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CDNEMB RCMP SECT

Uspolnitsa Krym 002
BULGARIA 002
EX. N. 4458 07 23.07.95

Royal Canadian Gendarmerie royale
Mounted Police du Canada

96
FACSIMILE TRANSMITTAL
ENVOI D'UN FAC-SIMILÉ

Basanski Classification/Designation Classification/Designation de sécurité	
POLICE USE ONLY	
Priority - Prorita	Date
ROUTINE	88 AUG 123
File No. - No de dossier	
85V-EC-003	
Reference No. - No de référence	
11 PL 6038	
TELEPHONE NO. NO DE TELEPHONE	

NAME NOM	Col. D. VANGELOV
ADDRESS ADRESSE	Director, Central Service for Combatting Org Crime Ministry of Interior

Sofia, Bulgaria	359 (2) 800 230
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NAME NOM	R.C.M.P. Liaison Office	TELEPHONE NO. NO DE TELEPHONE	(43 1) 531 38 3555
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ADDRESS ADRESSE	Canadian Embassy
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Laurenzerberg 2, A-1010 Vienna

Austria	FACSIMILE NO. NO DE FAC-SIMILE	(43 1) 531 38 3321
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Nombre total de pages à suivre y compris celle-ci

1 of 7

CONTENTS
CONTENUES

Subject: Mihail KAPOUSTIN

The attached message (page 2 thru 7) were received from the Vancouver RCMP Proceeds of Crime Unit. There is some information therein that may be useful to Mr. Stefan GUEORGUEV of the National Prosecution Investigation Bureau with respect to Kapoustin and companies and accounts that he had in the Caribbean.

Could this be passed to Mr. Georguev and ask that he in turn pass any comments he may have on this directly. I am still very much interested in any indication he has that any of Kapoustin gains from the fraud in Bulgaria ended up in Canada



D.A. Dujnbos
Police Attaché

Canada

12:09 3313 3904

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18:59 FP
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RECEIVED
23 Aug. 1996

SIG 993 0266 TO L O VIENNE
81:81 96. 22 00V

Royal Canadian Mounted Police
RCMP LIAISON OFFICER VIENNA

Security Classification/Designation Classification/désignation sécuritaire	
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Precedence - Priorité	Date
Routine	1996.08.22
Our File-Notre no de dossier	Your File-Votre no de dossier
95E-3653	95V-EC-003
Reference No. - No de référence	
E6217-022/96-235	

FACSIMILE / MESSAGE TRANSMITTAL
ENVOI D'UN FAC-SIMILÉ OU D'UN MESSAGE

Director, International Liaison & Detective Services
Attention: RCMP Liaison Officer, Vienna

HQ/DG
RCMP-GRC
Fax No. 125
PAGE
1 OF 6
DE

Director, Federal Services
Attention: OIC Proceeds of Crime Branch

Officer in Charge,
Proceeds of Crime Section
Division

Det. B. Desmarais

Fax No. - No de télécopieur	Telephone No. - No de téléphone	RECIPIENT: Fax No. - No de télécopieur	Telephone No. - No de téléphone
604 264-2304	604 264-3013	DÉSTINATAIRE:	

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1: Mihail Kapoustin;
Proceeds of Crime Investigation

As noted in the Vancouver PCS previous FAX transmission (dated 96-08-02 ref.# E6217-022/96-209), Det. Desmarais attended the Vancouver (Civil) Registry of the Supreme Court of British Columbia for the purpose of reviewing civil files to determine if information contained in them may be relevant to the criminal investigations under way in Canada and Bulgaria with respect to Kapoustin, et al.

2. Det. Desmarais found evidence of numerous civil suits naming Kapoustin, or companies he has an interest or control in, as defendant(s) in British Columbia and elsewhere in Canada. Further, there would appear to be a number of judgements against Kapoustin for frauds or similar civil activities in the hundreds of thousands of dollars.

APPROVED BY	Date	Time - Heure	Authorizing Signature Signature de l'approbateur	Date
				Time - Heure

Canada

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12:08 83138 904

19:00 FR RCMP HQ OTTAWA #2
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Det. Desmarais conducted a cursory review of literally thousands of pages of Motions, Affidavits and Orders. In order to do more thorough review, several days would have to be set aside. Further, based on the contents of the interconnected web of shell companies, subsidiaries and share transfers which span the last ten 10 years and several countries and involve dozens of persons and corporate entities either directly or indirectly.

Of particular interest to the Bulgarian investigation, and which is relevant to the requests set out in your FAX dated 96-07-31 (ref.# ULPL6794), is the contents of two (2) court files. It is the contents of these files which will be the focus of the remainder of this FAX transmission.

Supreme Court file C94065 is an action initiated in February, 1994 by Lifechoice Pharmaceuticals Inc., Lifechoice International Inc., Lead Resources Ltd., Dy Alkovin Marketing Limited Partnership, and International Pharmaceutical Suppliers Inc. against Donald Maxwell. This is by far the largest single bulk of documents found associated to any one file. Essentially the aforementioned suite alleges that a former employee and director (Donald Maxwell) inappropriately obtained funds from company accounts for his own use, and further that Maxwell took 160 grams of a substance called *Dy Alkovin* which the plaintiffs hold out to be an extremely valuable cancer-fighting agent and therefore of high dollar value. The suit further alleges that Maxwell diverted company revenue supposedly destined for Lead Resources and pocketed it himself. The suit asks for damages, but more importantly demands the return of the records of Lead Resources, which Maxwell kept when he was removed as a director and fired from the company. On reviewing the court file one is left with the impression these records are in fact, the main focus of the dispute.

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In an affidavit dated 93-12-20 (sworn in Sofia, Bulgaria) and filed in support of this action, Kapoustin states that he is the Chief Executive Officer and a director of the aforementioned companies. The company you inquired about in your last FAX (dated 96-07-31, ref.# ULPL 6794), International Pharmaceutical Suppliers Inc., is mentioned in the affidavit as a company registered in Antigua, West Indies, under Kapoustin's control.

The same court file contains a number of letters between the agent acting for Donald Maxwell (a non-lawyer named Vian Andrews) and counsel for Kapoustin in Vancouver, B.C.. In the correspondence, a number of disclosures are made, including copies of correspondence between the affected parties and others. One such letter is from Mihail Kapoustin to an officer of the Antigua International Trust Ltd., the mailing address of which is: High Street P.O. Box 1302, St. Johns, Antigua, West Indies. In this letter Kapoustin authorized the release of shares to a male by the name of Wayne Leyton (previously reported). Mr. Leyton is a resident of the Vancouver area and a chemist who is suspected of supplying a criminal organization with the methamphetamine precursor called "P2P". This substance is not illegal in Canada, but is strictly prohibited in the USA. It should be emphasized that Mr. Leyton, in so far as the investigator can determine, has not been convicted of criminal activity in Canada.

Further correspondence in this file indicates Kapoustin is a holder of an account at the Swiss American Bank, also of St. John, Antigua West Indies. There is a withdrawal slip for this bank contained in the documentation, however the copy is very poor, and only the first six (6) digits of the account can be discerned: 100 892. The remaining six (6) or so digits of the account number are obliterated. It is also unclear whether this is a personal or corporate account, but it is clear, however, that this account is or was under the control of Kapoustin.

19:00 FR RCMP HQ OTTAWA #2
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Considerable correspondence can also be found in the file originating from Donald Maxwell. In fact Maxwell filed a "counter-claim" against Kapoustin with respect to this matter. In a letter to Kapoustin's Vancouver lawyer, Maxwell alleges he has offered to cooperate with the Bulgarian authorities in their investigation into Kapoustin. He also states he has turned over a package of material to the RCMP regarding Kapoustin's activities. Det. Desmarais has canvassed the RCMP and Vancouver Police Dept.'s Commercial Crime Sections and no such investigation seems to be currently under way other than the one being conducted by this unit.

10. Supreme Court file C903784 is an action initiated in February 1994 and brought on by the Khalsa Credit Union (in Vancouver) against Jatinder Bhogal and Mihail Kapoustin. The suit essentially revolves around a corporate account which was opened at the aforementioned financial institution by Bhogal on behalf of Kapoustin and Lead Resources. The reasons why the account was opened and circumstances surrounding the management and control of the said account is quite convoluted involving share transfers, promises to pay, etc., however suffice it to say that cheques were written on the account with insufficient funds to pay. A judgement was rendered in Supreme Court on 96-02-02 finding against Bhogal and ordering him to pay \$217,391.29, plus interest in damages to the credit union. It is unclear why Kapoustin was not included in the judgement, however it is possible that the credit union chose to proceed against Bhogal because he remained in Canada while Kapoustin chose not to return.

11. Contained in the aforementioned file is an affidavit sworn by Donald Maxwell on 96-01-24 in which he claims he was an employee of Kapoustin's from March 1990 to August 1993, and a director of Lead Resources from November 1989 to November 1995. He further makes reference to the claim and counter-claim mentioned previously (Supreme Court File C94065,

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Lifechoice, et al vs Donald Maxwell) where he states that the matter has been settled and Kapoustin paid him "a certain amount" of money, with out disclosing the actual amount. In the previous claim Maxwell was asking for \$100,000 in damages. Maxwell went on to state in the 96-01-24 affidavit that he returned the Lead Resources records to Kapoustin as a condition of settlement.

Kapoustin also filed an Affidavit in defence of this action on 95-04-28. In this affidavit he stated that Lifechoice International Inc. is registered in Antigua. He further identified accounts he has control of in the Swiss American Bank, Antigua (previously mentioned) and the Seafirst Bank, Aurora Village Branch, Seattle, Washington, USA. Some bank statements were included from the Seafirst Bank, which showed minimal funds being transacted, however it is not known if all of the statements were included for the life of the account or if the statements were selectively disclosed.

Detective Desmarais has not approached Don Maxwell and requested an interview as yet. Maxwell was obviously very involved in the Lifechoice business as well as other business ventures involving Kapoustin until their apparent "falling out". Maxwell also is likely in possession of information with respect to the Kabalarian funds transfers which, as you know, was the original precipitator of the Vancouver PCS investigation. At present, there does not appear to be a substantial likelihood of charges arising from the Kabalarian side of the investigation however in order to properly complete the investigation Maxwell should be interviewed.

4. The Det. Desmarais is prepared to conduct the interview of Maxwell and direct whatever questions the Bulgarian authorities may have to Maxwell, however because of the volume of material in the civil court registry as well as the complicated nature of the Bulgaria fraud investigation, some

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consideration should be given to a Bulgarian investigator attending
 Vancouver and reviewing the court information and participating in the
 Maxwell interview. It is not feasible to copy the court files in their entirety
 as the Civil Registry has waived the usual \$8 per file search fee, but they
 have not waived the copy fee which is \$.50 (fifty cents) per page. Even if
 only the two files dwelt on in this transmission were copied, it would result
 in thousands of dollars in copying costs alone. It is entirely likely that
 additional information contained in other court or police files may be of
 importance to the Bulgarian investigation as well.

If you have further questions or concerns, please do not hesitate to contact
 the investigator, Det. Brad Desmarais (604 264-3013).

sards,

BIB CH
A/INCO IIC ADPWA

B. Barber
 (Vander Graaf) S/Sgt.
 Acting Officer in Charge,
 Proceeds of Crime Section
 Division

23.08.96
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