

Defense Contractor and Serdyukov 'Friend' Arrested

By Jonathan Earle

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Yolkin is allegedly a personal friend of Anatoly Serdyukov, pictured above at a military event while still defense minister. **Andrei Makhonin**

The head of a major defense contractor and his associate on Friday became the latest suspects arrested in a growing corruption scandal linked to former Defense Minister Anatoly Serdyukov.

Alexander Yolkin, head of Slavyanka, a defense services holding company, and Yulia Rotanova used fictitious invoices to steal 53 million rubles (\$1.7 million) in state funds allocated to the renovation of a ministry building in central Moscow in 2011-12, investigators said in a statement.

The Defense Ministry in effect contracted out and paid for the same job twice, investigators said, allowing a Slavyanka subsidiary, Bezopasnost i Svyazi, to collect money for work it didn't actually do.

Yolkin is a personal friend of Serdyukov, Kommersant reported, and Slavyanka is owned by Oboronservis, the company at the heart of the corruption scandal over the Defense Ministry's dealings with contractors that ostensibly led to Serdyukov's firing earlier this month.

Investigators last week seized \$8.7 million in dollars and rubles in multiple bank accounts registered under the names of Rotanova and members of her family, as well as documents and hard drives. They also discovered four gold Breguet watches belonging to Yolkin, the Kommersant daily reported.

A video posted by police on Thursday <u>showed</u> police counting and stacking piles of 5,000-ruble and \$100 bills at Slavyanka's office.

The arrest came at a particularly unlucky time for Yolkin, who recently turned 50 years old and was rumored to be planning an elaborate celebration for Sunday that was to include a performance by U.S. pop star Jennifer Lopez, Kommersant reported.

Serdyukov and Rotanova were among the invited guests, the newspaper reported.

Slavyanka is one of the Defense Ministry's largest services contractors. The company signed two deals with the ministry in 2011 worth a combined 63 billion rubles (\$2 billion) to provide technical and sanitation services.

Yolkin, who was arrested Friday, said neither he nor Rotanova transferred or stole money, and his lawyer said Yolkin would appeal the arrest, Interfax reported.

Late last month, investigators opened five criminal cases in connection with allegedly illegal sales of military property — including sanatoriums, guest houses and land worth \$95.5 million — by the Oboronservis firm, which was chaired by Serdyukov until last year.

Also on Friday, President Vladimir Putin denied media reports that Serdyukov had been hired as an adviser to Sergei Chemezov, director of state-owned Russian Technologies.

"He isn't working anywhere yet. But if he wants to get a job somewhere, and they'll hire him, I don't think we should interfere. The man has the right to work. After all, this isn't 1937," Putin said at a news conference with German Chancellor Angela Merkel.

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