

STATE DUMA
FEDERAL ASSEMBLY OF RUSSIAN FEDERATION
FIFTH CONVOCATION

**DEPUTY
OF THE STATE DUMA**

(2008-2011)

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**To the Chairman
of the State Duma of FA of RF**

B.V. GRYZLOV

Dear Boris Vyacheslavovich!

Successful development of Russia's economy depends primarily on the availability of energy capacity, a part of which was lost by the country due to different reasons. This gives ground for undertaking urgent actions to build capacity through intensive development of nuclear power engineering enterprises. For this we need to solve the problem of restoring the country's industrial potential so that industrial enterprises can quickly start producing modern high-tech equipment for nuclear power development in Russia.

Atomash (Volgodonsk, Rostov region), the flagship of domestic nuclear engineering, was designed to produce 8 sets of VVER-1000 reactors per year. Construction of Atomash began in 1975, and in 1981 it started producing equipment of its core profile. By the end of 1989 Atomash reached a level of production of 4 sets per year. Its production area occupied 6 square kilometers and was equipped with unique modern equipment, the majority of which was purchased from the world's leading companies, including Western companies: Italmimpianti, ESAB, Varian, Mannesmann AG.

After voucher auctions, 30% interest and a "golden share" of Atomash OJSC remained in State property. In 1994, the targeted loans issued by the Russian Government from the budget at low interest in order to support the production and business of Atomash, were illegally redirected to commercial structures. After that, through complex schemes with the involvement of multiple legal entities, the very same funds were offered to Atomash OJSC as commercial loans, but this time at exorbitant interest (216% per year).

The State didn't control the route of issued loans, therefore, by 01.10.1995 the accounts payable of Atomash reached 243.1 billion rubles or 54.2 million U.S. dollars. This sum, despite being just a tiny fraction of the net book value of assets of Atomash OJSC, served as a pretext for the Territorial Agency of the Federal Office for Insolvency (Bankruptcy) Proceedings for Rostov region to initiate bankruptcy proceedings. Moreover, the market value of the property of Atomash OJSC was much higher than its net book value. During the bankruptcy routine, the assets of the enterprise have been repeatedly depreciated and sold for a song.

Bankruptcy of Atomash OJSC was carried out for the benefit of "EMK-Atomash" JSC which was created on the premises of the former. It inherited the basic production assets and all liquid assets of Atomash OJSC, after which Atomash OJSC was forcibly liquidated on 25.11.1999.

Based on the appeal of the Committee on Industry, Construction, Transport and High Technology of the State Duma of RF (ref №3.11-21/1312 from 21.10.2000) the Audit Chamber of RF has scrutinized the facts of the bankruptcy of Atom mash OJSC. The inspection has determined that, with the complicity of certain officials, the State suffered tremendous damage. In particular, the State has been deprived of a 30% stake in Atom mash OJSC. According to the audit results the Audit Chamber of the Russian Federation issued a Decree of 22.02.2002, №6(289).

On 25.12.2009 I have addressed the Prime Minister of RF V.V. Putin with a letter containing information regarding the situation around Atom mash OJSC. My appeal has been disseminated to the agencies. In its reply on 11.02.2010 the Ministry of Economic Development of Russia reported, in particular, that in accordance with Articles 52 and 311 of the Code of Criminal Proceedings of RF the bankruptcy may be revised due to new circumstances. In its response to the Ministry of Economic Development of Russia on 20.01.2010, State Corporation "Rosatom" expresses its concern about situation around the former Atom mash OJSC currently belonging to the "Energomash" group of enterprises, but says that "Rosatom" has no power to influence the fate of Atom mash. In response from the General Prosecutor's Office of Russia on 01.02.2010 it is reported that the Volgogradsk police has conducted an inspection. However, the police disregarded the materials of the Audit Chamber of Russian Federation, and therefore the resolution "not to institute criminal proceedings" of 20.01.2010 was cancelled and an additional inspection was prescribed. However, the formal inspection brought no expected results. Unfortunately, the General Prosecutor's Office of Russia and the Ministry of Economic Development of Russia differ in their interpretation of Article 52 of the Code of Criminal Proceedings, which the opponents of the investigation of the bankruptcy only benefit from.

The limitation period (15 years) for grave crimes against the state has not expired yet. It is legitimate and necessary to conduct a meticulous investigation of the bankruptcy of Atom mash. Therefore, the Russian State Duma must come back to the topic of reviewing the materials of the Audit Chamber of Russia. As a result of the investigation and confirmation of the facts of deliberate bankruptcy of Atom mash OJSC an Order (a Protest) can be issued and submitted to the Supreme Arbitration Court of Russia in order to cancel the Definition of the Arbitration Court of the Rostov region on the recognition of Atom mash OJSC bankrupt. This will help the State to return its 30% share in Atom mash OJSC, return its property complex and make the perpetrators compensate for the damage caused.

By 2020, according to the plan, 30 nuclear power units must start operating in Russia alone, not including nuclear power plants abroad. Hence, after the restoration of the status quo, re-equipment and return of skilled workers and professionals, Atom mash OJSC will be able to recover its production activities in the public interest.

Please support the problem of investigating the bankruptcy of Atom mash OJSC in the State Duma of FA of RF in the interests of the State, and escalate the proposal to the Prime Minister of RF Vladimir Putin and the President of RF Dmitry Medvedev.

Attachments: 56 sheets.

Respectfully yours,

Deputy of SD FA RF



A.I. LISITSYN

(The Russian text of this letter is an original.)