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**The Observer**  
Azerbaijan

**Jamie Doward**

Sat 31 Dec 2016 20.37 GMT



Luca Volontè, an Italian politician, has been accused of accepting bribes to quash a report into the plight of political prisoners in Azerbaijan. Photograph: Vano Shlamov/AFP/Getty Images

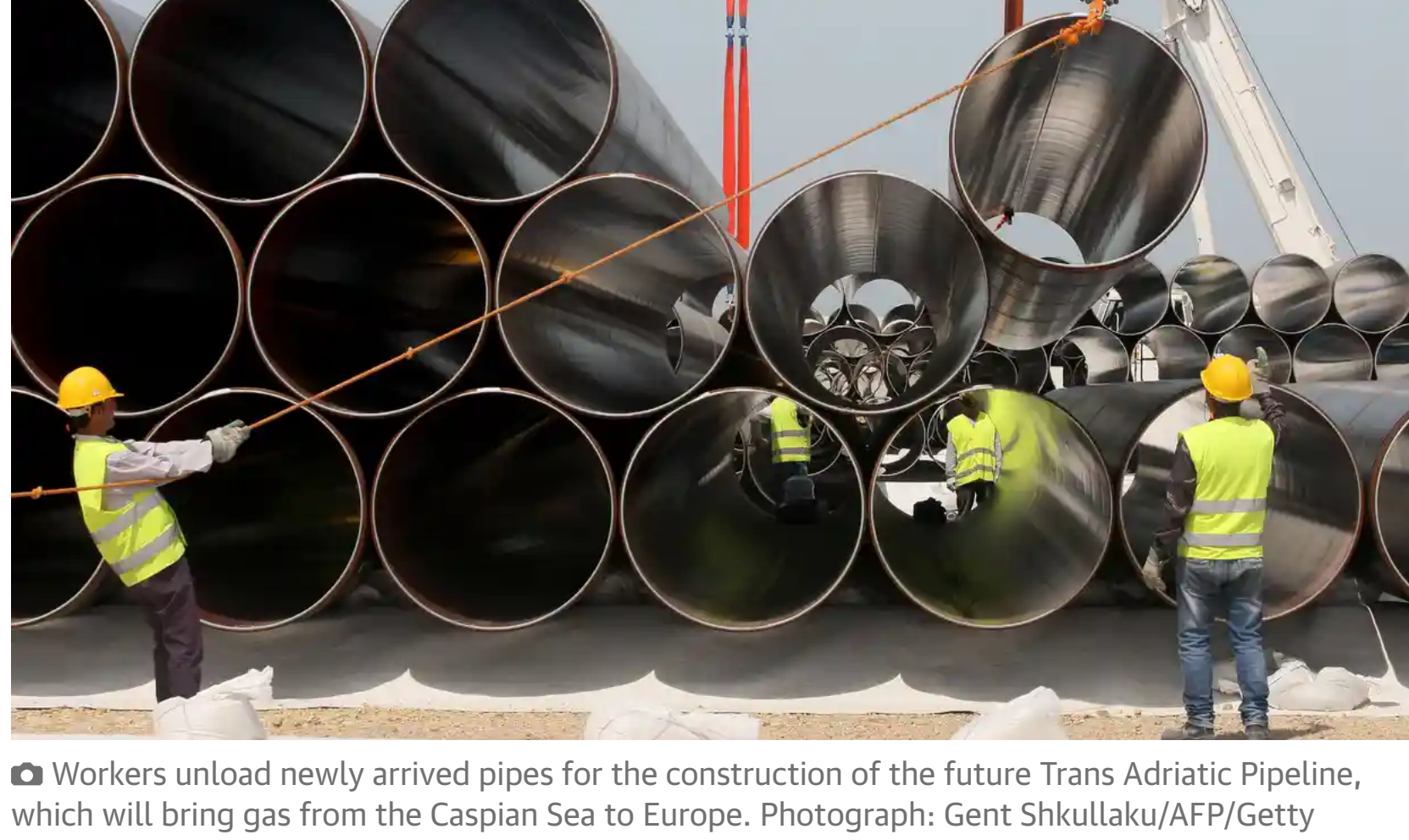
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## UK companies 'linked to Azerbaijan pipeline bribery scandal'

**Alleged payments to Italian MP before key European debate scrutinised**



Workers unload newly arrived pipes for the construction of the future Trans Adriatic Pipeline, which will bring gas from the Caspian Sea to Europe. Photograph: Gent Shkullaku/AFP/Getty Images

Four British companies are alleged to have played a key part in a multimillion pound bribery scandal involving a leading Italian politician.

Luca Volontè, a former member of the Union of the Centre party in Italy, has been accused of helping quash a human rights report criticising [Azerbaijan](#), one of the world's most authoritarian countries. The *Observer* has also established that one of the UK companies was allegedly linked to a scandal involving Russian organised crime.

Volontè, who is also president of the European People's party in the Council of [Europe](#), is being investigated by the Milan public prosecutor's office for allegedly accepting €2.39m in bribes.

It is claimed that Volontè received the money in exchange for persuading the People's party to vote against a 2013 report by the council, Europe's leading human rights organisation, that highlighted the plight of political prisoners in Azerbaijan. He denies any wrongdoing.

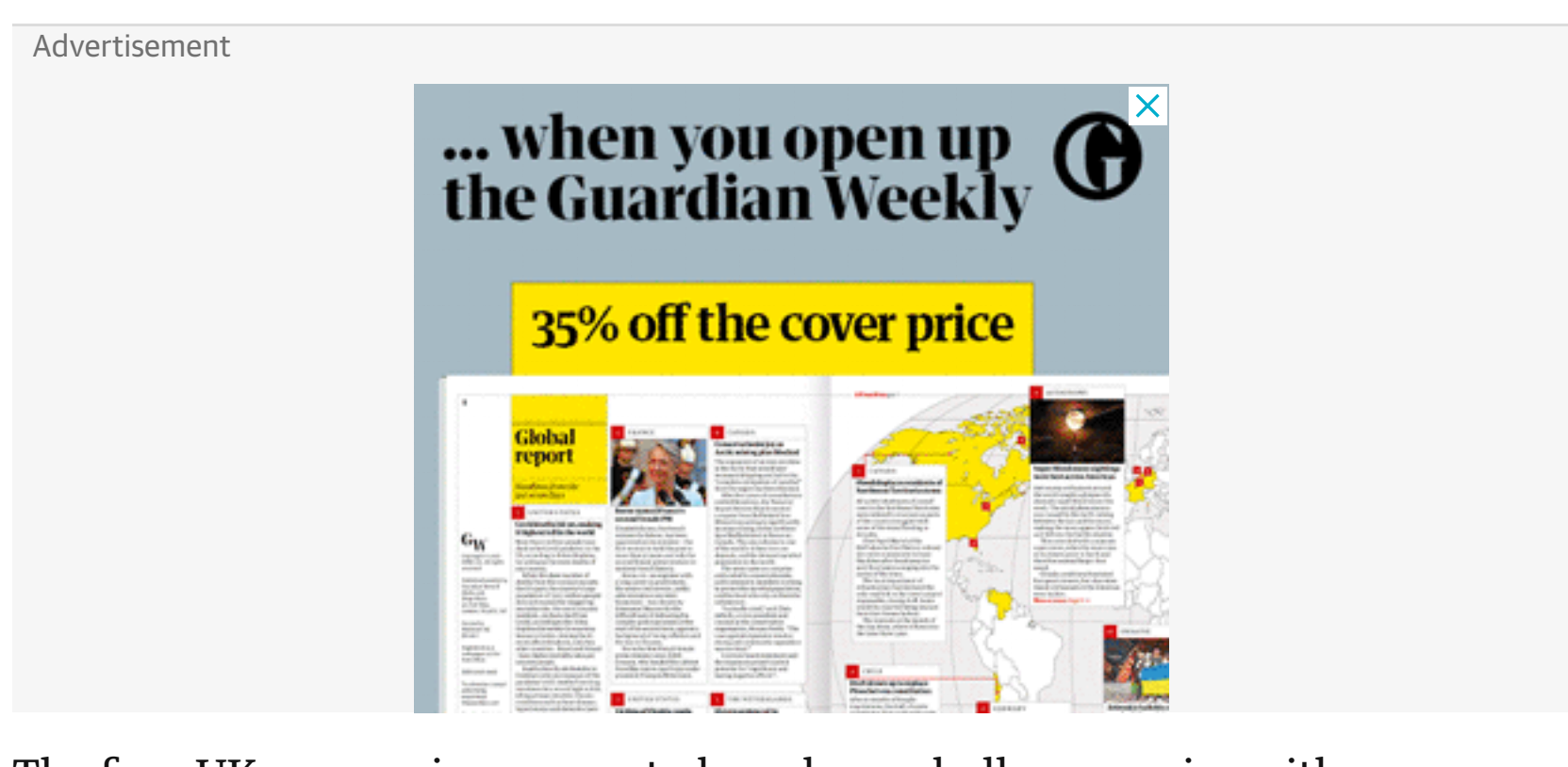
Several months after the report criticising Azerbaijan was rejected by EU member state politicians, the European commission announced the construction of the controversial Trans Adriatic Pipeline (TAP) bringing gas from Azerbaijan to Europe.

Campaign groups claim that the publication of the council's report, drafted by a German Social Democrat MP, Christoph Strasser, would have invited public scrutiny of alleged abuses in the country, and raised questions about Europe's backing for the pipeline.

Strasser told the Italian broadcaster RAI: "By rejecting my report, Azerbaijan saved its reputation and nobody had nothing to say when they started doing business [in Europe]."

TAP is part of the giant Euro-Caspian Mega Pipeline which will run across Georgia, Turkey, Greece, Albania and [Italy](#). Once completed it will bring gas to Europe from the BP-operated Shah Deniz fields in the Caspian Sea off Azerbaijan's coast.

Payments made to Volontè via the four UK companies were revealed in an Italian documentary. Volontè confirmed to the programme's makers that he was paid for advice which he "personally provided to Elkhan Suleymanov", a good friend of Azerbaijan's president, Ilham Aliyev. He has said he was only paid for giving agricultural advice.



The four UK companies appear to have been shell companies with no operations in the UK and are now dissolved. The European Stability Initiative thinktank has named them as [LCM Alliance LLP, based in Potters Bar, Hilux Services and Polux Management, both](#) of Glasgow, and Metastar Invest, whose HQ is registered at a service address in Birmingham. All four were ultimately controlled by companies in tax havens.

Records show that one of the UK-registered companies allegedly used to funnel the payments – Metastar, a limited liability partnership (LLP) now dissolved – was run by two "members": Advance Developments Ltd and Corporate Solutions Ltd. Both firms, also now dissolved, were based in [Belize](#) and controlled a vast network of UK-registered LLPs, including one called Armut Services.

Documents [filed with the Latvian courts](#) allege that Armut helped siphon off \$230m of funds paid by the hedge fund Hermitage Capital Management to the Russian treasury.

The scandal involved an organised Russian criminal syndicate, the Klyuev Group, which, it is claimed, has stolen at least \$800m from the Russian people with the aid of the Russian government.

Sergei Magnitsky, a lawyer working for Hermitage, blew the whistle on the scandal only to be imprisoned in Russia. It is [alleged that Magnitsky was](#) tortured to force him to withdraw his testimony. While in prison he developed gallstones, pancreatitis and a blocked gall bladder. A human rights council set up by the Kremlin found that he was physically assaulted shortly before his death, which was the direct result of being denied urgent medical care needed to treat his conditions.

Emma Hughes of Platform, a group that campaigns against the fossil fuel industry, said the involvement of UK tax havens in the alleged bribery scandal should act as a wake-up call for the British government. "This alleged corruption scandal is yet another example of how the opacity created by tax havens is used to fuel corruption and bribery around the world," she said.

"Until the UK changes the law to tackle this it is facilitating criminality. It should begin by approving an amendment to the criminal finances bill which would enable the UK to freeze the assets of people who are involved in, or profit from, human rights abuses." The Trans Adriatic Pipeline has been a longstanding source of controversy. William Hague, when foreign secretary, gave his blessing to the project claiming that it would reduce the UK's dependency on Russian gas.

However, others disagree. "In actuality the Euro-Caspian Mega Pipeline is likely to be used to feed Russian gas to Europe as the pipeline has been designed to interconnect with the Russian pipeline grid," said Hughes. "TAP will lock Europe into polluting fossil fuels for the next 50 years, undermining our climate targets and make us dependent on the Azeri government. These revelations mean the EU must halt its support for this dangerous pipeline."

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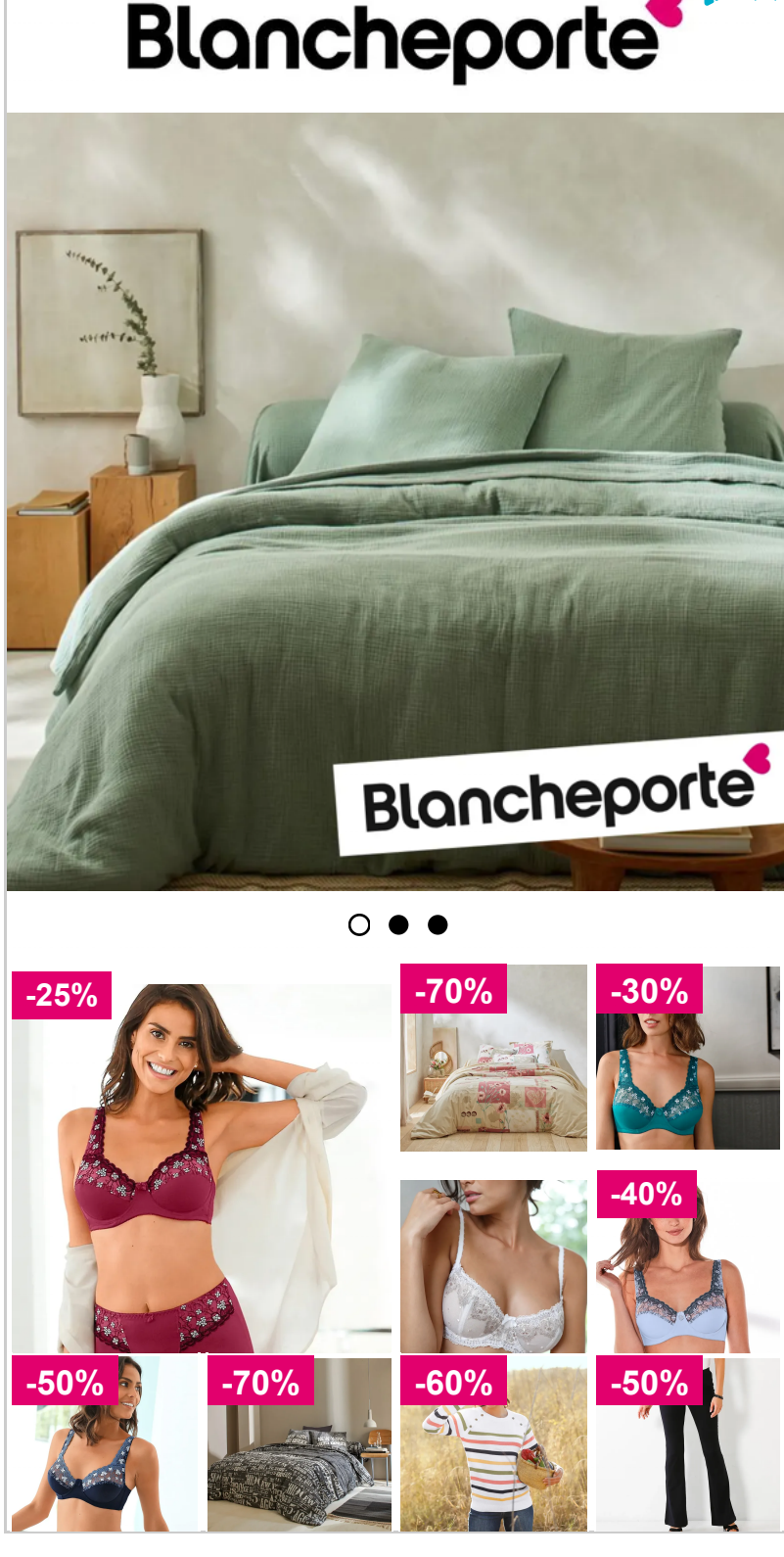
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