

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

DEVINCCI SALAH HOURANI and)	
ISSAM SALAH HOURANI,)	
)	
Plaintiffs,)	
)	
v.)	Civil Action No. 10-1618 (TFH)
)	
ALEXANDER V. MIRTCHEV and KRULL)	
CORPORATION,)	
)	
Defendants.)	
)	

FIRST AMENDED COMPLAINT

Plaintiffs, Devincci Salah Hourani and Issam Salah Hourani (hereafter “Devincci” or “Issam” or collectively, “the Houranis”), by undersigned counsel, hereby assert their First Amended Complaint against Alexander Mirtchev (hereafter “Mirtchev”) and Krull Corp., the Defendants.

INTRODUCTION

1. Counts I and II of this Complaint arise from Mirtchev’s conspiracy to extort property from the Houranis, in violation of the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. §§1961-1968 (hereafter “RICO”).

2. Mirtchev’s RICO conspiracy, in which he engineered a scheme to extort Plaintiffs’ businesses, stripped Plaintiffs of their shares of stock in highly profitable businesses. The Houranis’ damages are in excess of \$500 million.

3. Through this action, the Houranis seek to use RICO in the manner in which Congress intended the law to be used – to compensate the victims of racketeering activity and to enjoin the Defendants from the commission of any further racketeering schemes.

PARTIES, JURISDICTION AND VENUE

4. Plaintiff Devincci Hourani is a citizen of the U.S. and the Commonwealth of Virginia.

5. Plaintiff Issam Hourani is a citizen of the United Kingdom.

6. Defendant Mirtchev is a citizen of the District of Columbia.

7. Defendant Krull Corp. was incorporated in Delaware and has its principal place of business in Washington, D.C.

8. This Court has subject matter jurisdiction of the case because Count I and II are federal questions pursuant to 28 U.S.C. §1332 and 18 U.S.C. §1964(c), RICO's civil damages provision.

9. This Court has supplemental jurisdiction of the remaining counts as they arise from the same facts.

10. Venue is proper in this Court because the conspiracy which damaged Plaintiffs occurred in the District of Columbia.

MIRTCHEV CONSPIRED TO EXTORT THE HOURANIS' BUSINESS INTERESTS

11. Until 2007, the Houranis were extremely successful businessmen, owning and operating oil, broadcasting, and publishing companies in the Republic of Kazakhstan.

12. At that time, Dariga Nazarbayev ("Dariga"), daughter of President Nursultan Nazarbayev of Kazakhstan, sought to amass ownership of the nation's major media outlets. She was contemplating a political career as a possible successor to her father and sought to have the

media portray her in the most favorable light as well as the vast wealth and ownership such large businesses would confer.

13. To advance her agenda, she retained the services of Krull Corp., a Washington, D.C.-based “global strategic solutions provider,” headed by Mirtchev, with whom she had a close relationship.

14. Mirtchev agreed to help Dariga achieve her objectives in exchange for substantial fees. She advised him of her plans to take control of the nation’s largest media conglomerate, Alma Media, then owned by Devincci and Gulchat Hourani (Issam’s wife) by fostering a campaign of harassment and intimidation of the Hourani family by the police. She would then meet privately with the Houranis and demand that they turn over their shares in Alma Media in exchange for her “protection” from further intimidation.

15. Mirtchev agreed with this plan from his office in Washington, D.C. The plan was consistent with his recommendations made to the President in a memorandum informally known as the “Superkhan” document, in which Mirtchev had counseled the President of Kazakhstan on how he could consolidate power for himself and his family at the expense of business leaders. He thought it was best for her future career that the Hourani family be stripped of all its business interests and leave the country.

16. Mirtchev agreed to undertake three crucial endeavors for Dariga if she obtained control of Alma Media and other business entities. First, Mirtchev agreed to assist her with monetizing her control of the company. Second, Mirtchev would deposit some of the proceeds of the seized businesses in western bank accounts where it would not be taxed or otherwise scrutinized. Additionally, he promised to help Dariga use the money to acquire U.S. and European currencies. Assets held in these currencies would raise Kazakhstan’s standing in the

eyes of the western political establishment, which she also wanted because Kazakhstan's image had been tarnished by recent negative publicity, including an oil bribery scandal in which an American citizen was indicted for bribing Kazakh officials to obtain coveted oil contracts. Finally, Mirtchev agreed to use his influence to falsely brand the Houranis as international criminals and terrorists. This would, Mirtchev assured her, neutralize the Houranis' ability to attack her or her father in response to the extortion of their businesses.

THE EXTORTION OF THE HOURANIS' STOCK

17. With this agreement in place in June 2007, the Houranis' businesses, including but not limited to, KTK Television and Alma Media Conglomerate, the largest media holding company in Kazakhstan, and Universal Oil Field Supply, began facing a great deal of harassment and intimidation by various government entities, including the KNB (the equivalent of the KGB), and their operations were disrupted.

18. On June 27, 2007, armed police, led by Colonel Alexander Sergeivich Kim, at Dariga's behest, raided the offices from which all of the Hourani family businesses in Kazakhstan listed above are managed.

19. The entrances and exits to the building were sealed by the police. Over 200 employees of the Hourani family businesses were confined to their offices and told to stand facing the wall throughout the raid. Four plain-clothed men detained Devincci Hourani, Kassem Omar, Bassem Waarie (general manager of one of the Hourani businesses at the time) and Omar Antar (an employee of another one of the Hourani businesses). After confirming their identities, Colonel Kim demanded that they handover their passports, and come to the police station for questioning the following day, without the presence of their lawyers.

20. Devincci Hourani was informed that he and his family were under surveillance by certain Kazakh authorities. Specifically, Devincci Hourani was continually monitored and followed by various KNB officials, acting at the behest of Dariga and Mirtchev. In fact, he was informed that his mobile phone, and those belonging to the senior management of his family's businesses – such as Kassem Omar, Bassem Waarie and Omar Antar – the office phones, and the offices themselves were monitored by the authorities.

21. As the pressure from various authorities mounted in early July 2007, Devincci Hourani sought to discuss the situation with Dariga. She offered to use her influence with the government to try to “protect” his family's businesses from further harassment if he would sign over his family's shares in the mass media companies in which they held interests, namely, Devincci Hourani's and Gulshat Hourani's shares in KTK, and Issam's shares in Alma Media. The following day, Devincci Hourani visited Dariga again. Dariga was ready with contract papers and her lawyer at hand, demanding that Devincci Hourani sign over to the First Presidential Fund, his stake in KTK media. In addition, she also presented papers for him to sign over his brother's, Issam's, shares in Alma Media and Gulshat's shares in KTK to the First Presidential Fund. Devincci Hourani did not have the requisite power of attorney to do so, but Dariga had already prepared forged powers of attorney allegedly signed by Issam Hourani and his wife, Gulshat.

22. Devincci Hourani believed that he had no choice but to capitulate to her demand. He knew she would cause further intimidation of him, his family and his employees if he refused. In addition, due to various threats made against him and his family, he feared for his life and the life of his young daughter who also lived in Kazakhstan.

23. As a result, under duress he signed documents she had ready for his signature in which he conveyed all his shares and Gulshat's shares in KTK and Issam Hourani's shares in Alma Media to Dariga for her use.

24. Dariga's acts of extortion extended to other members of the Hourani family and their businesses. Specifically, she told Devincci in the summer of 2007 that his brother-in-law, Kassem Omar, must sign over to her Universal Oil Field Supply, which owned Kokshetau Airlines. Again, she told Devincci and Kassem that she would "protect" them from the government, and that if they did not give them to her, there was no chance that they would be spared by the government. Kassem, the sole owner of both companies, signed them over to Dariga, as demanded.

25. Rather than protect them, however, she simply siphoned the companies' assets and returned the shell of the company back to Kassem Omar.

26. In addition, later in 2008, she invited Kassem Omar to see her several times, and threatened him if he did not transfer to her his holdings in Sugar Centre. From fear of further retaliation at the hands of governmental authorities, he transferred Sugar Centre's shares to her as demanded.

27. The Houranis had little choice but to turn over all of their businesses to Dariga. Had they not cooperated with Dariga, any one of them could have been arrested, jailed for indefinite periods, held on false criminal charges, or killed.

28. However, the acts of intimidation by the police did not cease. In 2008, the Houranis were forced to leave the country. Thus, the Houranis lost ownership of large, profitable businesses worth hundreds of millions, perhaps billions, of dollars.

**MIRTCHEV HAS LAUNDERED MONEY DERIVED
FROM THE EXTORTION OF THE HOURANIS' ASSETS**

29. As compensation for his role in the extortion, Dariga has undertaken to have Mirtchev paid through Krull Corp.'s bank accounts at Citibank and BB&T in Washington, D.C., and an HSBC Bank account in London, among others.

30. Payments have been, in part, from revenues of the seized Hourani businesses.

31. These payments were wired continuously from 2007 to the present, and will continue into the future into the Krull accounts.

32. The Houranis believe Mirtchev has been paid millions of dollars to date.

MIRTCHEV HAS COMMITTED A PATTERN OF RACKETEERING ACTIVITY

33. By agreeing with Dariga to intimidate and coerce the Houranis into turning over their shares in their businesses, Mirtchev violated 18 U.S.C. §1951, which states, in pertinent part:

Whoever in any way or degree obstructs, delays, or affects commerce or the movement of any article or commodity in commerce, by robbery or extortion or attempts or conspires so to do, or commits or threatens physical violence to any person or property in furtherance of a plan or purpose to do anything in violation of this section shall be fined under this title or imprisoned not more than twenty years, or both.

This is made "racketeering activity" by 18 U.S.C. §1961(1)(B).

34. As detailed, Dariga through threats of violence and threats of economic injury, obtained the Houranis' business assets which she otherwise would not have been able to obtain. Additionally, as the President's daughter, Dariga also used the pretense of official right to take these assets, even though she had no official title in Kazakhstan. These are violations of DC ST §22-3251, which states, in pertinent part:

(a) A person commits the offense of extortion if:

(1) That person obtains or attempts to obtain the property of another with the other's consent which was induced by wrongful use of actual or threatened force or violence or by wrongful threat of economic injury; or

(2) That person obtains or attempts to obtain property of another with the other's consent which was obtained under color or pretense of official right.

35. Violations of DC ST §22-3251 are made racketeering activity under 18 U.S.C. 1961(1)(A).

36. Additionally, Mirtchev conspired to extort the shares of Kassem Omar and Gulshat Hourani. Although they are not parties to this action, these acts are related to the extortion against the Houranis in that they were part of the same overall scheme conspired by Mirtchev and Dariga Nazarbayev together, and perpetrated by Mirtchev.

37. Therefore, Kassem Omar and Gulshat Hourani are additional victims of the scheme, and the acts perpetrated against them contribute to the pattern of racketeering activity Mirtchev has perpetrated.

38. The extortion of the Houranis, as detailed herein, occurred numerous times in 2007.

39. The laundering of the money partly derived from the extortion violates 18 U.S.C. §1956, the anti-money laundering statute, which is made "racketeering activity" by 18 U.S.C. §1961(B).

40. Mirtchev has violated this statute numerous times since 2007 by using bank accounts he controls to conceal money he has derived from his acts of extortion. One of his motives in using these accounts is to avoid declaring this money as his income under U.S. tax law.

41. Together, the extortion and the money laundering constitute a pattern of racketeering activity, pursuant to 18 U.S.C. 1961(5).

COUNT I: MIRTCHEV HAS VIOLATED §1962(c)

42. The Houranis have been proximately damaged by the extortion scheme.

43. Mirtchev is a “person” pursuant to 18 U.S.C. §1961(3).

44. Mirtchev has committed the pattern of racketeering activity by personally violating 18 U.S.C. §1951 and 18 U.S.C. §1956, detailed, *supra*, through Krull Corp., which affects interstate commerce and is therefore an “enterprise” pursuant to 18 U.S.C. §1961(4).

45. Therefore, Mirtchev has committed a pattern of racketeering activity through Krull, in violation of 18 U.S.C. §1962(c), and the Houranis have been damaged by some of the racketeering acts in this pattern. They were forced to turn over their businesses and have also lost income and profits as a result of this scheme.

PRAYER FOR RELIEF:

46. The Houranis demand judgment for three times their damages as proven at trial, plus costs attorney fees and any other relief deemed just and proper against Mirtchev for his RICO violations which harmed them, in violation of 18 U.S.C. §1962(c), pursuant to 18 U.S.C. §1964(c).

47. Additionally, the Houranis demand an injunction be entered against Mirtchev prohibiting him from further racketeering activity, pursuant to 18 U.S.C. §1964(c).

48. The Houranis also demand this Court enjoin Mirtchev from any further racketeering activity, order Mirtchev to divest his interest in the enterprises and dissolve them, pursuant to 18 U.S.C. 1964(a).

COUNT II: MIRTCHEV HAS VIOLATED §1962(d)

49. The preceding paragraphs are incorporated herein as though set forth in full.

50. As detailed above, Mirtchev has conspired with Dariga to violate DC ST §22-3251 and 18 U.S.C. §1951, in order to extort the Houranis' businesses from them. Mirtchev was instrumental in devising this scheme and was paid for its success. It would not have occurred without his coordination from Washington, D.C.

51. Accordingly, by conspiring to violate DC ST §22-3251 and 18 U.S.C. §1951 (forms of racketeering activity under §§1961(1)(A) and (B) respectively), Mirtchev has also violated §1962(d).

52. The extortion scheme proximately damaged the Houranis. As described above, they were forced to turn over their businesses. They have also lost income and profits as a result of the scheme.

PRAYER FOR RELIEF:

53. The Houranis demand judgment for three times their damages as proven at trial, plus costs attorney fees and any other relief deemed just and proper against Mirtchev for his RICO violations which harmed them, in violation of 18 U.S.C. §1962(d).

54. The Houranis demand an injunction be entered against Mirtchev prohibiting him from further racketeering activity, pursuant to 18 U.S.C. §1964(c).

55. The Houranis also demand this Court enjoin Mirtchev from any further racketeering activity, order Mirtchev to divest his interest in the enterprises and dissolve them, pursuant to 18 U.S.C. 1964(a).

COUNT III: CONSPIRACY TO DEFAME

56. The preceding paragraphs are incorporated herein as though set forth in full.

57. Dariga used her influence with the Kazakh embassy in Washington, D.C. to make its website available for anti-Hourani content.

58. On December 18, 2008, Mirtchev, acting through Krull, and with the active support of the Kazakh ambassador, caused the embassy website to post statements that: 1) the Houranis were members of Hamas; 2) they were supporters of Hamas; 3) they imported workers into Kazakhstan that were trained in Islamic terrorist camps; 4) they assaulted an employee of Ruby Roz Agricol, a business owned by Kassem Omar,; and 5) they owned an apartment in which an alleged mistress of Rakhat Aliyev was falsely imprisoned, drugged, and eventually murdered. These statements were false.

59. Mirtchev and Krull Corp. published or caused these statements to be published in various formats, including, but not limited to: two news stories on the website of the Kazakh Embassy in Washington, D.C.; a Forbes.com editorial; internal Kazakh Government memoranda; the so-called Aliyev Dossier published by Eurasian Transition Group (“ETG”); as well as various other Internet publications.

60. Mirtchev and Krull Corp. intentionally published or caused these false statements to be published as a means of discrediting the Houranis in the eyes of Western authorities and media. As such, the Defendants’ actions amount to more than mere negligence.

61. Given the universal condemnation of terrorism in the years since the events of September 11, 2011, there can be little doubt that the Houranis, law abiding citizens of their respective countries, have suffered a “special harm” by being branded as terrorists by the Defendants.

62. While these statements were published in 2008, Plaintiffs did not know that any of the Defendants were involved until April 2010 because the Defendants and the Kazakhstan Government concealed Defendants’ involvement with the Scheme.

63. Plaintiffs filed their Complaint (*Hourani et al. v. Mirtchev et al.*, No 10-1618 (TFH) (D.D.C. 2010), quickly thereafter, in September 2010.

64. Accordingly, Mirtchev and Krull Corp. are liable to the Plaintiffs for compensatory damages and reasonable attorneys' fees, expenses, and costs in amounts to be determined at trial, and all other available relief.

PRAYER FOR RELIEF:

65. The Houranis demand judgment against Mirtchev and Krull Corp. for damages of at least one hundred million dollars plus punitive damages and any other relief deemed proper.

Dated: November 2, 2011

Respectfully submitted,

/s/

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CERTIFICATE OF SERVICE

I certify that on November 2, 2011, I caused copies of the foregoing document to be filed electronically with the Clerk of the Court by using the CM/ECF system, which will send notice of electronic filing to all parties of record at the e-mail addresses on file with the Clerk of the Court.

Warren Anthony Fitch, Esq. (CM/ECF)
Counsel for Defendants Alexander V. Mirtchev and Krull Corporation.

/s/
Stuart H. Newberger, D.C. Bar #294793