

Russian Baring Vostok Executives Could Face Years in Detention

Ivan Zyuzin, Vagan Abgaryan and Maxim Vladimirov face a full year in jail before the case even has a chance of going to trial.

By [Ben Aris](#)

October 25, 2019



Baring Vostok investment director Ivan Zyuzin **Sergei Bobylev / TASS**

Russia's most famous fund manager, U.S. citizen Michael Calvey, will appear in court on Oct. 29 to appeal against his continued pre-trial house arrest, while three Russians facing the same charges will be appealing their ongoing isolation in prison cells. State investigators say they need to take the maximum time allowed by law — a full year — to investigate a fraud case that was hastily launched after a fellow shareholder in Baring Vostok (BV) portfolio company Vostochny Bank filed a complaint with Russia's Federal Security Bureau in February this year.

Four BV managers, as well as one acting and one former executive at the funds' portfolio

companies were arrested in February on fraud charges that are widely seen as having been engineered by Artyem Avetisyan and Sherzod Yusupov, co-shareholders in Vostochny Bank (formerly Orient Express Bank).

Calvey and another expat at BV, French citizen Philippe Delpal, have been granted house arrest. However, if the hearings go against the team then the three Russian citizens still being held in detention centres — Ivan Zyuzin, Vagan Abgaryan and Maxim Vladimirov — face a full year in jail before the case even has a chance of going to trial. While the three are accused of economic crimes and should be released on bail or given house arrest, the Russian authorities have kept them in jail and forbidden them from seeing or even making phone calls to family members.

“Our colleagues have spent eight months in pre-trial detention on entirely fabricated charges,” BV said in a statement Oct. 24. “The prosecution has now announced that the investigation could be completed and submitted to the court for consideration before the end of the year. This means that, should the court of final appeal decide to remand Ivan, Vagan and Maxim in pre-trial detention, it is highly likely they will remain there until the end of the trial, which could last years.”

Related article: [Calvey Case: While Two Foreigners Are Under House Arrest, Their Three Russian Colleagues Remain in Jail](#)

These hearings might be the last chance for the courts to release the Russian nationals, as often people held in detention centres before a trial starts stay there until the trial is over.

The case has severely undermined Russia’s investment image as even the Kremlin’s liberal elite say the four BV managers and two portfolio company executives should never have been arrested as their dispute with their Russian partners is clearly a commercial, not criminal, affair.

“That was purely an economic dispute that should have been settled in the arbitration courts. It was not a criminal affair and the use of the criminal courts was deliberate,” says ombudsman for business Boris Titov, who has been actively lobbying for Calvey’s release, at a recent investment round table.

BV’s dilemma dates back to the ill-fated decision to merge its portfolio company, the retail lender Vostochny Bank, with Uniastrum Bank back in 2016. The merger was meant to help strengthen Vostochny’s balance sheet in the midst of a retail lending crisis in Russia. Instead, BV quickly found that their new partners had concealed significant amounts of bad corporate loans and used the months between completion of the due diligence and the actual legal merger to strip billions of roubles of assets from Uniastrum.

BV say that they sought to negotiate a resolution, but it quickly became clear that their only chance was to take the disagreement with their new partners, Artyem Avetisyan and Sherzod Yusupov, to the London Court of International Arbitration. From there the situation rapidly deteriorated, and less than two years after the merger of Avetisyan’s Uniastrum Bank with Vostochny Bank, six people were in jail on fraud charges that BV says have no merit.

Related article: [How the Michael Calvey Case Has Unfolded So Far](#)

Avetisyan is often described as being linked to the Kremlin and has for years carefully cultivated an image of having access to powerful figures in the presidential administration, including possibly presidential aide [Andrey Belousov](#). Yet many question how powerful he actually is and suspect that Avetisyan is nothing more than a “shestyorka” who is doing the dirty work for others. Avetisyan has a chequered past: in 2011 he [lost a case](#) brought against him by Nike in which he was accused with his wife of issuing fake bank guarantees which his wife’s sporting goods business used to buy trainers worth millions of dollars, but never paid for.

Avetisyan’s masters do appear to have some power: the FSB launched the criminal investigation against BV executives even after Russia’s interior ministry declined to take the case. Less than two weeks after the FSB received a complaint from Avetisyan’s junior partner Sherzod Yusupov, the security services swooped in to arrest Calvey and his colleagues on St Valentine’s Day earlier this year.

“So far the courts have completely ignored arguments – supported by objective evidence – that there were no grounds for instigate a criminal case, and that the detention of our colleagues on allegations of economic crimes was unlawful,” BV said. “The courts, prosecutor and investigators have as a result of an obvious deception become embroiled in a corporate conflict instigated by our shameless former partners in hopes of resolving their own commercial problems. They achieved their goal by taking control of the bank. The price of this takeover is the health and precious time of individuals whose guilt has not been proven, but who have nevertheless been separated from their families, including young children. Paradoxically, the restrictions on family time in their case are more strict than those for criminals convicted of the most violent crimes.”

Unlikely villains

BV employees are unlikely criminals and the fund is well regarded as the industry leader and one of Russia’s most successful that has attracted billions of dollars of investment into the Russian economy.

“There only a limited money mandated to make private equity investments into Russia, and the problem we have is BV sucks it all up when it comes up for allocation,” one fund manager told *bne IntelliNews* on condition of anonymity.

Calvey and Delpal have benefited from being foreigners, which has lifted their profile and made the Kremlin more sensitive to the impact their arrest has had on the investment climate. Calvey is a US citizen, although the US State Department has taken a soft approach in the case so as to not inflame the situation. Nevertheless Calvey’s name constantly crops up in conversations between the Russian government and US based funds and companies.

Likewise the French government has taken a low key approach with Philippe Delpal’s case, but he was released to house arrest shortly before President Vladimir Putin met with French President Emmanuel Macron [in France in August](#).

The two Russian BV employees and First Collection Bureau (FCB) executive still sitting in

prison have none of this support.

“Baring Vostok expresses its strong protest over the baseless detention of innocent people, and calls on the Russian public and civil society to pay particular attention to the violation of basic humanitarian principles in this case,” BV said.

Vagan Abgaryan

The most senior of the three Russian nationals sitting in jail today is Abgaryan, who has been working for BV since 2009, where he takes care of media, real estate and construction materials industry investments.

The *raison d'être* of the BV team is to add value to their investments and create the best in class firms as that is what private equity investing is all about; creating value so that ultimately the fund can exit their investment with a handsome profit. And the BV team is widely acknowledged as one of the best on the market.

After graduating from the Sergo Ordzhonikidze State Management Academy shortly after the collapse of the Soviet Union in 1993, where he studied international economic relations, Abgaryan landed a job with Ernst & Young, which had only just entered Russia and was hiring bright young Russians and training them up as it looked to build up its business in the frontier market.

After two years Abgaryan moved on to another institute that became famous for training an entire generation of financiers – Alfa Bank. All the oligarchs set up banks, but Mikhail Fridman's Alfa bank quickly won a reputation of producing the best “real bankers” in the country. Fridman missed out on picking the low hanging oil, gas and metals fruit that made most of the other oligarchs famous and instead set up smart real businesses. As the 90s wore on, bankers who cut their teeth at Alfa Bank went to leading positions in many of the biggest banks in Russia.

While at Alfa bank Abgaryan ran the asset management department, where he oversaw the crisis management and asset recovery of the bank's non-core assets. He was also chairman of the bank's investment committee.

After 12 years at Alfa Bank, Abgaryan joined X5 Retail Group where he was in charge of X5 Development as what is now Russia's leading supermarket chain was rapidly expanding in the increasingly cut-throat business of grabbing as much market share as possible during the rollout of organised retail across the whole country. But he only lasted in the job for a year, before being persuaded to join BV where he has been ever since.

Ivan Zyuzin

Younger than the other BV executives, Zyuzin completed his education abroad where he also cut his teeth in business. But first Zyuzin studied Oriental and African Studies at the prestigious Lomonosov Institute (MSU) in Moscow. Then, being one of the youngest to receive the Chevening scholarship in 2007, he did an MSc in finance and management at the Cranfield school in the UK, as well as a CFA, also in the UK.

After his studies Zyuzin interned at Goldman Sachs in London in 2008 before returning to Moscow to work for the Russian private equity firm Foresight Capital Partners and then did two years at Fjord Capital Partners back in London, where he was an investment manager making private equity investments into clean energy and renewable projects. In 2012 he returned to Moscow to work for BV, his dream job.

“My motto is to start with your end in mind. I wanted to work for Baring Vostok since I was a student, from my work on my private equity diploma, and built my career plan so I could get there,” Zyuzin said to *bne IntelliNews* in comments passed through his advocates.

“I lacked financial education. So I finished a master's degree program in finance at a British business school. I didn't have enough foreign experience. So I did an internship at Goldman Sachs and worked at London-based direct investment fund Fjord Capital. It was from there that I was invited to join Baring. When I left the senior partner of Fjord Capital told me: “If it were any other fund in Russia, I would have tried to persuade you to stay here.”

Maksim Vladimirov

Vladimirov has more than 15 years of working in the financial industry, where he has managed companies with billions of rubles turnover and hundreds of employees.

Vladimirov has been serving as CFO at two of Russia's largest debt collection agencies since 2014, the FCB and the National Recovery Service, where he oversaw a total portfolio of 400 billion rubles of acquired overdue debt and managed 2,300 employees.

While at the debt agencies Vladimirov pulled off a major acquisition of a rival agency, restructured the companies' loan portfolio, won an S&P rating and reduced the companies' costs by 15%. He made the companies far more valuable than he found them.

Vladimirov belongs to the swelling class of experienced professional managers that has appeared in Russia in the last decade. In the 90s the oligarchs were the swashbuckling entrepreneurs that found a niche that they ruthlessly exploited to make themselves billionaires almost overnight. However, as these men are now getting into their 60s they are starting to step back from the day to day cut and thrust and employing professional managers to run their businesses. Moreover, after Russia's economy doubled in size in the noughties and a middle class appeared there are a lot more “normal” businesses run along “normal” lines, where a talented pool of managers have cut their teeth.

Vladimirov has the typical profile of one of this new breed of professionals and had a variety of jobs in his career, before joining FCB.

As a student he studied jurisprudence in St Petersburg and has an economics degree with a specialisation in finance from the university in Yaroslav. Later he also earned an MBA from the Open University in the UK and a diploma in accounting and book keeping from the International Association of Bookkeepers, among other professional qualifications.

Among the more significant jobs his last role before FCB was as financial director of Alfa Strakhovanie Medicine, part of the Alfa Group and one of Russia's largest insurance companies. As both of Vladimirov's parents are doctors he naturally drifted into work

associated with the medical profession. Before that he was on the management board of the private healthcare group Medsi Group. And earlier in his career he was the executive director of an organic food startup project that was set up by leading Russian investment bank Uralsib, as well as numerous other roles.

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

Original url:

<https://www.themoscowtimes.com/2019/10/25/russian-baring-vostok-executives-face-years-detention-a67923>