

IN THE MATTER OF AN ARBITRATION UNDER THE 1976 ARBITRATION
RULES OF THE UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE
LAW

SVEA HOVRÄTT
Avdelning 02

INKOM: 2024-07-26
MÅLNR: T 10588-24
AKTBIL: 30

- between -

UAB "GARSU PASAULIS"
(Lithuania)

Claimant

- and -

THE KYRGYZ REPUBLIC

Respondent

Before: Mr Kaj Hobér

Mr Ian Laird

Professor Nina Vilkova

Tuesday, 13 June 2023

(Day 2)

Transcript produced by JURISSCRIPT (info@juriscript.co.uk)

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Tuesday, 13 June 2023

(9.30 am)

THE PRESIDENT: Good morning, everyone, and welcome back to Day 2 of our arbitration.

What I'm going to say now, there's no need to translate it for the time being.

But we will be cross-examining Mr -- how should I pronounce your name? "Lukosevicius"; is that not correct? Yes, okay.

THE WITNESS: It was more or less okay.

THE PRESIDENT: I see a new face in Respondent's team today, and who is that, if I may ask?

MR ALEKHIN: Yes, absolutely, Mr Chairman. We have Judge Madina Davletbayeva, our legal expert. She has arrived last night and she is of course part of the Respondent's team.

THE PRESIDENT: Very good. Very welcome.

I assume you have no objection to that?

MR DAUJOTAS: Actually we do, Mr Chairman. We have an objection.

Of course, I think there was no agreement between the parties that the experts will participate in cross-examination of the witnesses.

There's also an issue with the equality of parties presenting their case. Our expert is not here, he was

1 not supposed to be here and of course our expert will
2 not assist us in the preparation of questions, and our
3 expert will not hear the testimony of today's witness,
4 will not hear any new facts of today's witness that he
5 will say or not say, we don't know.

6 And of course the parties in any case, and the
7 experts, will not have a chance to give any new
8 arguments, for example based on the witness testimony
9 today. And of course the experts, our experts, will
10 have an opportunity to have a hearing transcript after
11 this hearing, after cross-examination of witnesses, and
12 that should be applied to both of the parties so that
13 the experts, legal experts, they can have the hearing
14 transcripts, but not to participate here and sort of
15 prepare in advance their position which we will hear
16 tomorrow.

17 So we have an objection of Judge Davletbayeva's
18 participation in the cross-examination.

19 **THE PRESIDENT:** Well, I'm looking at our Procedural Order
20 No. 4, point 4.5.6, and it says that:

21 "Witnesses shall be sequestered prior to their
22 examination, however they may be present during the
23 presentation of opening statements."

24 Now, usually you make a difference between
25 witnesses, fact witnesses, and experts, and experts are

1 usually allowed to sit in even before their examination.
2 So that is the traditional approach that we take,
3 certainly in this jurisdiction. So I think we will
4 allow Judge Davletbayeva to stay in, taking into account
5 the fact that she has been sitting in during
6 cross-examination when she is cross-examined. I think
7 that is a reasonable compromise under the circumstances.

8 I understand that was not something you expected,
9 but the traditional rule is the one I mentioned and
10 I think we will -- we have taken note of your objection
11 and we will take that into account when she is being
12 cross-examined.

13 **MR PARHAJEV:** Mr Chairman, one question about tomorrow's
14 cross-examination of experts. Will the experts be
15 allowed to sit during the other expert's
16 cross-examination, just for our understanding?

17 **THE PRESIDENT:** Yes.

18 **MR PARHAJEV:** Noted, thank you.

19 **MR ALEKHIN:** Mr Chairman, if I may assure the Tribunal,
20 Judge Davletbayeva does not really speak English well,
21 so her presence here with the English and Lithuanian
22 channels is of no practical input, if you wish, and we
23 can of course provide an undertaking that she will not
24 provide any (inaudible) if that reassures my opposing
25 counsel, thank you.

1 **THE PRESIDENT:** We have taken note of that.

2 Just to remind you again, you need to speak up a bit
3 and speak closer to the mic, because otherwise it will
4 be difficult for us to hear and I think for the court
5 reporters too.

6 So before we get on with cross-examination, I had
7 one question remaining from yesterday to basically
8 Claimant, perhaps also to Respondent, but I will start
9 with the Claimant, and that is your Request for Relief
10 concerning loss of business reputation.

11 Am I correct in understanding that you are relying
12 on precisely that loss of business reputation as opposed
13 to moral damages, or is it the same thing, or is there
14 a difference in your view? And maybe a short comment
15 from Respondent too on that. Please.

16 **MR DAUJOTAS:** Yes, Mr Chairman. Of course we do make
17 a difference between moral damages and our claim for
18 business reputation in this case. We think that the
19 principles applied in the jurisprudence that were
20 applied to moral damages calculations thereof and burden
21 of proof shall not be applied to our claim for business
22 reputation. We think it's different and different
23 standards should be applied. That's the short answer.

24 **THE PRESIDENT:** Thank you. Any comment from Respondent on
25 that?

1 **MR ALEKHIN:** Yes. Is this better, can you hear me now?

2 Thank you so much.

3 Yes, we have dealt with this in paragraph 2.15 of
4 our Rejoinder whereby we essentially said this is
5 a repackaged claim for moral damages. So Claimant
6 presents this as a non-pecuniary loss, whereas the
7 authorities clearly suggest that if you can even discuss
8 a loss of reputation that might be compensable, it would
9 be in the form of pecuniary loss. So moral damages
10 which would of course therefore mean that the standard
11 of proof is much higher and as such non-pecuniary loss
12 is not compensable with authorities we have provided in
13 this setting.

14 **THE PRESIDENT:** Have we received an electronic copy of
15 Respondent's opening statement?

16 **MR ALEKHIN:** It was emailed. We can double-check it now,
17 but it was emailed at the start of our opening.

18 **THE PRESIDENT:** Okay. So it should be there somewhere,
19 okay, fine.

20 Very good. So let's proceed to cross-examination
21 then of Mr Lukoševicius.

22 **MR ANDRIUS LUKOSEVICIUS (called)**

23 **THE PRESIDENT:** Welcome. You've been called here as
24 a witness in this arbitration, and in international
25 arbitrations we do not ask witnesses to testify under

1 oath, but you have in front of you a statement, if you
2 look there's a paper in front of you with the statement
3 in English that I would like you to read out the first
4 part of it which starts under the heading "Factual
5 witness declaration". So if you could just read out
6 that, please.

7 **A.** I, Andrius Lukoševicius, solemnly and sincerely declare
8 and affirm that the evidence I shall give will be the
9 truth, the whole truth and nothing but the truth.

10 **THE PRESIDENT:** Thank you.

11 I will ask you in a short moment to introduce the
12 witness by taking him to his statements and asking him
13 to confirm and so on and so forth. But just a couple of
14 ground rules with respect to cross-examination.

15 As you probably know, leading questions are not to
16 be put in direct examination, nor in redirect.
17 Cross-examination, of course, is all about leading
18 questions. So that's fine.

19 Also, in international arbitration, and certainly
20 not this chairman is very fond of objections being
21 raised by the other side during cross-examination, in
22 this case from the Claimant. If you think something
23 should be said or added or commented upon, you will do
24 that in your redirect, and let the cross-examiner go on
25 with his cross-examination.

1 Okay?

2 **MR DAUJOTAS:** Understood.

3 **THE PRESIDENT:** Also to you, Mr Lukoševicius, if you don't
4 understand a question, say so and the question will be
5 put to you again or reformulated perhaps. If you don't
6 remember the answer, say so. This is not a memory test
7 necessarily. So it's okay to say I don't remember.

8 Okay? Without further ado, I ask you to introduce
9 the witness.

10 **Direct examination by MR DAUJOTAS**

11 **MR DAUJOTAS:** Thank you, Mr Chairman.

12 Good morning, Mr Lukoševicius. So just to check can
13 you hear the translation well into Lithuanian?

14 **A.** Yes, I can hear you perfectly well.

15 **Q.** So before I ask this one question, you have two binders
16 before you on paper. Can you confirm?

17 **A.** Yes, I have those.

18 **Q.** So these are statements you have submitted before this
19 tribunal; is that correct?

20 **A.** Yes, that's right.

21 **Q.** So, are you familiar with those witness statements?

22 **A.** Yes, I am.

23 **Q.** So for the record, your native language is Lithuanian;
24 is that correct?

25 **A.** Yes, that's right.

1 **Q.** And the last question, did you participate in
2 preparation of these witness statements?

3 **A.** No, I didn't participate. I wrote everything down. The
4 lawyers just helped to formalise these witness
5 statements.

6 **Q.** Do you wish to make any modifications to your witness
7 statement?

8 **A.** No.

9 **Q.** Okay. So one question I have. Can you please open your
10 first witness statement, paragraph 31.

11 **A.** Yes, I have it.

12 **Q.** I will read some sentences for the record. You say:

13 "A tender for excise stamps was announced in autumn
14 of 2020, but due to unknown reasons to Garsu Pasaulis,
15 it was cancelled after submission of the bids and in the
16 beginning of 2021, it was re-announced, but after
17 submission of the bids, the procedure of opening the
18 bids has been postponed for more than 12 times ..."

19 And you say that:

20 "We believe that Garsu Pasaulis' conflict with the
21 Kyrgyz Republic is the reason for that."

22 My basic question, can you please explain what you
23 meant here, and why do you think this cancellation has
24 happened?

25 **A.** First of all, it seems very strange in the international

1 public procurement context, this opening of bids,
2 postponing for 12 times over the period of half year or
3 even more, if I remember well.

4 Without indicating any reasons, the bid was
5 terminated, and then the new law of the Kyrgyz Republic
6 was released which indicated that those excise stamps
7 fall within the category of products which have to be
8 produced within the country, within the Kyrgyz Republic.

9 And right after the new tender was announced, where
10 we did not take part in because we could not go through
11 the qualification requirements because we were not among
12 the local producers, and the shareholder of that local
13 producer had to have 51% of the shares had to be owned
14 by Kyrgyz State. That seemed very strange to us,
15 because then, and to my knowledge even now, in the
16 Kyrgyz Republic there is not a single printing house,
17 which would be close to the well ... what security
18 printing manufacturers can produce. This is explicitly
19 about the safe printing which is excise stamps.

20 So based on this law, local producers, as far as
21 I remember there are two partly state companies where
22 the State has more than the 50% of shares, only they
23 could take part in this tender.

24 But since the technical base that they have does not
25 allow them to produce a product that would be even close

1 to excise stamp, so it was pretty obvious that those
2 products will be subcontracted from a foreign company
3 and would be imported into the Kyrgyz Republic and would
4 be declared as they would be produced in the
5 Kyrgyz Republic, because there was no another option for
6 such a ...

7 After this new law was released, we also received
8 several enquiries from those companies, state owned
9 companies, which I mentioned and they were asking if we
10 could be a subcontractor to printing something, not
11 excise stamps, but something else. But we refused the
12 request because that would mean an infringement of this
13 new law.

14 So to our belief local businesses had an impact on
15 this law, on the release of this law, so that the
16 companies like Garsu Pasaulis, which were operating in
17 the Kyrgyz Republic as of 2013, and we were operating
18 there successfully in the area of excise stamps, that
19 they would be eliminated from the competition in the
20 Kyrgyz Republic.

21 That's it.

22 **Q.** Thank you.

23 Mr Chairman, I have no further questions on the
24 direct.

25 **THE PRESIDENT:** Thank you.

1 So cross-examination, please then.

2 **Cross-examination by MR ALEKHIN**

3 **MR ALEKHIN:** Mr Lukoševicius, good morning.

4 My name is Sergey Alekhin. I'm counsel for the
5 Kyrgyz Republic and I will ask you a number of questions
6 regarding Claimant, Garsu Pasaulis, and its involvement
7 in the 2018 tender for the manufacturing of passports in
8 the Kyrgyz Republic.

9 **THE PRESIDENT:** Sorry, Mr Alekhin, you need to speak closer
10 to the microphone.

11 **MR ALEKHIN:** I understand. I'm just trying to -- okay.

12 Is this better? Thank you so much.

13 Mr Lukoševicius, you should have the two witness
14 statements in front of you; correct? Your two witness
15 statements.

16 **A.** Yes.

17 **Q.** Now, I will demonstrate certain documents to you on the
18 screen that you and the Members of the Tribunal will
19 see. There will be the originals and the translations
20 that we have on the record. So if anything is unclear
21 or you cannot see something clearly or you want to look
22 at another part of the exhibit, you let me know; okay?

23 And of course as Mr Chairman mentioned --

24 **A.** Okay.

25 **Q.** -- if you don't understand the question that I'm asking,

1 of course feel free to ask me to clarify it. I would be
2 happy to do it; okay?

3 **A.** Of course, I will.

4 **THE PRESIDENT:** Sorry. You need to wait for the translation
5 and then put your next question because otherwise, you
6 know, it's difficult to follow.

7 **MR ALEKHIN:** Of course.

8 In terms of volume, is this fine right now for
9 everyone? Just to make sure. Thank you so much.

10 Mr Lukoševicius, can you remind me, please,
11 Garsu Pasaulis was acquired by this Belgian company,
12 Semlex, in 2014 or 2015; correct?

13 **A.** I think, yes, 2014, 2015, I don't remember exactly.

14 **Q.** I assume you have heard about Semlex before that, I mean
15 before it acquired Garsu Pasaulis in 2014/2015?

16 **A.** Yes, because our activities entail international
17 markets. So we had participated in various
18 international tenders and we had to encounter them as
19 competitors before. Yes, I knew about this company.

20 **Q.** Not only competitors, I assume, but there were perhaps
21 various projects you worked together on before they
22 acquired Garsu Pasaulis?

23 **A.** Yes, since we encountered them as competitors, they saw
24 us as a potential company for their projects for
25 subcontracting projects to produce various blanks, yes.

1 Q. Let's be a bit more specific. So on the screen you have
2 paragraph 14 of your first witness statement.
3 You should have it now, I apologise. Do you see
4 paragraph 14 of your first witness statement on the
5 screen?
6 Thank you.
7 Now, I highlighted certain projects here.
8 A. Yes.
9 Q. Can we start, perhaps, with Madagascar, the e-passports
10 and ID cards.
11 So Madagascar is among the countries that
12 Garsu Pasaulis produced biometric passports for; is this
13 correct?
14 A. Yes, that's correct.
15 Q. Was that the same project you worked on together with
16 Semlex?
17 A. Yes, we have worked as a subcontractor for document
18 blanks in Madagascar.
19 Q. For Semlex; correct?
20 A. Yes, correct.
21 Q. The Comoros project, e-passports and ID cards, was this
22 also a joint project you worked with together with
23 Semlex?
24 A. That was an analogous project to the Madagascar project.
25 Q. The Mozambique passport project; same thing?

1 **A.** No. In Mozambique we took part as a supplier, direct
2 supplier to the end consumer, to the State and client to
3 the State.

4 **Q.** So Semlex, if it had any activities in Mozambique, that
5 was without your involvement; correct?

6 **A.** Yes, that's correct.

7 **Q.** And the Congo project, I believe passports also, was
8 this a joint project with Semlex?

9 **A.** It was a joint venture project where we took part as
10 a partner who was supplying exceptionally blanks for
11 passports, passport blanks.

12 **Q.** Thank you. And are you aware of the details of this
13 cooperation on the Congo project? Were you involved in
14 it?

15 **A.** Just like I mentioned, we took part in the production of
16 passport blanks and supply of those passport blanks.

17 **Q.** Do you recall, Mr Lukoševicius, as a supplier of those
18 blanks in Congo, would Garsu Pasaulis normally itself
19 sign a contract supplying those passports?

20 **A.** Yes, there was a joint venture agreement signed, just
21 like I mentioned, and a part of that was Garsu Pasaulis,
22 a part of that contract.

23 **Q.** And normally it would be the director general or the
24 CEO, I assume, I mean someone from Garsu who would, you
25 know, sign this joint venture agreement or the

1 consortium agreement?

2 **A.** Yes, it may be, but it also may be an authorised person.

3 **Q.** Like Mr Karaziwan; right?

4 **A.** Yes, the way I see it now, it may be true.

5 **Q.** Yes, okay. For the record, RER-AM-14. I hope I gave

6 the reference correctly, but it's on the record.

7 A contract for the Congo project involving Semlex as

8 a consortium with Garsu Pasaulis represented by

9 Mr Karaziwan.

10 So this is just for the record, Mr Lukoševicius.

11 There was no question here.

12 So if I were to tell you in light of what we've seen

13 that Semlex was totally not involved in Garsu Pasaulis'

14 activities or affairs, you would say that's inaccurate;

15 correct?

16 **A.** I did not say that Semlex did not take part at all in

17 the activities of Garsu Pasaulis. Like you see in this

18 case, Albert Karaziwan, as he was a shareholder of

19 Garsu Pasaulis, had an authorisation to sign this

20 agreement on behalf of Garsu Pasaulis as one of the

21 partners of the consortium.

22 **Q.** And that was just one instance out of several of such

23 cooperation between Semlex and Claimant; correct?

24 **A.** Namely this, just like I see in front of me, yes,

25 I understand and agree with you. I don't have any

1 information, I do not know or remember about any other
2 cases.

3 **Q.** Thank you, Mr Lukoševicius. You've just said,
4 and I quote the translation that I heard, "I did not say
5 that Semlex did not take part at all in the activities
6 of Garsu Pasaulis". If I take you to paragraph 45 of
7 your first witness statement, that is what you said in
8 the witness statement, that Semlex is not involved at
9 all in Garsu Pasaulis' activities or affairs. Would it
10 be fair to say now that it is not an exact statement and
11 you would be maybe want to correct that statement or
12 qualify it in your witness statement?

13 **A.** Semlex participation in our activities was limited as
14 shareholders. Mr Karaziwan, he would come once or two
15 times a year to Vilnius. So I think that was an
16 ordinary or normal communication, but Semlex did not
17 interfere into our activities at all.

18 **Q.** If I can take you to an exhibit that I will show you now
19 on the screen, so it is from your witness statement. It
20 is exhibit 02 and it is called "GP profile", so I assume
21 some information about Garsu Pasaulis. I will show it
22 to you on the screen now.

23 So I've increased this last page of the exhibit,
24 Mr Lukoševicius. It says 53 countries at the bottom.
25 We've seen 55 somewhere else. I assume two more added.

1 And we were told, Mr Lukoševicius, that Garsu is active
2 in 55 or more countries.

3 Would it be accurate, Mr Lukoševicius, to say that
4 Garsu and/or Semlex are active in those countries?

5 **A.** Yes.

6 **Q.** Thank you, Mr Lukoševicius.

7 If we can now move to another block of questions.
8 So let's look at paragraphs 22 and 23 of your first
9 witness statement. Here you describe the 2012 tender
10 for e-passports; correct?

11 **A.** Yes, that's true.

12 **Q.** And in fact you have signed the tender bid on Garsu's
13 behalf; do you recall that?

14 **A.** It may be, yes.

15 **Q.** Just to confirm, Mr Lukoševicius, it is so. Your
16 signature in exhibit 2 is on the screen, but I think you
17 would not dispute that this is your signature?

18 **A.** No, I will not argue, that is my signature.

19 **Q.** Thank you, Mr Lukoševicius.

20 Can we agree that Garsu Pasaulis did not win the
21 tender?

22 **A.** No, I do not agree, because the tender was terminated.

23 **Q.** Okay. So no one won the tender; right?

24 **A.** Well, that is how it looks like.

25 **Q.** Yes. So imagine, just as a hypothetical, you have to

1 prepare some promotional materials or a statement of
2 capability about Garsu back in 2012/2013. You would of
3 course not have put the fact that Garsu has won somehow
4 this 2012 tender as that would be factually wrong;
5 correct?

6 **A.** Since nobody won that tender, so that's the fact, that
7 nobody won that tender.

8 **Q.** In fact, it's not only just a fact that no one won the
9 tender; if you put something like this, that Garsu or
10 someone else has won this tender, that would be
11 misleading; would you agree?

12 **A.** After opening the bids in this tender the price level
13 was known and judging from some other information that
14 we learned by talking to our clients, that our tender
15 had to be the best one.

16 **Q.** Would you have put, Mr Lukoševicius, in a promotional
17 material or a capability statement the fact that you
18 potentially won a tender that you did not win and that
19 no one did win?

20 **A.** No, we would not have done this.

21 **Q.** Okay. Just so that we're clear, your lawyers are fine
22 putting this in the Statement of Claim in this
23 arbitration by saying that the tender was technically
24 won. Do you maybe want to, as part of the client,
25 correct that and say that it was technically not won by

1 Claimant?

2 **A.** No, I do not agree, because just like I mentioned
3 before, according to the information that we had, our
4 proposal, our tender was the best. Our offer was the
5 best, just like I indicated in my statement.

6 **Q.** Okay. And by saying that it was the best, do you mean
7 it was the lowest offer?

8 **A.** The assessment was not only based on price, but also on
9 qualification and the price. So -- well, from my own
10 opinion, my judgment, since we met the qualification
11 requirements, and we also offered the best price, so
12 this is what allows me to assume that our offer had to
13 win.

14 **Q.** Mr Lukoševicius, you offered the best price, meaning the
15 lowest price, or how could the price, if it's not
16 lowest, could be the best? Was it the lowest price?

17 **A.** No, our price was not the lowest. The lower price was
18 offered by Mühlbauer company which was almost two times
19 lower and it showed how inadequate that price was,
20 because other companies offered a price that was similar
21 to our price, I mean, and the only offer from Mühlbauer
22 had two times lower, almost two times lower price.

23 **Q.** So if there was an offer saying 30% lower, that would
24 not be shocking to you, or abnormal?

25 **A.** Well, you know, it doesn't matter if you are shocked or

1 not, but we base ourselves on technical documents of the
2 tender which include technical and qualification
3 requirements and then you simply match the prices of
4 your prices, competitors' prices, and sometimes it
5 should not be lower up to 30%. To my estimation, there
6 can only be a deviation of 10 to 15%. What I remember
7 from the Mühlbauer case, their price was so much lower,
8 so we knew that their proposal was not in line with the
9 qualification requirements and other technical
10 requirements.

11 **Q.** And conversely, if there are several proposals that are
12 much higher in terms of price, they would also be
13 somehow abnormal; right?

14 **A.** Yes, correct. In public procurement there's even
15 a requirement when the price is inadequately low or
16 inadequately high, and I have in mind that for the
17 proposals which meet the qualification requirements,
18 then the procuring organisation has to get a detailed
19 explanation where these prices come from or how they are
20 made up.

21 **(Pause)**

22 **Q.** I'm just waiting for the police to pass,
23 Mr Lukoševicius, sorry.

24 You mentioned, Mr Lukoševicius, that when the tender
25 bids were opened, and I'm going to take you to

1 an exhibit that shows the prices for this 2012 tender,
2 so it's exhibit CWS-Mieliauskas-2-13 for the record,
3 it's on the screen. It's a press report from
4 August 2012 about that tender.

5 You see here six offers, Garsu is in it. You have
6 Mühlbauer, 28.8 million, Morpho for France,
7 41.3 million, Garsu 49.9 approximately, roughly 50, two
8 others.

9 You mentioned -- that's not my question yet. You
10 mentioned that your offer was the best and it was
11 somehow in your qualification best because it was not
12 only based on price, but something else. But my
13 question to you is, Mr Lukoševicius, when those bids are
14 open, the only information that is public are the price,
15 the names of the participants and maybe information and
16 guarantees; correct?

17 **A.** Yes, that's right.

18 **Q.** Okay. So your knowledge about some other parameters of
19 your competitors' bids, where did it come from?

20 **A.** We communicate a lot with our competitors and in this
21 case I remember that Mühlbauer participated in this
22 tender and Mühlbauer was represented by the same person
23 who also was in charge of the former Soviet Union and
24 right after the tender we met in the hotel and discussed
25 this tender and he clearly stated that their company

1 will not risk in Kyrgyz without receiving 100% of
2 advance payment, and it was a key violation, major
3 violation of the tender.

4 So this knowledge, this news spread among
5 competitors and this tender when the bids are opened.

6 **Q.** But of course you haven't seen actual Mühlbauer's bid,
7 right? So someone told you whatever they wanted to tell
8 you; right?

9 **A.** That's right.

10 **Q.** Can I show you paragraph 31 of your first witness
11 statement, Mr Lukoševicius.

12 So you recount here the story of the Kyrgyz tender
13 for those excise stamps that was announced in 2020;
14 correct?

15 **A.** Yes, that's right.

16 **Q.** And you say here that it was cancelled for unknown
17 reasons to Garsu Pasaulis; correct?

18 **A.** Yes, that's right. And I'm also continuing that the
19 procedure of opening the bids has been postponed for
20 more than 12 times and it was something new in my
21 career, which is 20 years long, because sometimes the
22 opening of the bids is postponed due to technical
23 reasons once or twice, but I have never had this
24 experience that the procedure is postponed for more than
25 12 times.

1 I can only suspect that since it was the autumn of
2 2020, the proceedings have already started, I mean of
3 this case, and the Kyrgyz Republic made every effort to
4 eliminate the company which participates in the arbitral
5 tribunal from participating in the competition and they
6 made every effort to not have won this tender.

7 Q. Thank you, Mr Lukoševicius. So we can only suspect,
8 I take note of that.

9 But that was not really my question, because I asked
10 you, you know, is it correct that -- you say in your
11 witness statement that due to unknown reasons to
12 Garsu Pasaulis, the tender was cancelled. So do you
13 maintain that it was due to unknown reasons to you that
14 this tender was cancelled, not postponed, cancelled?

15 A. Yes, that's right. I can state that we don't know that
16 officially, but the tax inspectorate, GNS, and its
17 staff, with whom we communicated on the project that had
18 not ended yet, and we were informed several times -- we
19 informed them that our head doesn't know what to do in
20 this procedure, how to continue or postpone this
21 process, but this communication was not formal and
22 I cannot say formally that Garsu Pasaulis was aware of
23 the reasons why this tender was cancelled. I cannot say
24 that, that we were aware of that.

25 Q. Thank you very much, Mr Lukoševicius. But then my

1 problem with this statement that you confirmed is that
2 you reference an exhibit here, a document. It's
3 footnote 24. And if you look at that document, and
4 again it's something you've attached to your witness
5 statement, right, it is a letter or a decree from the
6 Prime Minister of the Kyrgyz Republic, explaining
7 precisely why the tender was cancelled, because the part
8 of the technical requirements had to be reviewed or
9 heightened.

10 Have you seen this letter before?

11 **A.** Yes, I saw it.

12 **Q.** You may want to correct your witness statement probably
13 at paragraph 31, and say that for reasons known to
14 Garsu Pasaulis -- if you've seen this letter, which
15 tells you the reason why the tender was annulled, you
16 want to probably correct that to due to known reasons to
17 Garsu Pasaulis the tender was cancelled?

18 I can help you like this.

19 **A.** I agree.

20 **Q.** Thank you very much.

21 Now, staying on paragraph 31 of your witness
22 statement, which was slightly corrected or clarified
23 with you, Mr Lukoševicius, I assume you carefully
24 monitored the status of this tender, given that Garsu
25 was supplying excise stamps for the Kyrgyz authorities

1 for many years; correct?

2 **A.** Yes, that's right.

3 **Q.** Can you just clarify, Mr Lukoševicius, do I understand

4 correctly that Garsu actually submitted the tender

5 proposal but then the opening bids have been postponed

6 multiple times; is that what happened?

7 **A.** Yes, the bid was submitted electronically.

8 **Q.** Garsu Pasaulis submitted the bid; correct?

9 **A.** Yes, that's right.

10 **Q.** What I'm trying to understand, Mr Lukoševicius, is if

11 you look at -- one second.

12 So this is an exhibit, again attached to your

13 witness statement, that refers to postponement of

14 submitting a tender application in the e-procurement

15 system. So the procurement procedure actually remained

16 open for a longer period of time; correct?

17 **A.** No, that's not right. The first date when the bid could

18 be submitted, and bids were submitted and it closed just

19 the opening of the bids was postponed.

20 **Q.** But this is not your own document. It says deadline for

21 submitting a tender application, changed, postponed,

22 postponed, postponed. Is the system incorrect or your

23 testimony is incorrect?

24 **A.** I cannot comment on that right now because I don't

25 remember well.

1 **Q.** That is fine.

2 **A.** I would like to comment. We submitted our bid until the
3 first deadline which was included in the documents of
4 the tender and a submission meant that we submit the bid
5 in the electronic procurement platform. There was just
6 one key we had to press, and then we looked for other
7 procedures, and every time when the bids had to be
8 opened, we received this message that it was changed,
9 changed and then postponed, postponed.

10 **Q.** Did you have any queries or clarifications that you may
11 want to ask the procurement entity via the system?

12 **A.** As far as I remember, no, we didn't do that.

13 **Q.** For any other projects in the Kyrgyz Republic have you
14 ever asked for any clarifications from the procuring
15 entity via the platform?

16 **A.** Yes, we did. In 2018 tender on passports the tender was
17 electronic and we could submit questions and receive
18 responses and, as far as I remember, we sent a few
19 enquiries.

20 **Q.** And for this tender, the 2020 tender, for excise stamps,
21 you may not have asked any questions, but indeed others
22 have. Actually 38 questions spanning many, many months.
23 Do you recall any of that sort?

24 **A.** It may be the case.

25 **Q.** It would be natural, until all the clarifications and

1 questions are answered, that the procuring entity would
2 prolong the tender, for instance, just because there
3 happens to be a lot of questions from the bidders;
4 correct? Not from you, from other bidders.

5 **A.** Yes, such a procedure would be normal, but not in this
6 case when the opening of the bids is postponed for
7 12 times.

8 **Q.** So it was normal -- that's paragraph 36 of your first
9 witness statement -- sorry, totally normal -- for the
10 2018 tender, but not normal at all for the 2020 tender;
11 is that your testimony?

12 **A.** Yes, that's what I want to say, because in 2018 tender
13 the questions were submitted until a certain date or
14 when they could be submitted and the procuring
15 organisation responded, and after the deadline we
16 couldn't submit any more questions, and the procuring
17 institution answered the questions and on the basis of
18 them, the companies involved in the tender had to submit
19 their bids.

20 **Q.** I see.

21 Mr Lukoševicius, by the way, do you recall what
22 incoterms were applicable in the tender documentation
23 for the 2018 tender for passports?

24 **A.** I don't really remember.

25 **Q.** Can you take it from me that it's CIP, or do you want me

1 to show you the document?

2 **A.** If you are saying this, that it's CIF or CIP, I would
3 trust you.

4 **Q.** I appreciate, Mr Lukoševicius. Just for avoidance of
5 doubt, it is CIP, exhibit R-17. Do you recall what CIP
6 stands for, or should I clarify?

7 **A.** CIP is -- involves insurance and transportation to the
8 final destination. Delivery to the final destination.

9 **Q.** Right.

10 The terms of the 2018 tender documentation, the
11 destination was the Manas airport in Bishkek; correct?

12 **A.** As far as I can see, that's right.

13 **Q.** So CIP is in contrast, in your experience
14 Mr Lukoševicius, to let's say DDP, delivery duty paid?
15 Those are two different concepts requiring two different
16 levels of logistics; correct?

17 **A.** Physical logistics is the same. The delivery is the
18 same, but the calculation of taxes is different.

19 **Q.** Because under DDP you would then require not only to
20 bring the goods in the country, but clear them for
21 import, pay for duties, carry out customs operations;
22 correct?

23 **A.** Yes, that's right.

24 **Q.** Actually the excise stamp contract, both of them,
25 between Garsu Pasaulis and the Kyrgyz authorities, was

1 under DDP; correct?

2 **A.** If I remember well, yes, that's right. We had to carry
3 out all the import procedures.

4 **Q.** Thank you. Since we established a trust relationship,
5 you can trust me it was DDP. I will not take to you
6 a document.

7 So that would require a local office to handle the
8 logistics, because you had to do the duties and taxes
9 yourself, store the stamps somewhere, you know, plus
10 set up the hardware systems, train local personnel, and
11 all of that was in the excise stamp contract; yes?

12 **A.** Yes, that is right.

13 **Q.** Now, in contrast, the idea behind the 2018 tender for
14 e-passports was just manufacturing blank passports and
15 delivering them to Manas airport on CIP basis, as we
16 established; correct?

17 **A.** Yes, that's true what you are saying, but I would like
18 to add something. The e-passport blank is not made of
19 paper which you make and you deliver it to the client
20 and that's it. Even the regulations of the tender held
21 it that this e-passport should be compatible with all
22 the equipment available in the Kyrgyz Republic, I mean
23 that the chip has to be fully programmed and it should
24 be in line with all the e-passport personalisation
25 equipment and the systems used at that time in

1 Kyrgyz Republic.

2 So the passport should not have been just printed on
3 paper, but it had to be compliant with the passport
4 issue system that was valid in the Kyrgyz Republic at
5 that point in time. So we had a lot of work in place of
6 destination in order to make this chip compliant with
7 the software that was used at that time in the
8 Kyrgyz Republic.

9 **Q.** That would of course be (inaudible) process. I'm just
10 trying to figure out how it works here, Mr Lukoševicius.
11 So you agree on technical specifications, you make sure
12 the chip is compliant with them and then you print the
13 passports, insert the chip and ship it to Manas airport
14 on a CIP basis; correct?

15 **A.** Yes, that's right, but I would like to add again that
16 these e-passport blanks had to work, or be compliant,
17 compatible with the equipment that was used in the
18 Kyrgyz Republic, and for them to work we had to have
19 electronic personalisation, and we had to have data and
20 this data should have been entered into this chip. And
21 all these things have to take place locally, not online,
22 not electronically, and not in a distance mode.

23 **Q.** I'm sorry, are you saying that the tender was also for
24 personalisation of passports, or electronic
25 personalisation?

1 **A.** No, the tender was for blanks, but there was
2 a requirement for those blanks to work and operate on
3 the existing e-passport system or e-passport issuance
4 system in Kyrgyz Republic. And for them to work we had
5 to make intense adjustment on site, on the spot, and
6 taking various software into account.

7 **Q.** Okay. Well, let's explore this 2018 tender in a bit
8 more detail.

9 If you need water, or if you want to pause, of
10 course, let us know and I guess we can adapt. We are in
11 the Tribunal's hands, but we do not want to --

12 **THE PRESIDENT:** As I said, we are in your hands, but we need
13 to make a coffee break at some point before lunch. So
14 it's really up to you.

15 **MR ALEKHIN:** Thank you very much. We're halfway through.

16 Paragraph 46 of your first witness statement says:

17 "Garsu Pasaulis has never received any notices or
18 requests from the Tender Commission or the GRS."

19 That's what your witness statement says. Do you
20 want to qualify or correct that statement here as we've
21 done several times previously with the other paragraphs
22 in your witness statement?

23 **A.** After opening the bids, the only time when we were
24 approached by the client, that was when all participants
25 of the tender were requested to specify their offers

1 regarding one of the paragraphs of the terms and
2 conditions of the tender, and we have specified that
3 just like all the other participants. That was the only
4 time when we were approached and contacted before the
5 announcement of the winner of the tender, when we were
6 approached by the client.

7 **Q.** I should probably clarify, Mr Lukoševicius.
8 Paragraph 46 is in a part of your witness statement
9 which deals with the period after the announcement of
10 the results. So we're talking here about 45, for
11 instance. That's, you know, February 2019 period, about
12 the negative articles. And so in response to that,
13 paragraph 46 of your witness statement says:

14 "Garsu Pasaulis has never received any notices or
15 requests from the Tender Commission or the GRS."

16 So it's not really the period, you know, prior to
17 the opening of the bid or shortly thereafter, if you
18 wish, it's the period of February onwards. And, again,
19 the question is: do you want to qualify or clarify or
20 correct your statement at 46 similarly to what we've
21 done previously with you in other paragraphs of your
22 witness statement?

23 **A.** I'm sorry, but I don't really understand the question
24 because, just like I mentioned, we only received
25 a request to specify one of the conditions of the tender

1 just like all the other participants, and that was
2 before the announcement of the winner of the tender.

3 After the results of the tender were announced, we
4 did not have any contacts with the Tender Commission.
5 We only exchanged several email messages where I was
6 already aligning and agreeing on my arrival and the
7 signing of the contract.

8 **Q.** You're qualifying or describing email messages, for
9 instance, as something different from notices or
10 requests; do I understand that right?

11 **A.** All the notices about the tender, the developments of
12 the tender, we would receive from the online portal of
13 public procurement up until the announcement of the
14 winner of the tender, and after the announcement of the
15 results, I only was entitled to download the manuscript
16 or the draft of the agreement. And then I received
17 an email message from someone in the Tender Commission
18 or the GRS, I don't remember exactly, and there we
19 started agreeing on the signing of the agreement. This
20 is what the communication we had with this tender --
21 with this procuring organisation.

22 **Q.** So to qualify paragraph 46, Garsu never received any
23 notices or requests from the Tender Commission or the
24 GRS except for the email communications Garsu and GRS
25 had with respect to the draft tender; would that be

1 a more accurate representation of the facts?

2 **A.** Yes, that would be closer to what I'm saying.

3 **Q.** Yes. And if we can even make it a bit closer closer, so
4 Garsu Pasaulis never received any notices or requests
5 from the Tender Commission or the GRS. Now we have
6 agreed that we should add "except emails exchanged
7 between Garsu and SRS with respect to the draft tender
8 contract" and "except a letter from SRS asking Garsu to
9 extend its tender validity bid, and Garsu replying that
10 it would do that"; would that be more accurate?

11 **A.** Yes, as for the validity of the offer, the guarantee of
12 the offer, yes. That you made a right correction.

13 **Q.** Thank you. I appreciate that.

14 Now, if we can look at one of those exchanges that
15 we agreed with you, we should add as a qualifier to
16 paragraph 46 of your witness statement, Mr Lukoševicius,
17 so it would be exhibit C-029. Just one second.

18 **(Pause)**

19 So you have it in your witness statement under
20 a different exhibit, but do you remember this email?

21 **A.** Yes, I do.

22 **Q.** Thank you. And then with respect to this email, I'm
23 going to jump back for a second to your witness
24 statement, Mr Lukoševicius. I'm interested in
25 paragraph 48. This paragraph here, and this sentence

1 here:

2 "The Tender Commission sent us the draft contract
3 for our review ..."

4 And let's leave it there.

5 Now, the footnote here, 39, is a reference, take it
6 from me, to this email that I have shown you, and I'm
7 going to go back now to that email if I may. Just keep
8 in mind that paragraph of your witness statement,
9 please.

10 So you have it in Russian on your left-hand side and
11 you have it now in English normally on your right-hand
12 side or the other way round.

13 So you've said in your witness statement the Tender
14 Commission sent us a draft for our review, and that's
15 the email.

16 What I'm struggling to understand, Mr Lukoševicius,
17 is there's no mention of the Tender Commission sending
18 in this email any draft contract for your review; is
19 that correct?

20 **A.** As far as I remember, by reading this email, we were
21 dealing with the entire contract, entire agreement,
22 which includes the draft text of the agreement which
23 I have downloaded, along with there was also the
24 delivery timetable, technical specifications, and
25 tenders documents and our bid, our offer. So I wanted

1 to agree on everything and to align everything and to
2 see how it will look like in its end form of how we will
3 sign it: what the final version of it would look like.

4 So I understand that we were talking not only about
5 the contract itself, but an entire set of documents
6 which I just mentioned before, all the parts of those
7 documents, which would entail or be incorporated into
8 one single agreement.

9 **Q.** Let's take a step back, Mr Lukoševicius.

10 So on February 6, 2019 -- we are jumping back about
11 10 days or so -- you receive a reply from a human being,
12 not an automated system, on the tender platform,
13 Ulan Baltabayev. Do you remember this email?

14 **(Pause)**

15 **A.** Yes.

16 **Q.** Okay. And in this email, of course, no one is sending
17 you a draft contract; correct?

18 **A.** As far as I understand, there's no attachment.

19 **Q.** Yes. And the same document, but we're going slightly
20 back in the chronology, 4 February, two days earlier,
21 again that's an email from Ulan Baltabayev to yourself;
22 correct?

23 **A.** Yes, true.

24 **Q.** And this highlighted portion here -- I'm happy to show
25 the Russian version if you wish. I'm going to highlight

1 this part here for you in Russian and then in English.

2 I'll ask my question now.

3 Do I understand it correctly that aside from a draft
4 that you've downloaded from the e-procurement platform
5 of the contract, you have never received any other draft
6 contract or any contract documentation from the SRS?

7 **A.** As far as I remember, I did not receive any.

8 **Q.** Is it also true that SRS told you on 4 February 2019 --
9 it's on the screen, that email -- that the contract that
10 you have downloaded from the system is generated
11 automatically by the platform? The contract will be
12 concluded according to the form, template, of the tender
13 documentation considering agreements -- so in Russian
14 "(Russian spoken)", approvals for validations, comments,
15 so in Russian "(Russian spoken)" or introduction of
16 corrections or comments, and attachments, or "(Russian
17 spoken)" of the parties; correct?

18 **A.** Well, this is how it looks like.

19 **Q.** It's how it looks like.

20 Can we please now go to -- actually one more thing
21 in relation to this point.

22 Now, this is an email from you to the CRS, asking to
23 send you the draft contract. So that would confirm that
24 the SRS did not send you a draft contract; correct?

25 **A.** I have downloaded draft project, so probably they have

1 not sent the draft agreement to me, so because we only
2 spoke about what I have downloaded myself, and in this
3 point I have already clarified that what I had in mind.
4 The entire set of documents, the entire agreement, not
5 only the text of the contract, not only the template or
6 the draft or the form of the contract.

7 **Q.** Have you ever written to SRS saying "What should I do
8 with the template contract that I downloaded and why
9 haven't you sent me a contract that you want us to sign
10 or agree on?", or you just proceeded on the presumption
11 that whatever you downloaded, the SRS would be happy
12 with, even though you're asking them to send you a draft
13 contract?

14 **A.** It may be so that we found certain mismatches between
15 the form that was generated by the system and the terms
16 and conditions of the tender which will -- the contract
17 that was attached, the terms and conditions; this may be
18 the case.

19 **Q.** Okay. If I can take you to paragraph 18 of your second
20 witness statement, Mr Lukoševicius. So here you say:

21 "... communication from GRS [or SRS as we referred
22 to] stopped after 21 February 2019, as GRS did not
23 respond to any further enquiries from Garsu Pasaulis."

24 Can we be clear here, what you mean to say is that
25 Garsu did not send any further enquiries to SRS from

1 21 February 2019 onwards; is this correct?

2 **A.** Yes. When we have agreed on everything, as you may see
3 before, I only asked for them to send the final draft of
4 the entire contract. I also asked, I think, about the
5 guarantees of implementation of the contract and I did
6 not receive any response to this email. When I received
7 no response, I did not send anything to them and I was
8 waiting for the response, but I did not receive
9 anything.

10 **Q.** So this should be correct, and I have several questions
11 here. So this paragraph again, now by way of tradition,
12 should be corrected to say:

13 "Communication from GRS stopped after
14 21 February 2019, as GRS did not respond to any previous
15 queries from Garsu Pasaulis."

16 Correct?

17 **A.** No, I don't think so, because from the email that we had
18 seen before, that we were communicating, but after my
19 last enquiry, they did not respond to it. And did not
20 respond at all.

21 So this paragraph is true in my view. I don't see
22 a way of how it could be corrected.

23 **Q.** Mr Lukoševicius, were there any emails, letters, faxes,
24 text messages, friendly calls, whatever it was, from
25 Garsu to SRS after 21 February 2019?

1 **A.** No, there was not any. A general explanation. So the
2 last email was the last official correspondence we
3 received from the Kyrgyz Republic.

4 **Q.** Just to re-confirm, Garsu Pasaulis did not deem it
5 necessary to follow up with the SRS, saying "We've asked
6 you for a draft contract several times, could you please
7 send it to us"; correct?

8 **A.** You see, when you mentioned that we have sent several
9 enquiries and we did not receive any answer, and I even
10 had bought plane tickets because I expected this
11 cooperation to continue, but it stopped, and at that
12 point in time our representatives in the Kyrgyz Republic
13 informed us about information that appeared online,
14 online media, that certain investigations had started,
15 and if I remember well, we decided to wait a bit because
16 we did not receive this information in a formal way. So
17 we were just waiting for the comments from SRS.

18 **Q.** Was that on 21 February that you learned about those
19 news, 25 February, the 23rd, the 24th, can you remember?
20 Your witness statement says after 21 February 2019, so
21 I'm trying to just establish a chronology here,
22 Mr Lukoševicius, really.

23 **A.** I don't remember exactly, but logically it could --
24 should have been several days after 21 February or maybe
25 a week after the 21st, because as far as I remember,

1 I started changing the dates of the flight because it
2 was not quite clear and when should I go to sign the
3 contract we have agreed on. So it could be two weeks
4 time, I don't really remember exactly.

5 **Q.** When you say the contract you've agreed on, do you mean
6 the contract, the draft of which you've been asking
7 several times from the SRS and they've never sent it to
8 you; is that the contract that you somehow agreed on?

9 **A.** Yes. That's what I mean.

10 **Q.** Can we go to paragraph 50 of your first witness
11 statement. I'm going to show it on the screen.

12 Here again:

13 "... to the present day [so the witness statement is
14 from mid 2020], Garsu Pasaulis has not received any
15 communications or requests for information from any
16 Kyrgyz authorities in respect of the investigations
17 conducted."

18 Now, that concerns the GKNB investigations.

19 My first question again is very simple: do you still
20 maintain this statement?

21 **A.** Yes, I maintain it, and it's true to the present day.

22 **Q.** Are you sure?

23 **A.** As far as I'm aware, I'm sure. Unless you show
24 something new to me.

25 **Q.** Do you want to take a moment just to confirm for the

1 third time, "Yes, I'm sure"?

2 **A.** Yes, I'm sure.

3 **Q.** Now, back in February to May 2019 how often would you

4 speak or exchange messages with Marat Sagyndykov?

5 **A.** I can't tell how often. I know that we exchanged

6 messages. He was our sort of our representative, local

7 representative. So we exchanged messages and I don't

8 know what you mean by saying often or not often.

9 **Q.** Okay. Let's put this in a specific context.

10 I assume he would have been quick to tell you that

11 he was interviewed by the GKNB; correct?

12 **A.** I was not personally informed about it, but, as far as

13 I remember, my colleague spoke to him. I learned about

14 it when in our company we discussed the events taking

15 place in the Kyrgyz Republic, and my colleague said that

16 "Marat told me that he was called or he had to go to

17 this state security committee and he had to be

18 interviewed", and he said that it was very unexpected

19 for him.

20 **Q.** (inaudible) I assume you also were aware of that; right?

21 **A.** I don't remember that, but this may be the case.

22 **Q.** Generally, would you say you trust Mr Sagyndykov?

23 I mean, he's Garsu's local representative, he has some

24 powers to act on your behalf for instance. Do you trust

25 him?

1 **A.** He was not authorised in writing, but we knew this
2 person and we did not expect anything bad from him. So
3 probably we trusted him, because we continued working
4 with him.

5 **Q.** In fact, he is one of the witnesses who is supporting
6 the Claimant's case; correct?

7 Could the translator kindly translate the answer, if
8 it was given, for the transcript?

9 Mr Lukoševicius, could you please repeat your answer
10 to my last question, which is: he is one of the
11 witnesses who is supporting the Claimant's case;
12 correct?

13 **A.** You mean the question whether I know that Mr Sagyndykov
14 will be a witness? So I told that: as far as I know,
15 yes.

16 **Q.** Thank you.

17 Now --

18 **THE PRESIDENT:** Mr Alekhin, before you move on, maybe now
19 it's time to take a coffee break, if it's not too
20 inconvenient for you.

21 **MR ALEKHIN:** Five, seven more minutes with this line of
22 questioning, or -- I do not want to press. If the
23 witness wants to take a break, we're fine. It will not
24 interrupt my line of questioning, but it's five to
25 seven minutes to the end of this line of questioning.

1 **THE PRESIDENT:** Is that okay, Mr Witness? Do you want
2 a break now?

3 **THE WITNESS:** We can continue.

4 **MR ALEKHIN:** Just to reiterate, you maintain you have not
5 received this letter -- you have seen this letter by
6 now, right? First question.

7 **A.** No, I haven't seen it.

8 **Q.** You haven't seen this letter?

9 **A.** No, I haven't.

10 **Q.** First time you see this letter?

11 **A.** Yes.

12 **Q.** At the bottom it is signed by Mr Sagyndykov in Russian.
13 It says "received Sagyndykov MA 10/04/2019". There's
14 a translation mishap in the English version. It says
15 "Sagladayov", but could you confirm the Russian version
16 says "Sagyndykov MA" to the best of your knowledge and
17 understanding?

18 **A.** I am not an expert in that and I don't know whether it's
19 his real name or surname or signature.

20 **Q.** Thankfully we have Mr Sagyndykov tomorrow. We will
21 confirm it's his signature.

22 For now, presume it is his signature.

23 Now, with that in mind, Mr Sagyndykov never told
24 you, or anyone from Garsu: hey, I received a letter from
25 the GKNB addressed to you, here is a copy; is that what

1 your testimony would be?

2 **A.** Since I haven't seen this letter, I assume that he
3 neither sent it to me, neither I was told about it, so
4 I don't know anything about it.

5 **Q.** Would you trust a person that is not showing you
6 a material letter addressed to you calling you for
7 a witness questioning in a GKNB investigation?

8 **A.** As I have already mentioned, I trust this person. As
9 you mentioned, you will interview him tomorrow and he
10 will confirm that. If you go to the Institution to find
11 out the situation and when he is detained there and he
12 is interrogated, maybe he was under stress and he did
13 not send it to me, I don't know. I just can guess what
14 can be the reasons.

15 **MR ALEKHIN:** We can break now. Thank you very much.

16 **THE PRESIDENT:** Thank you very much. So let's break then
17 for 15 minutes.

18 Mr Lukoševicius, you are not allowed to talk to
19 anyone about your testimony or the case, but you can
20 walk around and have a cup of coffee. Understood?

21 **THE WITNESS:** Understood.

22 **THE PRESIDENT:** Very good. So 15 minutes.

23 **(11.03 am)**

24 **(A short break)**

25 **(11.19 am)**

1 **THE PRESIDENT:** So, Mr Alekhin, when you're ready, please
2 continue.

3 **MR ALEKHIN:** Thank you, Mr Lukoševicius.

4 So we went over this letter that you say you've
5 never seen up until the hearing, the letter from the
6 GKNB, signed as received by Mr Sagyndykov. So in
7 relation to that, moving on further, as a preliminary
8 point, does the name Baktybek Zhumashev ring a bell?

9 **A.** No, I haven't heard this name.

10 **Q.** So by way of background, maybe to refresh your memory,
11 or just for your information, he's a Kyrgyz lawyer that
12 acted for Garsu in the Administrative Court proceedings,
13 for instance. With that information does that change
14 your testimony? Does that refresh your testimony about
15 Mr Zhumashev? Do you now recall who he is?

16 **A.** Maybe. I don't remember exactly. As far as I remember,
17 like as a company, Garsu Pasaulis, we were a part of the
18 administrative case as a third party, and probably there
19 was some lawyer involved who represented our interests
20 in that case. So most probably that could be the
21 person.

22 **Q.** Can you confirm if you've ever spoken with Mr Zhumashev,
23 you've never met him; that is your testimony?

24 **A.** Yes. I haven't met him and I haven't talked to him.

25 **Q.** So you never told him to, say, reply on your behalf to

1 a letter addressed to you and Mr Mieliauskas that we've
2 just seen before the break?

3 **A.** I don't remember such a case.

4 **Q.** Do you remember maybe Mr Mieliauskas told you at some
5 point that he spoke with Zhumashev and he told him to
6 reply something?

7 **A.** No, I don't remember anything like this.

8 **Q.** You don't remember any engagement letter, for instance,
9 between yourself and Mr Zhumashev; engagement letter, so
10 a contract for legal services between yourself and
11 Mr Zhumashev?

12 **A.** No, I don't remember.

13 **THE INTERPRETER:** And could you please speak closer to the
14 microphone?

15 **THE WITNESS:** Yes.

16 **THE INTERPRETER:** Thank you.

17 **MR ALEKHIN:** So I'm going to show you a letter now. It's
18 R-059 for the record. It is an application, rather.
19 The right-hand side is in Russian, the left-hand side is
20 in English.

21 So it says here:

22 "From Attorney Zhumashev in the defence of the
23 rights and legitimate interests of general director of
24 JSC Garsu Pasaulis ..."

25 So apologies for the pronunciation, Ana Janauskiene,

1 Mr Mieliauskas and yourself. It's a request to the GKNB
2 dated 12 April 2019.

3 Here Attorney Zhumashev is asking the GKNB to send
4 him questions that the GKNB want to ask you and
5 Mr Mieliauskas in the context of this investigation that
6 the GKNB is undertaking. Mr Zhumashev is referring
7 expressly to this letter we have just seen with you
8 before the break that you say you've never seen.
9 Mr Zhumashev is even saying that "those two people", so
10 yourself and Mr Mieliauskas, "are outside of the
11 Kyrgyz Republic, and their appearance in Bishkek would
12 be difficult", and he is concluding:

13 "If you have any questions, please pass those
14 questions on in writing and they can be passed through
15 me."

16 Have you ever seen this letter or this application,
17 Mr Lukoševicius?

18 **A.** No, I have not seen this application. Just like I told
19 you, I don't remember Mr Zhumashev or who he is. Like
20 I read now, I see that he was our lawyer, but I remember
21 one thing which is related to GKNB, that somebody from
22 the Kyrgyz Republic, without introduction, called me
23 and I remember I was sitting with Mr Mieliauskas in the
24 same office and we were talking about business, and
25 somebody called him and he had an awkward conversation

1 and when he put the phone down, he said that somebody
2 who did not introduce himself called from the
3 National Security and asked him when we could arrive to
4 the Kyrgyz Republic for the interrogation.

5 So this is what I remember, and then I realised that
6 Mieliauskas told him: please send us an official request
7 for Garsu Pasaulis in writing, and then we will respond.
8 This is how it all ended, and I don't know anything more
9 what you are telling now me about.

10 Q. I'm going to explain to you -- that's not a question,
11 just an explanation -- about what an attorney's order
12 that is attached to this letter of Mr Zhumashev is. I'm
13 going to highlight it in English and in Russian.

14 So an attorney's order, Mr Lukoševicius, is a sort
15 of a power of attorney, but it's used in criminal
16 proceedings specifically. This is a feature of Kyrgyz
17 law and post Soviet legal systems.

18 An attorney's order is a document you attach in the
19 context of criminal proceedings as a lawyer, when you're
20 making requests or applications on behalf of your
21 client, and an attorney's order is issued by the
22 Bar Association, so where this lawyer is registered, and
23 the attorney's order is issued by the Bar Association on
24 the basis of an engagement letter between the client and
25 the attorney.

1 Just go with me that this is the case. We can
2 debate this with the lawyers if you wish, but this is
3 how the system works.

4 What I'm trying to understand, Mr Lukoševicius, is
5 you confirmed to me you've never signed any engagement
6 letter with Mr Zhumashev; correct?

7 **A.** I have not signed any personally.

8 **Q.** But then Mr Zhumashev, just on the basis of this letter,
9 is attaching an attorney's order and is asking on your
10 behalf and in your interests certain things from the
11 GKNB; correct?

12 **A.** Just like you have put it, it looks like true.

13 **Q.** In your experience, 20 plus years of public procurement
14 in other projects and other words, have you ever had
15 a lawyer that would do such a thing in other countries
16 or even in Kyrgyzstan, without your knowledge, writing
17 something on your behalf?

18 **A.** I have not ever faced such a case.

19 **Q.** If you were faced with this, would you fire this lawyer,
20 make a complaint to the Bar Association maybe?

21 **A.** I'm not sure what actions could be taken. I cannot
22 comment on this. It depends on the situation. In this
23 specific situation, I don't really know and can't even
24 imagine what actions could be after I have learned this
25 information, I'm not a lawyer. I don't really

1 understand where it leads.

2 **Q.** Okay. You've confirmed in your witness testimony, and
3 I think it's not really contested, that you've closely
4 monitored the Kyrgyz media when it comes to this
5 investigation. Is this a correct statement?

6 **A.** Yes, true.

7 **Q.** So this is exhibit C-033. It's a press report from
8 17 April 2019. Have you seen this press report before?
9 It's from Kaktus Media, 17 April 2019. It talks about
10 Garsu Pasaulis quite a lot.

11 **A.** Maybe I have seen it. I don't remember now. I need to
12 look through it. There were tonnes of similar articles,
13 so I can't refer to any particular one.

14 **Q.** If you were to have actually seen it, Mr Lukoševicius,
15 and it talks -- it's some sort of an interview with
16 Mr Zhumashev, the attorney, who says:

17 "Representatives Garsu Pasaulis Mieliauskas and
18 Lukoševicius were summoned for questioning by the GKNB.
19 They are overseas, and I want to give them the
20 investigation but questions ..."

21 The translation seems to be imperfect. It's
22 a Claimant's exhibit. I apologise. If I may translate
23 freely:

24 "They are abroad. I want to hand over the questions
25 of the investigation but the GKNB investigator is silent

1 said Baktybek Zhumashev to the Kaktus Media."

2 That's the highlight on top.

3 Then the second highlight is:

4 "After receiving the letter, as a lawyer of the
5 above persons, on the same day I turned out to
6 investigator Abyshkaev with a petition that Mieliauskas
7 and Lukoševicius were outside the Kyrgyz Republic ..."

8 Et cetera. If you were to have seen this press
9 report at the time, for instance -- I'm not saying you
10 have -- would that raise concerns with you? Someone is
11 saying something on your behalf, saying he's your
12 lawyer, saying he's reached out to the GKNB? Would that
13 be problematic or suspicious for you?

14 **A.** If I had known this information at that time, about the
15 things that are written here, maybe of course I would
16 have had questions. This is how I see the situation
17 now.

18 **Q.** Because you would agree that the situation is quite --
19 not just problematic, but dangerous? What if, you know,
20 knowing that you simply don't care or don't know, he
21 would have done something more substantial on your
22 behalf? I mean, actually gave some answers to the GKNB
23 or, God forbid, make a confession on your behalf. You
24 recognise that this is a difficult situation. Someone
25 saying acting on your behalf, on your instructions, with

1 an attorney's order which presumes a letter of
2 engagement that exists between you specifically and
3 Mr Mieliauskas and the lawyer, giving statements. You
4 recognise that the situation is quite problematic, if
5 you follow your logic that you've never seen that
6 exchange, that you've never given any instructions;
7 would you agree with that?

8 **A.** Maybe it looks very awkward, but this is an article from
9 Kaktus Media, which Kaktus Media may write anything,
10 what anybody says. But I would like to go back to the
11 fact that I have not known any of this information, and
12 another highlight I would like to add: it seems even
13 more awkward to me that a national security department
14 up until now did not manage to personally hand us any
15 notice, any letter or pass any message to us personally,
16 to us as Garsu Pasaulis or to me personally or to
17 personally my colleague, Mieliauskas. This seems much
18 more awkward to me than this article from Kaktus Media.
19 Because I don't really remember that lawyer and his
20 talks to Kaktus Media doesn't seem very awkward to me.

21 **(Pause)**

22 **Q.** Sorry, there was an internal discussion.

23 It seems very awkward to you.

24 Are you ready to testify before the GKNB,
25 Mr Lukoševicius?

1 **A.** Do you mean now, at a given time?

2 **Q.** Yes?

3 **A.** Yes, if I receive a request, questions for something,
4 yes. So they may approach me. We have been waiting for
5 this for three years.

6 **Q.** Now do you wish to go to Bishkek?

7 **A.** No, I will not go to Bishkek. No.

8 **Q.** Okay. Just for the abundance of caution, exhibit R-062
9 is a response to lawyer Zhumashev, who apparently was
10 doing unauthorised charity work, refusing his
11 application for written exchanges and recalling, or
12 rather demanding again that he should relay to
13 Mr Mieliauskas and Lukoševicius that they should please
14 present themselves to the GKNB at the time convenient to
15 them to conduct investigative actions with their
16 participation.

17 That letter you've also never seen; correct?

18 **A.** No, I have not seen this letter that you are presenting
19 on screen now.

20 **Q.** We will move to the next block of questions, and before
21 I go there, I want to reiterate that you have stated in
22 both of your written witness statements and you've just
23 confirmed to the esteemed members of the Arbitral
24 Tribunal that you would only tell the truth. It's not
25 a question. I'm just reminding you of that.

1 With that in mind, is there an ongoing investigation
2 into or involving Garsu Pasaulis by the Lithuanian
3 Prosecutor General's Office?

4 **A.** As far as I know, no, at the moment.

5 **Q.** Has there been -- sorry.

6 **A.** I would like just to add, I'm not the person in our
7 company who is responsible for legal matters. There are
8 designated people and a unit who are involved in that,
9 so I cannot comment in terms of the investigations that
10 are carried out now or were carried out in the past.

11 **Q.** To your knowledge there's no ongoing investigation into
12 or involving Garsu Pasaulis by the Lithuanian Prosecutor
13 General's office?

14 **A.** Every month when we participate in international
15 tenders, we provide the confirmation about the state of
16 our company which is confirmed by the Registrar Centre
17 which is part of the Ministry of the Interior, and the
18 last time we submitted this document was three weeks
19 ago, and it didn't have any entries you are referring
20 to.

21 **Q.** That would concern convictions though; correct?

22 **A.** Most probably, yes.

23 **Q.** Is there an ongoing investigation to the best of your
24 knowledge into or involving Garsu Pasaulis by the
25 Lithuanian Prosecutor General's office?

1 **A.** I don't know now, or I don't remember.

2 **Q.** Has there been, to the best of your knowledge,
3 an investigation into or involving Garsu Pasaulis by the
4 Lithuanian Prosecutor General's office in the past
5 five years?

6 **A.** As far as Garsu Pasaulis is concerned, I cannot comment
7 because I don't know about it.

8 **Q.** So to the best of your knowledge, in the past five years
9 there has not been an investigation into or involving
10 Garsu Pasaulis by the Lithuanian Prosecutor General's
11 office?

12 **A.** At least I don't know about it. I don't remember.

13 **Q.** . So this, Mr Lukoševicius, is an exhibit to your
14 quantum expert person, and it's several emails exchanged
15 between various currency exchange providers -- not
16 banks, but financial services providers -- and
17 Garsu Pasaulis' people -- not you, but Garsu Pasaulis'
18 staff. And there was a question asked by one of those
19 financial service providers to Garsu Pasaulis. Do you
20 know Mr Simonas Naujikas?

21 **A.** Yes, he is my colleague.

22 **Q.** What function does he perform?

23 **A.** He is the head of the commercial division. I would like
24 to explain. At that time there were two units in the
25 company. One was this security printing and another one

1 is commercial division, commercial printing division.

2 So Simonas Naujikas was the head of this commercial
3 printing division.

4 **Q.** Yes. And a question is asked to him, and it's
5 August 2019: is there any details of an ongoing
6 investigation into Garsu Pasaulis by the Prosecutor
7 General's office in Lithuania? That's not my question
8 to you. I have asked it three times. You've answered.

9 Would you believe that Mr Naujikas somehow
10 misinformed this financial services provider into
11 telling them that there was or was not an investigation
12 into Garsu Pasaulis by the Prosecutor General? Do you
13 have any reason to believe that his exchange with this
14 financial services provider might be untruthful or
15 misrepresentation?

16 **A.** I would like to apologise, but I don't see any letters,
17 any correspondence with the financial services provider.
18 I can see Carlsberg representative and Ardas Zaleckis
19 and I can see Ardas Zaleckis' letter to
20 Simonas Naujikas, and you are asking about a financial
21 services provider.

22 **Q.** If we go to CER3, exhibit 59. So this exhibit,
23 Mr Lukoševicius, is a combination of several documents.
24 This is how we received it. So I apologise if the chain
25 of emails or the way of presentation is confusing. It's

1 not our exhibit.

2 This exhibit starts with a letter from Carlsberg to
3 your colleagues. We will get to that in a second. It's
4 page 1 of this exhibit.

5 And it goes on, on page 2 to another exchange, so
6 the first is from September 2020 with Carlsberg, the
7 second page is 7 August 2019 between Mr Naujikas, whom
8 you confirmed you know and who works with Garsu of
9 course, and an Ardas Zaleckis.

10 And here -- and I apologise for saying financial
11 institution. That was my bad, and we will get to the
12 financial institutions later. I apologise for that.

13 There is an exchange saying:

14 "Further to the information you provided, we would
15 like to know ..."

16 Fourth bullet point:

17 "Is there any details of an ongoing investigation
18 into Garsu Pasaulis by the Prosecutor General's office
19 in Lithuania?

20 Thanks a lot and kind regards, Dirk."

21 Dirk is the person from Carlsberg.

22 I apologise for confusing you, Mr Lukoševicius.
23 That was not my intention. This exchange is with
24 Carlsberg.

25 So Carlsberg is enquiring with your colleagues in

1 August 2019: are there any details of an ongoing
2 investigation into Garsu Pasaulis by the Prosecutor
3 General's office? And why they're asking your
4 colleagues this, Mr Lukoševicius, is because if you look
5 at the bottom of the page, there was a letter from
6 Ardas Zaleckis. Who is Ardas Zaleckis? Do you know
7 him?

8 **A.** It's my former colleague who was dismissed when the
9 contract was not signed. I mean when the contract with
10 Carlsberg was not signed.

11 **Q.** Yes. And he responds, so that's the bottom of the page:

12 "Hello Dirk, please find attached our third party
13 due diligence questionnaire."

14 We don't have the questionnaire, if that's something
15 you might want to look at.

16 "Attached please find some documents."

17 So that was in July 2019. In response to which, as
18 we understand it, there's a question from Dirk:

19 "Can you give me more details about the ongoing
20 investigation into Garsu by the Prosecutor General's
21 office in Lithuania."

22 We have no response to that from Garsu.

23 Now, just to confirm, this is the first time you
24 hear about an ongoing investigation into Garsu Pasaulis
25 back in August 2019 by the Lithuanian Prosecutor

1 General's office; is this your testimony?

2 **A.** As far as I understand, this is a question, a general
3 question whether such investigations are being carried
4 out and not about a very specific investigation. That
5 is not a statement, it's just a question.

6 **Q.** Now, if we look at another exhibit, and this one is
7 attached to your witness statement, I will show it on
8 the screen momentarily. It's CW SA L137.

9 It is a letter from Luminor. It's a bank; right?

10 You have to say "yes" or "no".

11 Luminor is a bank that Garsu Pasaulis had accounts
12 with; correct?

13 **A.** It had.

14 **Q.** Yes. A letter dated April 2019. By this letter
15 Luminor, the bank, informs Garsu that it will be closing
16 its accounts; correct?

17 **A.** As far as I can see, yes.

18 **Q.** And that wasn't because of any ongoing investigation by
19 the Lithuanian Prosecutor General's office into Garsu to
20 the best of your knowledge; correct?

21 **A.** I don't know, I cannot comment on that.

22 **Q.** (Inaudible) because let's say Semlex's ownership of
23 Garsu and the associated reputational issues; correct?

24 **A.** This statement equals to this statement if I said that
25 the bank closed our accounts after the evaluation of the

1 risk of the events that -- event that took place in the
2 Kyrgyz Republic, so it would be the same to say.

3 **Q.** There's no reference, would we agree with that
4 Mr Lukoševicius, to any specific reason or issue that
5 the bank identified in this letter; correct?

6 **A.** Yes, that's right. And to state that this was not
7 because of our shareholder, Semlex, or because of the
8 investigation carried out by the Lithuanian Prosecutor
9 General, it's not stated here.

10 **Q.** And it was not logically because of the Kyrgyz events
11 because it's also not stated here.

12 **A.** It's logical to me because it's April, 25 April and
13 a lot of mud was poured on us and if you are relating
14 this to Semlex, so Semlex became our shareholder in 2014
15 or 2015.

16 So I believe this letter is more related to the
17 Kyrgyz Republic rather than Semlex.

18 Since the reasons are not stated in this letter from
19 Luminor, we can only make assumptions. So my opinion
20 would be the one I stated.

21 **Q.** Assumptions or speculations, would you agree?

22 **A.** This is my opinion.

23 **Q.** In paragraph 73 of your first witness statement, it
24 says:

25 "Banks [plural] immediately demanded that

1 Garsu Pasaulis closes its accounts and transfers its
2 funds anywhere else. Banks [plural] have argued that
3 Garsu Pasaulis cannot be their client because of the
4 Kyrgyz scandal and accusations of corruption in the
5 Kyrgyz Republic."

6 Just to be clear, that is not what the banks have
7 argued, but that is what you are arguing or speculating
8 about; correct?

9 **A.** This statement is right.

10 **Q.** You mentioned banks in plural, but aside from Luminor,
11 there is no other evidence on the record of this
12 arbitration. We didn't see anything suggesting that any
13 other bank terminated its relationship with Garsu at
14 that time; would you agree with that?

15 **A.** Referring to the banks in plural, I meant Swedbank and
16 SEB bank, with whom we cooperated and they issued the
17 bid guarantees in the tenders we participated abroad.

18 After this event the banks did not issue these
19 guarantees to us and they also said that they are not
20 going to provide services to us anymore. And we have
21 discussed this a number of times within our company and
22 this information came to me from my colleagues who
23 worked in banks, the financial departments, the
24 accounting departments and so on.

25 **Q.** Has had any other bank aside from Luminor closed

1 accounts of Garsu and asked Garsu to transfer its funds
2 elsewhere?

3 **A.** If I remember well, Swedbank did that. SEB retained the
4 account but restricted it for incoming funds and the
5 amounts payable. This is what I know from my
6 colleagues. So this was the case and the guarantees
7 were not issued.

8 So Swedbank and SEB bank's responses were not
9 submitted to you because we did not receive them from
10 the banks, and the risk assessment is the internal issue
11 of the bank and they make the internal decisions. We
12 expected similar letters like from Luminor from other
13 banks, but they did not provide us with such letters.

14 **Q.** To be clear, Swedbank to the best of your recollection
15 closed Garsu Pasaulis' account without any written
16 evidence or justification or notice to you, you just
17 discovered overnight that you no longer have an account
18 with Swedbank; is that how it happened?

19 **A.** I don't know what the procedure looked like. I just
20 know that they stopped providing services to us.

21 **Q.** Okay. Now, you mentioned financial institutions that
22 provided currency exchange services and this is in
23 reference to the same paragraph, 73, of your witness
24 statement. There's a footnote here, 55, and it is for
25 the exhibit communication with banks,

1 CWS Lukoševicius 1/37. So we started to look at this
2 exhibit, it starts with the letter from Luminor, and it
3 goes on. It's on the screen now. That's another page,
4 a subsequent page of this exhibit. It's in your witness
5 statement.

6 An exchange between AFEX and Asta Vasareviciene. Do
7 you know who Asta Vasareviciene?

8 **A.** Yes, she's chief financier in our company.

9 **Q.** Just to go back to your witness statement, you're saying
10 that immediately banks have closed Garsu's accounts and
11 argued that cannot be their client because of the Kyrgyz
12 scandal. So presumably that would have been somewhere
13 around -- well, at least from March onwards 2019; right?
14 March, April, June; correct?

15 **A.** If I remember well, it was April in Luminor's letter of
16 2019. End of April.

17 **Q.** Yes. And then this -- sorry. Did I interrupt the
18 translator?

19 **THE INTERPRETER:** No, that's fine. That's fine.

20 **MR ALEKHIN:** And then you attached to the statement that
21 we've just seen this specific letter, this exchange with
22 Ms Asta, that dates to May 2017 whereby a financial
23 currency exchange service says that it cannot provide
24 a currency account for Garsu Pasaulis.

25 You attach this letter to support your statement

1 that banks -- let's expand it to financial
2 institutions -- terminated their relationships and were
3 unwilling to work with Garsu because of the Kyrgyz
4 scandal.

5 Do you want to maybe correct your testimony and say
6 that, you know, this, for instance, currency exchange
7 service had nothing to do with the Kyrgyz scandal,
8 simply for the reason that it writes you in May 2017, so
9 like two years before the scandal?

10 **A.** Exactly, the date of this letter shows that this is
11 response and comment two years prior the events that we
12 are discussing now, and banks before that, for those
13 two years, they worked fine with us and they carried out
14 all the operations and had no problems with
15 Garsu Pasaulis.

16 **Q.** The currency service back in May 2017 had an issue with
17 Garsu Pasaulis, and actually they've clarified what the
18 issue is: ownership of Garsu Pasaulis, so Semlex;
19 correct?

20 **A.** Well, the problem was, as I see it, that they are saying
21 that they are some kind of problems with the ownership
22 of Garsu Pasaulis, but I did not know anything about it,
23 and I did not experience this in my daily work. So it
24 did not really raise any thoughts for me because I did
25 not know about that.

1 Foreign exchange or AFEX account was not significant
2 for us so that, you know, we would worry about it too
3 much.

4 **Q.** Mr Lukoševicius, I'm sure you had no problems with the
5 issue of ownership of Garsu Pasaulis. But a financial
6 exchange or currency service had, and not only that,
7 you're submitting this document supporting your
8 assertion in the witness statement at paragraph 73 that
9 banks weren't willing to have anything to do with Garsu
10 because of the Kyrgyz scandal. So my question to you,
11 Mr Lukoševicius, is: do you want to maybe take out this
12 specific document from the evidence allegedly supporting
13 your proposition that the banks weren't willing to work
14 with Garsu because of the Kyrgyz scandal?

15 **A.** No, I don't want to because this document from AFEX,
16 this email from AFEX, shows that the events that closure
17 of the bank accounts of Garsu Pasaulis and this email,
18 it supports the facts that I'm mentioning in 73, that
19 exactly the events in Kyrgyz Republic predetermined the
20 behaviour of banks in respect of Garsu Pasaulis.

21 **Q.** How can a closure of a financial institution account or
22 a refusal to open a financial institution account in
23 May 2017 have anything to do with the Kyrgyz scandal,
24 Mr Lukoševicius?

25 **A.** This letter clearly states that is from 2017, two years

1 before the events in Kyrgyz Republic. And it shows that
2 for two years before the events, all the banks that we
3 have worked with and the problem that you indicated to
4 AFEX, they did not see that problem and they operated
5 and worked in a normal regime.

6 **Q.** How does a letter from AFEX saying that they cannot
7 provide a current account to Garsu Pasaulis due to the
8 ownership of Garsu Pasaulis support a proposition that
9 banks had no problem working with Garsu Pasaulis back in
10 2017?

11 **A.** The letter itself probably does not do anything, but
12 based on dates, you can clearly see that if AFEX had
13 such an information and so probably banks already had
14 this data, but it did not seem as a problem for them
15 because the events in Kyrgyz Republic.

16 **Q.** Maybe one last question. Actually I'm going to move on.
17 We're going to go to Garsu's relationships with
18 a project in Mozambique. So we are still with those
19 reputational issues.

20 So just to set the tone here, Garsu participated in
21 a tender for passport manufacturing, opposing Mühlbauer,
22 in around August 2017 in Mozambique; correct?

23 **A.** It could be true.

24 **Q.** Just to refresh your memory and make sure that we're all
25 on the same page, Mr Lukoševicius, it is true.

1 November 2017 is the report, public report, it's
2 exhibit R-220, and it talks about a tender that happened
3 in Mozambique and it says:
4 "In early August ..."
5 It's the third highlight:
6 " ... the Mozambican Ministry of Interior announced
7 that it had selected Mühlbauer, from Germany, and
8 Garsu Pasaulis, from Lithuania, for the final phase of
9 the tender for the new service provider."
10 Does that refresh your memory?
11 **A.** Yes.
12 **Q.** Now, if Garsu participated in that tender, I assume you
13 know and can recall the basic idea of what was to be
14 supplied was like local infrastructure needed, for
15 instance, or some required time to start up the
16 activities?
17 **A.** Could you please repeat your question?
18 **Q.** Apologies. So if you are aware of this tender and what
19 it was about, is it fair to say that the scope of this
20 tender involved not just manufacturing of passports, but
21 also some local infrastructure that was needed and that
22 required some time to set up after or if a contract is
23 signed?
24 **A.** Most probably, yes.
25 **Q.** So put aside the tender. Do you recall Garsu entering

1 into a contract, into a contractual relationship, with
2 Mozambique or an entity related to Mozambique in around
3 December 2017?

4 **A.** Yes, the situation was as follows. Since the tender,
5 since Mühlbauer was announced as the winner of the
6 tender, as far as I remember, it was appealed and the
7 decision took a bit longer before the signing of the
8 agreement.

9 The Mozambique Ministry of Interior meanwhile
10 approached us, asking if we could provide passport
11 production services for them, because they had all the
12 infrastructure, all the capacities, to issue those
13 passports themselves. So we agreed that they will order
14 500,000 passports for five years, 100,000 passports
15 a year. So that was the agreement between us and
16 Mozambique.

17 And since this tender that you are referring to, it
18 was total clarity of how it will end and this is how we
19 agreed on this.

20 So as far as I know about this project and this
21 agreement, it was highly unsuccessful and, as far as
22 I know, Mühlbauer started providing passports only
23 a year or two ago.

24 I would also like to add that Semlex, when they
25 worked before, and it also says that due to poor quality

1 and chronic errors, they have terminated the contract
2 with Semlex, the State of Mozambique. As far as I know,
3 Semlex also started the arbitration process and won the
4 process, and the State of Mozambique has lost this
5 process and had to admit their errors.

6 **Q.** Your contractual relationship with Sotux, so that's the
7 Mozambique entity, did not follow any tender procedure,
8 there was a direct contract between Garsu and
9 Mozambique; correct?

10 **A.** Yes, due to the circumstances, it was not an announced
11 tender, it was only, yes, a purchase from the direct
12 source.

13 **Q.** And the circumstances were that Garsu used to print
14 passports for Mozambique under the Semlex agreement
15 directly, indirectly, whatever?

16 **A.** Semlex has nothing to do with this agreement and this
17 delivery.

18 **Q.** Did Garsu print passports for Mozambique prior to
19 December 2017?

20 **A.** As far as I remember, no.

21 **Q.** You have mentioned 500,000 passports and obviously the
22 contract we have is only for 100,000. So am I correct
23 to assume that this agreement was verbal with
24 Mozambique? We will do 500,000 passports for you in the
25 scope of the next five years, that was, what, oral?

1 **A.** Yes, it was a verbal agreement for 100,000 passports per
2 year by providing an order and full payment, advance
3 payment.

4 **Q.** What I'm struggling to understand, aside from the oral
5 agreement for millions of dollars, is the chronology.
6 Because Semlex, as I'm sure you're aware, started
7 actually manufacturing passports in Mozambique some time
8 in -- I apologise. I misspoke.

9 Mühlbauer, as I'm sure you're aware, started
10 manufacturing passports for Mozambique some time in late
11 2018, early 2019, correct?

12 **A.** I cannot confirm this, but people or the servants who we
13 spoke to due to implementation of our agreement, they
14 said that with Mühlbauer the situation was totally
15 unclear and it was not clear when and if they will start
16 providing the passports, and if they will be able to
17 provide the passports, and I cannot confirm that the
18 agreement was signed.

19 The only thing that I know, that with Mühlbauer,
20 they had huge problems. This is why they planned to
21 continue passport printing and delivery with us.

22 **Q.** So exhibit R-221, a press report from a Mozambique news
23 agency from January 2019, "German company producing
24 passports and ID documents". First paragraph:

25 "The German company Mühlbauer ... began [so that's

1 January 2019] producing identity documents and biometric
2 passports as part of a contract signed with the
3 Mozambican government in November 2017. In the initial
4 phase the company will produce [a certain number of
5 passports per year]."

6 Have you had any previous exposure to this
7 information? Does it surprise you that Mühlbauer
8 started producing passports for Mozambique in
9 January 2019?

10 **A.** Yes, it is surprising, because they haven't started
11 producing those passports back then, I can guarantee
12 this.

13 And I'm also surprised that this article from
14 a newspaper in Africa, you know, I have encountered
15 similar articles many times, where, you know, they
16 present the news that has nothing to do with the
17 reality.

18 And if you would bother to interest, you know, you
19 could have asked the State of Mozambique when the first
20 passports were delivered by Mühlbauer.

21 **Q.** You mentioned those press reports that may have nothing
22 to do with reality because it's Africa. Could you say
23 the same about Kyrgyzstan, maybe?

24 **A.** No, I couldn't, because we have, you know, had -- we
25 have seen ourselves, that you know, everything that was

1 written in the articles later came to reality. And in
2 case of this article in Mozambique, nobody can confirm
3 the facts that are presented here.

4 **Q.** When was the last time that Garsu delivered passports to
5 Mozambique? When was the last order placed, and when
6 was it delivered, date?

7 **A.** I don't remember exactly. I only remember that there
8 were two orders and the third order was in preparation,
9 because there are certain nuances in Africa that they
10 always are late with the orders and they already need
11 them very fast, and e-passports cannot be produced
12 overnight or in two weeks or in a month. So we, without
13 having even an order, we bought all the materials or all
14 the raw materials that are needed for 100,000 passports.

15 **Q.** You can take it from me, Mr Lukoševicius, that your
16 quantum expert, based on documents she has seen and
17 attached to her expert report -- I will not go there in
18 the interests of time -- says, based on documents, that
19 the last order was delivered some time in late 2018.
20 Just bear with me and assume that's correct.

21 Do you have any idea what happened with passport
22 manufacturing in Mozambique after late 2018, or you just
23 stopped following that completely?

24 **A.** I don't even imagine, because I did not follow that
25 information. But we were told that they will not give

1 any orders for us due to certain events in
2 Kyrgyz Republic. I had nothing to add. I just said
3 that we are now in different relations with the State --
4 with the Kyrgyz Republic, and that we now have an
5 arbitration process, and after we will sort this out.
6 It will turn out.

7 This is where our communication stopped. We tried
8 to reach out and ask about the situation for the third
9 order with Garsu Pasaulis, but nobody spoke to us.

10 **Q.** Was it in the same way as you tried to reach out to SRS
11 in February 2019, but not sending anything to them after
12 21 February, or was it some more proactive reaching out?

13 **A.** Since all the procedure in Mozambique did not take place
14 according to the public procurement procedure, so this
15 means that there was no indication of what way should we
16 use for communication with the client. So we had all
17 the contact details, the phone number, which we would
18 use to call the client and ask, while in the
19 Kyrgyz Republic it was told that we cannot communicate
20 with the client in any other way than it was indicated
21 in the tender documents: that was an email or the public
22 procurement portal.

23 **Q.** On that note, you would then confirm and testify that
24 you or Garsu Pasaulis or Garsu Pasaulis' representatives
25 never communicated with the Kyrgyz authorities outside

1 of email and any other way indicated in the tender
2 documents, essentially email and letters; is that your
3 testimony?

4 **A.** Yes, except for the cases that we have discussed today,
5 what was the communication between us and the State
6 registration service of the Kyrgyz Republic.

7 **Q.** Coming back to Mozambique, what I'm trying to understand
8 there, Mr Lukoševicius, is you say at paragraph 78 of
9 your first witness statement that Garsu Pasaulis'
10 long-term contract with Mozambique was terminated
11 because Mozambique told you something. Okay.

12 You would want to probably clarify this again and
13 correct, as we regularly did over the course of past
14 two hours, that Garsu Pasaulis' long-term oral contract,
15 I assume, with Mozambique was terminated orally. Is
16 this how it happened? Am I correct in the way I'm
17 trying to clarify your written witness testimony?

18 **A.** They no longer provided the contracts -- orders, I'm
19 sorry, which we have agreed upon. And yes, the later,
20 everything else is correct.

21 **Q.** Paragraph 26 of your second witness statement, where you
22 say:

23 "Before the Kyrgyz scandal, Garsu supplied
24 Mozambique with e-passports and had [an excellent
25 relationship] with them for years."

1 That would be more accurate to say "for a year";
2 correct?

3 **A.** Yes, the statement is right.

4 **Q.** The question that I posed to you or the statement on the
5 screen?

6 **A.** The statement on the screen.

7 **Q.** Mr Lukoševicius, did Garsu have a contractual
8 relationship with Mozambique for a year, not years?

9 **A.** It turns out that two years, for two years.

10 **Q.** Let's put this in months, Mr Lukoševicius. More than
11 12 months?

12 **A.** I don't remember when the first order was placed and
13 when the second order was placed, and when the contract
14 was concluded on the first order and the next order, and
15 when we completed the first -- the second order and when
16 we were preparing for delivering the third order.

17 **Q.** Moving on to another of your former clients,
18 Mr Lukoševicius. Paragraph 28 of your second witness
19 statement, I'm going to show it to you on the screen
20 now.

21 So this is the Baltic Tobacco Factory in
22 Kaliningrad, Russia, close to Lithuania, as it happens.

23 So you say here, paragraph 28:
24 "The same is also true ..."

25 So that was we discussed the Mozambique oral

1 agreement and the reasons for termination:

2 "... for our lucrative contract with the Baltic
3 Tobacco Factory."

4 And you can confirm once again that the sole reason
5 for the termination of the contract with the Baltic
6 Tobacco Factory was the Kyrgyz scandal, etc.

7 Now, you did not deem it useful to have
8 Baltic Tobacco somehow confirm this to you for the
9 purposes, say, of this arbitration, because you're
10 claiming a significant sum of money from the
11 Kyrgyz Republic as damages arising out of this
12 termination, as you say, of the contract. You didn't
13 think it was necessary; is this correct?

14 **A.** I'm not a lawyer, but it seems that the Baltic Tobacco
15 Factory did not write that they are terminating the
16 contractual relationships because of the Kyrgyz scandal,
17 just because potentially they did not want any
18 litigation with us. If they based their termination of
19 contractual relationships on this news they received,
20 this is not a sufficient basis for formal termination of
21 the contract. Maybe that is why they did not explain
22 the reasons.

23 **Q.** So am I getting this right: any contractual relationship
24 you had, assuming it was terminated, you could say,
25 well, it was for the Kyrgyz Republic's scandal and if it

1 doesn't feature that reason in the termination papers,
2 but some other reason features, or no reason features,
3 your excuse would be that, well, it's because they are
4 concerned, it's not a good enough reason and that is why
5 they are omitting putting it in, but we should presume
6 in all instances of all the contractual misfortunes
7 Garsu Pasaulis, that it is solely because of the Kyrgyz
8 scandal; is that the logic?

9 **A.** Yes, this is my logic, because all the four projects
10 that I mentioned in my witness statement, including
11 Mozambique and the Baltic Tobacco Factory and the
12 Carlsberg and the Swiss Ministry of Interior, I suppose,
13 so this was a coincidence that all the four contracts
14 were finished at that point in time, although in the
15 Swiss example the order was placed and it was suspended.
16 In the case of Mozambique, the order was not placed,
17 although it was agreed about it, and the Baltic Tobacco
18 Factory terminates the contract after 20 years of
19 cooperation and they are saying "Thank you very much, we
20 no longer need your services", and the Carlsberg case is
21 identical to the case of Baltic Tobacco Factory. And
22 none of them are officially indicated to us by a formal
23 letter that orders are terminated because of the Kyrgyz
24 scandal, although every one of them explained to us
25 informally about it.

1 **Q.** So they picked up the phone and said "We are terminating
2 your contract, we're not extending your contract",
3 either for no reason or a different reason, "but then
4 over the phone we are going to tell you it's because of
5 the Kyrgyz Republic, correct?

6 **A.** Yes, the Mozambique case and the Baltic Tobacco Factory
7 case was like this. And the Swiss project on visas and
8 in case on Carlsberg, they just stopped placing orders
9 and they terminated the orders they had already placed.

10 **Q.** Mr Lukoševicius, would you have made such a resolute
11 statement about the reasons for terminating contractual
12 relationships with Garsu by those four companies, and
13 its sole attribution to the Kyrgyz Republic, if you were
14 in front of a criminal court under oath?

15 **A.** I gave an oath here as well.

16 **Q.** Would you have given the same answers you have given
17 about the reasons for terminating contractual
18 relationship of Garsu with four companies attributable
19 solely to the Kyrgyz Republic if you were in a criminal
20 court under oath, knowing the sanctions for perjury
21 which are quite severe, and including criminal
22 punishment?

23 **A.** Yes.

24 **MR ALEKHIN:** Thank you.

25 No further questions at this stage, but there is

1 a note here, if I may, Members of the Tribunal.

2 We're approaching lunchtime. There is one short
3 line of questioning that we, under the Tribunal's
4 control, would like to ask first Mr Lukoševicius and
5 then Mr Mieliauskas. Of course we know that the
6 witnesses are segregated and it's perfectly fine and we
7 are certain that this is going to be abided by.

8 I assume Mr Mieliauskas is ready to -- after lunch;
9 right? And if Mr Lukoševicius, and if it's fine with
10 the Tribunal, perhaps could stay after lunch and answer
11 one short line of questioning while Mr Mieliauskas is
12 definitely in a different room, this is part of the
13 questioning strategy. There are two similar lines of
14 questioning and we really want them to go one after all.

15 So if it is acceptable to the Tribunal that the
16 witness be not excused, but we take a break and then we
17 have five to seven minutes for Mr Lukoševicius and then
18 we move on to Mr Mieliauskas.

19 **THE PRESIDENT:** What does Claimant say about this?

20 **MR DAUJOTAS:** I think we have no objections to that. But
21 just maybe for logistics, it maybe depends how many
22 minutes do you plan to spend on this line of
23 questioning. Just maybe do it now.

24 **MR ALEKHIN:** It's one line of questioning. It's going to
25 take seven to 10 minutes tops. They are going to be the

1 same questions on the same documents being shown to both
2 witnesses consecutively. If the other witness could
3 please be segregated, and of course we trust that
4 segregation is going to be done in a proper way, but if
5 we can ensure that the witness is segregated, for
6 instance by one of our colleagues just being somewhere
7 in the corridor, there are practical ways we can do
8 this, but I want to be really sure that there's no
9 communication between the two when we consecutively ask
10 them the same lines of questioning. It's important for
11 our cross-examination.

12 **THE PRESIDENT:** But if I understand you correctly, you want
13 to start with Mr Mieliauskas?

14 **MR ALEKHIN:** No, I want to finish with Lukoševicius after
15 lunch for seven minutes and then immediately start with
16 Mieliauskas.

17 **THE PRESIDENT:** Why not continue with him now then before
18 lunch? We can break for lunch at 1.00. I don't
19 understand the ...

20 **MR ALEKHIN:** I would rather -- and we of course accept good
21 faith of everyone involved -- I would rather there be no
22 break between examination of two witnesses on that
23 specific line of questioning that I have.

24 **THE PRESIDENT:** I mean, this seems a bit too complicated.
25 I mean, if you go on and ask Mr Lukoševicius now, and he

1 will continue to be sequestered over lunch, that should
2 ensure that there will be no communication between them.

3 I mean, at some point we have to just trust people.

4 **MR ALEKHIN:** Oh, I think we have established some line of
5 trust.

6 **(Pause)**

7 Would a three to five-minute short break just to
8 arrange some exhibits and make sure we're very well
9 aligned be suitable for the Tribunal and the witness?

10 **THE PRESIDENT:** You mean right now?

11 **MR ALEKHIN:** Yes, a technical break just to make sure --

12 **THE PRESIDENT:** Five minutes will be okay, because we do
13 want to break at lunch. I don't know how much you have
14 in formal redirect, but preferably we should do that
15 also before lunch.

16 **MR DAUJOTAS:** Not a lot of questions, just a few questions.

17 **THE PRESIDENT:** So five minutes starting now.

18 **MR ALEKHIN:** That's sufficient, thank you.

19 **THE PRESIDENT:** So Mr Lukoševicius, you just remain where
20 you are.

21 **THE WITNESS:** Okay.

22 **(12.29 pm)**

23 **(A short break)**

24 **(12.35 pm)**

25 **MR BERTROU:** Mr Chairman, we to have a slight technical

1 issue. We have an IT issue. Would you mind either --
2 would you mind either breaking for 15 or finishing right
3 after the lunch?

4 **THE PRESIDENT:** In that case I suggest we break for lunch
5 now.

6 **MR BERTROU:** And apologies, really apologies, but again, you
7 know --

8 **THE PRESIDENT:** We will break for lunch now and come back
9 then in one hour, let's say, 1.40.

10 During lunch, Mr Lukoševicius, you are still under
11 sequestration, ie you cannot talk to anyone about your
12 testimony or the case. I'm sure Claimant will give you
13 something to eat.

14 **MR DAUJOTAS:** Yes.

15 **THE PRESIDENT:** We will continue after lunch with
16 cross-examination and then redirect, and maybe questions
17 from the Tribunal as well. Okay? Very good.

18 **MR ALEKHIN:** Thank you very much. I'm grateful, thank you.

19 **(12.36 pm)**

20 **(The short adjournment)**

21 **(1.40 pm)**

22 **THE PRESIDENT:** So welcome back and we now continue with the
23 cross-examination of Mr Lukoševicius. Then we will have
24 redirect and then questions from the Tribunal, if any,
25 and then we move on to the next witness.

1 So please.

2 **MR ALEKHIN:** Thank you very much.

3 Mr Lukoševicius, thank you for your indulgence and
4 for being available for further witness sequestration
5 during the lunch break. We apologise for the technical
6 issue and for taking our time to find a couple of
7 documents we wanted to show you.

8 It is a very short line of questioning.

9 If I may take you, please, to paragraph 12 of your
10 first witness statement, and I'm going to share my
11 screen again.

12 It's this highlighted part that I'm interested in:

13 "Garsu Pasaulis has never offered or transferred or
14 even mentioned any 'compensations' or 'bribes' to
15 anyone."

16 Do you confirm this statement? That it would be to
17 the best of your knowledge --

18 **THE TRANSCRIBER:** I didn't get the answer to that question.

19 **MR ALEKHIN:** Mr Lukoševicius, could you please repeat your
20 answer to my previous question?

21 **(Pause for technical issue)**

22 **MR ALEKHIN:** Mr Lukoševicius, I apologise for asking the
23 same question for the third time, but it is for the
24 record.

25 Paragraph 12 of your first witness statement, do you

1 confirm that Garsu Pasaulis has never offered or
2 transferred or even mentioned any "compensations" or
3 bribes to anyone?

4 **THE INTERPRETER:** I'm sorry, I cannot hear -- okay.

5 **A.** Yes, I confirm.

6 **THE INTERPRETER:** The answer was "Yes, I confirm".

7 **MR ALEKHIN:** You are familiar with the project of
8 Garsu Pasaulis in Moldova for passport manufacturing;
9 correct?

10 **A.** Yes.

11 **Q.** You would supervise this project; correct?

12 **A.** Yes, the part of blank passport production.

13 **Q.** Are you aware of the recent investigations into the
14 Moldova passport project by the Moldovan authorities and
15 Moldovan investigative journalists?

16 **A.** Some six months ago a representative of one television
17 have contacted me. I have responded those questions
18 and I know nothing else about it.

19 **Q.** That would be R-224. This is the report we are
20 referring to from investigative journalists. It was
21 indeed prepared by a Moldovan TV channel and an
22 investigative reporter. If I may draw your attention,
23 Mr Lukoševicius, to page 3 and 4. It is going to be on
24 the screen.

25 Now, you replied via email -- this is top of page 4,

1 and I'm going to highlight it right now -- that:

2 "As for the exact details of other commercial
3 contracts, we cannot provide any details as
4 confidentiality commitments bind us',
5 Andrius Lukoševicius wrote in an email. 'However, we
6 can confirm that we have never had and do not currently
7 have commercial or other relations with Mr Plahotniuc
8 and Romanian businesswoman Ms Ileana-Mihaela Burcea'."

9 Do you confirm the accuracy of this statement?

10 **A.** Yes, just like I mentioned, this is an excerpt from an
11 email message where I responded to the questions of some
12 television reporter. I don't remember which television
13 that was.

14 **Q.** Thank you.

15 Now, this investigation -- and for background
16 purposes, if I may remind you, Mr Plahotniuc is
17 a high-ranking former politician from Moldova, just for
18 your background information, and this article talks
19 about an investigation into how he was involved in
20 a passport procurement operation in Moldova.

21 Now, the same page of this article, next paragraph,
22 I'm going to increase it for ease of reference, next two
23 paragraphs.

24 Here the story is about money being transferred from
25 Garsu Pasaulis to a firm called Prime Union Solutions in

1 UAE in the Arab Emirates. The money, the article says,
2 then continues to flow to Mr Plahotniuc's, this
3 high-ranking former official, other accounts:

4 "Employees at Moldovan Money Laundering Prevention
5 and Combating Services obtained information from
6 colleagues in Dubai that the majority shareholders of
7 this company [Prime Union Solutions] are Romanian
8 citizen Ileana-Mihaela Burcea ..."

9 To the best of your knowledge, Mr Lukoševicius, has
10 Garsu Pasaulis ever had any business dealings or
11 relationships for that matter with Prime Union
12 Solutions FZ LLC?

13 **MR DAUJOTAS:** Excuse me, Mr Chairman. I just wanted to now
14 where this was going with respect to our case? Is it at
15 all relevant to our case and issues discussed here?
16 Because these arguments we have never seen them before
17 in any of the submissions of the Respondent in respect
18 of the Moldovan investigation. So I don't know how are
19 they relevant at all to the witness cross-examined here.

20 **MR ALEKHIN:** They are on the record and they featured in the
21 opening submissions.

22 **THE PRESIDENT:** As I said, you can pick that up in redirect.
23 And we will determine whether or not it's relevant at
24 some point. So please go ahead.

25 **MR ALEKHIN:** I can repeat the question.

1 Has Garsu Pasaulis ever had, to the best of your
2 knowledge, any business dealings or relationships with
3 Prime Union Solutions FZ LLC?

4 **A.** As for exact name of the company, I cannot confirm that
5 because I don't remember, but I know that our company
6 has paid a royalty for each passport issued for the use
7 of passport issuance system, for the right of the use of
8 passport issuance system, which Garsu Pasaulis has
9 acquired, well, to be operational in Moldova.

10 **Q.** To the best of your recollection, and that is to the
11 best of your recollection, did Garsu Pasaulis have any
12 business dealings or relationships with Prime Union
13 Solutions FZ LLC, a UAE company?

14 **A.** I will repeat myself. I know that we have paid to some
15 company in the United Arab Emirates, primarily in Cyprus
16 and then later in the United Arab Emirates, for each
17 passport issued a royalty fee for the ability to use
18 a passport issuance system which they have subcontracted
19 and which was used in Moldova.

20 **Q.** Is it normal in your experience for a royalty fee to be
21 paid to a UAE company owned or controlled as the article
22 says by a woman that is, we understand, Plahotniuc's
23 wife -- assume it's the case?

24 **A.** I did not -- I don't know who wrote this article and who
25 owned the company, but I know that we had a contract

1 with a company where all the contractual obligations
2 were described and we paid them a royalty for each
3 passport issued.

4 **Q.** So it would not surprise you, Mr Lukoševicius, if I show
5 you a wire transfer confirmation for 400,000 euros made
6 from Garsu Pasaulis in February 2019 to Prime Union
7 Solutions FZ that is exhibit CER-354 coming from your
8 own quantum expert, using it to prove some expenses in
9 the Kyrgyz Republic; it would not surprise you that
10 400,000 euros were paid to a Dubai entity that --
11 assume -- is owned or controlled by a former politician
12 in Moldova?

13 **A.** If there was such a transaction, so it was based on that
14 agreement that we have done and what it has to do with
15 the Kyrgyz Republic and this passport project, I didn't
16 really understand.

17 **MR ALEKHIN:** No further questions. Thank you.

18 **THE PRESIDENT:** Mr Daujotas, redirect, please.

19 **Re-examination by MR DAUJOTAS**

20 **MR DAUJOTAS:** Yes, thank you, Mr Chairman. I only have
21 a few questions. Rather not so complex questions.

22 So Mr Lukoševicius, you have told me, and there was
23 a small discussion with counsel of the Respondent, on
24 the relationship between Garsu Pasaulis and Semlex. So
25 can you please clarify, does Garsu Pasaulis participate

1 very often with Semlex in mutual projects or agreements?

2 **A.** In joint projects or agreements we do not take part at
3 all. We only take part as subcontractors in a few of
4 their projects in supplying document blanks.

5 **Q.** And the other question, also you have discussed this
6 point with the Respondent's counsel, and for the
7 reference to the transcript, it's 10/49, and you said
8 that "we have agreed on everything" when referring to
9 the e-passports contract in 2018 tender.

10 So can you please clarify why did you believe that
11 all of the terms of this contract were already agreed?

12 **A.** Because a contract, as entire contract, had to, well,
13 include our offer, including all the technical terms,
14 and just like our correspondence show, I just wanted to
15 make sure again that everything is as we agreed in the
16 last email, and if they can send the lat version we
17 planned to sign ...

18 **THE TRANSCRIBER:** I couldn't hear the end of the question.

19 **MR DAUJOTAS:** I will repeat the question.

20 So this morning you said, and for the reference to
21 the Tribunal at 10/49, "We have agreed on everything",
22 when referring to the e-passports contract in 2018
23 tender". So can you please clarify why did you believe
24 that all of the terms were already agreed?

25 **A.** Just like I mentioned in my last email, I asked the

1 Kyrgyz representatives to send me the final draft,
2 agreed draft that we have agreed upon before, just to
3 read it through, review it, and so that I could go and
4 sign it. I just wanted to get the final version of it.

5 **MR DAUJOTAS:** Thank you. We have no further questions.

6 **THE PRESIDENT:** Thank you.

7 Colleagues, do you have any questions? Ian?

8 **Questions from THE TRIBUNAL**

9 **MR LAIRD:** I just have one question.

10 So, there was a discussion earlier concerning the
11 Statement of Claim, paragraph 82, and it was discussing
12 the 2012 excise stamp bid and how Garsu had lost that
13 bid, and it said in the Statement of Claim, and this was
14 discussed, that bringing a court case or bringing some
15 sort of administrative procedure to protest was not --
16 I think the wording was -- best option. But the
17 Statement of Claim doesn't describe why it was not
18 a best option.

19 What was the thinking at the time of not objecting
20 to losing that bid?

21 **A.** I'm sorry, you mentioned 2012. The stamp excise stamp
22 in 2012. There was a tender which was cancelled due to
23 ID documents and the entire system, and the excise stamp
24 that was in 2013, which we have won, and in 2016, which
25 we have won, and in 2020 there was another tender for

1 excise stamps which was terminated.

2 In 2021 we did not take part for the tender on
3 excise stamps because of the new law.

4 **MR LAIRD:** So, apologies, I'm incorrect. I think there was
5 a reference to the passport tender, the 2012 passport
6 tender. There was a tender in 2012; correct? And so
7 I guess the question goes to why was it not a best
8 option to object in the courts? What was the reasoning
9 behind not further objecting?

10 **A.** So the answer was that this tender in 2012 for passport
11 was terminated by the decree of the Government. And the
12 witness responded that he believes that, you know, the
13 decree of the Government is not something that you can
14 protest against or object against.

15 **MR LAIRD:** So I think in relation to the not objecting, not
16 protesting, in the 2018 passport tender there was
17 a similar situation in which ostensibly as of 2 April
18 and then in a later statement by the SRS that there had
19 been an expiration and that the tender was over, and
20 it's my understanding that there was an opportunity
21 there for Garsu to go to court to protest that, but did
22 not. That's correct, there was no protest from Garsu?

23 **A.** Yes, you are right. There was no protest, no objection,
24 because we did not have anything to object against
25 because we did not receive any official information that

1 the tender was terminated or that it was ended in one
2 way or the other. We did not have any of that official
3 information. And we only received official information
4 almost a year later, in 2020, when in the official news
5 portal, public procurement portal, there was a message
6 that the tender was terminated, and unofficially, yes,
7 there were messages in the press, in the media that
8 Shaikova of the public procurement organisation had
9 given an interview where she mentioned that the tender
10 was terminated because the validity term of those bids
11 expired.

12 So that was the message in the newspapers, but it
13 was not officially provided to us.

14 **MR LAIRD:** So just to follow up on that, there was
15 a document, and it's C48, which I believe was a notice
16 from April 17 from the SRS. Is that a document you're
17 familiar with?

18 **A.** I'm sorry, as far as I understand, this is the first
19 notice after opening the bids and after the primary
20 assessment. And yes, after the primary announcement,
21 there were two claims by Mühlbauer and IDEMIA which were
22 examined and they were refused, as far as I understand
23 from this letter.

24 **MR LAIRD:** Just to follow up, from the last paragraph it
25 refers to an expiration of the validity of the tender on

1 2 April. And then it concludes at the end that the
2 tender held is deemed to not have taken place. Do you
3 recall seeing this?

4 **A.** No, I have not seen this.

5 **MR LAIRD:** Okay, thank you.

6 **THE PRESIDENT:** Nina, do you have any questions?

7 **PROFESSOR VILKOVA:** No.

8 **THE PRESIDENT:** In that case, thank you very much,
9 Mr Lukoševicius. You are now a free man. Thank you.
10 And thank you for coming and taking the time.

11 Are we ready to move on to the next witness? If you
12 could call Mr Mieliauskas.

13 **MR ALEKHIN:** We will be switching between two
14 cross-examiners.

15 **(Pause)**

16 **MR VYTAUTAS MIELIAUSKAS (called)**

17 **THE PRESIDENT:** Good afternoon, Mr Mieliauskas. Welcome.
18 As you know, you have been called as a witness in this
19 arbitration. And today you will be cross-examined by
20 representatives from the Respondent. But before that,
21 Claimant will introduce you as a witness.

22 I hope you have your two witness statements in front
23 of you?

24 **A.** Yes, they are here.

25 **THE PRESIDENT:** As well as a piece of paper with

1 a statement, affirmation. If you could read out.

2 **A.** Okay. Right now?

3 **THE PRESIDENT:** Yes, please.

4 **A.** The factual witness declaration. I,

5 Vytautas Mieliauskas, solemnly and sincerely declare and

6 affirm that the evidence I shall give will be the truth,

7 the whole truth and nothing but the truth.

8 Vytautas Mieliauskas.

9 **THE PRESIDENT:** Thank you.

10 As you probably know, everything you say will be

11 taken down by a court reporter. So it's important that

12 you speak slowly and clearly.

13 **A.** Okay.

14 **THE PRESIDENT:** If you don't understand a question, say. So

15 if you don't remember, say so.

16 So please, Mr Daujotas.

17 **Direct examination by MR DAUJOTAS**

18 **MR DAUJOTAS:** Thank you.

19 Good afternoon, Mr Mieliauskas. So I'll ask a few

20 questions first.

21 As mentioned, you have before you two small binders

22 would your witness statements; is that correct?

23 **A.** Yes.

24 **Q.** Are these your witness statements?

25 **A.** Let me check. The first one is mine. The second too,

1 yes.

2 **Q.** And you are familiar with your witness statements?

3 **A.** Yes, I am.

4 **Q.** And your English language is -- I mean, the native

5 language is Lithuanian?

6 **A.** Yes, my mother tongue is Lithuanian.

7 **Q.** Okay. And you personally participated in preparation of

8 those witness statements?

9 **A.** Yes.

10 **Q.** Correct?

11 **A.** Yes.

12 **Q.** And do you want to make any modifications to those

13 witness statements?

14 **A.** No.

15 **MR DAUJOTAS:** Thank you. That's it. We have no further

16 questions.

17 **THE PRESIDENT:** Mr Mieliauskas, please speak into the

18 microphone and look at us when you answer your

19 questions. Otherwise it will not be heard.

20 **Cross-examination by MR ALEKHIN**

21 **MR ALEKHIN:** I will start, Mr Chairman, and then we will

22 move to Mr Bayandin in about five to seven minutes.

23 Mr Mieliauskas, thank you very much for being here.

24 My name is Sergey Alekhin. I am counsel for the

25 Kyrgyz Republic. Myself and my colleague

1 Dmitry Bayandin will be asking you some questions about
2 this case.

3 So as Mr President mentioned, if there's anything
4 unclear or you want to see some document different part,
5 let me know. They will be on the screen for you, on the
6 big screen.

7 **A.** Okay.

8 **Q.** If I can draw attention to paragraph 27 of your second
9 witness statement, which says:

10 "I also state very clearly that I have never offered
11 or transferred or even mentioned any compensations or
12 bribes to anyone."

13 Could you please confirm the accuracy of this
14 statement?

15 **A.** Yes.

16 **Q.** To the best of your knowledge, that would also extend to
17 Garsu Pasaulis as a corporate entity; correct?

18 **A.** Yes. Yes.

19 **Q.** Thank you.

20 Are you familiar with the Moldova passport project
21 that Garsu Pasaulis is undertaking?

22 **A.** Yes, of course, but I'm not sure if we are undertaking
23 now. I think it's finished.

24 **Q.** It finished or was terminated?

25 **A.** No. It was definitely not terminated but to my

1 knowledge it's executed to the end and it's finished.

2 **Q.** Are you aware of reports in early 2023 in media
3 reporting on investigations by the Moldovan authorities
4 into this project?

5 **A.** I'm aware of reports in media.

6 **Q.** Are you aware of the allegations or statements made in
7 those reports with respect to payments that
8 Garsu Pasaulis has made to certain offshore or remotely
9 incorporated companies?

10 **A.** Payments for services, you mean?

11 **Q.** Payments to certain companies that, according to those
12 reports, are associated with high-ranking politicians?

13 **A.** So Garsu Pasaulis in Moldova had some partners and of
14 course for services provided by those partners,
15 Garsu Pasaulis was paying for those services.

16 If I remember correctly, articles you are referring
17 to there were companies mentioned related to some
18 politicians and that's exactly what happened, that
19 Garsu Pasaulis wasn't paying to these companies. But
20 customer decided to have direct contract with them and
21 to pay them directly.

22 **Q.** You are referring, for instance, to a company Prime
23 Union Solutions FZ LLC that was a company in UAE in the
24 Arab Emirates related to those politicians.

25 **A.** I'm not aware that it's related to politicians. Yes,

1 sir, the company you mentioned, the company you
2 mentioned, it was the company who took over rights of
3 the software used by Garsu Pasaulis in Moldova.

4 **Q.** Prime Union Solutions. On the screen you have
5 exhibit R-224. So this is the report of those Moldovan
6 investigative journalists, and at the top of page 4 on
7 the right-hand side of your screen -- I'm going to
8 increase it a bit -- paragraph 3 talks about a company
9 called Prime Union Solutions and there are statements
10 here made according to the investigative journalists
11 based on reports of the investigation in Moldova that
12 Garsu Pasaulis made payments to Prime Union Solutions.

13 Now, you referred to companies related to
14 politicians in the transcript. Is that the company you
15 are referring to?

16 **A.** No, I was referring to the company in Bulgaria where
17 a customers decided to have direct contact because we
18 refused because we had some doubts about this company.
19 So customer decided to establish direct contact.

20 This company, Prime Union Solutions, was a company
21 who took over the intellectual property rights of the
22 software used in Moldova from another company. I don't
23 remember the name.

24 **Q.** When you say you have doubts about that other Bulgarian
25 company, where did those doubts come from? How did they

1 materialise? Did you do due diligence on the Bulgarian
2 company?

3 **A.** No, we just had a feeling that customer wants and is
4 forcing us to contract that company. But we didn't know
5 about capacities of this company, about experience or,
6 you know, we wouldn't -- we didn't like to take the
7 risk.

8 **Q.** Were you aware of any experience of Prime Union
9 Solutions FZ for the services it provided to you?

10 **A.** As I explained already, Prime Union Solutions wasn't
11 a company we started business with. It was the company
12 who took over ownership of the software we used in
13 Moldova.

14 **Q.** Which would then mean there would be no financial
15 relationships between the two companies, correct, if
16 it's --

17 **A.** Which one?

18 **Q.** Prime Union Solutions?

19 **A.** And.

20 **Q.** And Garsu?

21 **A.** No. Garsu Pasaulis in Moldova -- sorry, I don't know
22 how it's related to Kyrgyzstan, but Garsu Pasaulis in
23 Moldova used third party software. Ownership of the
24 software belonged to the company. I do not remember's
25 the name, but maybe somebody from Garsu Pasaulis could

1 find it. At some point this company transferred rights
2 of the software, intellectual property rights of the
3 software we were using and paying royalties for using to
4 this company in Moldova to the company Prime Union
5 Solutions, which was established in UAE.

6 **Q.** And you had no --

7 **A.** So we continued to pay royalties to the different
8 company. That's it. They took over ownership.

9 **Q.** Which means that it posed no questions to you in terms
10 of due diligence whatsoever of this transfer of
11 licensing of the software. So you just continued paying
12 substantial amounts of money to --

13 **A.** We continued to pay exactly same amount of money. What
14 we used to do before the change of ownership of this
15 software.

16 **Q.** How much, roughly?

17 **A.** I don't remember now. But, you know, it's data,
18 I think, available. Nothing changed. I mean,
19 financial -- financial conditions, they didn't change.
20 We didn't then negotiate them. Nothing changed. Just
21 there was a change of ownership.

22 **Q.** As, according to your case, a reputable international
23 company, have you done any due diligence on this UAE
24 entity, Prime Union Solutions, to which some rights were
25 transferred and to which you were told or asked to

1 further direct money to?

2 **A.** We did -- we had to ensure that we have all legal rights
3 to use software we are using in project in Moldova. As
4 the software owner changed, so we changed the party
5 where we are -- whom we are paying royalties to.

6 **Q.** Without asking any questions as to who the beneficial
7 owner, what's the corporate structure, what does the
8 company have to do, did you see a license transfer
9 agreement between the Moldovan entity --

10 **A.** Yes. There was a three side agreement. Three parties
11 agreement.

12 **Q.** And do you remember any beneficial owners of Prime Union
13 Solutions?

14 **A.** No.

15 **Q.** And you haven't done any background check on it?

16 **A.** It was a long time ago, but now I do not remember's the
17 details. But, you know ...

18 **Q.** It was several years ago. Would it surprise you to
19 learn that Prime Union Solutions is beneficially owned
20 by a person closely related to a high-level politician
21 in Moldova?

22 **A.** I still don't know how reliable this information is,
23 because what happened later, once -- once Prime Union
24 Solutions took over ownership of the software used in
25 Moldova, Garsu Pasaulis was responsible for solution

1 itself, for passport issuance solution, and the solution
2 requires regular maintenance. It's not something, you
3 know, a product off the shelf, you put it on -- you
4 install it into the server and it works; no. Changes
5 are always happening, and at some point we understood
6 that we need to do a lot of things to maintain the
7 system, and at some moment we are already developed our
8 own system, 100% owned by GP, and we were in position
9 not to use any third party.

10 And then we got a conflict with
11 Prime Union Solutions. Again I don't understand how
12 it's related to Kyrgyz case, but again we had let's say
13 a big legal fight with Prime Union Solutions because
14 once we released the new version of the system, we just
15 informed that: okay, system has been changed, at
16 end-customer, your software is not used anymore, so we
17 are not going to pay you any royalties anymore. That's
18 it.

19 And then of course we got some attack on us, big
20 pressure, lawyers, you know, claims and everything.

21 **Q.** Thank you. You mentioned that you don't really recall,
22 you know, how much money was paid to Prime Union
23 Solutions. Just trying to understand in a proportion of
24 the whole contract, was it a couple of per cent, was it
25 more? You should keep records of it.

1 **A.** No, it was very expensive. From our point of view, it
2 was too expensive. And one of the reasons why we kept
3 developing and investing in our own solution for
4 Moldovan let's say project was commercial side.

5 **Q.** Okay. So a payment of roughly 400,000 euros to Prime
6 Union Solutions in, say, early 2019 would not be
7 something abnormal, according to you, coming from
8 Garsu Pasaulis?

9 **A.** A payment to Prime Union Solutions? I don't know.
10 Maybe my English is too bad. But payments to Prime
11 Union Solutions haven't changed. They remain exactly on
12 the same prices agreed with previous owner of software.

13 **Q.** And how often were those payments?

14 **A.** If I remember correctly, I think it was monthly base
15 payments, but payments were calculated based on the
16 issued documents. So basically per each issued
17 documents, we were paying some royalties for software
18 use. So it was usage based calculation.

19 So from month to month, it could vary, but it wasn't
20 flat rate. It was based on the issued documents.

21 **Q.** That's very useful. Thank you very much. I will now
22 yield the floor to my colleague, Mr Bayandin, but we may
23 be changing a bit. So I'm going to sit right here but
24 he's going to ask the questions.

25 **Cross-examination by MR BAYANDIN**

1 **MR BAYANDIN:** Good afternoon, Mr Mieliauskas.

2 **A.** Good afternoon.

3 **Q.** As introduced by my colleague, my name is
4 Dmitry Bayandin. I'll be asking you a number of
5 questions related to your witness testimonies in this
6 arbitration related to the 2018 tender in the
7 Kyrgyz Republic and the surrounding circumstances.

8 Just before we begin, you confirmed to your counsel
9 earlier that you prepared the content of your witness
10 statement yourself. Is that correct?

11 **A.** Yes. Final structuring was made by lawyers, but the
12 content, it was done by me.

13 **Q.** Certainly. And together with your witness statement,
14 you referred to a number of documents in footnotes.
15 They have a specific numbering that is specific to your
16 witness testimony. Just out of curiosity, did you
17 select those, or did Claimant's counsel propose them to
18 you to support the statements you were making?

19 **A.** Actually I was making statements and then maybe
20 something needed to be supported. So then we looked for
21 the documents. But statements came from me and finally
22 we were prepared in this form by the lawyers.

23 **Q.** Thank you.

24 I would like to start with a few general questions
25 related to your duties at Garsu Pasaulis.

1 On the screen you will see paragraph 9 of your first
2 witness statement, where you say that you were the CEO
3 of Garsu Pasaulis from 2018 to 2019; is that accurate?

4 **A.** Yes.

5 **Q.** And could you be a bit more precise as to when exactly
6 did you leave the position of the CEO?

7 **A.** Okay. I started -- I joined the company back in 2007
8 and I had one project delivered as a project manager.
9 It was for ID documents. And back in 2007 we started
10 big ID related projects in Lithuania. Back in 2007 it
11 was Lithuanian e-passport. Electronic passport. And
12 2008, national ID card.

13 As from the very beginning of Lithuanian electronic
14 passport project, I was heavily involved. I was also
15 managing that project. So in course of this project
16 delivery, I took over the role of CEO of the company.

17 **Q.** Thank you, Mr Mieliauskas. My question was a bit
18 different.

19 In 2019 you left the position of the CEO?

20 **A.** Yes.

21 **Q.** Which month, roughly?

22 **A.** From very beginning of the year.

23 **Q.** Would you care to elaborate --

24 **A.** January.

25 **Q.** Thank you. Would you care to elaborate why did you

1 leave the company -- not the company, but the position
2 of CEO at the beginning of 2019?

3 **A.** I don't like to work.

4 **Q.** Fair enough.

5 **A.** I'm old enough to have time for myself.

6 **Q.** I understand.

7 On the screen you will see now your CV which you
8 submitted with your witness statement. It's
9 exhibit CWS-VM-2. And you have this line here which
10 says that until present you are working as technical
11 expert consultant for Garsu Pasaulis; is that correct?

12 **A.** I think it's -- I think it's a mistake. It's '19.

13 **Q.** That was my second question, that there is 2019 --
14 2017 --

15 **A.** May I have a look. Where does it come from?

16 **Q.** It was your CV that was submitted together with your
17 first witness statement. It's on the screen now.

18 If we go to the second page of this document, you
19 see it's written here that you were general director
20 until --

21 **A.** No, I think there is a mistyping. It's not 2017, but
22 2018, end of 2019. And from 2019 I am -- I'm in fact
23 the main lead, but I'm still was very tightly bound to
24 GP, was this case, Kyrgyz project, because I was, you
25 know, for many years involved in that project, and after

1 my leave from GP CEO position, all the situation
2 happened. Obviously I had to -- somehow to help to
3 resolve it.

4 **Q.** So do you confirm that until present you are technical
5 expert consultant to Garsu Pasaulis, as stated in your
6 CV?

7 **A.** I still consulting from time to time. We work a lot
8 because -- okay, let's start from what I'm doing now.
9 I have several companies and all of them are IT
10 companies because that's my background in fact. And
11 once I left GP, I started IT companies focused on
12 ID document issuance solutions.

13 And I stayed in very tight cooperation with GP until
14 even now, although I try to work less, but, I mean, my
15 company is working with GP on a daily basis.

16 Beginning 2019 was a bit different because I had
17 a special role of adviser for this situation what
18 happened in Kyrgyzstan, because you can imagine, I just
19 left the company and all this big scandal happened, and,
20 you know, although I wasn't following our official
21 tender procedures, but, you know, everybody was pointing
22 to me, asking questions, and so of course I cooperated
23 with the company, with GP, on a daily basis to helping
24 to resolve this situation in Kyrgyzstan.

25 **Q.** Thank you. I will take it as a yes, you're still an

1 expert consultant to Garsu Pasaulis.

2 **A.** You can say that.

3 **Q.** Are you aware, Mr Mieliauskas, that in this arbitration
4 Mr Andrius Lukoševicius also submitted witness
5 statements?

6 **A.** Yes.

7 **Q.** Did you consult with Mr Lukoševicius when preparing your
8 own witness statements?

9 **A.** When preparing statements we didn't consult, but I know
10 for sure that he's also in that because we work very
11 closely on other projects and, you know, when it
12 concerns Kyrgyz case, he and myself, we were two main
13 persons, you know, involved from GP side in that
14 project.

15 **Q.** So would it be fair to say that your account of events
16 should be roughly largely similar?

17 **A.** Yes, I hope so.

18 **Q.** Thank you.

19 I would like to move to paragraph 22 of your second
20 witness statement, which will appear on the screen
21 momentarily.

22 Here you say, I quote:

23 "... I must emphasise that Garsu Pasaulis never had
24 any reputation problems before the Kyrgyz scandal.
25 Garsu Pasaulis was always a highly regarded company,

1 respected by local and international clients ..."

2 The first question is: do you stand by this

3 statement today?

4 **A.** Absolutely.

5 **Q.** I just want to explore this with you a bit, given your

6 experience as a company CEO. I have never been a CEO,

7 so, you know, it's interesting to me what reputation is

8 to you and how valuable it is.

9 Do you agree with me, Mr Mieliauskas, that

10 a company's reputation can suffer from negative press?

11 **A.** It may, but it depends what kind of press we are talking

12 about. Is it New York Times or is it, you know, village

13 news.

14 **Q.** Is there a difference?

15 **A.** Big difference.

16 **Q.** So village news, negative news from the village, let's

17 say, would not harm Garsu Pasaulis' reputation; correct?

18 **A.** We are talking about this negative information, whatever

19 it is, true or false, how many people it's reaching.

20 **Q.** Okay. So would you agree with me that negative press

21 can damage a company's reputation; would you agree?

22 **A.** Yes, of course it can.

23 **Q.** And it can damage a company's reputation even though the

24 facts reported may not necessarily be true?

25 **A.** Yes.

1 **Q.** And would you agree with me that when repeated negative
2 press concern the same company in different countries
3 and throughout different periods, then this would
4 inevitably affect a company's reputation? And I'm not
5 talking about Garsu Pasaulis right now. It's just
6 a hypothetical.

7 **A.** Here I can't agree. Again, let's leave Garsu Pasaulis
8 aside. Let's take whatever -- whatever big company and
9 you will find that regularly somewhere in the world you
10 will get negative information about that company, be it
11 BMW or be it Intel or be it Google, whatever. But it
12 does not mean that it ruins the reputation of the
13 company. All the negative flow of information is
14 regular, every year. If you do a small investigation,
15 you will find that you can find negative news about
16 Facebook, for example, every month somewhere. Some day,
17 maybe Nigeria, some day in Russia, some day in US. But
18 it doesn't mean that it's ruined reputation of Facebook.
19 It depends how a company reacts, it depends how
20 justified that information is.

21 **Q.** How justified in the sense whether it is true?

22 **A.** Yes. I mean, how it is supported.

23 **Q.** Okay.

24 **A.** If somebody says that they think that it's something is
25 bad, it means not too much.

1 **Q.** Would you agree with me, Mr Mieliauskas, that actions of
2 the company's top officers or company's owners or
3 company's shareholders when they come in to press might
4 hurt reputation of a company?

5 **A.** It might.

6 **Q.** So let's say I'm public procurement officer in
7 a country, and I'm looking for --

8 **A.** Public procurement?

9 **Q.** Yes. Or even private procurement.

10 **A.** So please decide, public or private.

11 **Q.** Let's say I work for Coca-Cola.

12 **A.** So it's private, okay.

13 **Q.** And I look for a company to do business with.

14 **A.** Yes.

15 **Q.** And I google a company and I see articles, a lot of
16 articles from different periods, from different
17 publications alleging scandals, corruption, fraud, etc.
18 As a Coca-Cola officer do I go into detail of the
19 article in the sense do I go and check whether every
20 allegation in the article is correct, or do I just steer
21 clear from that company?

22 **A.** In case of Coca-Cola, I think that you will not waste
23 your time and if you see that those articles are
24 everywhere and especially if they are supported by
25 government of any country, that would be big issue, of

1 course.

2 **Q.** What if I changed my hat to a public procurement officer
3 of a country?

4 **A.** Public procurement is public. That means that everybody
5 is free to attend if it qualifies. Qualification
6 requirements they set certain -- they define the rules.
7 Who can participate in public. And in public
8 procurement participation of the company which was
9 mentioned in some newspaper is not a problem. If it's
10 charged, or if there are known real cases happening with
11 a company, it can be a problem.

12 Every time company participants in public
13 procurement, it provides qualification documents. In
14 the set of these documents, normally you must provide
15 evidence that you don't have any charges, that you made
16 nothing criminal. So you provide that evidence and that
17 is enough.

18 **Q.** But for private companies that would be more important,
19 you would say?

20 **A.** For private companies, private companies, they have
21 freedom not to justify their decision not to have
22 business with you.

23 **Q.** Thank you. I would like to now talk about
24 Garsu Pasaulis, and its reputation historically and
25 specifically during your tenure as the CEO.

1 Before you took over in 2008 the CEO of
2 Garsu Pasaulis was Mr Vainikonis; is that correct?

3 **A.** Yes.

4 **Q.** But Mr Vainikonis actually stayed at the company as the
5 chairman of the board or a member of the board and the
6 beneficial owner at least until 2015; would that be
7 accurate?

8 **A.** Yes. Yes. Again, I must clarify. I'm not a legal
9 person. I don't know if we can call him ultimate
10 beneficial owner because he had maybe, I don't know, 45%
11 of shares, for example. But definitely he was the main
12 shareholder.

13 **Q.** If he owned the company through a company would you
14 consider him beneficial owner?

15 **A.** No, what I'm trying to say, Mr Vainikonis owned
16 Garsu Pasaulis together with other persons, and he owned
17 the biggest portion of shares, but he didn't have, let's
18 say, 60 or 90% of the shares. He always had a bit less
19 than 50%.

20 But anyway, I mean, for me, yes, he was ultimate
21 beneficial owner.

22 **Q.** Thank you. And do you agree with me, Mr Mieliauskas,
23 that public reputation scandals concerning Mr Vainikonis
24 reflected on the reputation of Garsu Pasaulis while he
25 was connected to the company?

1 **A.** No. I didn't feel it. Yes, we had articles, we had
2 something, but we never had problems because of that.
3 I mean, when talking with banks, talking with credit
4 institutions, with customers, it's never been a problem.

5 **Q.** This is interesting. I would like to show you
6 exhibit R-016, which is your interview to a Lithuanian
7 newspaper, and an excerpt is on the screen and there is
8 a quote from you, coming from you, and you say that the
9 change of owner, from Mr Vainikonis that is, was
10 "a psychological relief, because no one will hang
11 anything or not, it will not be necessary".

12 **A.** Yes. I'm referring to some campaigns we had against GP,
13 Garsu Pasaulis, and those campaigns are arranged by
14 competitors or by some interested parties who maybe were
15 very interested to take over the company. They always
16 tried to use let's say biographical data of Vainikonis,
17 some historical data of him. And although again there
18 was nothing real, just emotions and references to some
19 old facts, and for me as a manager of a company, it was
20 pretty complicated -- it was not complicated in terms of
21 doing business, but it was pretty complicated for
22 someone to talk to journalists because journalists say:
23 look, your owner is a bad guy. That's it. Why?
24 Because in 1990 he was related to some people. So what?
25 In 1990 I was at school. So am I part of mafia too?

1 That was my position.

2 But for me, anyway, there was always pressure,
3 because I had somehow to try to prove that whatever it
4 was, whatever happened in 1980s, it has no impact on
5 current business operations. Vainikonis was out of
6 business. I was general manager. He had no influence
7 on my business decisions.

8 So of course then I can tell even more that the sale
9 of the company was done by myself in fact. And I was
10 happy because I knew that from Vainikonis it was a good
11 exit, the old man, with lot of debts from other
12 businesses, for him it was kind of resolution.

13 And for me it was okay because at least nobody could
14 keep playing the same music, saying: oh, your owner is
15 a bad guy, your owner is a bad guy. Do you have any
16 evidence? No. But people say that.

17 So that's why I felt relief.

18 **Q.** Thank you, that's very helpful.

19 I would like to speak now about Garsu's current sole
20 shareholder, Semlex.

21 So based on what you just told me, as the CEO of
22 Garsu Pasaulis, were you pleased when your company was
23 acquired by Semlex?

24 **A.** Yes, from business point of view, I was very pleased.

25 **Q.** At paragraphs 18 and 19 of your first witness statement

1 you state the following:

2 "... despite ownership by Semlex, Garsu Pasaulis
3 conducted its activities on its own and mostly
4 separately from Semlex."

5 Then you go on:

6 "I personally communicated with Semlex people ...
7 rather briefly and mostly on some special occasions,
8 such as corporate events ..."

9 Et cetera. And then you have paragraph 22 of your
10 second witness statement which says:

11 "... Garsu Pasaulis always conducted its activities
12 separately and independently from Semlex."

13 Could you maybe just clarify, mostly or always?

14 **A.** Okay. So let's get back to the moment when the
15 ownership of Garsu Pasaulis was transferred from
16 Mr Vainikonis to Semlex. So at that time it happened
17 about 2015, roughly. At that time Semlex was our
18 client. Garsu Pasaulis was producing a lot of document
19 blanks for Semlex, for their own projects in different
20 countries of the world.

21 So for me it was very good to have Semlex as the
22 owner from the point -- from the sales point of view,
23 because I was just one potential supplier for Semlex.
24 I was fighting for each order with PWPW, Polska
25 Wytwórnia Papierów Wartościowych, from Warsaw, Ceteris in

1 Slovenia, Hungarian Banknote Printing Team in Budapest,
2 and every time for each order I had to fight. It was
3 very obvious that once Semlex takes ownership of the
4 company, my production is loaded because all projects of
5 Semlex will be produced here in GP, in Garsu Pasaulis.

6 What I'm trying to say in this statement, that for
7 business operations Semlex has no influence in the
8 share -- in the company acquisition, in shares
9 acquisition agreement, there was a statement that once
10 Semlex buys out shares from Mr Vainikonis, they will
11 establish a board and appoint board members from Semlex,
12 just to control us Lithuanians working on the ground.

13 But in fact it never happened because new owners
14 were absolutely happy with our performance. Their own
15 orders were always fulfilled in time.

16 On another hand, we operated separately and we
17 operated very -- we performed very well. I mean,
18 working as a separate unit, we still were earning nice
19 margins and good profits. So from investor point of
20 view we had full trust of Semlex and we never, ever were
21 involved in company management.

22 **Q.** Thank you very much. So you referred to projects that
23 you participated together with Semlex. I'm just going
24 to name a few and you're going to tell me if that's
25 correct, if that's the project.

1 Democratic Republic of Congo?

2 **A.** Delivery of booklet.

3 **Q.** Madagascar?

4 **A.** Delivery of booklet.

5 **Q.** Comoros?

6 **A.** Delivery of booklet, delivery of e-ID cards.

7 **Q.** Mozambique?

8 **A.** For the -- with Semlex, nothing.

9 **Q.** Would it surprise you, Mr Mieliauskas, to learn that

10 Semlex, when bidding for the Mozambique passport

11 project, bid as Garsu Pasaulis and not as Semlex? And

12 you have exhibit R-030 on the screen.

13 **A.** Okay.

14 **Q.** Apologies. Just ... apologies, this is exhibit R-030.

15 This is again the press article about a scandal in

16 Mozambique and it says that Semlex did not submit a bid

17 in its own name but as a Lithuanian company

18 UAB Garsu Pasaulis?

19 **A.** Which tender it was about?

20 **Q.** This is the 2017 tender.

21 **A.** And how it ended?

22 **Q.** Excuse me?

23 **A.** How did it end?

24 **Q.** They lost.

25 **A.** You mean GP lost or Semlex lost?

1 **Q.** Semlex.

2 **A.** Or GP?

3 **Q.** You tell me.

4 **A.** So that's what I'm trying to say, that even in

5 Mozambique, Mozambique was a project of Semlex, and

6 Semlex worked for Mozambique for many years, and we --

7 we -- once we started, once we started Mozambique

8 project, we didn't have any contacts between our

9 companies.

10 In fact, I can tell that I met Semlex in Mozambique

11 when I was approaching Mozambique from GP side,

12 travelling and meeting people and trying to find out

13 what is the need of the country.

14 And what happened, that Semlex contract ended up and

15 then at some point GP started to work with Mozambique

16 directly, with different scope. Don't mix those things

17 up, because sometimes you deliver just booklets, just

18 document blanks, sometimes you deliver full scope

19 solution. So Semlex was doing full scope solution. GP

20 later, without any involvement of Semlex, even without

21 knowledge of Semlex, we signed delivery of booklets, and

22 that continued for few -- few orders, but unfortunately

23 it was stopped mainly because of this situation we are

24 discussing today.

25 **Q.** Thank you. Are you aware that on their website Semlex

1 actually advertises projects that were performed by
2 Garsu Pasaulis, for example the Kyrgyz projects or the
3 Singaporean visa projects?

4 **A.** I'm not sure if they are still advertising, but at some
5 point, when Semlex was the owner of GP, yes, they were
6 advertising as a group.

7 **Q.** Excuse me, you said when Semlex was the owner of GP?

8 **A.** Life is going on, Semlex is not owner of GP.

9 **Q.** So Semlex sold GP to a different owner?

10 **A.** Yes.

11 **Q.** And when did that happen?

12 **A.** A couple of years ago.

13 **Q.** Could you be more precise?

14 **A.** I don't remember now. But you can check. It's open
15 data.

16 **Q.** Thank you.

17 If I can move to paragraph 19 of your first witness
18 statement. It's going to appear on the screen. You
19 say:

20 "Definitely, Semlex never participated in any
21 contracts or tenders involving the Kyrgyz Republic."

22 And then in paragraph 21 of your second witness
23 statement you say:

24 "They have never ... participated in any contracts
25 or dealings related to the Kyrgyz Republic."

1 And that's correct?

2 **A.** Yes.

3 **Q.** Are you aware, Mr Mieliauskas, that after the start of
4 the so-called Kyrgyz scandal, Semlex sent a separate
5 letter to the Kyrgyz Government, saying that
6 Garsu Pasaulis is part of Semlex. It argued that the
7 scandal caused it reputational damages and threatened to
8 sue the Kyrgyz Republic?

9 **A.** Yes.

10 **Q.** Was that letter vetted with you? Did you consult with
11 Semlex?

12 **A.** What do you mean this letter was contract, or
13 negotiations?

14 **Q.** The letter --

15 **A.** No, it was just reaction to what's going on. Because in
16 Kyrgyzstan, for some reason again Semlex name appeared.
17 Although Semlex never was involved in any tender, Semlex
18 never made any presentation, Semlex never participated
19 in any negotiations, demonstration or whatever, but for
20 some reason when scandal got escalated, journalists, of
21 course those journalists they were fed the information
22 from government, they started -- you know, it's company
23 of Semlex. Semlex, Semlex is here. Although company is
24 no way related to Kyrgyzstan.

25 Of course it was reaction of Semlex. I know that

1 they reacted. No, they didn't ask me to -- you know, to
2 draft the letter or to review it. It came from their
3 lawyers. Either from Brussels or Paris, but definitely
4 not from Vilnius.

5 **Q.** So what you are saying, Mr Mieliauskas, is that Semlex's
6 letter concerned exclusively press publications about it
7 in the Kyrgyz Republic and not to the alleged violations
8 by the Kyrgyz Republic of the 2018 tender?

9 **A.** No, I can just repeat that Semlex wasn't involved in the
10 tender procedures. Semlex wasn't part of consortium.
11 Semlex wasn't bidding. There was no Semlex in this
12 tender.

13 **Q.** And when Garsu Pasaulis started this arbitration
14 proceedings did you have an input in the Notice of
15 Arbitration that was sent to the Kyrgyz Republic? Did
16 lawyers show it to you?

17 **A.** No, at that moment I wasn't in GP anymore, but actually
18 that was -- I really supported the idea because I was so
19 much disappointed with State position towards GP, and
20 although I left the company, but it was obvious that we
21 must look for some justice. And I really supported
22 management of the company who decided to go for that.

23 **Q.** Okay. Thank you. I would like to just come back to
24 your earlier statements that essentially you say that
25 Semlex owns Garsu Pasaulis, Garsu Pasaulis has

1 independent business operations, and the advantage being
2 that they can work directly for Semlex as its printing
3 facility; is that correct?

4 **A.** Yes.

5 **Q.** Did Garsu Pasaulis see Semlex as a gateway, conduit to
6 enter different markets, new markets?

7 **A.** In fact if we look at Semlex projects, for example,
8 Madagascar, Comoros, even Democratic Republic of Congo,
9 and Democratic Republic of Congo situation is a bit
10 different because there is a consortium of
11 Garsu Pasaulis as a producer and Semlex.

12 What I'm trying to say in those projects,
13 Garsu Pasaulis never had any other responsibilities but
14 production and delivery of physical document blank, be
15 it e-ID or e-passport or visa, or whatever other
16 security document.

17 Semlex, on the other hand, they had totally
18 different responsibilities. They had responsibility to
19 do customer service, enrollment, biometric enrollment,
20 automatic fingerprint matching and face matching, data
21 preparation, document personalisation and document
22 issuance, plus payments and everything else.

23 So it's -- there are two different things. So from
24 that point of view of course for GP it was good, because
25 we have organisation, we have a lot of customers, we

1 have a big population, and obviously GP as a producer is
2 loaded with orders to produce those document blanks.

3 Because, just to illustrate, we produce -- we are
4 producer for Lithuania. So Lithuania population is
5 3 million. In African state, even the smallest state,
6 it has such a population. So of course we are very
7 interested to have orders to produce booklets, ID cards,
8 visa stickers, whatever other security documents.

9 **Q.** Thank you, Mr Mieliauskas. I would just quote from your
10 interview that we saw earlier. You can take it from me
11 it's accurate and your lawyers can correct me if I'm
12 wrong.

13 "The Semlex group is our gateway to French-speaking
14 countries. Theoretically, we can compete in such
15 countries ourselves, but in practice this is not
16 possible. 'It's the same as saying that you can work
17 with the world with an English translator' ..."

18 So is it correct, Mr Mieliauskas, that you intended
19 to bid for projects together with Semlex, at least at
20 the time where Garsu Pasaulis was acquired by Semlex?

21 **A.** Sorry, I didn't get your question.

22 **Q.** Would it be --

23 **A.** To bid together with --

24 **Q.** Because earlier you told me that the intention was
25 always for Garsu Pasaulis to operate its projects

1 independently from Semlex.

2 **A.** Yes, but not in French-speaking countries.

3 **Q.** So in the French-speaking countries you would enter the
4 market, bid on the projects together with Semlex; is
5 that what you're saying?

6 **A.** Yes. Yes, if we can limit our scope just for production
7 of the document. Because to deliver the project is not
8 the same thing as to produce the document. It's a big
9 project. It's a big business process. Customer
10 service, biometric enrollment, data storage, data
11 matching. It's totally different business.

12 If you look at the Semlex, it's really that is
13 a good illustration, because they -- until they bought
14 Garsu Pasaulis, they didn't have any production
15 facilities at all. They were buying document blanks
16 from different producers and delivering big projects.

17 So of course I always want to be such a partner for
18 such, let's say, general contractors, especially from
19 Portuguese, French and Spanish-speaking countries,
20 because we are very bad at languages.

21 **Q.** And so with such a tight cooperation with Semlex, would
22 you agree that scandals, investigations into Semlex
23 would necessarily have a negative impact on
24 Garsu Pasaulis' reputation?

25 **A.** Until it happened in Kyrgyzstan, we didn't feel at all.

1 Because it looked a bit similar maybe to the -- our
2 previous owner Vainikonis. Somebody says that he's
3 a bad guy. That's it. No charges, no evidence, nothing
4 at all. But --

5 **Q.** Mr Mieliauskas, if I can show you paragraph 20 of your
6 first witness statement, here you say that you:

7 "... and the management of Garsu Pasaulis were aware
8 of the negative article by Reuters in 2018 where the
9 press alleged Belgian investigation into the owner of
10 Semlex, Mr Karaziwan, relate to the passports contracts
11 in the Democratic Republic of Congo and the Comoros."

12 Do you remember this statement?

13 **A.** Yes.

14 **Q.** And is this the same Congo project where Garsu Pasaulis
15 participated together with Semlex?

16 **A.** I think so.

17 **Q.** And this was not the only Reuters article on the
18 subject, was it?

19 **A.** I don't know. I'm not following Reuters Africa,
20 honestly speaking. I knew about those articles. I have
21 seen them, but I'm not sure how many of them are.

22 **Q.** I'll show you exhibit R-031 which is another article by
23 Reuters which basically says that your consortium was
24 selling passports for \$185 a piece to Congolese citizens
25 and that most money was going to a relative of the local

1 president. Have you ever seen this article?

2 **A.** Okay. So it's build, operate, transfer model, where you
3 build everything and you have revenue sharing scheme
4 with government and local partners.

5 As I explained to you, GP was -- GP's scope is
6 production of booklet. So we are producing the booklet,
7 we are delivering, we get paid for the booklet.

8 How it is organised in the country, what is -- even
9 what is the revenue share scheme, I don't know.

10 **Q.** In other words, you were just executing your role and
11 not looking at the big picture?

12 **A.** Yes.

13 **Q.** Because at paragraph 21 of your first witness statement
14 you continue talking about this Reuters article and you
15 call it a result of a smear campaign initiated by Semlex
16 competitors; correct?

17 **A.** Yes.

18 **Q.** So you yourself, Mr Mieliauskas, say here that this
19 article from Reuters had a negative impact on
20 Garsu Pasaulis' reputation; yes?

21 **A.** It had some impact, but not anything critical.

22 **Q.** And have you ever tried discussing the allegations with
23 Semlex, learning whether it's true, whether someone sent
24 money to the local president?

25 **A.** Absolutely.

1 **Q.** And the response was?

2 **A.** Look, you must understand what is GP, Garsu Pasaulis.

3 Garsu Pasaulis is a licensed company in European Union.

4 It's licensed. Activity of security printing is

5 licensed and in order to get licence, you must get

6 access to classified information, because all passports,

7 they have some classified information.

8 So everybody from the management team of

9 Garsu Pasaulis is screened by national security service.

10 So our Parliament members, not all of them get

11 access to classified information, but we do because we

12 are in this business, in licensed business. There is no

13 way to get licence if your management team has no access

14 to classified information, by law, that's it.

15 So we are under regular supervisory of

16 national security service of Lithuania. One thing.

17 Another thing, documents like Schengen visa, it's

18 a Schengen standard, and also they have requirements.

19 For example, Sweden is a member of Schengen area. But

20 Sweden can't order Schengen visas from garage.

21 **Q.** Mr Mieliauskas, I'm really sorry, your inputs are really

22 helpful, but I would ask you to keep to the question.

23 **A.** So caring about our licence and our company status in

24 European Union and in Lithuania, of course we are asking

25 questions to our owners: is it true? Do you really have

1 any legal problems? Have you ever received any charges
2 or whatever? Because that could have impact on the
3 entity we run in Lithuania. It's very obvious, because
4 when national security service is checking our company,
5 they are checking owners of the company, and if any of
6 owners was charged or imprisoned, so forget about this
7 business.

8 So of course we ask, and every time the answer was
9 no, it's just rumours, just some journalists spreading
10 something. We have nothing.

11 **Q.** Okay. And so have you or someone from Garsu Pasaulis
12 ever tried reaching out to Reuters to correct the
13 information about Garsu Pasaulis in there, because it's
14 named in these articles? Have you ever tried doing
15 that?

16 **A.** No, it's to my knowledge, it's not Reuters. It's
17 Reuters Africa. And we did -- we organised some events
18 to local journalists, to clarify situation, to let
19 them -- to give them a chance to ask questions about
20 everything, about everybody of us. Yes, we did, but not
21 on Semlex. We left Semlex for Semlex. I was focusing
22 on GP.

23 **Q.** You mentioned press conference. So something that you
24 did in the Kyrgyz Republic as well, correct, in the
25 present case?

1 **A.** In Kyrgyz Republic it was done by GP, but I was invited.
2 It was already after -- after my leave. But we had
3 similar events in Lithuania in Vilnius.

4 **Q.** So a part of the DRC scandal, are you aware that Semlex
5 and/or its owner, Karaziwan, were implicated in at least
6 five other scandals involving manufacturing of passports
7 in Chad, Guinea-Bissau, Madagascar, Mozambique,
8 The Gambia, all of which happened before the Kyrgyz
9 scandal; were you aware of that?

10 **A.** No, I'm not aware of any -- anything wrong done by
11 Semlex.

12 **Q.** I will not be walking you through the documents, but you
13 can take it from me that on the record of this
14 arbitration there are reports by Reuters again, by
15 OCCRP, which is a respected conglomerate of
16 investigative journalists, all reporting on Semlex being
17 involved in bribes, fraud, in those countries, etc.
18 Would this fact surprise you, that this reporting
19 exists?

20 **A.** So, as we already talked, for any company you will find
21 some reports or facts, but I know what -- what fake news
22 have impact on the operations, and what are just noise.

23 So till Kyrgyzstan, we had a lot of noise on
24 different matters, but it never had any impact on our
25 business.

1 **Q.** Noise, and in your second witness statement you refer to
2 reportings as "drama novels". A different word.

3 I'm just wondering, Mr Mieliauskas, what level of
4 reporting would be convincing to you when Reuters or
5 OCCRP are just noise and drama novels?

6 **A.** What do you mean?

7 **Q.** What I'm saying is that you qualify reports by respected
8 journalists as noise, as drama novels, just because
9 Semlex tells you that nothing happened. So my question
10 to you is: what would be the level of the publication
11 that would raise some questions with you? I mean, what
12 press do you read?

13 **A.** First of all, I look at it from my personal perspective.
14 If you look at the Lithuanian media, it's very easy.
15 You can Google "Mieliauskas, half a million fine for
16 unpaid taxes" and you will find the article in
17 Lithuanian media. And I know what it means. I know
18 that I wasn't fined. I wasn't fined. But those
19 articles appeared and appeared and appeared because
20 I know why, because somebody who is behind those media
21 channels was in an alcohol business and he was
22 interested to take over the company. Okay. But it's
23 business.

24 But if it says that I am fined by tax authorities
25 and I know that I'm not fined, and a tax authorities has

1 no questions to me, so at one day I decided to stop it.
2 I just requested certificate from tax authorities: what
3 is my status. They gave me the paper saying that no
4 debts, no complaints, nothing at all, and then I went to
5 court and I said stop it. This is declaration from tax
6 authorities.

7 So I guess that and so on or later, Semlex could do
8 the same. But I have experience. I know what it means.

9 The problem is of course that when you have
10 businesses, especially with private companies, it's more
11 complicated because there could be nothing, just noise,
12 but this noise can start breaking your business.

13 **Q.** Can I suggest to you, Mr Mieliauskas, that the depart
14 between Semlex and Garsu Pasaulis of which we learned
15 a few minutes ago, would one of the reasons be just for
16 Garsu Pasaulis to get rid of the negative media baggage
17 of Semlex? Just as it departed before with
18 Mr Vainikonis?

19 **A.** Sorry, say again? I didn't get the point.

20 **Q.** I'll rephrase. Would you agree with me that one of the
21 reasons for which Garsu Pasaulis is no longer owned by
22 Semlex is the negative reputation of that company?

23 **A.** Of GP or of Semlex?

24 **Q.** Of Semlex.

25 **A.** I can't state that because in fact I know how -- how

1 this buy-out was organised, and I was even invited to
2 participate in that buy-out of Garsu Pasaulis from
3 Semlex and Mr Karaziwan. In the beginning
4 I participated, but later I decided to exit. So I don't
5 know. I think maybe. Maybe.

6 **Q.** Just to close this large section on reputation, let's
7 talk about Garsu Pasaulis properly.

8 During your time as the CEO, Mr Mieliauskas, how
9 many times would Garsu Pasaulis -- how many times was it
10 investigated officially by criminal authorities except
11 for Kyrgyz Republic?

12 **A.** Why do you say except? There was no investigation for
13 Kyrgyz Republic.

14 **Q.** We will get to that later. In other countries.

15 **A.** No. None.

16 **Q.** None.

17 **A.** None.

18 **Q.** And not in your home, Lithuania, either?

19 **A.** We had investigation. The only investigation for
20 Garsu Pasaulis was related not to let's say tenders or
21 procurements or whatever, it was related to the usage of
22 European subsidies. We had a programme which -- during
23 that programme Garsu Pasaulis received a subsidy from
24 European Union for investment into new lines. Basically
25 acquisition of production of passports was done with big

1 help from European Union. So after that there was
2 investigation if Garsu Pasaulis was, you know -- if
3 Garsu Pasaulis used those funds properly.

4 **Q.** And the body that was investigating Garsu Pasaulis,
5 would you recall which body that was?

6 **A.** Verslo Paramos Agentura. So it's Agency for Business
7 Support.

8 **Q.** No other investigations?

9 **A.** No. That's the only case.

10 **Q.** If I could bring you, Mr Mieliauskas, to one of the
11 exhibits you submitted with your witness statements,
12 CW16789VM1-41. This is exchange between employees of
13 Garsu Pasaulis and Carlsberg, if I'm not mistaken. And
14 in this exchange Carlsberg requested to fill in
15 a questionnaire, and a follow-up email reads:

16 "Is there any detail on an ongoing investigation
17 into Garsu Pasaulis by the Prosecutor General's office
18 in Lithuania?"

19 Would you care to elaborate whether --

20 **A.** There no -- there was no Prosecutor General
21 investigation on GP.

22 **Q.** Then why would Carlsberg refer to it as an ongoing
23 investigation and requesting details?

24 **A.** You may ask Dirk, but I can only guess that they are
25 referring to that because, you know, we are not hiding

1 away any processes from our key customers.

2 Carlsberg for years was our key customer and
3 Carlsberg used the GP not only as a producer, but also
4 as a platform for all pilot projects we are rolling out
5 in Eastern Europe. So it was a key platform for
6 Carlsberg, and once it happened in Kyrgyzstan, and we
7 also shared with them all the information about general
8 prosecutor investigation on several employees of
9 Garsu Pasaulis for this EU subsidy proper usage, because
10 in fact Garsu Pasaulis as a company has never got any
11 claims or no case in court for that, but only some
12 employees, they were investigated.

13 Finally those investigations were closed with no --
14 no -- basically their outcome was that these people did
15 nothing bad.

16 **Q.** And --

17 **A.** But Carlsberg knew about that. So I'm pretty sure that
18 they are referring to those investigations against
19 employees of Garsu Pasaulis, but not as a company.

20 **Q.** And earlier my colleague Sergey Alekhin talked to you
21 about the Moldovan passport project. Are you aware that
22 there's an investigation into Garsu Pasaulis in that
23 country as well?

24 **A.** No.

25 **Q.** Okay.

1 So Mr Mieliauskas, coming back to paragraph 22 of
2 your second witness statement, which we saw at the
3 beginning, where you say Garsu Pasaulis never had any
4 reputation problems before the Kyrgyz scandal, let me
5 just recap.

6 So we have Vainikonis and you very emotionally
7 explained to us what problems it caused to you as the
8 CEO. We have Semlex scandal in Congo. We have scandals
9 with Garsu Pasaulis proper. Apparently there are some
10 investigations.

11 All of that, according to you, and according to
12 Claimant, had no impact whatsoever throughout the years
13 on its reputation, whereas one scandal in a small
14 post-Soviet country, relayed by local media, picked up
15 by international media, would have completely destroyed
16 your business model, caused multi-million losses. Is
17 that the proposition you're advancing?

18 **A.** I don't think that is very correct for me now to comment
19 on the performance of Garsu Pasaulis now. But I'm
20 pretty sure that company is not destroyed.

21 But certainly there was big damage to the company,
22 at least packaging division of the company was -- was
23 completely destroyed.

24 **Q.** Again --

25 **A.** And some security printing projects of course were also

1 **MR BAYANDIN:** Thank you. Just a few seconds.

2 Mr Mieliauskas, I would now like finally to talk
3 about the infamous 2018 tender and specifically about
4 the GKNB investigation that was launched by the
5 Kyrgyz Republic into the results of this tender.

6 If I may direct you to paragraph 49 of your first
7 witness statement where you say:

8 "Garsu Pasaulis did not receive any information or
9 official notices or complaints from any institution from
10 the Kyrgyz Republic."

11 And:

12 "Garsu Pasaulis only knew of such accusations from
13 the local Kyrgyz press."

14 Do you confirm this statement?

15 **A.** Yes. Yes.

16 **Q.** And when you say Garsu Pasaulis, do you mean the company
17 as an entity, or do you mean the company yourself,
18 Mr Lukoševicius?

19 **A.** To my knowledge no one received any accusations or
20 questions.

21 **Q.** So even you personally, you did not receive any
22 information about the investigation apart from the
23 Kyrgyz local press; correct?

24 **A.** I haven't received any accusations or official letters.
25 The only -- the only information which wasn't from the

1 press was information I was getting from our local
2 partner, Marat -- sorry, I don't remember the last name.
3 But the guy who was in Bishkek. So that's the only
4 source of information I was getting.

5 **Q.** Okay. So we can already qualify your statement here
6 that you only learned about the investigation from the
7 local press and from your local representative,
8 Marat Sagyndykov, who is witness of Garsu Pasaulis in
9 this arbitration?

10 **A.** Exactly, Sagyndykov, yes.

11 **Q.** If I may direct you, Mr Mieliauskas, to a document which
12 is exhibit R-058 in this arbitration. It is a letter
13 from the GKNB which is addressed to representatives of
14 Garsu Pasaulis, Mr Mieliauskas and Mr Lukoševicius.
15 Have you ever seen this letter?

16 **A.** No, we haven't got this letter, but I can guess that
17 Marat from Kyrgyzstan was referring maybe to this when
18 he asked me to call his local KGB or whatever we call
19 it, this local investigation office.

20 But we haven't received this letter.

21 **Q.** When was the first time that you saw this letter?

22 **A.** I don't remember. The letter itself -- I don't know.

23 **Q.** You can take your time and read it if you like.

24 **A.** I see that it's dated April 2019, but -- so end of March
25 or very beginning of April. I don't recall it

1 precisely. Marat told me that people from let's say
2 secret services, they want to talk to me. And he passed
3 me a phone number where I could call. So I called.
4 I said, okay, how can I help? Should I come or
5 whatever? So please invite. He said okay, okay, and
6 then nothing happened.

7 **Q.** Did Mr Sagyndykov show you this letter? Did he send you
8 a photo, a copy of this letter?

9 **A.** No.

10 **Q.** Or anything?

11 **A.** I don't remember this letter.

12 **Q.** So is it your testimony, Mr Mieliauskas, that
13 Mr Sagyndykov did not share with you a copy of this
14 document which is addressed to you and to
15 Mr Lukoševicius at the time?

16 **A.** I can check my emails, but I'm pretty sure that he
17 haven't sent it to me.

18 **Q.** So today is the first time you say that you see the
19 letter?

20 **A.** The letter itself, most likely yes, but as I said,
21 I knew about the fact that they wanted to talk to me.

22 **Q.** And so you learned about this. You tried to call GKNB
23 and apparently nobody responded to you?

24 **A.** No, no, no, no. I didn't tell that nobody responded to
25 me. Marat gave me a phone number to call and to talk to

1 some investigator. I called and I said, okay, I'm --
2 I'm ex-CEO of the company. I'm still -- if you want,
3 I have, you know -- I can get mandate to represent the
4 company. How can we help you? What's going on?
5 Because we are not informed. We haven't received
6 anything, you know, no information. We only read in
7 press that something is going on.

8 And I asked to take some action somehow to inform us
9 or invite if they need -- then we will consider going
10 there for talking. We haven't got any information that
11 we have some status, legal status in the process,
12 because first of all we would pass it to the lawyers
13 because we are not lawyers, neither me nor Lukoševicius.

14 And after this discussion on the phone, nothing
15 happened. So I never received any official invitation
16 or accusation or whatever. And I know that it works in
17 Kyrgyzstan because we do have experience. We used to
18 receive invitation to the court listening in Kyrgyzstan,
19 in Bishkek.

20 Yes, as Garsu Pasaulis, we have received -- we now
21 how it looks like. You receive official letter saying
22 that court listening will be happening in some
23 district court, please come and attend at that time, and
24 so on, I have seen this, because we were receiving that
25 for another project, for -- I mean, we were third party,

1 but anyway, we know that those processes are somehow
2 defined, and there are procedures, how to inform, how to
3 invite, and here nothing happened at all.

4 And I asked: if you really want us to do something,
5 okay, we are open, just tell us what to do.

6 **Q.** So if I just assume for a moment that you indeed did not
7 see this letter at the time and Mr Sagyndykov did not
8 share it with you, looking at this letter today,
9 Mr Mieliauskas, if at the time you had received it,
10 would it be official enough for you to react and to
11 respond?

12 **A.** That would be -- that would be for sure reason to react.
13 Of course if the letter is dated 9 April, it's
14 impossible to be on 12 April in -- on ground in Bishkek,
15 but at least we would, you know, got back to inviting
16 party, asking either to postpone or to arrange it
17 remotely or whatever.

18 **Q.** But your testimony is that since you did not see
19 a letter, you did not take any action?

20 **A.** Yes. I ask myself for some official letters or
21 invitations.

22 **Q.** If I can show you now exhibit R-059, this is a letter,
23 an application by a lawyer whose name is
24 Baktybek Zhumashev. Have you seen this letter before?

25 **A.** I'm sorry, but, you know, those things are happening in

1 2019, April. As we started, I'm out of the company
2 starting Thursday -- I mean, in 2019, I'm not in the
3 company. So I'm not on a daily communication on those
4 topics.

5 **Q.** But it was --

6 **A.** Who is this lawyer? Wait a second. May I read?

7 **(Pause)**

8 **Q.** This is Mr Zhumashev, a lawyer appointed by
9 Garsu Pasaulis to represent them in the country.

10 **(Pause)**

11 It was your earlier your testimony, Mr Mieliauskas,
12 that the Kyrgyz scandal weighed on you heavily, that it
13 was a really emotional matter and, you know, you've got
14 enough of it to leave the company, to leave the position
15 of the CEO. Is that a fair statement?

16 **A.** Where I said that it was the main reason of leaving the
17 company? Are you sure I told that?

18 **Q.** I withdraw this.

19 Would you agree with me, Mr Mieliauskas, that you
20 followed the Kyrgyz scandal closely when it started?

21 **A.** You know, it impacted me personally. So of course
22 I followed it. But not on a daily basis. I wasn't in
23 the company. I was assisting the company to resolve the
24 situation, but all those letters, when somebody says
25 that letters were sent to citizen Mieliauskas, sorry, it

1 never happened.

2 What address were used to send to citizen
3 Mieliauskas? How they did -- how do they know where
4 I live? All the way they could ask it, because we had
5 phone conversation. But even small things are obvious
6 that it's fake. Nobody sent. Nobody ever tried to send
7 it. Because they would first of all -- they would need
8 to know where to send those letters.

9 **Q.** Again, Mr Mieliauskas, this document is, as indicated at
10 the top, a letter from an attorney, Baktybek Zhumashev,
11 who says that he's writing in defence of the rights and
12 legitimate interests of general director of
13 Garsu Pasaulis, Ana Janauskiene -- apologies if
14 I pronounce it wrongly -- Vytautas Mieliauskas and
15 Andrius Lukoševicius. Again, have you seen this letter
16 before?

17 **A.** No, this letter wasn't somehow agreed with me for sure.
18 I know that GP had a lawyer, but to my knowledge the
19 lawyer was for some specific complaint or whatever they
20 were making on this tender.

21 **Q.** So you say this letter was not vetted with you?

22 **A.** No.

23 **Q.** Is it your submission, Mr Mieliauskas, that someone at
24 Garsu Pasaulis appointed a lawyer to represent you
25 before criminal authorities of the Kyrgyz Republic and

1 vetted the dispatch of this letter?

2 **A.** I don't know. I really don't know. If this lawyer had,
3 let's say, representation of myself as a citizen,
4 I don't know.

5 **Q.** Mr Mieliauskas, this document at the end contains an
6 attachment which is entitled "attorney's order",
7 and I appreciate you're not a lawyer, but in the
8 criminal proceedings an order is sort of an engagement
9 letter, an agreement between the client and an attorney
10 to represent him or her --

11 **A.** Okay, so you mean that this attorney order has a mandate
12 to represent me as a person?

13 **Q.** And it could not --

14 **A.** May we have a look?

15 **Q.** And it could not have been signed without your
16 agreement?

17 **A.** But may we have a look at this order?

18 **MR ALEKHIN:** Sorry, Mr Mieliauskas, the criminal proceedings
19 are my field, if you wish, here. So an order,
20 an attorney's order in the Kyrgyz legal system is a tiny
21 piece of paper with a stamp on it from the Attorney
22 Bar Association. So an attorney in Kyrgyz Republic, in
23 France, everywhere, they are members of the Bar, right?

24 **A.** Yes.

25 **MR ALEKHIN:** In criminal proceedings, of course, there is an

1 engagement letter, a proof that you have a mandate
2 between a client and an attorney. Now, on the basis of
3 this engagement letter, the Bar Association issues
4 an order, so a short piece of paper, confirming just
5 that this lawyer has a mandate. The mandate itself,
6 an engagement letter as a confidential document, as you
7 would probably agree with me, is not disclosed to the
8 investigative authorities, but the Bar Association, so
9 the association of lawyers, which regulates the
10 profession, confirms, and this is in the law, by way of
11 this order that they have seen the engagement letter
12 between a client and a lawyer, and they confirm that
13 this lawyer has powers to do whatever he has to do in
14 the criminal proceedings.

15 Sorry, I haven't asked my question.

16 So the question would be: have you signed an
17 engagement letter with Mr Zhumashev at any point in time
18 back in 2019?

19 **A.** I really don't understand -- don't remember, but
20 I really would like to see any mandate signed by me that
21 I authorise anybody to represent me as a person in
22 Kyrgyzstan. That would be -- maybe I -- maybe I just
23 forgot about that, but I really don't remember, and --
24 but you say that it's an attachment. So can we have
25 a look at this attachment?

1 **MR ALEKHIN:** Mr Mieliauskas, we did not anticipate that
2 an order which is literally four lines of text would
3 raise concerns. We can extract it from the record of
4 the criminal investigation if needed. We've seen it.

5 **A.** No --

6 **Q.** If I may finish, it only says: this lawyer confirmed by
7 the Bar Association has powers to represent. It does
8 not of course include your engagement letter, whether it
9 was signed or not, or anything of that sort. This is
10 a method protecting disclosure of engagement letter,
11 which is a confidential attorney client piece of paper,
12 from the investigative authorities. So the
13 Bar Association acts as a conduit, a verifying agency,
14 to confirm those powers.

15 So if you want to see it, and if there's no
16 objections --

17 **THE PRESIDENT:** Is it in the file?

18 **MR ALEKHIN:** It's not in the file.

19 **THE PRESIDENT:** Then I think you should move on to other
20 questions.

21 **MR ALEKHIN:** No problem.

22 **MR BAYANDIN:** Mr Mieliauskas, is this your testimony, that
23 you never authorised anyone to act on your behalf in the
24 Kyrgyz Republic?

25 **A.** I don't remember myself authorising anybody to react

1 on -- to act on my -- on my name in Kyrgyzstan.

2 **Q.** So essentially, Mr Zhumashev, who is asking GKNB on your
3 behalf to send questions to you in writing instead of
4 you showing up in Bishkek, that would be on his own
5 initiative; is that your testimony?

6 **A.** I think so.

7 **Q.** And for the abundance of caution, you have never
8 received GKNB's reply to this letter, which is
9 exhibit R-059, which will appear on the screen
10 momentarily.

11 Apologies, it's exhibit R-062.

12 Can you just read it and confirm that you have never
13 seen this document either?

14 **A.** I have never received that document.

15 **Q.** And during the Kyrgyz scandal in April 2019, you
16 followed the press? Did you follow the Kyrgyz press on
17 what's going on?

18 **A.** Honestly, I can't say it for sure because end of March,
19 beginning of April, I would say it was kind of break --
20 break point when we decided that it's impossible to --
21 to expect any justice in Kyrgyz, especially when we were
22 warned by our Ministry of Foreign Affairs that: stay
23 away of Kyrgyzstan, don't go to Kyrgyzstan, we can't
24 ensure your safety in Kyrgyzstan now. That was --
25 I don't remember by heart now, but again it's public,

1 I think you can find it in internet, but I think in
2 March 2019 Lithuanian government delegation was in
3 Kyrgyzstan, and before going there, they called company
4 and they asked: we hear that something is going on. Do
5 you need any help? Do you need government delegation,
6 official government delegation to -- to clarify
7 anything? What's going on? We just explained that, you
8 know, we are just waiting, waiting, waiting for solution
9 of the situation, and we said that we have nothing --
10 nothing to ask in particular. Just -- just clarify
11 what's going on, what is the status of the situation.

12 And on their return they said that, yes, we asked.
13 They replied that, yes, Garsu Pasaulis is participating
14 and procedures are ongoing. Nothing about any claims or
15 whatever.

16 But later the same diplomat called us and said
17 that: we have information that for you it's not safe,
18 and we don't have embassy, we have only honourable
19 consul, and please avoid visits to the country.

20 So it was absolutely clear that there is no other
21 way how to raise it up to international level and to try
22 to find justice there.

23 And I don't remember exact date, but it was,
24 I think, either very last days of March or beginning of
25 April when we approached the lawyers, when the company

1 approached the lawyers, and after that we lost a bit
2 interest in what's going on.

3 At least myself.

4 **Q.** Earlier, Mr Mieliauskas, you said that if at the time
5 you saw if you received actually personally the letter
6 from GKNB, that would have caused you to react correct?

7 **A.** Yes, at least to call and to ask: how can we proceed?

8 **Q.** The letter asked you to arrive to the GKNB offices to
9 give explanations. So if you had seen this letter at
10 the time, would you comply?

11 **A.** It depends. If it was -- if it happened before we
12 received this warning from Minister of Foreign Affairs,
13 most likely we would go. But after -- after we got
14 instructions from Minister of Foreign Affairs to avoid
15 the country, of course we can't do it.

16 **Q.** If today you received a letter from GKNB asking you to
17 come and give explanations, would you comply?

18 **A.** Of course not.

19 **Q.** Thank you. For the last part of the examination, I will
20 hand back the floor to Mr Alekhin.

21 **Cross-examination by MR ALEKHIN (continued)**

22 **MR ALEKHIN:** Mr Mieliauskas, thank you for your indulgence
23 and bearing with us during musical chairs in
24 cross-examination.

25 If I can take you to your first witness statement,

1 paragraph 67, I will show it on the screen momentarily.

2 Paragraph 67.

3 Let's start with the first sentence, which is:

4 "Major commercial banks, whom Garsu Pasaulis has
5 worked with for tens of years, requested Garsu Pasaulis
6 to immediately close its accounts and refused to provide
7 credit services or issue guarantees to Garsu Pasaulis
8 specifically indicating the Kyrgyz allegations."

9 Do you maintain this statement?

10 **A.** Yes.

11 **Q.** Okay. I will now take you to the evidence you've
12 provided to support this assertion in your witness
13 statement. So we will start with an exhibit. So it's
14 CWS-AL-137. I will show it on the screen now.

15 There are several documents in this exhibit. There
16 is this letter which we're going to start our discussion
17 with. So that is a letter from Luminor bank dated
18 25 April 2019 to Garsu. Do you recognise this letter?

19 **A.** No, I am not in the company.

20 **Q.** Right?

21 **A.** I know the fact, but I'm not in the company, I'm not CEO
22 in 2019.

23 **Q.** Right. But you've relied on specifically --

24 **A.** Yes, I know this information, but I have never seen this
25 letter. This letter is not addressed to myself.

1 **Q.** Right. So just for me to get this straight, in your
2 witness statement, your first witness statement, at
3 paragraph 67 there's a footnote, footnote 50, and it
4 says "Communications with banks" and it's an exhibit.
5 And it's this exhibit. So am I getting this right, that
6 you, before signing your witness statement, confirming
7 that it's an all accurate, never --

8 **A.** So please understand me correctly. I'm out of the
9 company. Of course I know what's going on. By the way,
10 I have background in banking. So many colleagues --
11 many our account managers in the banks are my previous
12 colleagues 20 years plus ago. So I have a lot of
13 personal connections and I know what's going on.

14 But when you ask if this letter, this letter is not
15 for me. Of course, to justify my witnessing
16 information, I provided in my witness, I asked a lot of
17 things from the company. I talked a lot to
18 Ms Janauskiene, and I talked a lot to Simonas Naujikas,
19 packaging director of Garsu Pasaulis.

20 So of course I know, but if you ask me "Do you
21 remember this particular letter?", so of course I don't
22 remember it. I may find it, asking company to give me.
23 I know what's going on, I know what's going on with
24 Luminor, SEB, or Swedbank, but these letters are not
25 addressed to me.

1 **Q.** Right, so then the proper course of action for the
2 witness statement that you signed would be just to
3 remove that document from your witness statement?

4 **A.** Why?

5 **Q.** I'm sorry?

6 **A.** Why? I said that this scandal had an impact on banking
7 in -- how banking institutions look at Garsu Pasaulis.
8 I stated it, and I still say it.

9 So of course to confirm that, I requested documents
10 from the company and I attached it.

11 **Q.** By a letter that you haven't seen?

12 **A.** So I know that -- I say that Luminor, for example,
13 asked -- forced GP to close account. So I don't need to
14 see the letter because I know because I'm in contact
15 with management. But no problem, I can ask the letter
16 from current general manager of the company and she
17 provides me.

18 I don't speak to Carlsberg myself, especially on
19 that level of procurement level, but I speak to let's
20 say local managers, CEOs of local companies and senior.
21 I know the moods. I know what's going on.

22 When you need evidence, okay, I may collect that
23 evidence, asking GP.

24 **Q.** So the evidence is the mood, okay. That I get for
25 a second. But the question really is: you make

1 a statement that those problems with the banks were
2 caused by the Kyrgyz allegations, so that was
3 specifically indicated to you. You attach a document,
4 which is a letter from Luminor, which says:
5 "... customer risk re-assessment, a decision was
6 made to terminate the business relationship due to
7 a level of risk unacceptable to the Bank ..."
8 Can you point me anywhere in this letter that
9 mentions the Kyrgyz allegations or any other specific
10 allegations?
11 **A.** As you see, bank is not disclosing their internal risk
12 assessment, you know, results.
13 **Q.** Why?
14 **A.** Why?
15 **Q.** Yes?
16 **A.** Have you ever seen that? Risk management, if he decides
17 to participate in any business, decides to go to one or
18 another market, normally it's internal decision.
19 **Q.** But they felt somehow comfortable somehow disclosing it
20 to you orally; is that how I understand it?
21 **A.** Yes, absolutely. Yes.
22 Yes, because again it's not -- we are not talking
23 about noise, which used to be -- which used to present.
24 Noise about Vainikonis, noise about Karaziwan. It's not
25 the same thing. Here we are talking about information

1 which is published in media channels saying that
2 company, with me in front, I guess, we were bribing
3 somebody.

4 So feel the difference. One thing is to say that
5 you have problems somewhere, or your owner or friend of
6 your owner, another thing is the company itself is
7 involved in some corruption. And that is -- that was
8 escalated by media. Of course, with information fed
9 from institutions in Kyrgyzstan.

10 **Q.** So then do I get it correctly that there is a certain
11 disconnect between what you say in your witness
12 statement and the documents you produced yourself?

13 I mean, I hope --

14 **A.** No, I don't see this disconnection. Please explain
15 where is this disconnection?

16 **Q.** Where does it state in this letter, or any other
17 documents that I will refer you to in a second, that the
18 Kyrgyz scandal, or any other specific scandal, was the
19 reason for Luminor to close the accounts?

20 **A.** Yes.

21 **Q.** It doesn't; can we agree on this?

22 **A.** What changed in Garsu Pasaulis? Name me, list me what
23 changes happened to Garsu Pasaulis to change position of
24 Luminor?

25 **Q.** Well, I believe --

1 **A.** Other than Kyrgyz scandal?

2 No, don't try to think, because there is nothing.

3 Just scandal in Kyrgyzstan. And very serious, you know,
4 statements that we were bribing somebody, that there is
5 a corruption, and suddenly we have an outcome of that.

6 **Q.** Mr Mieliauskas, sorry, but my job is to think. So if
7 you don't mind, I would continue doing that.

8 The same document, and we go several pages down.

9 And again, if you haven't seen this before, or you don't
10 feel comfortable talking about it because you don't
11 remember or something, do let me know. But it is part
12 of your witness statement. So that's a why I'm asking
13 questions to you about it.

14 If we go a bit further, so again:

15 "Major commercial banks whom Garsu worked with for
16 tens of years requested Garsu to immediately close its
17 accounts and refused to provide credit services or issue
18 guarantees."

19 Now, credit services, I assume, is a reference to,
20 for instance, foreign currency exchange services;
21 correct?

22 **A.** Credit services for currency exchange?

23 **Q.** Well, I mean --

24 **A.** It's called FOREX. Credit services is letter of credit.

25 **Q.** Okay. But part of this document are several exchanges

1 with foreign currency exchange services, FOREX, that
2 discuss whether or not they're willing to work with
3 Garsu. You again adduced that specific letter, for
4 instance, in support of the proposition at paragraph 67
5 of your witness statement that major commercial banks
6 and credit services and issue guarantees -- I'm trying
7 to understand. We can clarify your witness statement by
8 saying major commercial banks and foreign exchange
9 services if that would be more accurate. Would that be
10 more accurate?

11 **A.** I don't remember that we -- you should better ask
12 Garsu Pasaulis because I don't remember that, let's say,
13 end of 2018, we were using any dedicated foreign
14 exchange service provider. Because there was no need
15 for that.

16 Yes, I know there are companies who are just doing
17 FOREX. But I don't remember that end of 2018, by the
18 time when I was leaving the company, we used any of
19 that.

20 **Q.** Which is --

21 **A.** Type of service.

22 **Q.** Which is accurate --

23 **A.** So mainly it was related to banks.

24 **Q.** Right. Not using FOREX, that would be accurate,
25 because, for instance, again, that exchange that's on

1 the screen, and that forms part of the document you
2 refer to, that's why I'm asking you questions about it,
3 is in fact from 2017 and talks about AFEX not willing to
4 do business with you because of an ownership of
5 Garsu Pasaulis, and that being a compliance department
6 risk or issue.

7 So, you know, I think we can agree with you that,
8 for instance, has nothing with the Kyrgyz scandal, the
9 timing is wrong here; right?

10 **A.** For AFEX I don't remember, but -- I don't remember that
11 we ever worked with AFEX. Maybe it was attempt to
12 open -- open a service account, most likely, and it
13 wasn't opened. But it wasn't closed. I mean, it ...

14 **Q.** Okay. Let's move on.

15 I want to talk about Mozambique, if I may.

16 So Garsu Pasaulis had participated in a tender for
17 passport manufacturing, opposing Mühlbauer, in around
18 August 2017 in Mozambique; correct?

19 **A.** Yes.

20 **Q.** Okay. And Mühlbauer won that tender; correct?

21 **A.** I know that we didn't win, so most likely Mühlbauer won,
22 yes.

23 **Q.** Okay. And then that required, I think it's not really
24 contested, that required some prep work to be done, so
25 Mühlbauer won, but parties may disagree on the reasons

1 they didn't start immediately, but that required some
2 time to do whatever they had to do. That's not my
3 question.

4 Meanwhile, am I correct to understand and recollect
5 that Mozambique entered into an agreement with Garsu in
6 around late 2017 for a supply of 100,000 passports?

7 **A.** You are right. Most likely Mühlbauer won a contract,
8 got to work, and didn't deliver. That happens. And
9 Garsu Pasaulis started to supply booklets. So that's
10 why I explained it already that it was absolutely
11 independent from Semlex and not related to Semlex
12 delivery.

13 **Q.** I'm not asking questions about Semlex, Mr Mieliauskas.
14 Thank you. The question was: did GP, Garsu Pasaulis,
15 enter into a contract with Mozambique in end 2017 for
16 100,000 passports?

17 **A.** It would be better to check the document, but as far as
18 I remember, it was orders for batch of 100,000 -- just
19 placing the order to deliver 100,000 booklets, and they
20 kept doing that for some time until it stopped.

21 **Q.** And by "some time", at paragraph 69 of your first
22 statement, you refer to "profitable contractual
23 relationships", and talking about Mozambique, "for
24 years". That's a quote. So I just want to establish,
25 when you say years, is that, you know, a year and

1 a couple of months, or is it many, many years, I just
2 want to clarify this?

3 **A.** Production of Mozambique passport is more years because,
4 as I said, Semlex had it on its own, sourced booklets
5 from some French producers, later from GP, and then GP
6 took it over different scope, just supply of booklets.
7 And that -- that was really good margin business, and it
8 ended up after -- after the Kyrgyz scandal.

9 **Q.** So Garsu Pasaulis did supply passports to Mozambique
10 under a Semlex arrangement at the late stage of that
11 arrangement or --

12 **A.** Yes, late stage.

13 **Q.** Late stage?

14 **A.** We didn't begin with them because at that time we didn't
15 know each other.

16 **Q.** How many years? Several years? Four, five, six?

17 **A.** I don't remember.

18 **Q.** You don't remember?

19 **A.** Because it -- we met Semlex -- I don't want to
20 mislead -- maybe 2014, 2013. Something like that.

21 **Q.** But then Mühlbauer won the tender, the one in
22 Mozambique -- or sorry, you said you didn't win, to
23 which I would probably imply they won, and of course
24 there are press reports saying they have started
25 working -- I haven't asked my question.

1 **A.** I'm just not sure about entity who won, but probably
2 Mühlbauer.

3 **Q.** Someone else won?

4 **A.** Yes.

5 **Q.** And then there's this assertion in this arbitration
6 that, you know, but for the Kyrgyz scandal, Garsu would
7 have kept on supplying Mozambique with passports, you
8 know, going beyond whatever contract we have on the
9 record, which is for 100,000 passports only, signed in
10 December 2017, and I'm trying to understand the logic
11 here, because, you know, in early 2019 Mühlbauer -- or
12 you don't remember whom, but someone else started
13 actually producing and delivering passports to
14 Mozambique under a contract which was entered into based
15 on a tender that they won.

16 So Garsu stopped delivering those passports because
17 someone else came in and, you know, started doing that.

18 So the question is: I really don't see how, you
19 know, that could be projected into the future, as in
20 what expectation or right did Garsu have with respect to
21 their Mozambique arrangements if the only thing that we
22 have on the record is a short form supply contract for
23 100,000 passports?

24 **A.** So I don't think that we should project for forever, but
25 what I know, because I was in contact with our general

1 consul or -- in Mozambique who knew situation very well,
2 and our local agent who in fact helped us to manage this
3 project, that there was a significant gap and there was
4 a real demand in Mozambique for the booklets, because
5 let's say Mühlbauer, once they signed the contract, it
6 doesn't mean that they start to deliver the same day.
7 It takes time, and sometimes -- very often it takes
8 longer than expected.

9 The passport we were delivering was kind of old
10 style from technology point of view. That means that
11 you have full capacity ready -- infrastructure for full
12 capacity ready for old style passport.

13 For new style passport, of course, you have very
14 limited, even if you start -- starting get capacity. So
15 it takes time to grow it up.

16 So what I'm trying to say, that of course most
17 likely it wouldn't last for 10 or 20 years, but I'm sure
18 that for few more hundred thousand booklets, it was --
19 there was a real demand, because we knew it from -- from
20 information we received from local people in Mozambique.
21 And there was shortage of passports.

22 **Q.** Irrespective of the fact that another company has won
23 the tender and effectively started delivering those
24 passports in early 2019; is this your testimony?

25 **A.** My testimony is that there was a demand from Mozambique

1 for passports produced by GP. But due to the situation
2 which happened in Kyrgyzstan, nobody wanted to take
3 a risk and to continue with a company which was accused
4 in corruption in Kyrgyzstan. And that is exactly the
5 information I was receiving from Mr Levara(?) and other
6 local guys in Mozambique, as well as Mindoas Paulukas(?)
7 who was managing as a local agent in Lithuania.

8 **Q.** And again, all that was obviously oral, no one thought
9 about putting this on paper, just explaining, you know,
10 why this allegedly profitable long-term contractual
11 relationship was abruptly terminated, it was just
12 unspoken; is that your testimony?

13 **A.** So I'm not pushing long-term, I'm saying that definitely
14 for one or two or three more orders we could receive.
15 GP could receive as a producer of the current at that
16 time Mozambique e-passport booklet.

17 **Q.** All right, that's it.

18 If we can just briefly talk about Baltic Tobacco.
19 So as you probably recall, there was a very long-term
20 relationship with Baltic and then I also understand that
21 your testimony is that that contractual relationship was
22 terminated for the sole reason of the Kyrgyz scandal.

23 Again, there's no evidence of that on the record
24 aside from your statement that that is the case. Just
25 a couple of questions here.

1 You know, since Garsu in this arbitration is seeking
2 a substantial sum of money, claiming that the sole
3 reason for the non-continuation or termination of the
4 Baltic Tobacco relationship is the Kyrgyz scandal, it
5 didn't come to you as, you know, a useful idea to reach
6 out to Baltic and say: can you please confirm that this
7 is why we're no longer working together, because the
8 company is seeking compensation based on that?

9 **A.** First of all, I'm not account manager for
10 Baltic Tobacco. Baltic Tobacco was really a huge client
11 of GP packaging division, and what is important to say,
12 that Baltic Tobacco plant is in Kaliningrad. So
13 Kaliningrad, as you know, is surrounded by Lithuania and
14 Poland. In Poland there are a lot of producers for
15 Tobacco packaging. And during our cooperation history
16 with Baltic Tobacco, they made a lot of attempts to have
17 alternative supplier either from Poland or from
18 St Petersburg in Russia. But every time they came back
19 to us because of logistics, because of quality of
20 production, and delivery time.

21 So there is -- there was absolutely no question
22 about GP as -- GP reliability as a supplier for tobacco
23 plant.

24 Even when political situation was changing, and
25 tensions appeared between Lithuania and EU and Russia,

1 even during that time Baltiyskaya Tabachnaya Fabrika,
2 that is Baltic Tobacco plant, was always kept buying
3 packaging from us, overcoming all customs issues,
4 political issues, payment issues. They were looking how
5 to pay us, because it's always a problem if you have
6 roubles. So it's not convertible easy to euros or
7 dollars.

8 We were very reliable partners with them, with no
9 doubt. We had a dedicated account manager who had just
10 one client in his portfolio. And he was the man who
11 talks to the owner, who talks to the general manager of
12 the company, and he has all that information.

13 **Q.** Mr Mieliauskas, I apologise, under the Tribunal's
14 control, I appreciate the ex post history of your
15 corporate relationships with Baltic Tobacco, but the
16 question was completely different and very
17 straightforward: have you sought, and have you obtained,
18 if you have sought, any written confirmation or proof
19 that Baltic Tobacco terminated or did not continue
20 a contractual relationship with Garsu exclusively and
21 solely due to the Kyrgyz scandal; yes or no?

22 **A.** To my knowledge in written, no.

23 **Q.** Thank you.

24 **A.** Because you asked if we obtain it in written. No.

25 **Q.** The same would go for Carlsberg. You have not sought,

1 or you did not obtain if you have sought, any written
2 confirmation from Carlsberg that the sole reason for
3 their non-continuation or termination of their
4 contractual relationship with Garsu was solely the
5 Kyrgyz scandal; correct?

6 **A.** Again, I think I attached information I received from
7 Simonas Naujikas, our manager of packaging division, so
8 you can see the wording how it was worded. But I'm
9 pretty sure that all private companies, they try to
10 escape wording saying: we can't allow a relationship
11 because there is an article that you bribed somebody.

12 So no, they choose some polite -- polite form to
13 state that.

14 **Q.** One last point on this.

15 So lawyers for Garsu may have shown you a letter, or
16 actually two letters, one is a letter from myself
17 actually, us, to the Baltic Tobacco Factory --
18 it's R-137 on the screen -- where we succinctly set out
19 the claims made in this arbitration with respect to the
20 termination of the contractual relationship between
21 Garsu and the Baltic Tobacco Factory, and at the end of
22 this letter we say: that is what Garsu are saying. We
23 call them Garsu allegations. And then I'm going to zoom
24 in here:

25 "We would be grateful if you could confirm or deny

1 Garsu's allegations set out and quoted above."

2 Have you seen this letter before in preparing for

3 this arbitration?

4 **A.** No.

5 **Q.** You haven't. Then have you seen --

6 **A.** I beg your pardon. This letter was sent by GP?

7 **Q.** The letter was sent by me, by us.

8 **A.** Sorry, now I've got it.

9 **Q.** You haven't seen this letter?

10 **A.** Okay, okay.

11 **Q.** And we received a response from the Baltic Tobacco

12 Factory which says:

13 "In 2020, the Baltic Tobacco Factory switched to

14 Russian printing house, given the break-out of the

15 COVID-19 pandemic, the closure of borders and

16 cross-border logistical difficulties."

17 There's no mention of the Kyrgyz scandal or of any

18 reputational issues that Garsu may have had.

19 So the question is, first of all, have you seen this

20 letter?

21 **A.** No.

22 **Q.** No you haven't, okay.

23 Why would it have been problematic for Garsu in now

24 claiming a substantial amount of money for the

25 termination of the Baltic Tobacco Factory contract

1 allegedly due to solely the Kyrgyz scandal to actually
2 seek out a similar letter or a confirmation that would,
3 you know, substantiate whatever you were saying in your
4 witness statement, this theory that the real reasons
5 were the Kyrgyz scandal, if Baltic Factory responded
6 easily to a letter some time ago setting out what they
7 think are the reasons for the termination of this
8 contractual relationship?

9 **A.** But don't you find the reasoning for termination really,
10 you know, like a joke? COVID pandemic. So tell me how
11 it's easier to follow up pandemic procedures and import
12 organised production in St Petersburg and then import by
13 trucks through -- I don't know, Estonia, Latvia,
14 Lithuania, and then enter Kaliningrad, rather than just
15 get the stuff from GP? GP didn't shut down -- didn't
16 shut down GP for one day during pandemic time. So it's
17 a joke. It's just polite response: we don't want to get
18 into the details, it's pandemic and closure of the
19 borders.

20 **Q.** Mr Mieliauskas, if I put to you that the reasoning for
21 termination of the Baltic Tobacco Factory as the Kyrgyz
22 scandal is a joke, would you agree or disagree?

23 **A.** I disagree.

24 **MR ALEKHIN:** Thank you. No further questions.

25 **THE PRESIDENT:** Thank you.

1 Redirect, please.

2 **MR DAUJOTAS:** I don't think we have any questions for the

3 redirect.

4 **THE PRESIDENT:** Thank you.

5 Colleagues, Nina, do you have any questions?

6 **Questions from THE TRIBUNAL**

7 **PROFESSOR VILKOVA:** I have one small question to you,

8 Mr Mieliauskas.

9 In your statement, first statement --

10 **A.** I beg your pardon. Thank you.

11 **PROFESSOR VILKOVA:** You say that you worked as a general

12 director of GP from 2008 up to 2019.

13 **A.** Yes.

14 **PROFESSOR VILKOVA:** So what time, just what month, maybe, in

15 1990 did you leave the firm?

16 **A.** In fact I left at the end of 2018.

17 So formal date, I don't remember. 2 January,

18 3 January. But end of the year was my end as a CEO.

19 **PROFESSOR VILKOVA:** End of?

20 **A.** 2018.

21 **PROFESSOR VILKOVA:** 2018?

22 **A.** 2018.

23 **PROFESSOR VILKOVA:** Thank you.

24 **MR LAIRD:** Just one question. You mentioned in your earlier

25 testimony that you did receive a call from the state

1 security people in Kyrgyzstan, or you had a conversation
2 on the telephone.

3 **A.** I made the call to them. I was asked by Marat to call
4 them because Marat said that they want to talk to me.
5 So I called them and he gave me the number.

6 **MR LAIRD:** So when you called them, can you tell us about
7 the conversation? What occurred in the conversation?

8 **A.** So the conversation was that I was talking to the guy --
9 sorry, he didn't introduce, I don't know what is his
10 position or even name. But maybe Marat knows who he is.
11 So we may ask him. But I call him and I said: look,
12 I received a call from our partner, Marat, and he says
13 that you want to talk to us. You want us to come or you
14 want somehow remote session. What do you want? Tell
15 us. Inform us. And basically that was the end.
16 Nothing more. He didn't explain what kind of
17 investigation they are having against me our company or
18 any officials or whatever.

19 So it was just my question: please tell us how can
20 we help? How can we participate? Because so far we
21 received nothing. The only thing I know is press, plus
22 that Marat asked me to call you.

23 I don't know. Maybe they are saving budget, but
24 they don't call. Even tax authorities, they don't send
25 taxes. They ask either to send them something or ...

1 **MR LAIRD:** Did you ask you for your telephone number or
2 contact details?

3 **A.** I think that he even didn't ask about it. But I don't
4 remember in so details. It was, you know, a long time
5 ago.

6 **MR LAIRD:** Four years ago.

7 **A.** But the main idea is that it was -- Marat told me:
8 Vytas, they like to talk to you. I said: okay, give me
9 the phone number. He give me the phone number. I
10 called them, I said: guys, how can I help you? If you
11 need, send me invitation, we will look for the chance to
12 go. Because at that moment we didn't get this warning
13 from Minister of Foreign Affairs, that no, no-go to this
14 country.

15 So I think that if he would say that: okay, please
16 try find a way to come here, this is invitation, apply
17 for visa, come and -- so most likely we would go.

18 **MR LAIRD:** At the time of that call, though, you were aware
19 that there were corruption allegations floating around
20 in the media at the very least with regard to Garsu,
21 were you, or were you not at that point?

22 **A.** Yes, we were aware, and that was driving me crazy
23 because, you know, we received nothing, and only talks.
24 But not just simple noise, but very serious noise which
25 is damaging noise, saying that we are involved in

1 corruption and so on. But, you know ...

2 **MR LAIRD:** Okay. That's all my questions on that point.

3 Thank you.

4 **THE PRESIDENT:** Thank you. Just to follow up on that

5 conversation you had, how did the two of you conclude

6 that conversation? Did the gentleman in question say

7 that "we'll get back to you", or what was the -- how did

8 the --

9 **A.** Again, I don't remember the wording specifically, but

10 the idea was that the guy, he also wasn't

11 decision-maker, you know, it was driven from the top.

12 And he -- you know, I call him, I say, "Okay, tell us

13 what to do", and he has nothing to tell because he

14 doesn't know. He needs to go upstairs and to discuss

15 what to do. But in the end they didn't come.

16 **THE PRESIDENT:** Thank you very much. That concludes your

17 testimony. Thank you very much for spending time with

18 us. Thank you.

19 You may leave or you may sit in if you want to.

20 It's up to you. We're going to close very soon.

21 So that brings this second day to an end. And

22 tomorrow we're going to hear from Mr Sagyndykov. Will

23 he testify in Russian or in English?

24 **MR DAUJOTAS:** He will testify in Russian. That's the plan,

25 and there will be also a translation online.

1 **THE PRESIDENT:** Okay. And Ms Alenkina and Davletbayeva will
2 also testify in Russian, I suppose?

3 **MR DAUJOTAS:** Yes.

4 **THE PRESIDENT:** So we will have translation all day. So if
5 we could or you could somehow try to avoid the problems
6 we had today with translation. I don't know how to do
7 it, but talk to the technical guy here.

8 **MR DAUJOTAS:** Yes.

9 **THE PRESIDENT:** So we don't have those kinds of
10 interruption. It's a challenge anyway with translation,
11 so the less problems we have, needless to say, the
12 better.

13 **MR DAUJOTAS:** Of course.

14 **THE PRESIDENT:** Very good.

15 So anything else we need to address before we close
16 for today?

17 **MR DAUJOTAS:** Yes, we just noted the request to send the
18 Prayer for Relief, the sort of clarified Prayer for
19 Relief.

20 **THE PRESIDENT:** I suggest we take that towards the end of
21 the hearing.

22 **MR DAUJOTAS:** Okay. That was our question.

23 **THE PRESIDENT:** Because we may have other comments and
24 questions at that point. So I think we'll save that for
25 that.

1 **MR ALEKHIN:** Sorry, as a follow-up, there was a question
2 from Mr Laird yesterday about the details of the
3 independent commissions. There are a lot of footnotes
4 and references. Would it be acceptable if a short
5 written answer is given, or do you prefer just an oral?
6 We can do both. We've prepared -- we're preparing
7 a short written one.

8 **MR LAIRD:** If you have a short note, that would be great.

9 **MR ALEKHIN:** Several paragraphs. Thank you so much, we will
10 submit that shortly.

11 **THE PRESIDENT:** Very good. Thank you then and see you
12 tomorrow at 9.30. Thanks.

13 **(4.41 pm)**

14 **(The hearing adjourned until**
15 **Wednesday, 14 June 2023 at 9.30 am)**

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