened in this case, the disclosures that  
6           Mr Litvinenko made about information he discovered while  
7           working in that very unit features largely in a chain of  
8           events that may well provide the motivation for his  
9           murder.

10   A.   True, but the people I was dealing with in 1994 were  
11           sort of in their 40s, mid-40s, then.  So these were  
12           really KGB.  These were the people that were looking at  
13           organised crime within the Soviet Union, this is way  
14           before oligarchs and all the rest of it.  So in terms of  
15           generations, they were, you know, 30, 35 years older  
16           than Sasha.  So there was no -- in terms of what their  
17           mandate was within the Soviet Union as a KGB  
18           directorate, and what it was as an FSB directorate in  
19           the modern world post-Soviet Union, I don't know, but  
20           I would suggest that that was entirely different.

21           The sort of crime that was going on during Sasha's  
22           time was to do with, you know, Western money laundering,  
23           nuclear material going missing, massive scams for oil  
24           and gas contracts, and all the rest of it, that we're  
25           all aware of.

1 Q. You're suggesting the generation that you were dealing  
2 with came from a more honourable time?

3 A. No, not necessarily more honourable, but just  
4 completely -- it came from a closed society of the  
5 Soviet Union, so there was no problem of -- there was  
6 obviously some dollars going abroad, but not on the  
7 scale -- there was no corruption that involved the West  
8 or Western money that was being involved, so they were  
9 looking at different things.

10 Q. Right, well, I'm not going to pursue that further with  
11 you in the witness box, although it may or may not be  
12 that it will be pursued with you out of the witness box.

13 Let me turn if I may to what your understanding of  
14 the role and relationship with Mr Lugovoy and  
15 Mr Litvinenko was in connection with the work you were  
16 trying to effectively bid for with Gazprom.

17 Again, you've told us that those responsible for  
18 Gazprom security in the widest sense were all FSB,  
19 correct?

20 A. Generally that sort of background, yes.

21 Q. And that their function was obviously partly physical  
22 security but partly to protect the company against  
23 penetration by Western competitors?

24 A. Yes.

25 Q. That was a general pattern with big companies with

1 a state slice of ownership, or even state individuals as  
2 significant shareholders, state-backed individuals?

3 A. Yes.

4 Q. Are these companies rife with corruption?

5 A. They are difficult to work with, yes. There is often --  
6 the concept of how business is done is a -- was very  
7 different from ours. I think the idea that -- for  
8 example, I worked for Shell and one meeting, an  
9 interpreter failed to turn up, so I was asked to  
10 interpret with senior management of Shell, and one of  
11 the things that came out of there is they said, well,  
12 we're a joint venture between Gazprom and Shell, and we  
13 have this company called McKinsey, and McKinsey are  
14 looking at our joint strategy in Russia. And the  
15 Gazprom question to Shell was: why on earth have you  
16 commissioned work to this company called McKinsey; are  
17 you related to them; are they friends of yours; can you  
18 trust them? And we tried to explain what McKinsey was.  
19 So in other words there was complete conceptual -- if  
20 you are not a friend or a colleague --

21 Q. I'm not asking you, with respect, about corporate  
22 cultural differences. I'm asking you whether or not  
23 there is rife corruption in the large extractive  
24 industries in Russia?

25 A. I think in extractive industries, very difficult,

1 aluminium industry, I refused to undertake any work at  
2 DSL in it. I said it was the most dangerous industry in  
3 Russia and you would get killed.

4 Q. Killed by whom?

5 A. Anybody that got in your way. They didn't give a damn  
6 if you were Chinese, British, American or Russian. 48  
7 managers were murdered between about 1998 and 2001 in  
8 consolidation of that industry, just wiped out, didn't  
9 want to consolidate, so they were shot.

10 Q. What about the extractive energy industries?

11 A. Extractive is the mineral industry, but you mean the oil  
12 and gas industry. The oil and gas industry wasn't, oil  
13 and gas is too big, too international, too significant,  
14 and it was more a question of political dealings there,  
15 and corruption. What I mean by corruption is not  
16 necessarily corruption throughout the organisation, but  
17 within that organisation, there were always people  
18 looking for opportunities, and that was the difficulty.  
19 There were lots of good Russian people who were not  
20 corrupt, but there was always a few that were in it, and  
21 that tended to taint everything that you did, so you  
22 always had to obviously err on the side that there was  
23 corruption as opposed to the opposite as a Western  
24 operator, although a lot of good Russians --

25 Q. Have there been high ranking figures in the Kremlin

1           syphoning money out of the state-owned energy industry?

2   A. I have no idea. I would -- you know, I would -- I could  
3       speculate, but that's not what the Inquiry is after.

4       I have no facts.

5   Q. No, I'm asking for an informed opinion from an expert in  
6       Russia and in the industry?

7   A. In terms of an opinion, clearly people have made an  
8       awful lot of money out of deregulation and privatisation  
9       of Russian industry, but do I know specifically who's  
10      got how many dollars in which account, no.

11   Q. Without knowing who's got how many dollars in which  
12      account, are there people within the Kremlin who have  
13      made very large unexplained amounts of money out of  
14      those privatisations?

15   A. I would imagine so, at some stage.

16   Q. When Mr Lugovoy was introduced to you, I think you said  
17      his idea or his understanding of it may have been that  
18      he was going to be promoting your, Erinys's interests  
19      with Gazprom, but your reading of the situation was that  
20      he might be able to introduce you to someone who could  
21      do that, but he was not sufficiently high up the food  
22      chain to be a direct form of contract -- pact, correct?

23   A. Yes, absolutely, he knew nothing about oil and gas, he  
24      knew nothing about the security of it, and in terms of  
25      his rank and position in KGB, which was essentially

1 a bodyguard from what I understand, then that's not the  
2 sort of guy that Gazprom employs and, therefore, all  
3 he's doing is a conduit to people that he knows of  
4 within the organisation.

5 Q. A conduit who was valuable enough for you to consider  
6 paying 50,000 -- dollars or pounds?

7 A. If you remember on the exhibit, there was a second  
8 option which was actually to tie him into -- possibly  
9 tie him into a deal, so --

10 Q. Yes, you were being asked for 50,000 upfront, and you  
11 were considering that?

12 A. Well, we did, and then we looked at the second option  
13 and if it had gone ahead, it would definitely have been  
14 the second option.

15 Q. Sure.

16 A. Nobody would have paid that sort of -- nobody pays --

17 Q. One can well understand why that was, but you were not  
18 rejecting this man out of hand?

19 A. No, of course, and from a negotiating position, nor  
20 would you, you know, it's let's see what he can deliver.

21 Q. So for him to be of any use to you at all in connecting  
22 you with, let's call it the FSB element within Gazprom,  
23 they were the people you wanted to contact, weren't  
24 they?

25 A. Yes.

1 Q. You had your own long-standing relationship with the  
2 KGB/FSB estate, correct?

3 A. Yes, but actually we never looked at oil and gas, and  
4 this is again the difficulty sometimes of understanding  
5 Russia. In DSL, obviously we could have looked at,  
6 you know, Gazprom and things, but the advice from our  
7 joint venture partner who was Alpha was: we will not  
8 operate in oil and gas. There are different territories  
9 that people can operate in and we were obviously told,  
10 or they were obviously told that: this is not your  
11 territory; you can have the shipping, you can have  
12 extractive, you can have the airline industry, you don't  
13 get oil and gas.

14 Q. So wheeling ourselves forward to 2006, you were looking  
15 for a conduit to people who were loyal FSB people,  
16 correct?

17 A. It isn't a question of loyal or conduit. That is the  
18 way you had to operate there, because, as I said, the  
19 historical way -- position of security within that  
20 generation.

21 Q. Let me put it to you another way. It's my fault. I'm  
22 not asking the question clearly enough. The people you  
23 needed to really speak to were FSB people in a security  
24 position around Gazprom, correct?

25 A. I put it slightly something differently. The people



1           that we were trying to sell security, so I needed to  
2           talk to the security people at Gazprom, but the security  
3           people at Gazprom were all FSB. So it's not that  
4           I wanted to talk to FSB, I wanted to talk to security  
5           people, but I knew that those people -- it's quite an  
6           important distinction.

7   Q. Yes, it's quite an important distinction, but another  
8           important distinction is that you're describing them as  
9           people who at the time of the attempted communication  
10          were themselves FSB.

11   A. Most were -- you never really knew, but most were  
12          retired, but obviously they still had links back to  
13          their agency.

14   Q. Yes, I mean, they were there precisely because they were  
15          representing the Russian state's interests?

16   A. Of course, yes.

17   Q. These were not -- there's a saying we've seen in some of  
18          the evidence, there's no such thing as a former KGB or  
19          FSB officer.

20   A. Well, but at the time and even today, this is the  
21          difficulty. Neither is there any such thing as  
22          a commercial security organisation in Russia. They  
23          don't have -- I mean, admittedly in the West, a lot of  
24          us are ex-military, but not everybody, and slowly as the  
25          industry has become more commercial, the commercial

1 security in the West, there are people coming into it  
2 now who may have a police background or not necessarily  
3 military, or certainly not intelligence or security, but  
4 in Russia, in terms of development of their society,  
5 where you had so many people under arms in the Soviet  
6 Union, then one obvious way to have a job in the new  
7 Russia was to become a security guard. But -- so there  
8 was no real ability to find a Russian commercial  
9 security company.

10 Q. Leaving the generalisations aside and just focusing on  
11 Gazprom for a moment.

12 A. Yes.

13 Q. You've told us that the security apparatus around  
14 Gazprom was a KGB/FSB effectively closed shop, is that  
15 right?

16 A. Yes, yes.

17 Q. They were not, you know, renegade, disaffected KGB  
18 people.

19 A. No, very professional.

20 Q. These were people who were serving the interests of the  
21 Russian state at the time.

22 A. Well, indirectly, of course, but what they're serving is  
23 the interests of Gazprom.

24 Q. Yes.

25 A. Their employer.

1 Q. Which was owned to what percentage by the Russian state?

2 A. It is a national oil company, so of course, but what I'm  
3 saying is -- I'm just trying to be fair here, be  
4 accurate -- is that they were serving the purposes of  
5 Gazprom, they were there to protect the personnel and  
6 assets and operations of Gazprom.

7 Q. Yes, I don't want you to think there's any criticism  
8 coming from me about the fact that you were trying to  
9 reach out to these people, because there isn't, of  
10 course.

11 A. No, I don't take --

12 Q. But what I want to be clear about is what you thought  
13 you were about in these connections.

14 A. Yes.

15 Q. Because for Lugovoy to be any use to you at all, any use  
16 at all, even as a conduit of a conduit, he had to be  
17 somebody who would be trusted by those people who  
18 surrounded the security of Gazprom, didn't he?

19 A. Well, he certainly had to be known to them, but in fact  
20 it wasn't -- the problem for them was not to trust  
21 Lugovoy, it was to trust me, because I'm the one --

22 Q. Yes, of course, it would have been no good, for example,  
23 you seeking to be introduced by a well-known dissident.

24 A. No.

25 Q. I mean, you had to be introduced by someone who enjoyed

1 the trust --

2 A. Yes, yes.

3 Q. -- of the inner circle of the KGB/FSB establishment,  
4 correct? That's why you were willing to pay 50,000  
5 potentially for an introduction, surely?

6 A. Trust, or just simply that he had been in uniform with  
7 that particular organisation, so he was a known  
8 quantity. So they would say: we'll have a look at him,  
9 it comes from Lugovoy, we know him, get this guy Reilly  
10 in, no more, no less.

11 Q. If your assessment had been that this guy couldn't put  
12 you in touch with the right people, you wouldn't have  
13 bothered with him at all, would you?

14 A. No, of course not, no.

15 THE CHAIRMAN: Could I interrupt at this stage? Could you  
16 help me, please, it may be something I missed earlier  
17 on; did you ever see or hear anything which confirmed,  
18 so far as you were concerned, that he was an avenue to  
19 Gazprom?

20 A. Only in as much as he declared that he was, so in that  
21 sense I called his bluff. So I was only going on his  
22 word that he knew people in Gazprom.

23 MR EMMERSON: But you recognised his type, you told us as  
24 well when you met him; he had all the airs that you  
25 would expect to find from a former FSB officer on the

1           make, correct?

2   A.   Of a certain type, yes, he was, you know, recognised.

3   Q.   But the crucial thing I'm trying to explore with you

4           here is that he had been introduced to you by a man that

5           you knew was persona non grata with the FSB, correct?

6   A.   Not at the time, no.

7   Q.   You didn't know that when Mr Litvinenko was dealing with

8           you that he had gone public, was a dissident, had

9           written books about --

10  A.   Lugovoy?

11  Q.   No, Mr Litvinenko.

12  A.   Litvinenko, oh yes, yes.

13  Q.   You knew that he was somebody who had --

14  A.   Around that time, yes.

15  Q.   Well, you knew that he was a public opponent of Putin

16           and of the Russian state and had made a number of public

17           revelations based on his time within the FSB?

18  A.   Yes, yes.

19  Q.   To an outsider, it might seem a bit curious when you're

20           looking for someone to give you a link direct to the

21           heart of the FSB establishment around Gazprom that you

22           would take as a link to that person someone who was

23           known to be one of the world's most outspoken opponents

24           of the Putin regime and himself a renegade FSB officer.

25           Did it not occur to you that there was a bit of

1 a problem going to one of Mr Litvinenko's  
2 recommendations as your link to the heart of the FSB?

3 A. Not particularly, no.

4 Q. Why not?

5 A. He had said what he wanted to say in Russia, he'd had an  
6 audience. The FSB clearly would like to have retained  
7 him. He had come over to the West, he was becoming  
8 a British citizen, he still had a network, and as far as  
9 I was concerned, that was sufficient.

10 Q. I'm not sure I've made my question clear enough to you.

11 A. I do understand what you mean.

12 Q. It seems very, very odd, Mr Reilly, if you were trying  
13 to get access to the security establishment around  
14 Gazprom for a contract worth a very large amount of  
15 money that you would not raise a red flag in your own  
16 mind when the person who has been introduced to you to  
17 establish that contract has been introduced to you by  
18 somebody who was themselves at that point an enemy of  
19 the Russian state.

20 A. That's on the assumption that the Russian state would  
21 know that it had been their contact.

22 Q. If it was Mr Lugovoy who was the person that you were  
23 trying to get to do the deal and he is himself, you say,  
24 useful to you because he's got links to the FSB, then  
25 they would know, wouldn't they?

1 A. They wouldn't necessarily know that he was having  
2 discussions with Litvinenko in London, would they.

3 Q. Of course they would if he is an FSB officer?

4 A. Who is?

5 Q. If Lugovoy is giving information to the FSB --

6 A. He wasn't then, he had retired.

7 Q. But you told us you were using him as a conduit to the  
8 FSB.

9 A. No, let's be very, very clear once again. I was  
10 a commercial director looking for work in Russia with  
11 Gazprom. I was interested in talking to Gazprom  
12 security personnel.

13 Q. Who were FSB?

14 A. Who were FSB. That is not the same as saying I wished  
15 to meet an FSB guy.

16 Q. I'm sorry, if there's a terminological difference  
17 between us --

18 A. No, there's not, it's very clear.

19 Q. -- then let's put that to one side.

20 A. No, let's not, let's be very clear. There is no  
21 confusion, and the link I had was with Litvinenko, and  
22 having worked in Russia, you deal with all sorts of  
23 people like this to get contacts. To get contact with  
24 Gazprom could take you a year; for Shell alone, it took  
25 us ages to talk to people at an official level, through

1 government levels, it takes a lot of time.

2 So to talk to the FSB, the first thing, I had no  
3 worries because the FSB knew me through Alpha, so they  
4 said: yes, we know this guy, we know Erinys, we know  
5 exactly what he does, he's with Litvinenko, we already  
6 know that, we've got a file this high on Tim Reilly in  
7 Moscow. So let's go and see it. If they didn't want to  
8 do it, what had I to lose? I'd have been PNG-ed,  
9 I wasn't. I would have been told, possibly via  
10 agencies, back off, via a message from Moscow, or I'd  
11 have gone to Moscow, or Gazprom would say: no, we're not  
12 interested. Any one of those options could have stopped  
13 it there, which were all perfectly legal. None of it  
14 happened.

15 Q. You've been PNG-ed now.

16 A. No, I haven't.

17 Q. I'm sorry, I thought you said you said you were persona  
18 non grata?

19 A. No, you sometimes feel it, but I'm not. No, I'm not  
20 PNG-ed and neither of those three options which could  
21 have resulted, because I worked through Sasha and  
22 Lugovoy, could have occurred. None of them occurred.

23 Q. I see. I think that might be a convenient moment for  
24 a short break.

25 THE CHAIRMAN: Yes, Mr Emmerson, can you help me as to how





1 Parkes Hotel, I used to be the front office manager.

2 Q. Your nationality, Ms Rondoni?

3 A. I'm Italian.

4 Q. You were the front of house manager and the name of the  
5 hotel was what?

6 A. Parkes Hotel.

7 Q. And the address?

8 A. 41 Beaufort Gardens, SW3 1PW.

9 Q. How long had you been the front of house manager,  
10 approximately, February 2006?

11 A. Yes, I started before and then I was promoted.

12 Q. And the basic responsibilities of a front of house  
13 manager at that hotel?

14 A. It was like looking after all the guests and making sure  
15 everybody was happy and the front office staff and back  
16 office and making sure everything was running smoothly  
17 and nicely.

18 Q. I think you had responsibility for guests, porters?

19 A. Yes.

20 Q. Customer complaints?

21 A. Yes.

22 Q. And the general running of the hotel?

23 A. Yes.

24 Q. Officers from the Metropolitan Police Service came to  
25 speak to you, didn't they?

1 A. Yes.

2 Q. Two specific guests. They came to speak to you on  
3 2 December 2006?

4 A. Yes, they did.

5 Q. You provided a witness statement of 4 December 2006?

6 A. Yes.

7 Q. Correct?

8 A. Yes.

9 Q. And you've had a chance to look at that today?

10 A. Yes, I did.

11 Q. To refresh your memory. We're concerned with two guests  
12 by the names of Lugovoy and Kovtun respectively, and do  
13 you remember them?

14 A. Yes, I do.

15 Q. What date did you see them?

16 A. It was 17 October when they checked in, it was around  
17 2.00.

18 Q. Where were you working?

19 A. I was at the front desk and a taxi stopped in front of  
20 the hotel, and the two gentlemen walked into the hotel  
21 and I was there and so I welcomed them and checked them  
22 in and I asked them passport, signature and usually you  
23 just ask different questions, you know, just to engage  
24 conversation, and I asked if they had a good journey and  
25 where are they coming from, and --

1 Q. Pause there, Ms Rondoni. Could you describe the men and  
2 put names to them if you can and the descriptions? What  
3 was the first man out of this taxi? Can you describe  
4 him?

5 A. The first gentleman who walked in, he was Mr Lugovoy,  
6 and ...

7 Q. Description?

8 A. Okay, so the first man -- sorry.

9 Q. Take your time. In your statement, you put average  
10 height, short, blondish hair.

11 A. Yes.

12 Q. Clean shaven?

13 A. Yes.

14 Q. And wearing a beige or brown casual-type jacket with  
15 a zip at the front?

16 A. Yes, and that man was Mr Lugovoy. And then the other  
17 gentleman, Mr --

18 Q. Mr Kovtun?

19 A. Yes.

20 Q. Just relate the description you've given of Mr Kovtun.

21 A. He was shorter and he had shorter hair. I'm lost.

22 Q. Thicker than Lugovoy's, dark with grey bits in?

23 A. Yes.

24 Q. He was wearing a grey suit-type jacket in a casual way  
25 with no tie?

1 A. Yes.

2 Q. Black round-necked T-shirt underneath. That's

3 Mr Kovtun?

4 A. Yes.

5 Q. Of the two men, was one doing more talking than the

6 other?

7 A. Yes, it was Mr Lugovoy in charge of the situation is the

8 one that was doing all the talking, and is the one that

9 he -- when asked for a credit card for

10 pre-authorisation, he was the one that gave me the

11 credit card and is the one that authorised both rooms.

12 Q. It was a single credit card to authorise both men's

13 stay?

14 A. Yes.

15 Q. You've put in your statement they had one piece of

16 luggage each?

17 A. Yes.

18 Q. Now, can you tell the Inquiry, please, what you have

19 remembered of what was said between you as you welcomed

20 them to the hotel? I'm looking at the last three lines

21 of your statement to refresh your memory.

22 A. Yes, when I asked them how was the journey, they told me

23 that they came from another hotel, that it was fully

24 booked, overbooked, and that hotel was in Piccadilly.

25 Q. So they said they'd come from another hotel that was

1 fully booked or overbooked?

2 A. Yes.

3 Q. And it was in Piccadilly?

4 A. Yes.

5 Q. Was anything said to you that you remember about them  
6 not being happy with the conditions of the rooms in the  
7 other hotel?

8 A. No.

9 Q. It was overbooked, that was the account they gave you?

10 A. It was overbooked, that was the only thing they told me.

11 Q. You carried on with the booking-in procedure in the  
12 standard way?

13 A. Yes.

14 Q. You took a pre-authorisation from Mr Lugovoy's card.

15 A. Yes.

16 Q. The bookings originally, I believe, were for single and  
17 standard double rooms?

18 A. Yes, and --

19 Q. But did they end up in standard and single doubles?

20 A. No, they ended up in a standard double and a deluxe  
21 double, one next to each other, was room 25 and 23,  
22 because we don't have any other room available, they  
23 were the two last rooms.

24 Q. So effectively you upgraded them?

25 A. Yes.

1 Q. To rooms 25 and 23?

2 A. Yes.

3 Q. You gave them keys and they went upstairs?

4 A. With a porter, yes.

5 Q. Did they come down again about ten minutes later?

6 Forgive me, I've probably taken you out of sequence.

7 A. Yes.

8 Q. The process from arrival to going in the lift with the

9 porter, Joseph, took about ten minutes?

10 A. Yes.

11 Q. And you've related some conversation you had with them,

12 some further conversation.

13 A. Yes, we --

14 Q. What were you discussing in general terms?

15 A. Yes, when they asked me where I was --

16 Q. Where you came from?

17 A. Yes, where I came from, I said I was from Sardinia, and

18 they told me that they'd been to Sardinia, they went to

19 Cagliari, that's the capital and we were talking about

20 different things, about restaurants, and the general --

21 Q. Who was speaking, and in what language?

22 A. In English, Mr Lugovoy.

23 Q. Was Mr Kovtun contributing?

24 A. He was doing most of the talking, Mr Lugovoy.

25 Q. Mr Lugovoy?

1 A. Yes, he was the one talking.

2 Q. All right. Did there come a point where you asked them  
3 if they needed the hotel restaurant for the evening?

4 A. Yes, it's just the standard procedure, you know, you  
5 just ask people, and if they need any help with any  
6 restaurant reservations for the evening or any of the --

7 Q. How did they respond when you asked if they needed the  
8 restaurant for the evening? You've made a note of this.

9 A. Yes, they told me they wanted to have fun and so --

10 Q. What sort of fun?

11 A. Like just going out with girls and just having fun, and  
12 we suggested that there was a fun place across the  
13 street, and at the time there was lots of girls in and  
14 out, Beaufort Gardens, number 1, and --

15 Q. They said they were looking for fun with girls  
16 effectively?

17 A. Yes.

18 Q. You recommended a place across the street?

19 A. Yes, number 1 Beaufort Gardens, that it was well known  
20 with girls, it was -- a brothel.

21 Q. A brothel?

22 A. Yes, it was. I don't think it's any more, but it used  
23 to be.

24 Q. All right. That will be useful information to many of  
25 us. It saves a wasted trip.



1 A. I don't know if it's there any longer, but it used to  
2 be.

3 Q. All right. I think on a similar vein you recommended --

4 A. And also, yes, and I recommended another place,  
5 Pizza Pomodoro in Beauchamp Place and again it was  
6 a place where you could go and have a pizza or something  
7 to eat but also fun and pick up girls.

8 Q. You could have a pizza, but the menu changed later in  
9 the evening?

10 A. Pizza with extras, I would say.

11 Q. Pizza with escorts, to be precise. Right, got there.

12 A. Yes.

13 Q. All right, enough of that. So you've related they went  
14 upstairs after about ten minutes, came down without  
15 their suitcases?

16 A. Yes.

17 Q. Did you see them again that day?

18 A. No, because I left around 5.00 and I finished my shift  
19 and then I didn't see them any more.

20 Q. Were you responsible for processing their checkout the  
21 following day?

22 A. Yes, I was there, and I checked them out.

23 Q. We've already seen their receipts as part of this  
24 Inquiry, so I needn't trouble you with that again, but  
25 what time was it that they were checking out?

1 A. It was about 10.00 in the morning.

2 Q. You dealt with their minibar purchases.

3 A. Yes, they used the minibar, they had half a bottle of  
4 champagne, two whiskeys, Red Bull.

5 Q. That's from room 23?

6 A. From room 23, that was the room where Mr Lugovoy was  
7 staying.

8 And a Perrier from room 25.

9 Q. Which was Mr Kovtun's room?

10 A. Yes.

11 Q. Mr Lugovoy paid on his credit card?

12 A. Yes.

13 Q. You asked if they were going to have breakfast?

14 A. Yes.

15 Q. And their response to that?

16 A. They said no, they said they were going to have  
17 a carbonara, pasta carbonara at their favourite  
18 restaurant in Gatwick.

19 Q. And your reaction to that?

20 A. I laughed because it's ridiculous, to have pasta  
21 carbonara for breakfast the.

22 Q. You've made an observation in your statement, however,  
23 as to that as well. Can you --

24 A. Yes, I thought it was quite strange because they said  
25 they were going to have this pasta in their favourite

1 restaurant in Gatwick when they told me that it was  
2 their first time in the UK.

3 Q. They related on the one hand it was their favourite  
4 restaurant in Gatwick?

5 A. Yes.

6 Q. When had they told you it was their first trip to the  
7 UK?

8 A. I think when they checked in.

9 Q. When they checked in?

10 A. Yes, when we talked about, you know.

11 Q. I follow. A porter called Andrea called them a taxi?

12 A. Yes.

13 Q. I think, just really by way of goodbye, you'd asked if  
14 they'd had a good evening, and what was their response?

15 A. They told me they were not lucky that night.

16 Q. They were not lucky?

17 A. No.

18 Q. All right, they may as well have had the meal in your  
19 hotel, as it turns out. Thank you, Ms Rondoni, that's  
20 all I ask you.

21 THE CHAIRMAN: Thank you very much indeed. I'm very  
22 grateful.

23 MR DAVIES: If Mr Reilly could come back, please.

24 MR TIMOTHY REILLY (resumed)

25 Questions by MR EMMERSON (continued)

1 MR EMMERSON: Casting your mind back to this period when you  
2 were looking at the reports that Mr Litvinenko had  
3 prepared for Dean Attew, you told us you got to know  
4 Mr Litvinenko really quite well, is that right?

5 A. Reasonably well, yes, yes. The.

6 Q. Somewhere between friendly and friendly terms, is that  
7 right?

8 A. Yes, yes.

9 Q. We know now, because we've heard evidence from his wife  
10 Marina that he was receiving payments from, amongst  
11 others, British intelligence for information that he was  
12 providing, and that he was providing intelligence  
13 information to other intelligence agencies, including to  
14 the Spanish authorities. When did you first know that  
15 Mr Litvinenko was supplying information to British  
16 authorities?

17 A. The other day when I read it in the papers.

18 Q. I see, it wasn't something that you were aware of at the  
19 time?

20 A. No.

21 Q. Reminding ourselves of your assessment that he must have  
22 had a current source, direct or indirect, within the  
23 FSB, for at least some of the information in these  
24 reports, can I ask you about information security. You  
25 said that when, in your dealings with Mr Litvinenko, he

1           didn't discuss substantive issues over the telephone.  
2           Is that right?  
3    A.   With me, yes.  
4    Q.   Yes.  You described that as being sort of a throwback to  
5           his training.  
6    A.   Sure.  
7    Q.   I mean, did you at this time work on the assumption that  
8           your telephone was insecure?  
9    A.   No, no.  
10   Q.   You didn't?  
11   A.   No.  
12   Q.   So despite the fact that you think that there was very  
13           significant interest in you within the FSB, enough to  
14           have a big file on you that you've described, you didn't  
15           think that your phone might be vulnerable to being  
16           tapped?  
17   A.   No, I mean again, you have to separate out the issues.  
18           Clearly, I'd been there since 1990, I had attended one  
19           of the universities where they train their spies and  
20           their diplomatic service and their -- what was then Tass  
21           and Izvestiya, so clearly I'd been looked at then.  
22           Having worked with Alpha, there would have been another  
23           file and the fact that I'm British and been in the  
24           military.  So in other words that was there.  So  
25           I assumed they knew that about me, but I just didn't

1 think I was that significant a person to have been of  
2 any interest to them.

3 Q. But you knew that Mr Litvinenko was somebody who would  
4 be of current interest to them, didn't you?

5 A. I assumed they would still keep -- but in this sense  
6 that he was now a British citizen --

7 Q. By a matter of weeks.

8 A. Yes, yes, but clearly, from my point of view, which  
9 probably was a mistake at that time, I thought the  
10 Russian government had better things to do than pursue  
11 people like Sasha, in terms of the greater scheme of  
12 things and problems they had.

13 Q. Even though you knew that he was obtaining information  
14 from within the very echelons of the FSB at that time?

15 A. Well, I think the first thing they would have done is  
16 probably looked at the source that was giving them that  
17 information, and as far as I know, there's never been  
18 any indication that anybody in the FSB or connected to  
19 it in the world of commercial intelligence that was  
20 connected to my case, Erinys, has ever had any measures  
21 taken against them.

22 So, in that sense, there is no indication. This was  
23 commonplace by now, there was an awful lot of ex-FSB  
24 people, and Russians that had connections to it, in some  
25 shape or another, living in the West, that were

1           supplying this sort of intelligence from former or  
2           active FSB, right across the United States and Europe,  
3           and most of the major Western companies were taking good  
4           advantage of such very high grade information, if not  
5           intelligence, information, it wasn't necessarily  
6           intelligence, it was information.

7    Q.    You didn't take any particular care then on the  
8           telephone or with your emails?

9    A.    With what?

10   Q.    With confidential information?

11   A.    No, not to do with Litvinenko in the sense that there  
12           was none, as counsel has demonstrated, that there was  
13           very little, because a lot of this was opportunistic and  
14           possible and potential.  There was nothing concrete.

15   Q.    No, I understand what you're saying.

16   A.    There was no emails between me and Sasha, there was no  
17           emails between me and Lugovoy, there was the odd mobile  
18           phone, but, as we heard, the mobile phone was usually 30  
19           seconds, "We'll meet you in the office", so things  
20           weren't discussed.

21           It was -- this is new business development, so you  
22           might go down 15, 20 routes and maybe one project out of  
23           the 20 will actually bear some fruit.  So in that sense,  
24           before this all blew up, this was simply an interesting  
25           avenue to explore.

1 Q. If, in due course, the evidence, all the evidence in  
2 this Inquiry -- forensic and other -- leads to the  
3 inevitable conclusion that Mr Lugovoy was one of those  
4 responsible for the murder and that the murder was  
5 committed on the orders of the Russian state, if that is  
6 where the evidence leads, then obviously it would follow  
7 that in his dealings with you, Mr Lugovoy was on  
8 a mission which ultimately resulted in Mr Litvinenko's  
9 assassination.

10 A. Well, I mean, yes, but it's totally circumspect, so,  
11 you know, is it inevitable that he was the murderer?  
12 I have no idea.

13 Q. No, of course you don't know the whole of the evidence,  
14 but you do know, indeed one of the moments, as you've  
15 seen today, when a significant amount of polonium  
16 appears to have been administered was in your offices.

17 A. Yes.

18 Q. So the relationship that you had, certainly to those of  
19 us familiar with the whole of the evidence, appears to  
20 have been an opportunity exploited for the purposes of  
21 achieving the chance of murdering Mr Litvinenko.

22 A. From the Russian point of view?

23 Q. Yes.

24 A. Quite possibly, yes.

25 Q. Which is why I'm asking you a little bit about your own



1 security in your dealings with Mr Litvinenko.

2 A. Bear in mind, the dealings with him were informal. The  
3 formal relationship between the British side and Sasha  
4 was through Titon, where I assumed there was a contract  
5 and he was delivering these reports. I was actually  
6 acting essentially as an unpaid adviser.

7 Q. Yes.

8 A. Out of that came some potential to look at Gazprom,  
9 which was, as I say, in terms of new business  
10 development, an avenue which you would obviously follow.

11 Q. The issue I was exploring with you, just before the  
12 break -- and I'm not going to retread that ground -- the  
13 issue I was exploring with you was here you are,  
14 introduced to a man, Lugovoy, who is only of use to you  
15 because he has contacts with individuals -- claims to  
16 have contacts with individuals at the top of the  
17 security establishment at Gazprom who are, as you've  
18 said, FSB.

19 On the other hand, he's been introduced to you by  
20 a man who is an enemy of the FSB, who, as we now know,  
21 has ultimately lost his life as a result of a poisoning  
22 which appears to have been attempted at least on the  
23 first occasion in your office. Do you see?

24 A. I see what you're saying. He may have been an enemy,  
25 but no one knew at that time he was going to be

1 murdered, so he was somebody that the Russians weren't  
2 exactly pleased to see again. But, you know, we were  
3 not to know that they were -- or whoever it was -- was  
4 planning his murder.

5 Q. Yes, but he wasn't anybody -- if the FSB had known about  
6 your relationship with him, that wasn't going to help  
7 you get a contract with Gazprom, was it?

8 A. Not necessarily. I mean, this is the point I make  
9 about, you know, they knew who I was.

10 Q. Yes.

11 A. They knew I wasn't an intelligence officer, but they  
12 knew my background. The test would have been with  
13 Gazprom, which up until the events that unfolded, that  
14 was going ahead. I would have visited Gazprom, I would  
15 have met those people.

16 Q. They must also have known that you were --

17 A. That's where the test would be.

18 Q. -- that you were hanging out with a man who was  
19 providing information commercially that had been leaked  
20 directly from their own offices?

21 A. Technically not, because they were looking at Titon,  
22 which was not me.

23 Q. They knew about your relationship with Litvinenko,  
24 didn't they?

25 A. They may or may not have, but the point --

1 Q. I just want to ask you about a question and answer --

2 A. But the linkage between the Russians and Litvinenko and  
3 the UK was the contract between Sasha and Titon, not  
4 between Erinys.

5 Q. We'll look at Titon separately. I'm focusing on your  
6 relationship, Mr Reilly, for the moment.

7 A. That's the point. There was no commercial one.

8 Q. You're saying they may or may not have known about your  
9 relationship with Mr Litvinenko, but I just want to --  
10 looking back at the transcript, this is rather a long  
11 answer, and I wanted to ask you just to elaborate on it  
12 a little, if I may.

13 You said at page 40, line 1:

14 "He [that is Mr Litvinenko] provided contacts there.  
15 But I think what's probably more important than a  
16 statement at the time in this context is because still,  
17 even to this day, the critical appointment of security  
18 people within Russia, especially oil and gas industry,  
19 it meant that everybody knows everybody. So I saw the  
20 head of Gazprom security and his team who were without  
21 exception all KGB people, so they would know Litvinenko,  
22 and it's an inner circle thing. "

23 A. Yes, that's true.

24 Q. So the people that you were trying to make contact with  
25 would know who Mr Litvinenko was?

1 A. Yes, I would assume so, that's fair to assume.

2 Q. Carrying on:

3 "I had credibility..."

4 That means with the people in the FSB, correct?

5 A. What's the context? What's the next clause?

6 Q. "I had credibility because of my British military

7 background and then working with the Russian special

8 forces KGB."

9 A. In that they knew me.

10 Q. Yes --

11 A. I'm not an unknown to them.

12 Q. No. You had credibility with the people in the FSB who

13 were responsible for Gazprom's security?

14 A. Credibility is probably the wrong use of the word, but

15 what I meant was I was known to, so this wasn't some guy

16 that Litvinenko knew that they didn't know who the hell

17 I was, so they knew exactly who I was. If they had

18 checked, if that's what happened.

19 Q. You go on:

20 "They either say you can work with him or not. It's

21 very clear."

22 Now, that's "they", the officials within the FSB?

23 A. Which is what I said before, before the recess, that,

24 you know, it would be very clear, and that would have

25 been the ultimate test with Gazprom. They'd say, "We're

1 not dealing with you", or not. There's no --

2 Q. You'd know if you'd passed muster?

3 A. Yes, absolutely, very clear.

4 Q. But you were obviously much less likely to pass muster  
5 if you're hanging out with a leaky dissident than if you  
6 are not?

7 A. Not necessarily, this is the point about Russia. It's  
8 not logical. There is a logic, but not necessarily. It  
9 doesn't necessarily work like that.

10 Q. Let me carry on with your answer. You then went on, you  
11 said:

12 "So that is really the importance, is that there was  
13 a link there between Litvinenko who would have been  
14 known and Gazprom security would have checked out me who  
15 would have led to Litvinenko which would have led to  
16 London."

17 I'm just trying to understand that. So there's  
18 a link between Litvinenko who would have been known and  
19 Gazprom security who would have checked you out?

20 A. Well, I think you've -- that's what you have been  
21 saying, that, you know, obviously they can triangulate  
22 that and see who we all know, so that could have been  
23 the case, if they had bothered. I don't know if they  
24 did or not.

25 Q. You say you thought they would have checked you out and

1           that would have led to Litvinenko which would have led  
2           to London?

3   A.   Could well have done, yes.

4   Q.   So in other words, you say, that the whole of that KGB  
5           community would have known exactly where I had come from  
6           in that context.

7   A.   I mean, I think where you're heading is, you know, is  
8           this a reason, could this be a reason for what happened.  
9           On the one hand, they certainly knew about the real-time  
10          information that Titon was commissioning, which --

11  Q.   Pause there, it's an important point that you're making.

12  A.   Yes.   But secondly, the second point was completely  
13          separate, was me as Erinys looking at a Gazprom  
14          contract.   From the point of view, I would have thought,  
15          from the state, the far more dangerous arena for them,  
16          in which they may have taken the action they did, would  
17          have been on the information on the Titon side as to who  
18          he was investigating, as opposed to me speculatively  
19          looking for a relationship with Gazprom.

20  Q.   It's not really possible to compartmentalise in that  
21          way, is it, because we've got a series of overlapping  
22          relationships.   As you rightly say --

23  A.   No, I disagree, I think it's entirely possible.

24  Q.   All right.

25  A.   What FSB sees as --

1 Q. Let's not delve into the realms of the abstract.

2 A. Well, it's not abstract at all, is it? If there's one  
3 threat from Gazprom, which is a commercial contract,  
4 where they can just say no or yes and there's another  
5 guy giving information about serious people in Russia  
6 which the Russian state would prefer not to have  
7 revealed --

8 Q. No, I entirely understand that, Mr Reilly.

9 A. All I'm saying is we have to be very clear, there is  
10 a large difference.

11 Q. I entirely understand that the threat may be very  
12 significantly based on the fact that, as you've revealed  
13 for the first time, Mr Litvinenko was getting live,  
14 real-time information from the FSB?

15 A. No, I hadn't revealed that. What I suggested is it is  
16 likely, but I don't know for a fact, so I think we have  
17 to be very clear.

18 Q. But, as you said a moment ago, that is something that  
19 would be known to the FSB.

20 A. The information side? I've no idea on the information.  
21 On the Gazprom, clearly they would have known because  
22 the linkage was there. But on the information side --

23 Q. I don't want to confuse you, but you just said a moment  
24 ago on the transcript that would be something that the  
25 FSB would know about, the --

1 A. Probably.

2 Q. Right. So the net result is, you are approaching  
3 Gazprom and its FSB-backed security through Lugovoy as  
4 the result of an introduction by a man you knew the FSB  
5 would know was in receipt of confidential classified  
6 information from his former colleagues?

7 A. No, that part of the link they would not necessarily  
8 know. You're equating two things that are not  
9 necessarily related. As we know --

10 Q. Just basing yourself on your evidence, Mr Reilly.

11 A. No, they don't -- I don't know whether they thought that  
12 the link with Gazprom also was the same guy that was  
13 giving information for Titon. That's the link, the  
14 critical link, and I don't know.

15 Q. I'm getting a little confused, because --

16 A. Well, it's clear to me.

17 Q. -- in the passage of evidence that I read to you and in  
18 your responses when clarifying it, you said you told us  
19 that you expected that they would understand the  
20 existence of your relationship with Mr Litvinenko.

21 A. Yes, but my relationship with Mr Litvinenko was nothing  
22 to do with commissioning reports or information on  
23 behalf of Western clients through Titon, which is what  
24 was the real threat, anybody could see was the real  
25 threat to the state or individuals, state or otherwise



1 private individuals, in Russia.

2 Q. Mr Lugovoy has made in public the claim several times  
3 that an attempt was made to recruit him as an asset for  
4 British intelligence. There is no evidence in the  
5 public domain to suggest that that is true.

6 Bearing in mind your long history of involvement  
7 with the Russian intelligence service, and your  
8 association with a man who was in receipt of information  
9 being leaked from the FSB in real-time, looking back on  
10 your conversations with Mr Lugovoy, is there anything  
11 which you may have said or may have passed between you  
12 which he might have misinterpreted as an attempt by you  
13 to recruit him to work for British intelligence?

14 A. No, none at all, and furthermore, as I have no  
15 connection with British intelligence, I am not an  
16 employee or a former employee of them, then I would  
17 certainly not be in a position to even suggest that to  
18 a foreign national.

19 Q. No, I'm not suggesting that you did.

20 A. No, I didn't.

21 Q. But is there anything that passed between you --

22 A. No.

23 Q. -- that you think could account for that claim?

24 A. No, it would be speculation, I don't know. I've never  
25 heard it until you mentioned it.

1 MR EMMERSON: Yes, thank you.

2 THE CHAIRMAN: Mr Reilly, thank you for your assistance  
3 which has been considerable.

4 A. Thank you.

5 THE CHAIRMAN: I'm only sorry that your unwitting  
6 involvement in this matter has had the consequences as  
7 far as your career is concerned that you've explained to  
8 us.

9 A. Thank you.

10 THE CHAIRMAN: Thank you very much.

11 Yes, Mr Davies.

12 MR DAVIES: Sir, that concludes the evidence for the day,  
13 I think, rather than reverting to Mr Mascall.

14 THE CHAIRMAN: Yes.

15 MR DAVIES: May I say a few words about timetabling for next  
16 week.

17 THE CHAIRMAN: Yes.

18 MR DAVIES: On Monday, we will complete the evidence  
19 relating to the events of 16 to 18 October 2006.

20 On Tuesday, we will hear evidence relating to the  
21 events of 25 to 28 October, an occasion when Mr Lugovoy  
22 visited London.

23 THE CHAIRMAN: Yes.

24 MR DAVIES: As you know, sir, it had been our intention to  
25 call evidence relating to and emanating from the German

1 police investigation on Wednesday and Thursday next  
2 week. That investigation was, as you know, focused on  
3 events in Hamburg involving Mr Kovtun. In very brief  
4 summary, we propose during this part of the evidence to  
5 hear both from one of the lead German police  
6 investigators and from a number of factual witnesses  
7 about events in Hamburg involving Mr Kovtun, in  
8 particular events during the period 28-31 October 2006.

9 We expect that these factual witnesses will give  
10 evidence by video-link.

11 Sir, I'm afraid that it's not proved possible to  
12 complete all the steps that need to be taken in order  
13 for this evidence to be heard next week. We have  
14 therefore decided to vacate both Wednesday and Thursday  
15 next week. They will now be non-sitting days.

16 We have provisionally rescheduled the German  
17 evidence for Thursday, 12 March, and it is our  
18 expectation that it will be possible to hear it then.

19 This does, of course, mean that the evidence of  
20 events in Hamburg on 28 to 31 October will be heard  
21 a little out of sequence. Although this is unfortunate,  
22 we do not regard it as a major disadvantage, in  
23 particular since we gave a fairly detailed summary of  
24 the evidence as we expect it to be in the opening given  
25 by my learned friend Mr Tam.



