

Rostelecom President's House Searched

By [Justin Lifflander](#)

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Law enforcement officers seized documents during the raid on Rostelecom president Alexander Provotorov's house in the Rassvet residential complex in the Moscow region, according to Kommersant.
Maxim Stulov

Officers from the Interior Ministry's investigative department searched the suburban home of Rostelecom's president Alexander Provotorov and the residence of Marshall Capital founder Konstantin Malofeyev on Tuesday.

The large-scale operation is an "active phase" of an ongoing criminal investigation against Marshall Capital for fraudulently obtaining a \$225 million loan from VTB Capital, an unidentified official within police told Interfax on Tuesday.

Provotorov has been chief of the state-owned telecommunications giant since July 2010. He had served earlier as general director of Marshall Capital, whose involvement with the loan was the cause for the searches. The press center of the Interior Ministry said it had no ongoing investigations into Rostelecom, which wasn't ready to comment on the matter.

“We have no official information and therefore consider it premature to comment,” said Kira Kiryukhina, head of communications at Rostelecom.

Malofeyev told Vedomosti.ru that he had a meeting planned on Wednesday with VTB chief Andrei Kostin to resolve the conflict. Early media reports said he had been arrested.

“I have not been detained, I’m giving evidence as a witness,” Malofeyev, who owns 10 percent of Rostelecom, told Interfax.

Dmitry Skuratov, a lawyer for Marshall Capital and the son of former Prosecutor General Yuri Skuratov, was also questioned Tuesday.

The case against Marshall Capital was opened in 2011, following a complaint from VTB Capital to London's High Court of Justice that the company used undervalued collateral to obtain a \$225 million dollar loan from the bank in 2007.

The loan was made to a company owned by Marshall Capital called Russagroprom for the purchase of nine dairy plants. VTB claims the financing was obtained using collateral estimated at five times higher than its market value.

Russagroprom went bankrupt in 2011, but VTB told Kommersant that it will seek justice using all means available in national and international law.

The involvement of Provotorov as a witness is proof that certain powers want to put pressure on the head of the telecommunications company, Malofeyev told Interfax on Tuesday.

In September, Communications and Press Minister Nikolai Nikiforov made a formal request to the government to remove Provotorov and replace him with Svyazinvest chief Vadim Semyonov, who was also a law school classmate of Prime Minister Dmitry Medvedev, media outlets reported.

“The proposal to make personnel changes was already made. It’s too early to talk about how these latest events will affect that proposal,” Nikiforov said on Dozhd TV on Tuesday.

Nikiforov also said he was concerned with the midday drop in Rostelecom’s share price that resulted from the searches.

“I think the good name of the company should not suffer due to the specific history of certain private individuals,” Nikiforov said.

Rostelecom's share price on the Micex-RTS was down 4.0 percent at around noon but closed only 1.9 percent lower, at 120.48 rubles.

The company is due to announce third quarter results on Wednesday. A news conference on that topic that was to have been hosted by Provotorov has been canceled, Interfax reported.

Konstantin Ankilov, managing partner at telecommunications research firm iKS-Consulting, said that if the scandal is short-lived, then the effects on the company's stock price also will

be temporary, owing to Rostelecom's massive scale, long track record and status as a government corporation.

“This is one unpleasant episode in the long history of the company,” Ankilov said, calling Rostelecom “a serious corporation.” <!-- @page { margin: 0.79in } P { margin-bottom: 0.08in; direction: ltr; color: #000000; line-height: 150%; widows: 2; orphans: 2 } P.western { font-family: "Calibri", sans-serif; font-size: 11pt; so-language: en-US } P.cjk { font-family: "Calibri", sans-serif; font-size: 11pt; so-language: zh-CN } P.cml { font-family: "Times New Roman", serif; font-size: 11pt; so-language: ar-SA } A:link { color: #0000ff } -->

Swedish telecommunications company Tele2 and Rostelecom are discussing a merger of their Russian mobile assets into an entity that would be run by Tele2, Vedomosti reported Tuesday.

Rostelecom would have an option to buy out Tele2 three years after the deal, according to a scheme that is currently being discussed. Tele2 has selected Morgan Stanley to advise on the possible deal, according to the report.

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