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# Cyprus Court Freezes Mechel Owner's Stake

By The Moscow Times

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Mechel's main shareholder and chairman Igor Zyuzin.

A Cyprus court has frozen the assets of three offshore entities through which Mechel's main shareholder and chairman Igor Zyuzin owns a 67.4 percent stake in the indebted steelmaker and coalminer, Interfax news agency reported Monday.

Zyuzin is a controlling shareholder in Mechel, which has been hit by weak prices for its products, forcing it to sell loss-making assets and to negotiate delayed debt repayment with creditors.

The order was issued by a court in Cyprus on behalf of Saven Enterprises, a British Virgin Islands-incorporated minority shareholder in one of Mechel's subsidiaries, Interfax said, citing a copy of the order.

In several lawsuits, Saven Enterprises accuses Mechel and its subsidiary of using illegal

schemes to spend the subsidiary's profits on the repayment of Mechel's debts.

The injunction means those offshore companies can't dispose of their holdings in Mechel or pledge them as collateral to secure a loan. Zyuzin has already pledged 41.6 percent with creditor banks which he holds through two of those firms.

Mechel denied any wrongdoing and said it would fight the decision in the courts.

"The temporary injunctions will have no affect on the daily operations of the company," a company spokesman said.

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