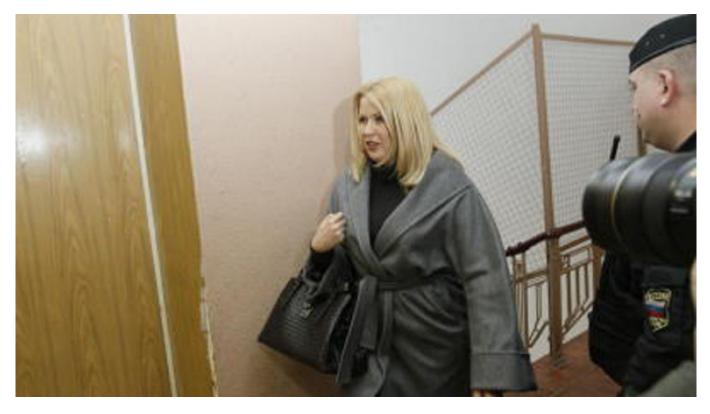


2nd Defendant Cooperates in Oboronservis Case

By The Moscow Times

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Yevgeniya Vasilyeva at the Khamovnichesky District Court in March 2013. Andrei Makhonin

A second defendant accused of helping sell prime Defense Ministry properties at below market prices has confessed to her role in the scam and agreed to cooperate with investigators, a news report said Tuesday.

Dinara Bilyalova's testimony, as well as that of defendant Yekaterina Smetanova, gave investigators a complete picture of the crimes and allowed them to compile definitive charges against the former head of the Defense Ministry property department, Yevgenia Vasilyeva, who was indicted in October after almost a year on house arrest, Kommersant reported.

Bilyalova was charged with large scale fraud and arrested in June 2012. Smetanova is also facing charges for fraud worth 86 million rubles (\$2.6 million).

After several months spent in pretrial detention, Bilyalova and Smetanova confessed

and reached cooperation agreements with the Prosecutor General's office. Smetanova was released in February and Bilyalova at the end of September.

Vasilyeva is accused of exerting her influence to place first Smetanova and then Bilyalova at the head of a Defense Ministry-affiliated company, initially titled Expert and later renamed Mira, which was entrusted with locating buyers for ministry real estate.

Investigators believe that both Smetanova and Bilyalova used the position to sell properties at substantially reduced prices to select buyers while personally taking home approximately 5 percent of the sale prices — hefty sums given the value of the properties involved.

Under Bilyalova, Mira sold off two choice properties in the center of Moscow for prices hundreds of millions of rubles below their value, investigators say, with the Defense Ministry paying about 123 million rubles (\$3.8 million) in illegal commissions to the company's head.

Former Defense Minister Anatoly Serdyukov was fired by President Vladimir Putin last year after searches connected to the case were first conducted at the ministry-affiliated company Oboronservis.

Large scale fraud is punishable by up to 10 years in prison. Both cooperating defendants are expected to receive mitigated sentences when they go to court at the end of the year.

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