

BTA Bank's Claim Against Ex-Almaty Mayor Tossed By U.S. Judge

Published: Sep 30 2019 13:31:57

News Story

By Erik Larson

(Bloomberg) --

A New York judge threw out a Kazakhstan bank's claim against the former mayor of Almaty, the nation's largest city, who is accused of taking part in a vast money-laundering conspiracy that included Manhattan real-estate projects.

BTA Bank JSC's 2015 settlement with Chetrit Group, a New York real-estate developer that was a defendant in the case, trumps BTA's claim that the former mayor, Victor Khrapunov, illegally transferred money, U.S. District Judge Alison Nathan ruled Monday.

The four-year-old settlement related to the Khrapunov family's sale of its interest in Chetrit's Midtown Manhattan Flatotel project.

"The Chetrit entities were the only parties capable of providing the proper remedy, the return of the Flatotel interest," Nathan said in her decision.

BTA claims Khrapunov looted \$300 million from Almaty and laundered some of the money through through real-estate projects. The judge's decision was limited only to whether BTA had a valid claim against Khrapunov related to the Flatotel deal.

The bank also sued its former chairman, Mukhtar Ablyazov, whom it accused of embezzling about \$6 billion from the bank. Ablyazov is related to Khrapunov through marriage. Both men have denied wrongdoing and claim the lawsuit was politically motivated.

BTA's New York lawyer didn't immediately return a message seeking comment.

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