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Convicted Russian Real Estate Tycoon Polonsky Walks Free From Court

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Russian real estate tycoon Sergei Polonsky, who is charged with embezzlement, reacts inside the defendants' cage as he attends a court hearing in Moscow. **Moskva News Agency**

Sergei Polonsky, the founder and former major shareholder in the once mighty property corporation Mirax Group, was found guilty of major fraud on Wednesday, but walked free from court, the Kommersant newspaper reported.

The court found Polonsky guilty on two cases of major fraud and embezzlement, deciding he should face five years in prison.

However the court unexpectedly ruled the crime constituted a business dispute and Polonsky would only face punishment for the "non-fulfillment of contractual obligations."

The judge ruled that too much time had passed since the crime was committed for the court's decision to be implemented.

In addition, the court convicted his business partners, Alexander Paperno and Alexei

Pronyakin, and shortened their sentences to three and two years in prison, respectively. The other top managers of Mirax Group escaped persecution.

The 44-year old Polonsky, a St. Petersburg native, has long had a reputation for outrageous behavior and remarks. In 2011, Forbes Russia named him one of the nine most unusual businessmen in Russia.

The criminal case against Polonsky began in June 2013 when he was charged with embezzlement, having reportedly defrauded clients and investors of 2.5 billion rubles ($42 million).

The stolen money concerned investors in two luxury apartment building projects in prime Moscow areas.

In August 2013, an international warrant was issued for Polonsky's arrest while he was residing on an island in Cambodia.

Since Russia did not have an extradition agreement with the south-east Asian country, the Prosecutor General's Office spent two years trying to bring Polonsky back to Russia to face justice.

After his extradition in spring 2015, Polonsky was placed in Moscow's Matrosskaya Tishina prison where he awaited his trial — and also managed to get married.

Polonsky, who in 2008 had a fortune estimated by Forbes at $1.2 billion, insisted that all criminal charges against him were "nonsense," and that the case was fabricated by his rivals in order "to seize the best construction company in Russia," Kommersant reported.

"I plan to turn the world upside down," Polonsky said after walking out of court. Earlier, in his official closing remarks, he said he would set up a legal center for the protection of entrepreneurs' rights.

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