

Cyprus Court Freezes Stakes in Uralkali, Polyus

By [The Moscow Times](#)

September 23, 2010

The  Moscow Times

A Cyprus court has frozen \$6 billion worth of Russian assets including Suleiman Kerimov's stakes in potash producer Uralkali and mining group Polyus Gold, court documents showed Thursday.

The injunction on behalf of State Duma Deputy Ashot Yegiazaryan also covers holdings in the Moskva Hotel, a piece of prime real estate adjacent to the Kremlin that has been undergoing redevelopment in recent years.

Vedomosti said the plaintiff was seeking \$2 billion in damages, claiming that he had been wrongfully deprived of a stake in the hotel, though the court injunction gave no details of the underlying case. Yegiazaryan could not immediately be reached for comment.

The action was in Cyprus because it relates to investment holding companies that are registered in the tax-haven island. The action comes at an important moment as Kerimov

may be considering a merger of Uralkali and rival producer Silvinit to create a national champion, as the significance of potash is brought into focus by a \$39 billion hostile bid for Canada's Potash Corp by BHP Billiton. Both Rio Tinto and Potash Corp are interested in a stake in Uralkali, sources have said.

Issued on Sept. 16, the injunction by the Nicosia District Court bars Kerimov or proxies to order the sale, disposal or mortgage of any assets Cyprus-based Kaliha Finance holds in Uralkali.

It also bars Kerimov from disposing shares he holds in Cyprus-based Wandle Holdings and Brainpedia Holdings, as well as in White Star LP from the Cayman Islands. Those companies are also barred from disposing of or mortgaging shares in Polyus Gold, the court documents said.

"The court orders and restricts the net value of the property and assets bound at an amount in excess of \$500 million," the verdict said. A further hearing was set for Monday, where respondents named in the interim order were asked to appear, it said.

The court order will be valid pending final conclusion of the lawsuit in Nicosia, or until a separate arbitration process, which started in London on Sept. 13, is concluded, the documents said.

Other companies cited in the court documents as not allowed to mortgage or sell shares in Polyus Gold and connected to Kerimov were Cyprus-based Nafta Moskva (Cyprus), Aniketa Investments Ltd. and Denoro Investments Ltd.

Along with Kerimov, court documents also cite Arkady Rotenberg and Iraya Gilmutdinova, shareholders in a Cyprus-based company called Landsgrade Holdings. Landsgrade, and by extension Rotenberg and Gilmutdinova, were barred from any disposal of assets in DecMos. DecMos was not allowed to sell or mortgage the Moskva Hotel.

Renaissance Capital linked the case to political pressure on Moscow's longtime mayor, Yury Luzhkov, and his wife, who owns Moscow developer Inteko.

"We believe the case relating to the Moscow hotel complex does not create a serious obstacle to the potential potash story," Renaissance Capital analyst Marina Alexeyenkova wrote.

The injunction was issued ex-parte on Sept. 15, without the presence of the respondents.

Original url:

<https://www.themoscowtimes.com/2010/09/23/cyprus-court-freezes-stakes-in-uralkali-polyus-a1681>