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Polonsky Deported Amid Warming Russia-Cambodian Ties

By Howard Amos

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Sergei Polonsky

Colorful Russian businessman Sergei Polonsky was formally charged with fraud by Russian investigators Monday after being deported in flip-flops and shorts from Cambodia amid accumulating indications of warming ties between Moscow and Phnom Penh.

The former billionaire was met by armed police at Moscow's Domodedovo Airport on Sunday evening just days after his arrest by Cambodian security services on a yacht in the Gulf of Thailand.

"Polonsky has been charged with large-scale fraud," an Interior Ministry spokesperson said Monday, according to Russia's Interfax news agency.

Suspected of embezzling 5.7 billion rubles ($116 million), the eccentric Polonsky has spent over two years living on a private island in Cambodia after leaving Russia in the wake of the

2011 liquidation of his real estate company Mirax, which had defaulted on $442 million worth of debt.

Phnom Penh's sudden decision to give up the 42-year-old appears to be linked to the Kremlin's striving to strengthen ties with Asian countries in the wake of a confrontation with the United States and Europe over Ukraine that has caused economic damage and left Moscow internationally isolated.

"The fact that they have handed him over ... shows a significant improvement in the relationship with Russia," said Dmitry Mosyakov, an expert on Cambodia at the Russian Academy of Sciences.

Cambodia enjoyed close ties with the Soviet Union, and many current top Cambodian officials graduated from Soviet universities and still speak Russian.

Phnom Penh is keen on greater military and economic cooperation with Russia, and Foreign Minister Sergei Lavrov praised law enforcement ties between the two countries after a March meeting with his Cambodian counterpart, Phnom Penh's former ambassador to Moscow.

Cambodia is reportedly seeking to arrange a visit by Prime Minister Hun Sen to Moscow this year.

There was confusion over the exact grounds for Polonsky's sudden deportation, with his lawyers denying official Cambodian statements that he had violated the terms of his visa. Cambodia's highest court threw out a Russian request for Polonsky's extradition last year.

"He is a naughty man," said Uk Heisela, the chief of the investigations unit at the Cambodian Interior Ministry's immigration department, the AFP news agency reported over the weekend.

Polonsky's extravagant lifestyle and outspoken arrogance have earned him many enemies and drawn the relentless attention of Russian tabloids.

He is notorious for a 2008 remark at a party when he was overheard saying that "anyone who doesn't have a billion [dollars] can go screw themselves." And in 2011 he was punched in the face by ex-KGB officer and businessman Alexander Lebedev live on air during a television talk show.

"The world's press is never interested in good people," said Alexander Dobrovinsky, a lawyer who worked for Polonsky for 2 1/2 years and who now is in a legal battle with his former client over unpaid fees.

The Kremlin has sought to strengthen ties in the East amid European and U.S. sanctions over Ukraine. China has been the main object of Moscow's overtures, with premier Xi Jinping featuring as star guest at recent Victory Day celebrations in Moscow, but other Asian countries are also benefitting from the shift.

During his stay in Cambodia, Polonsky was accused of kidnapping several local sailors and threatening them with a knife during riotous New Year's celebrations, and has reportedly been involved in an acrimonious feud, involving beatings and arson, with Nikolai Doroshenko, another Russian businessmen living in Cambodia who was formerly Polonsky's

partner.

Television footage showed Polonsky, once estimated to be worth $1.2 billion, arriving in Russia on Sunday donning the loungewear he was arrested in days earlier. He was subsequently driven to the Matrosskaya Tishina detention center where high security prisoners are held.

Polonsky, who has always maintained his innocence, faces up to 10 years in prison if found guilty.

Always a maverick figure in Russia's real estate business, one of Polonsky's first jobs was selling cherries on trains in Ukraine. After moving to Moscow in the early 2000s, he made his Mirax Group into one of the sector's giants, and was involved in several elite development projects.

At the height of its success, Mirax group started building what was to be Europe's tallest skyscraper, the Federation Tower now controlled by state-owned VTB Bank.

Polonsky championed transparent business and was involved in a famous televised argument with Kremlin heavyweight Vladislav Surkov. In 2010, he was reportedly also close to top government official Arkady Dvorkovich, and was filmed shouting obscenities down the phone to the then presidential aide in 2011.

"He never thought he would ever have to answer for his words or his actions," said lawyer Dobrovinsky. "Cambodia was simply tired of Sergei Polonsky."

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