

U.S. finds Russian Ring guilty of \$100m fraud

Four executives of a currency trading firm that was run by a former adviser to Moscow region Governor Boris Gromov and had offices in the World Trade Center were found guilty last week of cheating investors out of more than \$100 million in a scheme that surfaced soon after the Sept. 11 terrorist attacks.

A jury in Federal District Court in Brooklyn convicted the executives -- Polina Sirotna, Mamed Mekhtiev, Albert Guglielmo and Philip Levenson -- on charges of conspiracy to commit mail and wire fraud and money laundering. The men, who worked for Evergreen International Spot Trading, each face up to 30 years in prison when they are sentenced on Sept. 26.

In all, prosecutors said, more than 1,400 Evergreen clients in more than a dozen countries -- many from Australia and New Zealand -- were cheated of \$110 million from 1998 to September 2001. Problems at Evergreen surfaced soon after Sept. 11, when customers began trying to cash out their accounts. At first, they were told that their money had vanished. In a subsequent letter, clients were led to believe that the money was secure in a Chase Manhattan Bank account.

Prosecutors contended that Andrei Kudashev, the owner of Evergreen and a related clearinghouse called First Equity Enterprises, and others had used the money themselves. An arrest warrant has been issued for Kudashev. He has denied the charges and is thought to be in Russia, which seldom extradites its citizens on fraud charges.

In September 2001, Kudashev, who had been an economic adviser to Gromov for the previous 18 months, was given the reins of Mosoblgaz, a gas utility with 8,000 employees responsible for heating the homes of millions of people.

Kudashev's appointment came just a few days after the terrorist attacks on the World Trade Center. It also came a few days after it was discovered that \$100 million had disappeared from a U.S. foreign currency trading firm with offices in the World Trade Center that Kudashev operated from Russia, according to U.S. Justice Department officials.

The defendants' plan, according to court documents, was to raise \$160 million more from investors around the world to cover the money that was reported missing a few days after the terrorist attacks, along with Kudashev.

Four other executives of Evergreen and First Equity have pleaded guilty to charges related to defrauding customers and are awaiting sentencing, a prosecutor said.

Evergreen customers in the United States, Australia, Britain, Canada, New Zealand, Norway and elsewhere were promised annual profits of 25 percent to 30 percent, prosecutors said. They were also guaranteed that any losses would not exceed 10 percent.

A lawyer for Guglielmo, Louis Aidala, said that he thought that the government's case was legally inadequate and that there was no evidence strong enough to convict his client of money laundering and other charges. "In our opinion," he said, "the government failed to prove the conspiracy the defendants thought they were charged with."

Calls to other defense lawyers were not returned.

Evergreen, which had three offices in Manhattan, was the sales operation, employing several dozen people who scoured business directories and then called wealthy people around the world to recommend currency trading as an investment.

First Equity acted as what one prosecutor called a "sham clearinghouse" for Evergreen.

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