

New Details Emerge in Baffling Disappearance of Russian Hedge Fund CEO

By [The Moscow Times](#)

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A boy stands on top of a heap of snow in the Red Square, with St. Basil's Cathedral seen in the background, in central Moscow.

New details have emerged in the scandal surrounding Russian hedge fund Blackfield Capital, whose founder disappeared last October, allegedly with all of the company's assets, and hasn't been heard from since.

In a report published by the Wall Street Journal, former employees of the company — which has since gone bankrupt — said the founder, Kim Karapetyan, had plans for expansion into the West.

Blackfield Capital had all the appearances of a smashing Russian success story. Launched in 2009, the company specialized in algorithmic trading and was trading as much as 2 percent

of futures and options contracts on the Moscow Stock Exchange by 2013, the report said. Karapetyan reportedly told employees that the firm had once managed \$300 million in assets.

An expansion into the U.S. would have seemed a natural step, but the plans appear to have gone sideways in the spring, when an economic slowdown in Russia aggravated by Western sanctions over alleged Russian meddling in Ukraine scared off investment, a former employee told the Wall Street Journal.

The real saga began in mid-October, when three unidentified men stormed into the company's Moscow offices and demanded to see 29-year-old Karapetyan. Karapetyan didn't show up for work that day or the next, and Blackfield's executives were soon forced to announce that there was no money left to pay salaries, former employees said.

The company's accounts, which contained about \$20 million in company money and investors' funds, had been drained.

Even that October, the company had still been making plans to begin trading on the London Stock Exchange and Chicago Mercantile Exchange, even renting out offices in New York City, former employees said.

But after the U.S. and European Union slapped Russia with sanctions, the company's U.S. outfit laid off all its employees and terminated its lease, according to the report. Former employees in the Moscow office said major investors had withdrawn funds.

Karapetyan has not officially been accused of any crimes, but much of the information he provided to employees was later found to be false. He reportedly told Blackfield employees that he had worked as a portfolio manager for Morgan Stanley, although a Morgan Stanley spokesman told the Wall Street Journal there was no record of this. His claim to have studied at the London School of Economics was also later debunked, with the university finding no record of his attendance, the report said.

After Karapetyan's disappearance, Blackfield Capital staff members received a series of cryptic messages. One message, posted on the company's website, said to look for Karapetyan in the U.S. The message was soon deleted.

A man claiming to be Karapetyan contacted top employees and investors shortly after his disappearance, saying only that he was on the run due to threats against him, the report said, citing company employees. The man said he would return investors' funds but promptly disappeared again.

Now, months later, the demise of the once glamorous company remains a mystery, and Karapetyan is still unaccounted for.

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