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Tax Cases Targeting Chigirinsky Closed

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Real estate developer Shalva Chigirinsky may return to Russia now that criminal investigations targeting him for tax evasion have been closed, Vedomosti has learned.

Two energy companies Chigirinsky headed, Moskovskaya Neftyanaya Kompania, or MNK, and its successor Moskovskaya Neftegazovaya Kompania, or MNGK, were investigated for criminal tax evasion, but the cases have been closed, a source close to the businessman told Vedomosti.

A source in the Interior Ministry confirmed that the cases were closed several months ago. A spokesperson for MNGK declined to comment.

Chigirinsky's troubles began in fall 2008 with margin calls on a loan backed by 23.3 percent of London-traded oil company Sibir Energy. Several months later, it became known that Chigirinsky had "borrowed" about $400 million from Sibir, and the company began an internal investigation.

Last summer, criminal cases were opened against MNK and MNGK, which were accused of not paying more than 600 million rubles ($19.5 million) in taxes. The main investigative department of the Moscow city police said MNK made false statements about expenses in 2002 and 2003, while MNGK was accused of evading taxes in 2006 by selling fuel to Mosenergo through a series of middlemen.

Chigirinsky, who faced up to six years in prison on the charges, was forced to leave Russia. But the cases never included specific suspects, a source close to MNGK said.

MNK was founded in 1999 by the Moscow city government to operate on the oil products market. It was replaced in January 2004 by MNGK, which was created a year earlier.

Initially, MNGK's owners were the city government and Sibir Energy, which Chigirinsky founded. In September 2007, Sibir became the only owner of MNGK, and City Hall received an 18 percent stake in Sibir. MNGK's largest assets are a 50 percent stake in the Moscow Oil Refinery, Mosnefteprodukt and Moskovskaya Toplivaya Kompania.

As the companies' CEO, Chigirinsky could have been liable, said Yury Vorobyov, a lawyer at Pepeliaev Group. The cases may have been closed because the allegations did not hold up or because the statute of limitations expired, he said.

The conflict led to the collapse of Chigirinsky's development business, as well. Chigirinsky alleged that Inteko owner Yelena Baturina, the wife of then-Mayor Yury Luzhkov, had secretly been given half of his stake in Sibir Energy and his development projects in exchange for her assistance with "bureaucratic procedures."

Baturina denied the claim.

Chigirinsky's firm Russian Land owned 16 projects around the country. Among the largest were the Russia Tower in Moskva-City, the multifunctional New Holland complex in St. Petersburg, an entertainment center on Nagatinskaya Poima and the reconstruction of the Rossia and Sovietsky hotels.

He has since lost all of them and only controls a few small projects in the regions, said a Moscow developer. They are managed by Chigirinsky's younger brother, Alexander Chigirinsky, through the company Snegiri, he said.

Chigirinsky no longer has enemies in a position to hurt him. His oil assets and villa in Monaco went to Gazprom Neft. A 3.1 billion ruble ($101 million) debt to VTB, for which London's High Court arrested virtually all of Chigirinsky's assets last year, was settled out of court.

Luzhkov was forced out of City Hall, and although Baturina is suing Chigirinsky for slander, the case is being heard in Cyprus.

There's nothing stopping Chigirinsky from returning to Russia, but he has no plans to do so, a source close to the businessman said. Another acquaintance said Chigirinsky had recently made a visit to Moscow.

Chigirinsky could not be reached for comment.

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