

Police Raid Nizhny Novgorod Administration in \$16M Embezzlement

By [The Moscow Times](#)

April 01, 2013

The  Moscow Times

Investigators on Tuesday raided the Nizhny Novgorod administration's offices after 500 million rubles (\$16 million) earmarked for road repairs was allegedly embezzled from budget funds.

The Interior Ministry also opened a criminal case against Nizhny Novgorod deputy governor Arnold Shalmuyev on charges of abuse of office and coercion to commit the transactions, Interfax reported Tuesday.

"The motive for opening a criminal case was the evidence of embezzlement of budget funds allocated for road repairs in the region," the ministry's press office said.

The ministry's economic security and anti-corruption unit conducted a large-scale operation that revealed an organized group whose members are suspected of embezzling 500 million rubles earmarked for road repairs.

In 2011, the funds were transferred from the federal budget through a company called Magistral to a number of fly-by-night firms. The funds were then cashed out and distributed among members of the group.

In 2011 alone, the group embezzled 150 million rubles.

"In 2012 an independent entrepreneur won a tender to conduct road repairs. Yet, due to pressure from members of the organized criminal group, the winner had to abandon the project," the ministry said.

Later, another company won the tender and subcontracted the work to 12 different organizations, the heads of which were forced to pay kickbacks, investigators say.

The largest amounts were paid to the highest-ranking officials, while the remaining money was distributed among members of the criminal group.

Arnold Shalmuyev, the deputy governor of the Nizhny Novgorod region, faces up to seven years in prison on charges of abuse of office and 10 years in prison on charges of coercion to commit the transactions.

Five criminal cases have been opened over the matter so far.

Related articles:

- [Navalny Embezzlement Case Sent to Court](#)
- [5 Detained for Real Estate Fraud Worth \\$32M](#)
- [Embezzlement Case Involving Conductor's Fund Postponed](#)

Original url:

<https://www.themoscowtimes.com/2013/04/01/police-raid-nizhny-novgorod-administration-in-16m-embezzlement-a22879>