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# Vneshtorgbank takes control over the Bank of Moscow

On 25 February, after six months of trying, Russia's state bank Vneshtorgbank (VTB) took over the Bank of Moscow, which manages the Russian capital city's financial transfers. This is another step towards Vladimir Putin's ruling clique taking control of Moscow, starting with last September's replacement of the city authorities and the sacking of then-mayor Yuri Luzhkov.

The Bank of Moscow was created by Luzhkov in 1995, although in subsequent years the city lost direct control over the Bank; the Moscow government's shares fell to 46.48%, whereas there was a rise in the influence of the bank's governors, Andrei Borodin and Lev Alaluyev, who have close ties to Luzhkov (these two own 20.32% of the shares, and by last February they also exerted an influence on the remaining minority shareholders). After many months of efforts, VTB managed to assemble a majority holding and take control of the bank's board; VTB is currently working to take over the bank's remaining shares.

VTB's acquisition of the Bank of Moscow is another step in dismantling the system of financial and social links which allowed Luzhkov's people to control the city's important financial transfers. The essential elements of this system, in addition to the bank, included Gazpromneft's takeover last February of the mayoralty's shares (22%) in the energy company SibirEnergy (which owns the Moscow refinery and a network of gas stations, among others), and Inteco, the development company owned by Luzhkov's wife Yelena Baturina (state banks and companies affiliated with friends of Prime Minister Putin, Yuri Kovalchuk and Gennady Timchenko, are competing for these assets). The takeover of the Moscow assets shows that the government wants to prevent them from being concentrated in the hands of Moscow's new management or one of the business clans: the assets will be spread out among different coteries within the Russian ruling establishment. <iwo>