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Moscow Exchange Sees Share Manipulation in Reports of Russian Tycoon's Release

By The Moscow Times

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Vladimir Yevtushenkov

The Moscow Exchange on Thursday raised suspicions of market manipulation via spurious media reports last week that Vladimir Yevtushenkov, billionaire chief of giant Russian oil-to-telecoms conglomerate Sistema, had been freed from house arrest.

Shares in Sistema — which a month ago had a capitalization of some $9 billion — plunged nearly 40 percent after Yevtushenkov's sudden arrest on money-laundering charges on Sept. 16. Three days later, Russian news agencies, citing a statement from Sistema, said Yevtushenkov had been freed. Shares in the company briefly rocketed 16 percent on the news.

"The stock exchange has found signs [of share manipulation] and sent this information to the Central Bank. The signs are obvious," Moscow Exchange CEO Alexander Afanasyev told news

agency RIA Novosti.

The Central Bank will investigate the alleged manipulation, Afanasyev said.

Yevtushenkov was arrested as part of an investigation into Sistema's acquisition of mid-sized oil producer Bashneft between 2005 and 2009, sparking suspicions that the case could be a pretext for the seizure of Bashneft's promising oil assets by the Russian state.

Western sanctions on Moscow over the conflict in Ukraine have hit the solvency of Russia's big state energy firms, such as oil giant Rosneft, giving them good reason to hanker after the assets of an up-and-coming producer like Bashneft.

Last week, Yevtushenkov — a notably apolitical businessman ranked by Forbes as Russia's 15th richest man — had his appeal for release rejected by a Moscow City Court.

On Monday, the court seized Sistema's shares in Bashneft, sending Sistema's share price down a further 25 percent. Sistema's capitalization has fallen over 60 percent since Yevtushenkov's arrest.

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