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Case Opened in Sale of Building Undervalued by $18M

By The Moscow Times

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The building, located on Prospekt Mira. **Andrei Makhonin**

The Moscow branch of the Investigative Committee opened a case against the sale of the Moscow Regional Duma building last year for one-twentieth of its value, Kommersant reported.

The 5,350-square-meter building on Prospekt Mira in the capital's northwest was sold for 29.3 million rubles (about $900,000) — far below the building's estimated market value of $19 million.

The property belonged to the bankrupt Tserit Stroi construction company, the liquidation of which is managed by Alexander Vakka.

Vakka, who is also responsible for asset disposal, hired OOO Fintrust to put the property up for online auction — a Dutch auction, where the asking price is lowered until one of the

bidders is willing to accept the price. However, there was only one bidder — Vladimir Sizov. Fintrust failed to announce the auction a month before as required by law and prevented the only other interested party from taking part in bidding, according to the paper.

During the auction, the property's price was reduced every hour, chopping off up to 40 percent in the first few hours, instead of the prescribed price drop of 0.7 percent per day agreed by the creditors.

Documents relating to the criminal investigation said Vakka and other unidentified persons caused Tserit Stroi a loss of $18 million.

The deal was initially challenged by the Moscow region's government through the Moscow Arbitrage Court in June 2013, which led to the current criminal case initiated by the Investigative Committee.

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