

GRAND FINANCIAL GROUP LTD BVI
Form SC 13D/A
June 05, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934

(Amendment No. 1)

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

(Name of Issuer)

Common Stock, 0.005 rubles nominal value

(Title of Class of Securities)

68370R 10 9

(CUSIP Number)

Cindy Reiners
Grand Financial Holding S.A.
Boulevard Royal 11
Luxembourg L-2449
Tel: +352 466 3941

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

May 15, 2002

(Date of Event which Requires Filing
of this Statement)

With a Copy to:

Pavel Kulikov
000 Alfa-Eco
21 Novy Arbat
119992 Moscow
Russian Federation
(7-095) 202 8364

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

Introductory Statement

This Amendment Number 1 (the "Amendment") to the Statement on Schedule 13D

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amends and supplements the Statement on Schedule 13D previously filed jointly by Grand Financial Holding S.A., Grand Financial Group Ltd., Continental Holding Foundation and Mr. Gleb Fetisov (the "Reporting Persons") on February 11, 2002 (the "Statement"). This Amendment relates to the common stock (the "Common Stock"), 0.005 rubles nominal value, of Open Joint Stock Company "Vimpel-Communications" ("VimpelCom"), a Russian open joint stock company, acquired by Eco Telecom Limited ("Eco Telecom"), as reported in a Statement on Schedule 13D filed jointly by Eco Telecom, Eco Holdings Limited ("Eco Holdings"), CTF Holdings Limited ("CTF Holdings") and Crown Finance Foundation (together, the "Eco Telecom Reporting Persons") on June 11, 2001 (as amended and supplemented from time to time, the "Eco Telecom Schedule 13D").

The Statement is hereby amended and supplemented with respect to the items set forth below.

Item 2. Identity and Background

A current list of the directors and officers of the Reporting Persons is set forth in Annex A hereto, which is incorporated herein by reference in response to this Item 2.

During the past five years, none of the Reporting Persons and, to the best of the Reporting Persons' knowledge, no other person identified in response to this Item 2 has been (a) convicted in a criminal proceeding or (b) a party to any civil proceeding as a result of which it or he has been subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or finding any violation with respect to such laws.

Item 4. Purpose of Transaction

Item 4 of the Statement is hereby amended and supplemented by the information set forth in response to Item 6 herein, which is incorporated by reference in response to this Item 4.

Item 5. Interest in Securities of the Issuer

Item 5 is hereby amended and supplemented as follows:

(a) and (b) Each of the Reporting Persons may be deemed to share power to direct the voting and disposition of the Common Stock and 6,426,600 shares of VimpelCom Preferred Stock held for the account of Eco Telecom with CTF Holdings (a Gibraltar limited liability company with its principal address at Suite 2, 4 Irish Place, Gibraltar and its principal business being to function as a holding company) and Crown Finance Foundation (a Liechtenstein foundation with its principal address at Am Schragen Weg 14, P.O. Box 1618, FL-9490, Vaduz, Liechtenstein, and its principal business being investment and management of the assets and capital of the foundation). During the past five years, to the best of the Reporting Persons' knowledge, neither CTF Holdings Limited nor Crown Finance Foundation has been

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(a) convicted in a criminal proceeding or (b) a party to any civil proceeding as a result of which it has been subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or finding any violation with respect to such laws.

(c) Except for the transactions described in this Amendment, to the best of the Reporting Persons' knowledge, there have been no transactions effected

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with respect to the shares of Common Stock during the past 60 days by any of the Reporting Persons or any person named in response to Item 2.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer

Certain Amendments to Transaction Documents

Amendment No. 1 to the VimpelCom-Region Primary Agreement

On November 5, 2001, Eco Telecom completed the purchase of newly-issued shares of the Common Stock for US\$103 million. VimpelCom contributed the US\$103 million received from Eco Telecom (together with an additional US\$15.8 million of its own funds) as equity to Open Joint Stock Company "VimpelCom-Region" ("VimpelCom-Region"). Under the terms of the transaction documents described in the Eco Telecom Schedule 13D, VimpelCom-Region will raise up to US\$337 million (if Telenor East Invest AS ("Telenor") and VimpelCom exercise the options described in the Eco Telecom Schedule 13D and below). The US\$103 million contributed by VimpelCom represented the first tranche of this investment. Approximately US\$117 million will be raised directly by VimpelCom-Region through two capital increases to be subscribed by Eco Telecom in November 2002 and November 2003, subject to extension in certain cases, for a total investment of up to US\$220 million. Under the transaction documents (prior to the amendments described below), VimpelCom and Telenor had options, either collectively or individually, to invest up to an aggregate of US\$117 million directly in VimpelCom-Region simultaneously with Eco Telecom's second and third investment tranches. If VimpelCom and Telenor exercised these options in full, each would have invested US\$58.5 million in VimpelCom-Region. If either did not exercise its respective options in full or at all, any unexercised options may have been exercised by the other company.

On December 3, 2001, as contemplated by the agreements entered into by the Eco Telecom Reporting Persons and other third parties as described in the Statement and the Eco Telecom Schedule 13D, VimpelCom-Region sold to Eco Telecom newly-issued shares of Type-A convertible voting preferred stock of VimpelCom-Region and one share of common stock of VimpelCom-Region for a purchase price of approximately US\$40,000, resulting in Eco Telecom owning 25% plus one share of the outstanding voting capital stock of VimpelCom-Region as of December 3, 2001. Pursuant to Amendment No. 1 to the VimpelCom-Region Primary Agreement (as defined below), after the closing of Eco Telecom's second tranche investment in VimpelCom-Region scheduled for November 2002, the preferred stock will be redistributed among Eco Telecom, Telenor and VimpelCom so that each will own the same percentage of the voting capital stock of VimpelCom-Region that it would have owned if (i) its investments in VimpelCom-Region at the second closing had been

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applied to purchase common stock of VimpelCom-Region at a price per share of US\$40,000 and (ii) VimpelCom-Region repurchased from Eco Telecom and cancelled all the shares of VimpelCom-Region preferred stock owned by Eco Telecom. After the closing of Eco Telecom's third tranche investment in VimpelCom-Region scheduled for November 2003, the preferred stock will again be redistributed among Eco Telecom, Telenor and VimpelCom so that each will own the same percentage of the voting capital stock of VimpelCom-Region that it would have owned if (i) its investments in VimpelCom-Region at the third closing had been applied to purchase common stock of VimpelCom-Region at a price per share of US\$40,000 and (ii) VimpelCom-Region repurchased from Eco Telecom and cancelled such number of shares of preferred stock owned by Eco Telecom to the extent necessary for Eco Telecom to own at least 25% plus 1 share of the issued and

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outstanding voting capital stock of VimpelCom-Region (subject to certain adjustments in the event that Eco Telecom defaults on its obligations pursuant to the transaction documents).

On May 15, 2002, VimpelCom, VimpelCom-Region, Eco Telecom and Telenor entered into Amendment No. 1 to the VimpelCom-Region Primary Agreement (defined as the "VIP-R Primary Agreement" in the Statement and Eco Telecom Schedule 13D and referred to hereinafter as the "VimpelCom-Region Primary Agreement"). Amendment No. 1 to the VimpelCom-Region Primary Agreement provides that Telenor's option to invest US\$29.5 million in VimpelCom-Region in November 2002 has been combined with its option to invest US\$29.5 million in VimpelCom-Region in November 2003. After giving effect to Amendment No. 1 to the VimpelCom-Region Primary Agreement, Telenor now has a single option to invest US\$58.5 million in VimpelCom-Region in November 2002 (subject to extension in certain cases). Such option cannot be exercised in part. Amendment No. 1 to the VimpelCom-Region Primary Agreement also requires VimpelCom to exercise its option to purchase newly-issued shares of common stock of VimpelCom-Region in November 2002 (subject to extension in certain cases) for an aggregate purchase price of the ruble equivalent of either (a) US\$58.5 million if Telenor exercises its option to purchase newly-issued shares of VimpelCom-Region for a purchase price of US\$58.5 million or (b) US\$117 million if Telenor does not exercise its option to purchase newly-issued shares of VimpelCom-Region. Eco Telecom will invest in VimpelCom-Region US\$58.5 million in November 2002 and US\$58.5 million in November 2003, subject to extension in certain cases, as required under the terms of the VimpelCom-Region Primary Agreement, unless it chooses to accelerate all or a part of the amount it is required to invest in November 2003.

The description of Amendment No. 1 to the VimpelCom-Region Primary Agreement contained in this Item 6 is qualified in its entirety by reference to the complete text of Amendment No. 1 to the VimpelCom-Region Primary Agreement filed as an Exhibit hereto.

Amendment No. 1 to the VimpelCom-Region Shareholders Agreement

On May 15, 2002, VimpelCom, VimpelCom-Region, Eco Telecom and Telenor entered into Amendment No. 1 to the VimpelCom-Region Shareholders Agreement (defined in the Eco Telecom Schedule 13D as the "VIP-R Shareholders Agreement" and hereinafter referred to as the "VimpelCom-Region Shareholders Agreement"). Amendment No. 1 to the VimpelCom-Region Shareholders Agreement

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provides that if external financing is not obtained by February 2005 in order to meet VimpelCom-Region's five-year funding plan, VimpelCom-Region will give each of its shareholders the right to contribute to its capital on a pro rata basis in an amount necessary to make up the funding shortfall. However, if any shareholder does not exercise its right to make such a contribution, the other shareholders would have the right to contribute on a pro rata basis all or a portion of such shareholder's contribution. As part of Amendment No. 1, the shareholders of VimpelCom-Region also agreed to vote in favor of and take all actions necessary to effect the issuance of shares in connection with any such share issuance.

In addition, the parties agreed on certain additional terms relating to a proposed business combination of VimpelCom and VimpelCom-Region, including that the review of such a combination may be initiated by any shareholder of VimpelCom-Region that owns at least twenty-five percent (25%) plus one share of VimpelCom-Region's voting shares (with respect to Eco Telecom, so long as it has not failed to pay the purchase price for the shares of VimpelCom-Region at the second or third closings). Such a review must be initiated prior to November 5,

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2007 and may be initiated at any time after the third closing of Eco Telecom's investment in VimpelCom-Region, provided that VimpelCom-Region has the same or a greater number of subscribers as VimpelCom's Moscow operations. In the event such a business combination review is initiated, VimpelCom is required to negotiate in good faith with VimpelCom-Region to determine the structure and terms and conditions of the business combination. To consummate any such business combination, VimpelCom is also required to obtain a fairness opinion from an international investment bank selected in accordance with the procedures set forth in the VimpelCom-Region Shareholders Agreement, as amended. If (i) the international investment bank determines that certain parameters are satisfied with respect to the fair market value of the equity of VimpelCom as it relates to the fair market value of the equity of VimpelCom-Region, (ii) the ratio of the number of subscribers of VimpelCom's Moscow operations to the number of subscribers of VimpelCom-Region is between 1:1 and 1:1.2, and (iii) VimpelCom and VimpelCom-Region have negotiated the structure and terms of the business combination, then the parties are required to take the following actions in furtherance of a business combination: (a) subject to relevant fiduciary duties and obtaining shareholder, regulatory and other necessary approvals, VimpelCom and VimpelCom-Region are required to negotiate in good faith and use all commercially reasonable efforts to take all actions necessary to effect the business combination; (b) subject to the foregoing, VimpelCom is required to submit to its shareholders for approval the business combination and issuance of capital stock by it or one of its wholly-owned subsidiaries (or another entity as the parties may determine); and (c) Eco Telecom, Telenor and VimpelCom are required to take all actions within such party's capacity as a shareholder of VimpelCom-Region to approve and effect the business combination.

Amendment No. 1 to the VimpelCom-Region Shareholders Agreement also provides for VimpelCom-Region to amend and restate its charter to provide that the board of directors of VimpelCom-Region will be disbanded to create a unified management structure under VimpelCom. Issues that would otherwise have been addressed by the Board of Directors of VimpelCom-Region will now be referred to the shareholders of VimpelCom-Region. VimpelCom will vote its shares of VimpelCom-Region in accordance with decisions approved by at least 80% of all of the members of its Board of Directors. In addition, the charter will be amended to

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provide that the General Director of VimpelCom-Region will be appointed by a simple majority vote of the shareholders of VimpelCom-Region. The amended and restated charter of VimpelCom-Region also reflects changes required to bring the charter into compliance with Federal Law No. 120-FZ dated August 7, 2001, on Amending the Federal Law on Joint Stock Companies.

The description of Amendment No. 1 to the VimpelCom-Region Shareholders Agreement contained in this Item 6 is qualified in its entirety by reference to the complete text of Amendment No. 1 to the VimpelCom-Region Shareholders Agreement filed as an Exhibit hereto.

Amendment No. 1 to the VimpelCom-Region Registration Rights Agreement

On May 15, 2002, VimpelCom, VimpelCom-Region, Eco Telecom and Telenor entered into Amendment No. 1 to the VimpelCom-Region Registration Rights Agreement (defined as the "VimpelCom-R Registration Rights Agreement" in the Eco Telecom Schedule 13D and hereinafter referred to as the "VimpelCom-Region Registration Rights Agreement"). The principal effect of Amendment No. 1 to the VimpelCom-Region Registration Rights Agreement is to amend the VimpelCom-Region Registration Rights Agreement to take account of the amendment to VimpelCom-Region's charter eliminating VimpelCom-Region's Board of Directors and referring

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issues that would otherwise have been decided by the Board of Directors of VimpelCom-Region to VimpelCom-Region's shareholders.

The description of Amendment No. 1 to the VimpelCom-Region Registration Rights Agreement contained in this Item 6 is qualified in its entirety by reference to the complete text of Amendment No. 1 to the VimpelCom-Region Registration Rights Agreement filed as an Exhibit hereto.

Pledge Agreement

On March 27, 2002, Eco Telecom notified VimpelCom and Telenor of Eco Telecom's intention to pledge a certain number of the shares of Common Stock owned by it for the purpose of obtaining a loan in the amount of US\$20 million from Central Asian Capital Corporation N.V. (the "Lender"), as described further below.

On May 13, 2002, Eco Telecom entered into a Pledge Agreement with the Lender, an entity organized under the laws of the Netherlands Antilles and an affiliate of Kazkommertsbank Open Joint Stock Company, a bank organized under the laws of Kazakhstan, as pledgeholder, and Limited Liability Company IC East Capital, a Russian limited liability company (the "Depositary"), as agent (the "Pledge Agreement"). The description of the Pledge Agreement contained in this Item 6 is qualified in its entirety by reference to the complete text of the Pledge Agreement filed as an Exhibit hereto. Under the Pledge Agreement, Eco Telecom pledged to the Lender shares of Common Stock (the "Pledged Shares") to secure all monies and obligations owing to the Lender (the "Pledge") under a Loan Agreement between them dated May 13, 2002 (the "Loan Agreement"), pursuant to which the Lender agreed to make a single loan to Eco Telecom in an aggregate principal amount of US\$20 million (the "Loan"). The Loan, which Eco Telecom intends to apply for working capital purposes and to satisfy Eco Telecom's general corporate financing requirements, is repayable in full on or before July 14, 2003. Repayment of the Loan is guaranteed by Eco Holdings.

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The collateral securing the Loan will consist of a number of shares of Common Stock with a market value equal to 150% of the outstanding principal amount of the Loan. Generally, the market value of the Pledged Shares will be based on the daily closing price of American Depositary Shares representing the Common Stock. If the market value of the Pledged Shares falls and remains below 135% of the outstanding principal amount of the Loan for a continuous period of three trading days, Eco Telecom will be required to pledge or cause to be pledged a number of additional shares of Common Stock so that the total market value of the Pledged Shares will not be less than 150% of such outstanding principal amount. If the market value of the Pledged Shares exceeds and remains above 165% of the outstanding principal amount of the Loan for a continuous period of three trading days, the Lender will be required to release a portion of the Pledged Shares such that the total market value of the Pledged Shares will be equal to 150% of such outstanding principal amount. The Pledged Shares will be deposited in a blocked account with the Depositary, which will be responsible for monitoring on a day-to-day basis the market value of the Pledged Shares and providing notice to Eco Telecom and the Lender of increases or decreases in the collateral value. On May 15, 2002, 925,960 shares of Common Stock owned by Eco Telecom were deposited with the Depositary and blocked in favor of the Lender on Eco Telecom's account.

Eco Telecom will be entitled to exercise all voting and other rights attaching to the Pledged Shares until the Lender enforces its security under the terms of the Pledge Agreement and becomes the registered holder of the Pledged Shares. Eco Telecom agreed in the Pledge Agreement that it will not, among other things, sell, transfer or otherwise dispose of any of the Pledged Shares during

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the term of the Pledge. The Pledge will terminate upon the earlier to occur of the full repayment of Eco Telecom's obligations under the Loan Agreement or the written agreement of the parties to the Pledge Agreement.

Except as set forth in the Statement and in this Amendment, to the best of the Reporting Persons' knowledge, there are no contracts, arrangements, understandings or relationships with respect to the securities of VimpelCom among the persons named in Item 2 or between such persons and any other person.

Item 7. Material to be Filed as Exhibits

The Exhibit Index is incorporated herein by reference.

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SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: June 5, 2002 GRAND FINANCIAL HOLDING S.A.
By: /s/ Pavel Valentinovich Kulikov

Pavel Valentinovich Kulikov
Attorney-in-Fact

Date: June 5, 2002 GRAND FINANCIAL GROUP LTD.
By: /s/ Pavel Valentinovich Kulikov

Pavel Valentinovich Kulikov
Attorney-In-Fact

Date: June 5, 2002 CONTINENTAL HOLDING FOUNDATION
By: /s/ Pavel Valentinovich Kulikov

Pavel Valentinovich Kulikov
Attorney-In-Fact

Date: June 5, 2002 GLEB FETISOV
By: /s/ Pavel Valentinovich Kulikov

Pavel Valentinovich Kulikov
Attorney-In-Fact

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Annex A

Directors of Grand Financial Holding S.A.

Name/Title/Citizenship -----	Principal Occupation -----	Business Address -----
Geoffrey P. Hemy (United Kingdom)	Director, Grand Financial Holding S.A.	Boulevard Royal 11, Luxembourg L-2449
Cindy Reiners (Luxembourg)	Senior Trust Officer, Ludovissy & Associates	Boulevard Royal 11, Luxembourg L-2449
Gleb Fetisov (Russia)	Member Russian Federation Council	11-6 Pozharskiy per., Moscow 119034 Russia

Directors of Grand Financial Group Ltd.

Name/Title/Citizenship -----	Principal Occupation -----	Business Address -----
Irene Spoerry (Switzerland)	Managing Director, Trident Fiduciaries (Middle East) Ltd.	Cassandra Centre 29, Theklas Lyssiotti Street P.O. Box 57398 CY-3315 Limassol Cyprus
Michael Tallis (Greece)	Financial Controller, Trident Fiduciaries (Middle East) Ltd.	Cassandra Centre 29, Theklas Lyssiotti Street P.O. Box 57398 CY-3315 Limassol Cyprus

Directors of Continental Holding Foundation

Name/Title/Citizenship -----	Principal Occupation -----	Business Address -----
Martin Gstoehl (Liechtenstein)	Attorney, JuraTrust	Mitteldorf 1, P.O. Box 838, FL-9490 Vaduz, Principality of Liechtenstein
Dr. iur. E. Michael Frichtinger (Austria)	Lawyer	Mitteldorf 1, P.O. Box 838, FL-9490 Vaduz, Principality of Liechtenstein

EXHIBIT INDEX

Exhibit 24.1	A conformed copy of the Power of Attorney authorizing Pavel Kulikov to sign this Amendment on behalf of Grand Financial Holding S.A.
Exhibit 24.2	A conformed copy of the Power of Attorney authorizing Pavel

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Kulikov to sign this Amendment on behalf of Grand Financial Group Ltd.

- Exhibit 24.3 A conformed copy of the Power of Attorney authorizing Pavel Kulikov to sign this Amendment on behalf of Continental Holding Foundation.
- Exhibit 24.4 A conformed copy of the Power of Attorney authorizing Pavel Kulikov to sign this Amendment on behalf of Gleb Fetisov.
- Exhibit 99.1 A conformed copy of Amendment No. 1 to the Registration Rights Agreement, dated as of May 15, 2002, by and among Open Joint Stock Company "Vimpel-Communications", Eco Telecom Limited, Telenor East Invest AS and Open Joint Stock Company "VimpelCom-Region".
- Exhibit 99.2 A conformed copy of Amendment No. 1 to the Shareholders Agreement, dated as of May 15, 2002, by and among Open Joint Stock Company "Vimpel-Communications", Eco Telecom Limited, Telenor East Invest AS and Open Joint Stock Company "VimpelCom-Region".
- Exhibit 99.3 A conformed copy of Amendment No. 1 to the Primary Agreement, dated as of May 15, 2002, by and among Open Joint Stock Company "Vimpel-Communications", Eco Telecom Limited, Telenor East Invest AS and Open Joint Stock Company "VimpelCom-Region".
- Exhibit 99.4 A conformed copy of the Pledge Agreement dated May 13, 2002, by and among Eco Telecom Limited, Central Asian Capital Corporation N.V. and Limited Liability Company IC East Capital.