

Russia Hands U.S. Investor Calvey Suspended Sentence

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U.S. investor Michael Calvey was sentenced Friday. **EPA / TASS**

American investor Michael Calvey has been handed a five-and-a-half year suspended sentence after being found guilty of embezzlement in a highly controversial case that has rocked Russia's business world.

The star American investor was first detained in February 2019 on charges related to loans issued by a bank owned by his Baring Vostok fund in 2015.

His arrest and trial sparked uproar across Russia's investment and business community, with several top Russian entrepreneurs and Kremlin insiders speaking out in his support. Those included Sberbank CEO German Gref and Kirill Dmitriev, head of the Russian Direct Investment Fund (RDIF).

Prosecutors had sought a six year suspended sentence for Calvey.

Calvey's colleague and French citizen Philippe Delpal was given a four-and-a-half year

suspended sentence.

"The court has come to the conclusion that the defendants can be reformed without being isolated from society," judge Anna Sokova said as she read out the judgment late on Friday.

The case has cast a shadow over Russia's business community for more than two years and is seen as emblematic of Russia's weak rule of law and lacklustre protections for investors.

Speaking outside the courtroom late Friday evening, Calvey criticized the ruling as "deeply unfair."

The trial and proceedings were heavily criticized. At one point prosecutors argued the lack of documentary evidence or witnesses testifying to Calvey's guilt was a sign of skilled criminals engaging in a successful cover-up.

The charges related to a botched acquisition deal between Vostochny Bank, controlled by Baring Vostok, and Finvision, controlled by Kremlin-connected investor Artem Avetisyan. Calvey accused Avetisyan of asset-stripping before the merger, and Avetisyan responded by saying Calvey's Baring Vostok had purposefully issued bad loans ahead of the tie-up that would need to be written off. Those claims were going through international arbitration proceedings at the time of Calvey's arrest, and were eventually settled out of court last year, with Baring Vostok paying \$32 million in an agreement which saw them not admit liability or wrongdoing.

Baring Vostok is seen as one of the most successful venture capital firms operating in Russia. It has invested almost \$3 billion directly in companies such as Yandex and Ozon. Tinkoff Bank founder Oleg Tinkov — who also worked with Calvey — said the American investor was responsible for billions more being poured into Russian businesses from abroad.

AFP contributed reporting.

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