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Russia's 15th Richest Man Yevtushenkov Arrested

By The Moscow Times

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Vladimir Yevtushenkov

Russian investigators said Tuesday they had placed the chairman of conglomerate Sistema under house arrest, accusing him of money-laundering in a move the head of an industrialists' group condemned as being politically motivated.

The charges against Sistema's Vladimir Yevtushenkov were made in connection with the acquisition of shares in oil producer Bashneft.

They follow a court order that prohibited Sistema from selling its shares in Bashneft earlier this year, due to an investigation that Sistema had said it was not party to.

Russia's Federal Investigative Committee said it was looking into a criminal case over the theft of shares of oil companies in Bashkortostan, a Russian republic.

"Investigators have reasonable grounds to believe that Sistema Board Chairman Vladimir

Yevtushenkov is involved in the legalization of property acquired by criminal means. Today he was accused of money-laundering," the committee said in a statement on its website.

Sistema, which controls Russia's biggest mobile phone operator MTS, said it considered the accusations baseless.

Some observers are crying foul as Yevtushenkov's detention follows speculation that state-controlled Rosneft, Russia's biggest oil producer run by President Vladimir Putin's powerful ally Igor Sechin, was interested in buying Bashneft.

The head of the Russian Federation of Industrialists and Entrepreneurs (RSPP), a big business group that controls two thirds of the Russian economy, compared the case to that of former oil giant Yukos, whose ex-owner Mikhail Khodorkovsky fell foul of the Kremlin.

"Without doubt this looks very like 'Yukos 2.0', because the charges apply to the head of a company that paid $2.5 billion for assets and is now accused of stealing shares and money-laundering," RIA news agency quoted RSPP head Alexander Shokhin as saying.

Khodorkovsky, once Russia's richest man, was arrested at gunpoint in 2003 and convicted of theft and tax evasion in 2005. Yukos, once worth $40 billion, was broken up and nationalized, with most assets handed to Rosneft.

Political Aspect

Kremlin spokesman Dmitry Peskov said it was absurd to attribute any political motives to the charges against Yevtushenkov.

"It's absolutely untrue and absurd to try and paint this story with any political colors," RIA quoted him as saying.

"The president is counting on the investigating authorities finding answers to all the questions in the course of their objective investigation."

Russian news agencies also reported Yevtushenkov had to stay under house arrest until Nov. 16 and that his lawyers had three days to appeal against the Moscow Basmanny Court decision.

Sistema, which occupies a historic building in front of the Kremlin's walls, rejected the accusations.

"We believe the charges brought by Russia's Investigative Committee against AFK Sistema Chairman V.P. Yevtushenkov (to be) completely groundless and we will use all legal means to defend our position," it said in emailed comments.

MTS's New-York listed stock fell 4.8 percent on the news.

Since Sistema became majority shareholder in 2009, Bashneft has shown one of the highest production growth rates among Russian oil companies, thanks to advanced recovery techniques used at its deposits.

Russian business daily Vedomosti reported in June that Rosneft was interested in buying Bashneft, but Yevtushenkov said at the time Sistema was not involved in negotiations to sell, while Rosneft would not comment on the report.

Yevtushenkov is ranked Russia's 15th richest man by U.S. magazine Forbes, with an estimated fortune of $9 billion.

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