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Polonsky Charged in Absentia With $180M Embezzlement

By The Moscow Times

June 17, 2013



Property tycoon Sergei Polonsky has been charged with embezzling 5.7 billion rubles ($180 million), Vedomosti reported, citing the Interior Ministry.

He failed to appear before investigators at the ministry on Friday.

Polonsky, founder and main shareholder of construction company Potok, formerly Mirax Group, is accused of stealing the money from stakeholders in the Kutuzovskaya Mile residential development project in western Moscow, in which his company was an investor.

Polonsky denies the charges, said one of his lawyers.

In 2007 and 2008 Polonsky's companies sold apartments in the ongoing Kutuzovskaya Mile project. A subsidiary of Potok drew up sale agreements that bore no relation to the actual project, collected the money, and was then artificially bankrupted, investigators claim.

Polonsky was brought into the Kutuzovskaya Mile project in 2005. His company originally planned to construct 921,000 square meters of living space, investing $1.6 billion. In 2009 the project, still incomplete, was frozen, after which Polonsky's contract was annulled.

Alexander Dobrovinsky, Polonsky's lawyer and CEO at Potok, said that neither he nor any of his colleagues had been presented with charges by the investigators.

Polonsky's whereabouts are unknown. A notoriously pugnacious former billionaire, he was arrested in Cambodia on new year's eve 2012 after allegedly assaulting local sailors. He spent months in a Cambodian jail, before reportedly being released on condition that he not leave the country.

The authorities might put out an international warrant for Polonsky's arrest, said a source in the Interior Ministry.

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