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Whereabouts of $4Bln Is Classified

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The protection of "strategic interests, defense capability and state security" is the reason now given by the Audit Chamber for classifying the results of its 2008 investigation into the alleged $4 billion worth of financial violations by state-owned Transneft.

The alleged violations took place during the construction of a major pipeline in Siberia in 2006, and the request to make the document secret came from Transneft itself.

The document was partially made public by prominent blogger and whistle-blower Alexei Navalny on Nov. 16, which resulted in a major scandal involving officials close to Prime Minister Vladimir Putin.

Yabloko opposition party leader Sergei Mitrokhin received a letter from the chamber informing him of the decision and posted it on his LiveJournal blog on Wednesday.

The letter said Transneft is a strategic enterprise, the management of which "provides for strategic interests, defense capability and state security."

“The Audit Chamber of the Russian Federation does not have the right to make public the information that it found while conducting its job, which comprises a commercial secret,” the letter said.

Mitrokhin said Wednesday that Yabloko would ask the courts that the records be made public in the near future.

“We’re going to the courts,” Mitrokhin told The Moscow Times by telephone. “Do you think it’s normal to cover up financial intrigues and theft?”

Reports about building the East Siberia-Pacific Ocean pipeline were published on the blog of the company’s minority shareholder and anti-corruption activist Navalny on Nov. 16.

Mitrokhin requested records from the Audit Chamber after Navalny published reports accusing Transneft of stealing $4 billion. The disclosure on the Internet created a sensation, with scores of bloggers filing online complaints to the chamber and the Prosecutor General’s Office, demanding an investigation into the alleged wrongdoings.

Navalny has told The Moscow Times that he spent months investigating Transneft and received documents from some people within the company. "There are many people working in the Audit Chamber and Transneft, and not all of them are thieves,” he told the Moscow Times in November.

As a result, at the end of December, Prime Minister Vladimir Putin asked law enforcement agencies to look into Navalny’s claims.

Transneft seemed to confirm the authenticity of Navalny’s documentation, saying it was part of an initiative by the company's new leadership, Vedomosti reported in November.

The construction of the 4,857-kilometer pipeline was originally proposed by Yukos in 2001 and started in April 2006.

Audit Chamber chief Sergei Stepashin said his office checked the authenticity of Navalny's documents by comparing them with its own probe, conducted in 2008 and 2009, Vedomosti reported in November.

Stepashin said Transneft did misuse some funds for the ESPO pipeline, but the figures were not as large as the $4 billion claimed by Navalny.

Long-serving Transneft chief Semyon Vainshtok — a career oilman, former

LUKoil vice president and a Putin protege — was removed from the company under a cloud in late 2007 after it was revealed that he had given more of the company’s money to murky charities than was paid in dividends to shareholders.

He briefly headed Olimpstroi, the state corporation funneling billions of dollars to construction projects for the 2014 Winter Olympics in Sochi.

Denis Yevstratenko, director of Prosperity Capital Management, a minority shareholder in Transneft preferred stock, told The Moscow Times in November that his company had no

specific response to the reports Navalny published, but that "when money is stolen from a company, it is a very negative thing."

Navalny said he wasn't surprised by the Audit Chamber decision to keep the Transneft records secret.

The letter to Mitrokhin cites commercial secrets, detailed descriptions of the equipment and threats to the Russian economy and defense as the reasons for keeping the information from the public eye.

"As soon as they steal a billion, talk of mobilization and defense of the country begins," Navalny wrote in his blog on Wednesday.

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