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## Results of investigations into breach of law during construction of Vostochny Cosmodrome



The Russia's Investigative Committee is investigating a number of criminal cases connected with violations of law in construction of Vostochny space launching site.

The Major Cases Office of the Russia's Investigative Committee has finished the investigation of a criminal case against former head of the Far Eastern Federal District Main Office of Special Construction of the Federal Special Construction Agency (hereinafter Dalspetsstroy) Yuri Khrizman and chief accountant of Dalspetsstroy Vladimir Ashikhmin charged with a crime under article 285 of the RF Penal Code (abuse of authority).

According to investigators, in 2011-2013, Khrizman and Ashikhmin illegally spent 5.16 billion rubles out of 22.6 billion rubles received as an advance for 11 state contracts on construction of facilities of Vostochny space launching site. The money was spent to pay off Dalspetsstroy's loans

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leading to considerable violation of state interests protected by laws, by causing 5.16 billion rubles worth damage to the federal budget.

In addition, the said actions led to considerable backlog of construction of Vostochny space launching site in 2011-2013, that means led to the breach of the time-frame for execution of the Russian President's Order under a number of federal programs.

Besides, Yuri Khrizman, Mikhail Khrizman and Chairman of the Khabarovks Territory Legislative Duma Viktor Chudov are charged with stealing by embezzlement of 105 million rubles of Dalspetsstroy's money committed in 2007-2009.

At the present time the accused and their 9 lawyers are reading all 230 volumes of files and getting familiar with the evidence.

In addition, the Head Office of the Russia's Investigative Committee has finished investigation against chief engineer of ZAO 31<sup>st</sup> State Design Institute of Special Construction Sergey Ostrovsky. He is charged with stealing by deceit and abuse of trust on a grand scale of the money allocated by the federal budget for implementation of the space program 2006-2015 (part 4 of article 159 of the RF Penal Code).

According to investigators, while serving as the chief engineer Ostrovsky established a commercial company and by deceit persuaded the management of the Design Institute to sign a contract with his company on designing one of the facilities of Vostochny space launching site. However, Ostrovsky's company failed to execute the contract, but Ostrovsky cashed and spent 14 million rubles it got under the contract.

At present, Ostrovsky and his lawyers are reading the files of the case, and after they have finished, the case is going to be sent for the indictment to be approved and then to be sent over to a court for being tried on the merits. Besides, there are other investigations ongoing in similar crimes committed by Ostrovsky and some other individuals.

The Head Office of the Russia's Investigative Committee is investigating a case against CEO of Spetsstroyservis of the Federal Special Construction Agency Andrey Yartsev, CEO of OOO Stroykonstruksia S Anatoly Ryazanov and others. They are charged with a crime under part 4 of article 159 of the RF Penal Code (fraud).

According to investigators, Yartsev violated the current purchase procedure and arranged for Stroykonstruksia S, which had no production capacity, to have been chosen as the sole supplier of products. In September 2012, Yartsev concluded with CEO of Stroykonstruksia S Ryazanov contracts on supply of 12 tonnes of over 940 million rubles worth of metalware for the construction of Vostochny space launching site. In those contracts they overstated the cost of the supplied goods by more than 400 million rubles. At the moment, Yartsev, Ryazanov and others are being

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prosecuted. Ryazanov is under house arrest, while others are in custody.

In addition, the investigating bodies of Amur Region and Primorye Territory are investigating cases against contractors of construction at Vostochny space launching site – CEOs of OOO Stroyindustria-S, DSS and ZAO Pacific Company. Depending on the role of each one, they are charged with crimes under article 145.1 of the RF Penal Code (overdue wages), part 4 of article 159 (fraud), part 4 of article 160 (embezzlement on a grand scale). They are under different restraints including custodial ones. It should be noted that one of the cases is about to be finished, while the others are being actively investigated into.

Head of Media Relations V.I. Markin

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