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Russia Detains American Investor on Fraud Charges

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August Meyer, 59, in court this week. **t.me/SPbGS**

Russian authorities have arrested a prominent American investor on suspicion of fraud over the collapse of a failed e-commerce site.

Police in St. Petersburg detained August Meyer, a U.S.-born investor who is now a Russian citizen, on Wednesday. He is being investigated on two counts of fraud, the St. Petersburg's court service said in a post on its Telegram channel.

The charges are reportedly related to a 2.3-billion ruble ($31 million) loan provided by Sberbank to Meyer's Ulmart internet firm just weeks before the company collapsed.

In a previous case involving Ulmart co-founder Dmitry Kostygin, the company was found to have provided false information to secure a loan of 1 billion rubles from Sberbank, knowing that it would not be able to fulfil the conditions of the agreement. In February 2019, Ulmart was ordered to repay the loan along with a 338-million ruble fine.

Ulmart was once Russia's largest e-commerce site, valued at more than $1 billion. Meyer owned around a third of the company. The firm was declared bankrupt at the start of 2020 following a four-year legal battle with creditors.

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In a video from the courtroom shared by the court's press service, Meyer, speaking English, said he is a citizen of Russia, Malta and Saint Kitts and Nevis.

Meyer's wife, Inna, was also detained as part of the case.

Meyer, 59, is one of the most high-profile foreign businessmen and investors in Russia. He was previously embroiled in a shareholder dispute over the Lenta supermarket chain in a case seen as emblematic of the risks for foreigners of getting involved with large Russian firms.

With his wife, Meyer is the majority shareholder in the Rive Gauche cosmetics chain. Forbes estimated his net worth at $650 million earlier this year.

Despite being an e-commerce trailblazer, Ulmart was rapidly surpassed by the likes of Wildberries, Ozon and Yandex Market in its final years, scrapping plans for an initial public offering (IPO) and running into financial trouble.

Meyer's detention comes months after the conclusion of the Calvey case — the shock arrest and trial of star U.S. investor Michael Calvey on embezzlement charges, which were largely seen as fabricated to settle a corporate dispute. The high-profile court proceedings cast a shadow over Russia's corporate world for two years and were regularly cited by investors as a reason to avoid investing in Russia.

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