The Moscow Times
30 YEARS
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Russia Lifts House Arrest on Michael Calvey

Star investor, Baring Vostok founder freed from house arrest weeks after resolving civil claims.

November 12, 2020

Star U.S. investor Michael Calvey was arrested in February 2019 on charges which outraged the Russian business community and the liberal wing of Russia's political elite **Alexander Zemlianichenko / AP / TASS**

American investor Michael Calvey has been released from house arrest, Russia's Supreme Court ruled Thursday.

It is the latest breakthrough in the high-profile case which rocked Russia's business community and spooked both foreign and Russian investors alike.

Calvey, founder of the Baring Vostok investment fund, was first detained February 2019 along with five associates on embezzlement charges relating to a dispute over a deal for lender Vostochny Bank. His arrest sparked outcry among not only investors and businesspeople, but

a number of high-profile figures close to the Kremlin.

The criminal charges were largely seen as the result of a series of corporate disputes with businessman Artem Avetisyan's Finvision outfit over allegations of asset-stripping in a deal for Vostochny Bank.

In its hearings Thursday the court said the circumstances under which Calvey and his associates had been placed under house arrest had "changed," the state-run TASS and RIA Novosti news agencies reported. "The need for preventative measures in the form of house arrest have disappeared and is not in the interests of justice."

Related article: Experts Fear Calvey Settlement Rewards Strong-Arm Tactics

While the case against Calvey continues, this will be seen as a breakthrough following multiple extensions of his house arrest, despite mounting criticism over the substance of the claims against him.

The release follows a $32 million deal struck between Baring Vostok and Finvision over related civil claims and a global "peace agreement" to drop all ongoing arbitration claims. Experts said the agreement appeared to be a reward for Avetisyan's strong-arm tactics of criminalizing the corporate dispute, but were hopeful it was the first step in freeing Calvey and his colleagues — four Russians and a French citizen.

All six of the defendants involved in the case were freed from house arrest by the ruling Thursday.

Calvey's Baring Vostok fund has been behind some of Russia's most successful technology and consumer startups of recent decades, including internet giant Yandex and ecommerce firm Ozon, which is due to launch on the stock market in the coming weeks.

In a statement issued Thursday evening Baring Vostok said it welcomed the "long-awaited decision" and called for the underlying case to be dropped.

"The criminal case that has been ongoing for the last year and nine months must be halted, because in actual fact no crime was committed, nor was there any party that suffered damages."

"The case materials contain no evidence of wrongdoing by the individuals in question. We continued to be confident in the innocence of our colleagues, and will continue to fight for justice," the private equity firm added.

While Valery Zinchenko, senior partner at law firm Pen & Paper previously told The Moscow Times there is no legal mechanism for the criminal case to be dropped simply because the civil case has been resolved, it was widely expected prosecutors would ease up in their pursuit of Calvey and the other defendants following that deal.

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The Supreme Court said Thursday it was referring the case back to a lower court for consideration of its merits, in what Calvey's supporters hope is a step towards a positive resolution.

The court also lifted property freezes against Calvey's co-defendants in the case, including on apartments owned by the wife of French investor Philippe Delpal and the mother of Calvey's Russian colleague Ivan Zyuzin. Two motorcycles belonging to another Russian defendant Maxim Vladimirov were also unfrozen, TASS reported.

"There is no information that the specified property was obtained using illegally obtained funds," the judge said.

In lieu of the house arrest, the court placed a curfew on Calvey and his co-defendants, who must now remain at home between 10:00 p.m. and 6:00 a.m. and are banned from communicating with each other or with witnesses in the case.

"This is a positive step, but not a final victory yet," Calvey said Thursday. "We are waiting for the start of the trial to prove our innocence. My plans for the near future are to go back to work."

Kirill Dmitriev, CEO of the Russian Direct Investment Fund (RDIF), a state investment fund, who has been a vocal Calvey supporter since he was first arrested, hailed the decision as an "important signal for the investment community."

He added: "All RDIF's international partners positively received the news, which will reflect on their intention to invest in the Russian economy. RDIF will continue to invest jointly with Baring Vostok ... We hope that the court already in the nearest future will take all circumstances of this case into consideration and make a fair judgment."

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