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Legal Issues Cancel Gold Merger

By The Moscow Times

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Polyus Gold said Tuesday that it canceled a planned merger with KazakhGold Group that would have given it a main London listing, amid shareholder conflicts, a lawsuit and a criminal investigation.

Polyus was unable to resolve the dispute over the so-called reverse takeover before an Oct. 29 deadline for winning shareholder approval, chief executive Yevgeny Ivanov said. The company still aims to complete a deal allowing KazakhGold, its London-listed unit, to take over Polyus and increase the parent's access to global investors.

Polyus filed a lawsuit in London against the Kazakh Assaubayev family in June demanding $450 million of the $600 million the company paid for a controlling stake in KazakhGold last year because of alleged misuse of funds and company data.

The next month the Kazakh Industry Ministry and competition watchdog canceled approval for Polyus to buy a controlling stake in KazakhGold, while Kazakh financial police opened a criminal investigation into three Polyus-backed directors of KazakhGold, including Ivanov,

and froze KazakhGold bank accounts.

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