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Putin Expresses Support for Freed Sistema Head Yevtushenkov

By Sam Skove

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President Vladimir Putin said money laundering charges against Yevtushenkov, above, had been dismissed.

President Vladimir Putin's expression of support for billionaire Sistema owner Vladimir Yevtushenkov following his release from house arrest sent the conglomerate's stock up 90 percent on Thursday in an abrupt change of fortunes for the embattled company.

Sistema's shares are still down more than 60 percent since Sept. 16, the day Yevtushenkov was arrested for money laundering in connection with Sistema's purchase of mid-sized oil producer Bashneft in 2009. A Russian court ruled in October that Bashneft had been illegally privatized and handed the company's shares back to the government.

Putin, speaking at a major end-of-year news conference, said he had invited the billionaire to attend a planned meeting with top Russian businessmen and added that he hoped Sistema would regain its market position. Sistema shares, which had already strengthened following

news of Yevtushenkov's release late on Wednesday night, shot up even further on Putin's statements.

During talks with journalists, Putin also said that the Bashneft case did not reflect any revision of the government's stance towards privatization.

The case has sent shockwaves across Russia's business community and evoked frequent comparisons to the nationalization of defunct oil giant Yukos in the mid 2000s.

At the time one of the world's largest oil companies, Yukos was dismantled and its assets bought up at below market prices by state-owned energy giant Rosneft. Its owner Mikhail Khodorkovsky was finally released last year on a presidential pardon after a decade behind bars.

Many Russian companies have their roots in Soviet era state-owned enterprises, making the government's willingness to challenge the legality of Bashneft's privatization a grave concern for Russian businessmen and foreign investors.

Putin also directly addressed the money laundering charges against Yevtushenkov, saying that investigators "had not proven this fact, in this regard the charges have been dismissed."

On the same night Yevtushenkov was freed, a Moscow court ordered the arrest in absentia of Ural Rakhimov, the former CEO of Bashneft, on charges of stealing shares during the 2009 sale to Sistema, news agency RIA Novosti reported Thursday.

Ural Rakhimov took control of Bashneft after its privatization in 2003 in a deal clouded by controversy. Bashneft's main oil deposits are in the Russian republic of Bashkortostan, which at the time of the privatization was headed by Rakhimov's father, Murtaza Rakhimov.

Rakhimov's sale of his Bashneft shares to Sistema came just a year before his father left the presidency following the deterioration of his relations with the Kremlin.

Rakhimov is currently in Austria for health reasons, news agency RBC reported Thursday.

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