

Patriot Causes VAZ Rally

By [The Moscow Times](#)

December 20, 2012

The  Moscow Times

Domestic car giant AvtoVAZ fell victim to a curious trickery last week, as fraudulent advertisements placed in the country's biggest newspapers caused a rally of the carmaker's shares.

It took AvtoVAZ ordinary stock just an hour to skyrocket by more than 20 percent Thursday afternoon on the Moscow Exchange to peak at 18.5 rubles (59 cents) per share after investors became aware of an advertisement placed in Vedomosti that the carmaker was planning a share buy-back. AvtoVAZ closed on the Moscow Exchange on Friday at 15.4 rubles per share.

The announcement said that the company will be buying its shares between December 19 and December 21 at 24.17 rubles a piece. It also said that AvtoVAZ plans to complete talks by the end of the year to purchase the stakes of its biggest owners Russian Technologies and Sberbank CIB.

Another fake advertisement was placed in Thursdays' issue of Kommersant on behalf of AvtoVAZ dealer Lada-Favorit, which announced a sale of Lada vehicles at 20 percent below

market prices.

AvtoVAZ press service dismissed the rumors about the buyback, calling the published announcement a "provocation." "AvtoVAZ has nothing to do with such kind of reports," the car maker said in a statement Thursday.

Mikhail Mykalo, the deputy chief executive of a small trading firm, similarly called Favorit, appeared to be the person behind the trickery, Vedomosti reported Friday. Mykalo confirmed that he had placed the advertisements and said that the move was his personal response to a recent deal between Russian Technologies and Renault-Nissan alliance.

Mykalo told Vedomosti that, as a patriot, he doesn't understand why a Russian company must have foreign owners.

The Federal Service for Financial Markets opened a check into possible market manipulation, the service's head Dmitry Pankin wrote in his blog.

Russian Technologies and Renault-Nissan, which also own stakes in the Russian carmaker, agreed earlier this month to create a joint venture that will later buy the 20.14 percent of AvtoVAZ held by Sberbank CIB.

Original url: <https://www.themoscowtimes.com/2012/12/20/patriot-causes-vaz-rally-a20383>