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Businessman Gets 3 Years for Nearly Bankrupting Moscow Region

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A Moscow region court has sentenced a mastermind of a 30 billion ruble ($1 billion) embezzlement scheme that brought the region to the brink of default in 2008 to three years in prison and ordered him to pay a fine of 500,000 rubles ($18,000).

The Odintsovo City Court sentenced businessman Dmitry Kotlyarenko, 31, after convicting him of large-scale fraud committed as a member of a crime group, the Prosecutor General's Office said Friday in a statement.

Kotlyarenko was convicted of transferring to offshore banking accounts more than 1 billion rubles ($36 million) invested by the Moscow region government into housing construction from 2005 to 2008.

He has acknowledged his guilt.

Kotlyarenko was detained in Cyprus in March 2009 and extradited to Russia the next month.

The scheme was co-authored by Alexei Kuznetsov, the region's former top financial official who moved to the United States in 2008, investigators say. Kuznetsov's wife is well-known New York socialite and developer Janna Bullock.

Kuznetsov's former deputy, Valery Nosov, was arrested last year and remains in pretrial detention pending trial on embezzlement charges.

In February, the Odintsovo court convicted another participant of the fraud scheme, businesswoman Lyudmila Bezdel, and handed her a six-year suspended sentence.

The fraud is described in a book by Forbes Russia reporter Anna Sokolova titled "Corporation Moscow Region: How Russia's Richest Region Was Bankrupted."

Police for about two weeks seized 3,500 copies of the book in early April from a Moscow region printing office after a deputy governor filed a libel complaint with local police, who later refused to open a criminal case.

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