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Managers at Russia's Trust Bank Charged With Fraud That Forced $500 Million Bailout

By The Moscow Times

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A woman walks out of a branch of Trust Bank, with an advertisement for the bank, featuring an image of Hollywood actor Bruce Willis seen in the window, in Moscow.

Former managers and employees of Trust Bank — the first bank bailed out by the state during Russia's ongoing financial crisis — have been charged with fraud for allegedly spiriting millions of dollars away through offshore companies, the Interfax news agency reported Friday.

The Central Bank gave Trust Bank an emergency 30 billion ruble ($590 million) loan and put it under supervision in December after a sharp devaluation of the ruble sent shockwaves through the Russian banking system.

In January, the Central Bank announced that it had discovered signs of asset stripping at Trust

Bank. The regulator believes that the actions of the bank's former owners and managers precipitated its later financial difficulties, Interfax reported.

The accused managers and employees are suspected of making fake credit agreements with Cypriot companies, which would then transfer the funds to people and companies under Trust Bank's control, police spokeswoman Yelena Alekseyeva told Interfax.

They are suspected of stealing $118 million as well as more than 7 billion rubles ($138 million) in this way between 2012 and 2014, Alekseyeva said.

The suspects' names were not given. The crime they are charged with — fraud committed by an organized group or on an especially large scale — is punishable by prison time of up to 10 years with a fine of up to 1 million rubles ($20,000).

Trust Bank was Russia's 27th largest bank in April with net assets of about 336 billion rubles ($6.6 billion), according to industry website banki.ru.

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