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Navalny's Suit Vs. Transneft Goes to Court

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The Moscow Arbitration Court held preliminary hearings late Monday on the second lawsuit of outspoken blogger and lawyer Alexei Navalny against Transneft, seeking to obtain the minutes from the company's board of directors' meetings for 2009 and 2010, a court official told The Moscow Times on Monday.

Whistleblower Navalny, who is also a minority shareholder at the state-owned monopoly pipeline operator, filed the suit in late December, the Russian Agency of Legal and Court Information reported Monday.

The first suit was filed in April 2010 but was rejected by the court for lacking the blogger's signature, the agency reported.

In mid-November Navalny posted on his blog information related to allegations of Transneft's $4 billion fraud during the construction of the 4,857-kilometer East Siberia-

Pacific Ocean pipeline in 2006.

The news was quickly picked up by bloggers and the media across Russia, prompting Prime Minister Vladimir Putin to seek a comprehensive investigation of the fraud claim in late December.

In January, Yabloko opposition party head Sergei Mitrokhin posted on his blog a letter from the Audit Chamber citing "strategic interests, defense capability and state security" as reasons to classify the results of its 2008 investigation into the fraud claim.

Last November the Audit Chamber investigator also said Transneft had misspent 3.45 billion rubles ($110 million) on the pipeline.

A Transneft spokesman declined to comment "on a court decision that has not yet taken place" when interviewed earlier in the day Monday.

Denis Yevstratenko, co-director of Prosperity Capital Management, a minority shareholder in Transneft preferred stock, called Transneft "nontransparent" in its dealings with minority shareholders.

Navalny may also be benefitting Transneft by filing lawsuits aimed at better corporate governance.

"This lawsuit is good for the company," he said.

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