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Top Executive of Russia's Novatek Arrested in U.S. for Tax Fraud

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Mark Gyetvay. **Mitya Aleshkovsky / TASS**

The chief finance officer and deputy chairman of the board at Russian gas producer Novatek has been arrested in the United States on charges of tax fraud, the U.S. Justice Department said in a statement Thursday.

A federal grand jury indicted Mark Gyetvay for hiding assets that were at one point worth up to $93 million in offshore accounts between 2005-16.

"Gyetvay allegedly took steps to conceal his ownership and control over the foreign accounts and associated assets, such as removing himself and making his then-wife, a Russian citizen, the beneficial owner of the accounts," the statement said.

In a statement shared by the RBC news website Friday, Novatek said it had not been notified of Gyetvay's arrest and said the criminal case "does not and will not affect the company's activities."

The Kremlin said in a daily briefing with reporters Friday that it was concerned about Gyetvay's fate as Novatek's top executive but could not interfere in the case due to his American citizenship.

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Gyetvay, a certified public accountant who moved to Moscow in 1995, is also accused of failing to file and pay taxes on income in Russia. The United States is among the few countries that require citizens to declare taxes on their overseas income even if they reside outside the U.S. for that period.

Gyetvay, 62, faces up to 20 years in prison for wire fraud, 5 years for tax evasion and false statements, as well as 3 years for failure to file tax returns if convicted.

The Justice Department said Gyetvay was scheduled for his initial court appearance before a Florida district court on Thursday.

Novatek, where Gyetvay has served as CFO since 2003 and deputy chairman of the management board since 2010, is Russia's second-largest gas producer and its biggest liquefied natural gas producer.

Novatek's biggest shareholders include billionaires Leonid Mikhelson and Gennady Timchenko, who both have ties with Russian President Vladimir Putin.

Putin granted Gyetvay Russian citizenship in 2019 after the veteran executive complained that U.S. and EU sanctions for Moscow's annexation of Crimea in 2014 would impede his ability to raise new long-term financing for Novatek.

The U.S.-funded Radio Free Europe/Radio Free Liberty (RFE/RL) news organization compared Gyetvay's tax fraud case to that of online banking magnate Oleg Tinkov, who was accused of concealing $1 billion worth of assets after receiving a U.S. passport.

Tinkov settled with the U.S. Internal Revenue Service (IRS) earlier this week.

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