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Russian Court Extends House Arrest of Sistema's Yevtushenkov

By The Moscow Times

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Chairman of the Sistema business conglomerate Vladimir Yevtushenkov (L) attends a court hearing in Moscow on Nov. 14, 2014.

A Russian court extended the house arrest of billionaire Vladimir Yevtushenkov on Friday just weeks after his shares in an oil company were seized, pressing a case some investors say signals a return to state intervention in business.

Moscow's Basmanny Court ruled that Yevtushenkov should be held for another four months on suspicion of money laundering, ignoring his argument that he would be better off running his oil-to-telecomms conglomerate Sistema.

"The decision is unexpected because you always expect a fair outcome, which for us, unfortunately, didn't come. So far, anyway," his lawyer Alexander Gofshtein told reporters.

Shares in Sistema fell almost 2 percent on the day after the ruling. They are down more than

70 percent since a peak in July.

The decision is the latest move against Yevtushenkov, who some Kremlin critics say has been caught in the middle of a bid by the state to get back control of oil and gas assets sold off in the rapid and chaotic privatizations in the 1990s.

Yevtushenkov, one of Russia's richest men, was placed under house arrest in September on suspicion of money laundering related to the acquisition of oil producer Bashneft in 2009, which investigators are also probing. The company denies the charges.

Late last month, Moscow's Arbitration Court ruled in favor of prosecutors who said Bashneft was unlawfully sold to local authorities in the early 2000s before being sold to Sistema. Sistema's shares in Bashneft were handed to the state.

Sistema directly owns almost 72 percent of Bashneft's voting shares and has an overall stake of 86.7 percent.

The case has caused an outcry in Russia's business community and drawn comparisons with the case of Mikhail Khodorkovsky, once Russia's richest man and head of now defunct oil producer Yukos. He was arrested on fraud and tax evasion charges in 2003 and jailed after falling out with President Vladimir Putin.

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