

Investigators Freeze Borodin Forest Assets

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Assets belonging to two former top managers of Bank of Moscow who fled abroad in April after a takeover by state-owned VTB have been frozen, the Investigative Committee said Tuesday.

Stakes in Investlesprom, Russia's biggest forestry development company, held by former head of Bank of Moscow Andrei Borodin and Dmitry Akulinin, a former vice president, were seized on suspicion that the men had made an illegal \$200 million profit reselling the shares during their time at the helm of the country's sixth-largest bank.

"The Investigative Department of the Interior Ministry has established that shares in Investlesprom, being held through a raft of Cypriot companies, actually belong to Borodin and Akulinin and were acquired through the perpetration of criminal acts," the Investigative Committee's press service told RIA-Novosti.

The Investigative Committee did not release an official statement about the new charges and a press spokeswoman declined to confirm the information. The committee announced it was investigating transactions between Bank of Moscow and Investlesprom in August.

The allegation is the latest in a series leveled at the ex-Bank of Moscow executives. They are wanted on an international arrest warrant, accused of stealing 12.76 billion rubles (\$403 million) from the city budget and funneling it through loans to companies linked to Yelena Baturina, Russia's richest woman and the wife of former Moscow mayor Yury Luzhkov.

The Investigative Committee said that in 2006 Bank of Moscow gave away Investlesprom shares to Lesnavigator, a company controlled by Borodin and Akulinin, for the symbolic sum of 10,000 rubles. According to the committee. After being resold several times, a portion of shares were then reacquired by Bank of Moscow for \$199 million.

In a statement released late Tuesday, Borodin said the Investigation Committee "continues to demonstrate an ignorance of legal norms" and was being employed for political purposes. "Such tactics are not new and have been used in many cases when criminal justice becomes an instrument for the theft and redivision of property."

Borodin has always stressed that the criminal charges against him are politically motivated. In a November interview with Vedomosti in London he said President Dmitry Medvedev personally ordered VTB's acquisition of Bank of Moscow.

Bank of Moscow originally set up Investlesprom in 2006 by uniting about 60 forestry and timber businesses. Its chief executive, Dmitry Maslov, was among the 44 who died when a Tu-134 went down over Karelia in June 2010.

In materials posted on his personal web site, set up after his departure from Russia, Borodin wrote that Bank of Moscow's activities with Investlesprom was an example of the lender's - dedication to the modernization of Russia.

n VTB will offer to buy out the remaining minority shareholders in Bank of Moscow including about 3 percent belonging to Borodin during the first three months of this year, said Bank of Moscow President Mikhail Kuzovlev, Interfax reported Tuesday. VTB currently owns 94.84 percent of the bank.

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