

Corruption Case Opened Against Space Company Chief

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Investigators have opened a corruption case against Energia Rocket and Space Corporation chief Vitaly Lopota following an inquiry into the organization's financing of an international joint venture.

Lopota is suspected of causing Energia to incur losses of 41 million rubles (\$1.1 million), Izvestia reported Wednesday.

An unidentified security official told Izvestia that Energia took out two loans in 2010 totaling 5.2 billion rubles with an 8 percent annual interest rate. The funds were misappropriated when Lopota allegedly ensured that two of Energia's subsidiaries got loans that were unprofitable for the company because their interest rates were lower.

Lopota faces up to four years in jail if convicted of abuse of office.

The subsidiaries in question are Energia Overseas and Energia Logistics, through which Energia owns and operates Sea Launch, an international joint venture that launches commercial satellites aboard Zenit rockets from a floating launch pad on the equator.

Energia Overseas became the majority owner of Sea Launch after the joint venture declared bankruptcy in 2010. It then increased its stake from 25 percent to 85 percent and was committed to investing \$200 million in working capital and an equity investment of \$140 million.

That year it was estimated that the company would need to launch four to five Zenit rockets a year to make profit.

However, only three of the rockets lifted off in 2012, and in February 2013 one crashed into the Pacific Ocean less than one minute after takeoff, prompting Deputy Prime Minister Dmitry Rogozin to order an investigation into the company.

Since then there have been no launches, though a European satellite is scheduled to fly aboard a Sea Launch Zenit rocket sometime this year.

Sea Launch is currently \$400 million in debt.

It was founded in 1995 by American aerospace firm Boeing, Energia, Norway's Kvaerner, and the Ukrainian manufacturer of the Zenit rocket, the Yuzhnoye Design Bureau.

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