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Calvey Case: While Two Foreigners Are Under House Arrest, Their Three Russian Colleagues Remain in Jail

Vagan Abgaryan, Maxim Vladimirov and Ivan Zyuzin haven't seen their families since February.

By Evan Gershkovich

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Ivan Zyuzin in court on Feb. 15. He has been restricted to communicating with his wife and four kids by letter. **Sergei Bobylev / TASS**

Ever since five employees of Baring Vostok were arrested on fraud charges in February, the world's attention has been on the private equity fund's American founder Michael Calvey and his French business partner Philippe Delpal.

Outcries in support of the two men, widely seen as having been caught up in a business dispute, came from sources ranging from figures close to the Kremlin to the foreign investors' home countries. They have since been released from pre-trial detention and placed

under house arrest, which was extended for both by a Moscow court on Tuesday for another three months.

But as Calvey and Delpal wait for their trials to continue from the comfort of their homes, their three Russian colleagues in the case, Vagan Abgaryan, Maxim Vladimirov and Ivan Zyuzin, remain in prison. Additional hearings for the men are set to take place on Thursday.

"Why those two are under house arrest while these three are behind bars is unjust and has no legal foundation," the Kremlin's business ombudsman Boris Titov told The Moscow Times after visiting the three Russians at their detention center in northern Moscow last Thursday ahead of their hearings.

"We are doing everything possible by appealing to the prosecutors and law enforcement agencies so that this time around their pre-trial restrictions are changed," he added.

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Prosecutors accuse the five defendants of defrauding Russian Far Eastern lender Vostochny Bank of 2.5 billion rubles ($39 million) in 2017 by settling a loan to a Baring Vostok-owned company with shares they say were worth no more than 600,000 rubles ($9,234). A sixth defendant who formerly worked for the bank, Alexei Kordichev, was moved to house arrest after pleading guilty. He is currently undergoing a court-mandated psychiatric evaluation.

Baring Vostok, which owned Vostochny Bank at the time of the arrests of Calvey and his four colleagues, has claimed that the fraud charges are part of an effort to seize control of the bank by two of its minority shareholders, Kremlin-linked businessman Artem Avetisyan and Sherzod Yusupov.

The case has shaken a Russian investment community already worried about the country's stagnating business climate. Having faced an exodus of foreign cash after the West instituted sanctions following Russia's annexation of Crimea from Ukraine in 2014, prominent businesspeople have said that the case could sound the death knell for foreign direct investment.

But in the discussions about the case, the ordeal of the three Russians has been largely ignored. Over the past eight months, none of the men have been allowed to see their families, or even speak to them by phone, their communication restricted solely to the Russian prison system's censored letter-writing system.

"Family visits can in no way interfere with the investigation process; they only serve to support the defendant's sanity," Zyuzin's wife Nina Budazhapova told The Moscow Times. "Yet we have not received any decent explanation as to why we can't visit our husbands."

Lawyers representing the Russians pointed to the fact that all five defendants in the case have been charged with the same crime; charged for the first time in their lives; have children who are minors who depend on them; and have permanent residences in Moscow as reasons for all to be held under the same circumstances.

"We are surprised to see that our legal system treats Russian citizens differently," Baring

Vostok said in a statement. "Keeping them detained is nothing other than a calculated attempt by Messrs Avetisyan and Yusupov to put pressure on Baring Vostok employees as part of an ongoing commercial dispute."

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While the families may have not received official explanations, legal observers say the tactics being employed by prosecutors in the case are nonetheless a classic example of Russian law enforcement attempting to pressure co-defendants into giving evidence against their colleagues.

"They always take hostages," said Zoya Svetova, a human rights activist specializing in prisoners' rights.

She pointed to theater director Kirill Serebrinnikov's recent embezzlement case, considered to have been politically motivated, as an example. While five defendants were arrested in August 2017, one was released within weeks after pleading guilty and providing prosecutors with evidence against the others. The case eventually fell apart regardless, more than two years later, after the court returned it to the prosecution last month. Although on Tuesday, a Moscow court ordered the case to be re-tried by new judges.

"The option of providing evidence against others is always offered when people are arrested," Svetova said. "If they don't choose this route, they are put in a pre-trial detention center with bad conditions and pressured in an effort to get them to do so."

Artur Avanesyan, a lawyer for Abgaryan, said this is exactly what has happened in the case of the three Russian defendants in the Calvey case.

"Before pre-trial restrictions were selected, Abgaryan was offered the chance to give false testimony in exchange for restrictions not tied to imprisonment," he said. "By not being allowed to speak with their families — not even by telephone — all of the defendants are being pressured."

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In recent months, however, other options for being moved to house arrest had appeared to fall into place.

This summer, Russia approved legislation that banned keeping businessmen in pre-trial detention while under investigation for charges including fraud.

And in June, Putin also hinted at a way for defendants to get out of prison. Referring to Delpal, he said that he hadn't been moved to house arrest because, unlike Calvey, he didn't own property in Moscow.

However, two of the Russian defendants — Abgaryan and Zyuzin — already owned real estate in the Russian capital, while Vladimirov's common-law wife owned an apartment where he was registered.

“In our opinion, the foreign citizens were released to gradually reduce public interest in the case,” said Alexei Lezhnikov, a lawyer representing Zyuzin.

Indeed, although Delpal’s wife subsequently purchased property based on Putin’s advice, her husband wasn’t moved to house arrest until French President Emmanuel Macron held talks with Putin.

“No one cares about them since they aren’t famous names and there is no one to speak up for or bargain for them,” said Svetova.

In recent weeks, Russia has seen an unprecedented civil society uproar after the Kremlin cracked down on this summer’s protests in Moscow for fair elections. Groups of professionals including doctors, actors and priests have signed letters demanding that protesters facing lengthy prison sentences be released.

But Svetova noted that there was one group missing: businessmen.

“They are the most vulnerable part of Russian society,” she said. “If they speak up, their businesses will be taken away from them.”

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Meanwhile, in recent months there had also been signs that the case against Calvey and the four other defendants would fall apart.

In June, Putin's spokesman Dmitry Peskov told state television channel RT that the Kremlin hopes that all of the defendants will be freed. The Kremlin had backed the case in private up until that point, the Financial Times has reported.

And last month, the Kommersant newspaper reported that investigators had re-appraised the value of shares handed over by Baring Vostok to Vostochny Bank as part of the loan repayment. The investigators found the shares were worth many times more than the amount alleged by prosecutors.

Last week, however, in a setback for the defendants, a Moscow court ordered the seizure of their assets, including the three Russians’ apartments.

If there has been a recent glimmer of hope for any of the three, it is that a court in mid-September ruled that Zyuzin, who has four children all under the age of 10, could make five calls to his wife per month. His lawyer Lezhnikov, however, said that he has yet to be able to do this because his detention center still hasn’t received notice of the court decision.

For now, as the families await the verdicts, doubt is beginning to set in.

“This is a very stressful time, discovering new lows in people and systems I used to trust and rely on,” said Budazhapova, Zyuzin’s wife. “Our children are learning to see law enforcement officers as a threat rather than as protection.”

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