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Police Suspect Glonass Contractor of Misappropriating $17M

By The Moscow Times

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Police raided a Russian space firm suspected of misspending 565 million rubles ($17 million) of state money on developing the country's Glonass satellite navigation system, the Interior Ministry said in a statement Tuesday.

According to the statement, investigators established that managers at Russian Space Systems, a contractor used by the Federal Space Agency, signed research contracts with unqualified commercial companies, only to siphon off the money later.

"The work was completed effectively by staff members, and the payment for supposedly fulfilling the terms of the contract was transferred to the accounts of two subordinate firms. Then the money was withdrawn via a series of fly-by-night companies and pocketed," the statement said.

Police have opened a criminal case on abuse-of-office charges and are still conducting

searches at the space firm, where they expect to uncover "new cases of illegal activity."

Russian Space Systems later denied police accusations, calling their claims "misleading."

The Glonass satellite navigation system went into operation last year.

Glonass is intended as a competitor to Europe's Galileo system or the United States' GPS system but has suffered setbacks including failed satellite launches.

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