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Court Throws Out Navalny's Lawsuit

By Rachel Nielsen

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Lawyer and anti-corruption blogger Alexei Navalny speaking at the Sakharova protest in December. His lawsuit against VTB-Leasing was rejected by an upper court on Thursday. **Vladimir Andreyev**

The Moscow region's Federal Arbitration Court has backed two lower court decisions to throw out Alexei Navalny's lawsuit against a VTB Group daughter company, which he alleges laundered about $160 million dollars while buying oil-drilling equipment.

The federal court on Thursday upheld the ruling of the first court that heard the case and the appeals court, both of which declined to hear the suit, federal court official Gocha Kakubava told The Moscow Times.

In the federal appeal, Navalny asked the court to send the case back to the first court for reconsideration, according to legal newswire RAPSI, which first reported the news of the federal decision.

The case comes amid a growing national reputation for Navalny, a lawyer and anti-corruption blogger who served 15 days in jail following the State Duma elections and spoke at the second

massive protest in Moscow in December.

Navalny, who has been on vacation, didn't reply immediately to an e-mail and Twitter message concerning the latest ruling.

The press office of VTB Group confirmed by e-mail that VTB-Leasing, the daughter company at the heart of Navalny's case, is a 100 percent subsidiary of VTB Group. VTB refused to comment on the ruling, however, declining to say why it believes Navalny's case lacks merit and whether it will countersue Navalny over his case.

The Moscow Arbitration Court was the first court to hear the lawsuit, rejecting it in mid-July, RAPSI said. In the suit, Navalny sought to show that VTB-Leasing and Cyprus-registered Clusseter Limited concluded a deal to put nearly $160 million in Clusseter's accounts, RAPSI said.

Clusseter bought 30 drilling rigs from China's Sichuan Honghua Petroleum Equipment Company for $297 million, Navalny claimed, according to RAPSI. VTB-Leasing then bought the rigs for $457 million, Navalny has alleged.

Besides VTB-Leasing and Clusseter, Well Drilling Corporation is also a defendant in Navalny's suit.

Navalny had "very little chance" of prevailing in this court case, said Yury Korgunyuk, political science director at Moscow-based foundation Indem. If any lawsuit is brought against the country's ruling political elites or their associates, "there is a 100 percent chance of not winning," he said.

VTB is a state bank headed by Andrei Kostin, who has close ties to Prime Minister Vladimir Putin.

Calling the subservience of the courts to "Putin and his circle" a form of government corruption, Korgunyuk said the country's courts "aren't working."

As for what this case indicates about rule of law, especially in light of December's protests and reform announcements, Korgunyuk said, "nothing here has changed."

Gennady Melikyan, a former first deputy chairman of the Central Bank, and Leonid Melamed, a former head of telecommunications and oil holding AFK Sistema, were nominated to the board of state-run lender VTB Group, Vedomosti said, citing Economy Development Ministry recommendations.

Melikyan left the banking regulator in September, soon after VTB gained control of the Bank of Moscow, which had unexpected bad loans, Vedomosti said. The banker denied that was the reason for his departure, the newspaper reported.

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