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INDEPENDENT NEWS FROM RUSSIA

Detained U.S. Investor Loses Control of Russia's Vostochny Bank

Michael Calvey's fund has lost the legal battle with the bank's Russian shareholder.

By Reuters

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Michael Calvey **Maxim Shipenkov / EPA / TASS**

Russian private equity fund Baring Vostok said on Wednesday it has ceded a 9.99 percent stake in Vostochny Bank to the lender's other big shareholder following a legal battle, meaning it is no longer the majority shareholder.

Baring Vostok, whose U.S. founder is under house arrest in Russia on embezzlement charges, has been locked in a legal battle with businessman Artem Avetisyan's Finvision over control of the bank. The case is being closely watched by Russian President Vladimir Putin.

A court in Russia's Far East ruled last week that Baring Vostok must relinquish a 9.99 percent

stake to Finvision after Avetisyan went to court, claiming Finvision had an agreement with Baring Vostok that it could exercise an option to increase its stake by 10 percent.

The fund's share in Vostochny Bank has now fallen to 41.6 percent, while Finvision's share has risen to 42 percent, according to Reuters calculations.

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A spokesman for Baring Vostok said on Wednesday that the fund did not plan to appeal the ruling and that it had already handed over the stake to Finvision.

Baring Vostok was founded by prominent U.S. businessman Michael Calvey, who with other fund executives, has been detained in Russia since February pending a trial on embezzlement charges. They all deny the charges and say the case is a way of pressuring them in the dispute over control of Vostochny Bank.

The case against Calvey rattled Russia's business community and in April he was freed from jail and placed under house arrest.Putin said earlier this month that he was closely following the embezzlement case against Calvey and that Russian law enforcement agencies should work to establish whether he was guilty or not.

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