

THE INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

ICSID CASE No. ARB/20/11

PETERIS PILDEGOVICS and SIA NORTH STAR

^

CLAIMANTS

v.

THE KINGDOM OF NORWAY

RESPONDENT

SECOND WITNESS STATEMENT OF KIRILL LEVANIDOV

28 FEBRUARY 2022

1. My name is Kirill Levanidov. I hereby provide a second witness statement in respect of the arbitration brought by Peteris Pildegovics and SIA North Star, as Claimants, against the Kingdom of Norway before the International Centre for the Settlement of Investment Disputes (ICSID Case No. ARB/20/11). I provide this second witness statement in support of the Claimants' Reply dated 28 February 2022.
2. My second witness statement addresses the context regarding Link Maritime's taking over of various loans made to North Star.
3. Except where I say otherwise, I make this witness statement from my own personal knowledge. If requested to testify in person, I would give evidence in English.
4. In preparing this witness statement, I have been assisted by counsel, but the statement is my own. I confirm that the contents of this witness statement are true.
5. In this witness statement, I provide further background on various loans made to North Star, which I understand Norway describes as being provided on non-commercial terms and essentially coming from me. This is inaccurate.
6. The manner in which North Star's activities were funded reflected the external market interest and demand for the snow crabs that North Star would catch in the Barents Sea.
7. A relevant example to show this relates to [REDACTED]. At times, [REDACTED] [REDACTED]'s shareholders have included [REDACTED], [REDACTED], [REDACTED], [REDACTED] and me.¹ [REDACTED] acted as a service company, purchasing live and raw seafood product, while also acting as a financial company. [REDACTED] was a company with multiple shareholders with various business interests, who were brought together to finance a number of projects, notably North Star's fishing of snow crabs in the Barents Sea, and looking to generate returns in due course.
8. I have known [REDACTED] for over 30 years. We went to university together, first at [REDACTED] University in [REDACTED] where we both studied in the Japanese Department. We later also attended graduate school together at [REDACTED] University in Japan, overlapping for a few years while we were both doing a masters in economics. [REDACTED] now owns and operates several independent companies such as [REDACTED]

¹ **KL-0024**, p.3 ; Email exchange with Kirill Levanidov [REDACTED]'s shares transfer, about 27 July 2013-23 August 2013, **KL-**[REDACTED] shares transfer, unsigned, 5 August 2013, **KL-0053**.

██████████. and ██████████ I invited ██████████ to join my projects in Norway in 2008-2009, including Seagourmet. He agreed to join the project, bringing not only his expertise of the Japanese seafood market, but also his financial capacity, both in investing his own funds and attracting substantial third-party investment. For example, ██████████ was able to obtain financing through ██████████ a company through which ██████████ invested, as well as ██████████, a company belonging to one of his business contacts, as well as from Seatec, ██████████ own company. In August 2013, I sold 60% of my shareholding in ██████████ to ██████████, reducing my stake from 20% to 8%.²

9. ██████████ was initially attracted to the Seagourmet project in 2010 by ██████████ and myself jointly. However, starting in late 2013, he expressed the desire to withdraw from the Seagourmet project and sold his shares in March 2014. ██████████ has been based in Japan for at least 25 years and operates his own unrelated companies there, for example ██████████ and is also involved in shipping and cargo.
10. ██████████ was introduced by ██████████. Both are business partners in other unrelated projects. I have never met ██████████ personally and he did not have a major role in the operation of ██████████.
11. ██████████ has background as a fishing captain with extensive fishing and processing know how. He withdrew from the Seagourmet project in 2016, in which he had been approached to be a shareholder.
12. One example of market transaction related to North Star is the 9 December 2015 loan granted by ██████████, a large Japanese seafood company based in ██████████, to ██████████. This was a ██████████ that would in part be used ultimately to sustain ██████████ cash flow while awaiting for the successful sales of snow crab by North Star, to which loans had already been made.³ The loan was also used in part by ██████████ to make further loans to North Star.⁴ The schedule of repayment of the loan was through 2016 and 2017.

² KL-0024, p.3 ; Email exchange with Kiril Levanidov about ██████████ shares transfer, 27 July 2013-23 August 2013, KL-0052; ██████████ shares transfer, unsigned, 5 August 2013, KL-0053.

³ PP-0127; PP-0128.

⁴ PP-0129.

13. [REDACTED] specializes in processing and packaging live scallops and crabs, notably, for the Japanese market.⁵
14. I have had business contacts with [REDACTED] for several decades.
15. [REDACTED]'s preferred way of proceeding, since they did not know North Star, was for them to make a loan to [REDACTED], as they knew me, one of [REDACTED]'s shareholders. Their contacts were through me and my business partner [REDACTED], also a shareholder in both [REDACTED] and Seagourmet, based in Japan. For example, [REDACTED] requested personal guarantees in respect of the 9 December 2015 loan. [REDACTED] signed one⁶ while I gave an oral personal guarantee to [REDACTED]
16. I also organized loans to North Star through another company, [REDACTED], including with the help of [REDACTED], between April 2014 and April 2015.⁷ That company was set up by [REDACTED], who had helped us manage [REDACTED]. She had set up [REDACTED] independently from [REDACTED], with other investors, mostly as a financial company.
17. I have known [REDACTED] for well over a decade. She has been living in Japan and South Korea since 2005. I recommended her for a job at [REDACTED] In late 2006, where she went on to work for a number of years. She then worked at [REDACTED]'s company, [REDACTED]. In 2012 she was then offered the position of director at [REDACTED], when the different projects, such as Seagourmet, required a separate company for the provision of financial and trading services. [REDACTED] was later formed when a second such company was needed to deal with some of all the services needed for the various projects.
18. As of September 2016, [REDACTED] began facing difficulties in repaying the [REDACTED] loan, when North Star became unable to repay promptly its own loans due to Wise Grand.⁸ After discussions over two years and several attempts to find other avenues to reimburse the loans, things eventually came to a head in December 2018. This led to

⁵ [REDACTED] website, *Business Operations*, 24 February 2022, KL-0054.

⁶ Personal guarantee of [REDACTED], 16 April 2019, KL-0055.

⁷ PP-0118; PP-0119; PP-0120; PP-0121; PP-0122; PP-0123; PP-0124; PP-0125; PP-0126.

⁸ Email and Letter from [REDACTED] on behalf of [REDACTED] to [REDACTED], 20 March 2019, KL-0056.

the negotiation of an agreement dated 19 April 2019, according to which [REDACTED] would repay the [REDACTED] that remained unpaid from the initial [REDACTED] loan.⁹

19. To pay the outstanding USD 2 million, I stepped in, through Link Maritime, to protect my relationships with the various persons involved, including my business partners.¹⁰
20. Regarding the terms of the various loans and advances, I can provide some context about industry practices. While the loans to North Star require repayment, there usually is no particular or specific repayment schedule. That is because loans in the seafood business are often made as advances on product sales, which is a form of trade credit by actual or future business customers. Here, the lenders, including [REDACTED], were interested in North Star's products. These loans would be repaid through delivery of the snow crab product. For example, each time [REDACTED] would buy snow crab product from North Star,¹¹ [REDACTED] would pay only a part of the value of the product sold and the remaining purchase price would be applied as a repayment of the loan.
21. Another loan to North Star that was assigned to Link Maritime was a relatively small loan of [REDACTED] of 15 February 2015 by [REDACTED], a US company, registered in Washington state.¹² Its sister company is [REDACTED].¹³ Those companies have been important seafood industry participants in the US for decades, as purchasers of seafood for distribution, especially crab and shrimp. I have known the owners of [REDACTED] for some time, who are based in [REDACTED]. Usually, [REDACTED] purchased North Star's snow crab through Link Maritime. However, in that instance it is possible that North Star needed immediate cash flow, which was arranged on the basis of a direct loan without Link Maritime serving as intermediary.
22. The loans discussed here were ordinary course of business transactions, which reflect the way that fishing operations are actually financed in the seafood and fisheries sectors. Once North Star came to be in financial difficulties, I stepped in through Link

⁹ Email exchange between [REDACTED] and [REDACTED], 28 December 2018-7 January 2019, **KL-0057**; Contract of loan between [REDACTED] and [REDACTED], 19 April 2019, **KL-0058**.

¹⁰ Bank of American transfer statement, payment of USD 2 million by Link Maritime Consulting Inc. to [REDACTED], 20 February 2019, **KL-0059**; Wire slip from [REDACTED] to [REDACTED], 22 April 2019, **KL-0060**.

¹¹ First Witness Statement of Peteris Pildegovics, para. 159.

¹² **PP-0130**; Office of the Secretary of State website, [REDACTED], 23 February 2022, **KL-0061**.

¹³ [REDACTED] website, *About*, 24 February 2022, **KL-0062**.

Maritime to protect my other business relationships, notably with [REDACTED] an important Japanese player. That said, even though Link Maritime remains the most important creditor of North Star,¹⁴ I do not have any equity stake in North Star and have no control over the company's operations.

...

Signed in Redmond, Washington, USA, on 28 February 2022



Kirill Levanidov

¹⁴ North Star list of creditors, October 2021, **KL-0063**.