

Russian Regional Court Rules Against Detained Investor Calvey

A court in Amur has ordered the Baring Vostok fund to sell its stake in disputed Vostochny bank.

By [bne IntelliNews](#)

May 20, 2019



Michael Calvey. Kirill Zykov / Moskva News Agency

A Russian arbitration court in the Far Eastern Amur region has ruled against detained investor Michael Calvey's private equity fund Baring Vostok Capital Partners in the controversial case for the control of 9.99 percent of Vostochny bank.

The court has ordered the fund to sell its stake in the bank to Finvision Holdings Ltd., which is owned by rival shareholder Artyom Avetisyan.

The fund claimed that the decision inflicts "serious reputational harm" on the whole Russian judicial system, and has pledged to appeal the ruling.

Avetisyan is a minority shareholder in Vostochny and has been locked in a legal dispute with Baring Vostok, which is the majority shareholder in the bank.

Related article: [Moscow Court Extends U.S. Investor Calvey's House Arrest](#)

Calvey and several of his colleagues from Baring Vostok were arrested in February after the Federal Security Service (FSB) opened an investigation into an accusation that BVCP illegally mispriced shares in Vostochny. Calvey is accused of embezzling 2.5 billion rubles (\$37.5 million).

Since the 2014 devaluation of the ruble, Vostochny has been having problems. It was once one of Russia's leading consumer financing banks, specialising in providing services in Russia's regions, but the Central Bank of Russia (CBR) ordered the owners to re-capitalise the bank, prompting a dispute between Baring Vostok and Avetisyan about how much money they should put in and to what extent their stakes should be diluted.

Baring Vostok invoked a clause in the shareholders agreement that meant the dispute should be resolved by the London Court of International Arbitration (LCIA).

It is widely assumed that Avetisyan struck back by using his friendship with Dmitry Patrushev, the son of the former director of the FSB, to launch the FSB investigation as a way to pressuring Baring Vostok to withdraw the London lawsuit.

Avetisyan filed the Amur lawsuit despite the fact that the shareholders' agreement explicitly says all disputes should go for arbitration to the LCIA.

Related article: [Boycotting the St. Petersburg Economic Forum Won't Free Calvey](#)

The LCIA ruled that the case between Finvision and Baring Vostok can only be settled in U.K. courts. Sending cases to be heard in corrupt regional courts is a widespread practice in the Russian investment business.

Avetisyan claims that Baring Vostok breached the shareholder agreement by pulling out of a call option, or previously agreed right to buy shares, which was a condition of merging Vostochny with Uniastrum bank in August 2016. Calvey, who links his arrest to Avetisyan seeking control of Vostochny, argued in court that the option was cancelled because assets were siphoned out of Uniastrum right before the deal.

Calvey was released from pre-trial detention last month but remains under house arrest in Moscow with no access to telephones or the internet. His colleagues remain in pre-trial detention, including French citizen Philippe Delpal, despite energetic lobbying to free him by the French authorities.

This article first appeared in [bne IntelliNews](#).

Original url:

<https://www.themoscowtimes.com/2019/05/20/russian-regional-court-rules-against-detained-investor-calvey-a65656>