

Khodorkovsky Jailed Until 2017

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Former tycoon Mikhail Khodorkovsky had his jail term extended until 2017 on Thursday after being convicted of theft and money-laundering in a trial condemned in the West as politically motivated.

Moscow Judge Viktor Danilkin granted the prosecutors' request and ordered Khodorkovsky to serve 14 years in prison, including his current eight-year term and counting from the day of his arrest at a Siberian airport in October 2003.

With Khodorkovsky and co-defendant Platon Lebedev watching from a glass-walled courtroom cage at the close of their trial, the judge said there was no way they could be reformed without "isolation from society."

Khodorkovsky, once Russia's richest man and head of the now defunct Yukos oil company, is in the final year of an eight-year sentence imposed after a politically charged fraud and tax evasion trial that shaped Vladimir Putin's 2000-2008 presidency.

Russia said the trial was a matter for its courts and rejected as "groundless" U.S. suggestions that the verdict resulted from selective justice. The U.S. State Department sharply criticized

the sentencing.

"We remain concerned by the allegations of serious due process violations, and what appears to be an abusive use of the legal system for improper ends ... ," State Department spokesman Mark Toner said.

"The impression remains that political motivations played a role in this trial," German Chancellor Angela Merkel said in Berlin. "This contradicts Russia's frequently repeated intention to pursue full adoption of the rule of law."

One of the young tycoons who built fortunes after the Soviet Union's 1991 collapse, Khodorkovsky fell out with Putin's Kremlin after airing corruption allegations, challenging state control over oil exports and funding opposition parties.

Dressed in black, Khodorkovsky, whose previous sentence was due to end next October, stood stunned as Danilkin announced the sentence, which his lawyers said was made under pressure from Prime Minister Putin.

"May God damn you and your descendants," Khodorkovsky's mother, Marina, shouted at the judge's back as he hurriedly left the courtroom immediately after the sentencing.

Khodorkovsky had adamantly denied the charges, and supporters said the conviction made a mockery of President Dmitry Medvedev's pledges to improve the rule of law.

"Our example shows that in Russia, you cannot hope that the courts will protect you from government officials," Khodorkovsky and Lebedev said in a statement read out by lead lawyer Vadim Klyuvgant after the sentencing.

"The sentence was clearly issued under pressure from the executive authorities, headed as before by Mr. Putin," said Yuri Shmidt, another lawyer on the defense team.

"Putin signaled to the court who is the boss today and who today decides Khodorkovsky's fate and life," he said.

Putin made no public reference to the sentence, and his spokesman declined to comment.

West Critical of Russian Rule of Law

The sentence is a blow to Medvedev, who has said independent courts are crucial to Russia's future, casting doubts on his reform promises and reaffirming Putin's role as the decision-maker. Medvedev did not comment on the sentence.

It stoked renewed accusations of selective justice and could strain Russia's ties with the United States and the European Union, which said the conviction raised questions about Moscow's commitment to human rights.

"The new trial, the ruling and the sentence are unquestionably politically motivated," German Justice Minister Sabine Leutheusser-Scharrenberger said in a statement. She said Khodorkovsky was clearly considered a threat to those in power.

"It will be perceived as the ultimate evidence Russia is not a law-governed state, nor has the intention to become one," said Maria Lipman, an analyst at the Carnegie Moscow Center.

"The consequences will be hard for Russia as a country seeking to attract investment and will take a toll on its reputation internationally," she told Reuters.

With the economy slowing after the global financial meltdown hit Russia harder than its emerging market peers, Medvedev has courted the West and sought U.S. and EU support for a campaign to modernize the country's energy-reliant economy.

He has vowed to curb the notorious corruption and lawlessness that hinder investment, but has made little progress. Western nations have warned pointedly that independent courts are a crucial foundation for economic progress.

The trial "cast a critical spotlight on the development of the rule of law in Russia and the efforts to modernize the country," German Foreign Minister Guido Westerwelle said.

Investment Issues

But many investors are inured to the backdrop for business in Russia, and the Kremlin may have calculated it could afford to keep Khodorkovsky in jail. Putin has tried to soothe investors by casting him as an isolated case.

In the second trial, which dragged on in a drab Moscow courtroom for nearly two years, prosecutors said he and Lebedev stole nearly \$30 billion in oil from Yukos subsidiaries through price mechanisms and laundered some of the money. Khodorkovsky's lawyers dismissed the charges as a pretext to keep him in jail.

They vowed to appeal the verdict, opening the door to a potentially divisive debate over his fate in the run-up to parliamentary elections next year and a 2012 presidential vote that could see the return of Putin to the Kremlin.

After Khodorkovsky's 2003 arrest, Yukos was bankrupted by back-tax claims and its top assets sold to the state.

Supporters have cast the trials as part of a Kremlin-driven campaign to punish Khodorkovsky for challenges to Putin and to strengthen the state's grip on oil revenues, the fuel for an economic boom that transformed Russia during his presidency.

A lengthy sentence was "already priced in" to the stock market, said Kingsmill Bond, chief strategist at Moscow investment bank Troika Dialog. "I'm sad to say this was the sentence the market had anticipated," he said.

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